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Q4
YE/2019

March 17, 2020

Management's Discussion & Analysis

For the Fourth Quarter
and Year Ended
November 30, 2019

(Expressed in Canadian Dollars)

GTEC HOLDINGS

Management's Discussion and Analysis

For the year ended November 30, 2019

(Tabular amounts expressed in CDN \$000's, unless otherwise noted)

March 17, 2020

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2019 and 2018 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. References to "GTEC" and the "Company" are to GTEC Holdings Ltd. and/or one or more of its wholly-owned subsidiaries.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("NI 51-102") of the Canadian Securities Administrators. Further information on the Company, is available on SEDAR at www.sedar.com or on the Company's website at www.gtec.co.

Company Overview

GTEC Holdings Ltd. ("GTEC", "the Company") is a consolidated entity under the laws of the province of British Columbia with the principal business activity is pursuing opportunities in the cannabis industry and has the goal to identify and consolidate licensed producers of ultra premium cannabis under Health Canada's Cannabis Act & Regulations ("CA&R"). The Company is a publicly traded company listed on the TSX Venture Exchange ("TSXV") under the symbol "GTEC". The Company's head office is located in Kelowna, British Columbia.

Key financial highlights of the Fourth Quarter and Fiscal 2019

- Revenue increased to \$2.4 million for the fiscal year end 2019. For the fourth quarter of 2019, revenue increased to \$1.15 million, an 11% increase over the third quarter, from the sale of 280 kilograms ("KG") of cannabis. (Q4 revenues were solely from the Company's Alberta Craft Cannabis facility and the first harvest from Grey Bruce)
- Weighted average selling prices of the fourth quarter 2019 consisted of:
 - \$5.25 per gram – B2B wholesale flower
 - \$9.25 per gram – recreational sales
 - \$2.50 per gram – secondary products (trim and popcorn)
- Gross margin of \$1.07 million, or 45% for the fiscal year 2019. For the fourth quarter of 2019, gross margin of \$290,000, or 26%, compared to \$639,000, or 62% of revenue for the third quarter of 2019. This decrease was due to Grey Bruce and Tumbleweed entering into production, which resulted in their respective operational costs being captured into the Company's overall COGS, as well as, an increase in labour and packaging related to recreational CPG sales. Management anticipates this to stabilize in the following quarter
- Operating expenses were reduced by 11% for the fiscal year 2019, compared to fiscal 2018 (excluding depreciation, amortization and share based payments). For the fourth quarter 2019, operating expenses were reduced by 36% from \$1.47 million to \$935,000 (excluding depreciation, amortization and share based payments) from the previous quarter, as a result of management's determination in implementing strict internal finance protocols

Key operating highlights of the Fourth Quarter of Fiscal 2019

- Launched recreational CPG cannabis products; BLK MKT™ and Tenzo™, with unique cultivars
- Initial recreational product launch of 24 KG shipped into the Provinces of British Columbia and Saskatchewan, with an average weighted selling price of \$9.25 per gram
- Sold all cannabis that was ready for sale, while maintaining favourable selling prices
- Produced and harvested 727 KG of dried cannabis during fiscal 2019; of which 434 KG of dried cannabis was produced and harvested during the fourth quarter 2019
- Divested its equity stake in Cannabis Cowboy Inc. for \$5 million
- Commenced the extraction of secondary products (trim and popcorn) into distillate oil, which has been sold to its wholesale partners

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Key subsequent events of the Fourth Quarter of Fiscal 2019

- Sold over 390 KG of cannabis during First Quarter of Fiscal 2020, which consisted of:
 - 123 KG of recreational CPG cannabis, at an average selling price of \$9.42 per gram
 - 267 KG of B2B wholesale flower, at an average selling price of \$4.77 per gram
 - Total weighted average selling price of \$6.24 per gram
- Packaged and sold over 53,000 units of recreational CPG cannabis in B.C. and Saskatchewan
- Estimated production was 501 KG of cannabis during the first quarter of 2020, at an estimated average cash cost of between \$2.10 and \$2.85 per gram
- Completed two early payments, in aggregate of \$1.3 million toward its \$5 million senior secured convertible debenture
- Three licensed cultivation facilities, totaling approximately 39,000 square feet, are now operating at full capacity, with the second quarter of 2020 harvests expected to drive increased revenue growth in the second and third quarter of 2020
- Completed the successful transition from commercial cultivars to unique premium cultivars, with the final harvests of the commercial cultivars occurring in the first quarter of 2020, which allows the Company to enter the second quarter of 2020 solely producing unique premium cultivars
- The Company is increasing average selling prices and gross margins by transitioning from bulk B2B cannabis sales to CPG cannabis sales (via Provincial sales channels)
- Grey Bruce Farms was issued its Standard Processing licence, which allows Grey Bruce to package cannabis in CPG format for sales into the Provincial sales channels. This is in addition to the Company's existing Standard Processing licence at its Alberta Craft and Tumbleweed facility.
- Launched single gram SKUs for BLK MKT™ cultivars in B.C. and Saskatchewan, with an increased selling price per gram over its 3.5 gram SKUs
- Launched Tenzo™ (Purple Punch 2.0 and Dosi-Pie) in B.C. and Saskatchewan
- Commenced small-scale test harvests of new cultivars which are highly sought-after in other mature markets, to determine viability for commercial CPG production
- Recently approved as a Licensed Supplier in the Province of Manitoba
- Entered into a non-binding term sheet with Trichome Financial for a \$4.5 million debt financing, for the purpose of repayment of the Company's existing senior secured loan (maturing June 11, 2020) and general working capital purposes

Liquidity and Capital Resources

As at the date of this MD&A, the Company had a cash balance of approximately \$860,000. The Company previously reported that it had sufficient financial resources to fulfil all debt obligations due in the second half of fiscal 2020, without further equity financing or assuming additional debt obligations. Subsequent to the year ended November 30, 2019, the Company announced that it entered into a non-binding term sheet with Trichome Financial for a \$4.5 million debt financing. Management continues to remain confident that it has the financial resources to fulfill its debt obligations without the proposed financing, however the Company's financial resources are contingent on various items beyond its control. As a result, the Company's board of directors has elected to pursue the financing in an effort to mitigate risk associated with near-term debt obligations.

Subsequent to the year ended November 30, 2019, the Company completed two early payments of \$1.3 million towards its \$5 million senior secured convertible debenture.

As previously announced, the Company has taken a strategic review of non-core / non-operational assets in order to strengthen its balance sheet and reduce its cash burn in preparation to repay its debt obligations due in the third and fourth quarter of 2020. Through these initiatives, the Company received a \$4.06 million outstanding loan repayment from Cannabis Cowboy, and concurrently divested its 25% equity stake in Cannabis Cowboy for a sum of \$1 million. Further, subsequent to the year ended November 30, 2019, the Company entered into a non-binding letter of intent with a party interested in purchasing 1203648 BC Ltd. The transaction remains subject to closing.

The Company will continue to review its non-performing assets and investments and explore strategic opportunities with the objective to utilize its cash flow to re-invest in near term accretive assets within the GTEC group of companies.

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During the year ended November 30, 2019, the Company had required several one-time expenses related to Health Canada regulatory licencing, legal fees for M&A, consultants, corporate development, financing initiatives, and general development costs. This resulted in the Company incurring greater than normal corporate overhead costs. Management remains committed to operating in a disciplined and fiscally responsible manner, and management anticipates that the Company will be entering into a steady state of operations, where corporate expenditures are expected to be significantly reduced going forward and into the 2020 year.

The Company now has three licensed facilities, with production and sales increasing month over month as Grey Bruce and Tumbleweed enter into full production. The Company is expecting a current annualized output of 4,000 kg ^(A) from the existing facilities.

Note (A): This estimate is consistent with historical output based on an output of 200 to 235 grams per square foot of canopy space on an annualized basis (or approximately two pounds per light each harvest).

Outlook and Strategy for the 2020 year

The Company's objective to produce, market and distribute ultra-premium quality indoor cannabis is being accomplished through the determination and execution of the GTEC team. The Company commenced with the development of five cultivation facilities across Canada, of which three are now licenced and operational. As a result, the Company is now revenue generating with production growth expected to increase significantly throughout the upcoming fiscal quarters.

The Company commenced divesting of non-core / non-operational assets to strengthen its balance sheet, while focusing the organization's resources on the cultivation of premium indoor flower and its derivatives, with the mandate to establish long-term brand equity and consumer loyalty by distributing premium quality cannabis products.

The Company's objective for the 2020 year is to achieve full production capacity at its ACC, Grey Bruce and Tumbleweed operations and bring 3PL into production by the end of fiscal 2020.

OVERVIEW OF BUSINESS

GTEC Holdings Ltd. is a specialized cannabis company which produces and distributes highly sought-after ultra-premium cannabis products in Canada. The Company has four licensed and operational assets and is currently distributing cannabis through medical and recreational sales channels.

GTEC's exclusive cultivar collection includes rare and unique phenotypes, which are not currently available from other Licenced Producers. GTEC's premium and ultra-premium product portfolio includes; BLK MKT, TM Tenzo TM, GreenTec TM, Cognōscente TM and Treehugger TM.

The Company wholly owns operations in BC, Alberta and Ontario, and is licensed by Health Canada for the following: sales into recreational supply chains, direct sales to medical patients, bulk sales to other Licenced Producers, extraction, and analytical testing.

GTEC is a publicly traded corporation, listed on the TSX Venture Exchange (GTEC), OTCQB Venture Market (GGTTF) and Frankfurt Stock Exchange (1BUP). The Company's headquarters is based out of Kelowna, British Columbia.

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Cultivation Facilities

	GTEC CONSOLIDATED	ACC	GREY BRUCE	TUMBLEWEED	GBP	3PL
Location	Canada	Alberta	Ontario	BC	BC	BC
Total Size (Sq ft)	119,000	14,000	15,000	10,000	20,000	60,000
Production Output (g)	12.1 million ¹	1.3 million	1.64 million	1 million	2.15 million	6 million
Est Completion		Complete	Complete	Complete	2020	2020
Licence(s)		Cultivation, Processing, Sales (Medical)	Cultivation	Cultivation Processing, Sales (Medical)	In Progress	In Progress
Expansion Potential (Sq ft)	840,000	NIL	500,000	100,000	60,000	180,000

Note (1) Total production output from all operating facilities is 12.1 million grams. This estimate is consistent with historical output based on an output of 200 to 236 grams per square foot of canopy space on an annualized basis (or approximately two pounds per light each harvest). The company's share of the total output is 9.09 million grams, due to the company's 49% ownership in 3PL.

Alberta Craft Cannabis ("ACC")

Alberta Craft Cannabis Inc. received its updated license from Health Canada under the Cannabis Act, permitting business-to-Business ("B2B") cannabis sales on November 28, 2018. ACC received its Standard Processing License and Medical Sales License, issued by Health Canada on July 26, 2019. The Standard Processing License authorizes the sale of cannabis plants, cannabis plant seeds, fresh cannabis and dried cannabis products. The Medical Sales License authorizes the sale of cannabis for medical purposes. This provides ACC with the ability to sell into provincial recreational supply chains and facilitates direct sales to medical cannabis clients.

ACC has a fully built and operational 14,000 square foot cannabis production facility capable of producing 1.3 million grams of dried cannabis flower annually.

Grey Bruce Farms Inc. ("Grey Bruce")

Grey Bruce Farms Inc. has completed the construction of its 15,000 square foot facility and on July 5, 2019 received its Standard Cultivation License by Health Canada. The facility is located in Kincardine, Ontario on 6 acres of land and is projected to produce 1.64 million grams of cannabis annually. Grey Bruce is ramping up to full production and completed its first harvest during the fourth quarter of 2019.

Tumbleweed Farms Corp. ("Tumbleweed")

Tumbleweed Farms Inc. received its Standard Cultivation, Standard Processing and Medical Sales Licenses, pursuant to the Cannabis Act and Regulations by Health Canada on August 16, 2019. Tumbleweed has a fully built and operational 10,000 square foot cannabis production facility capable of producing 1 million grams of dried cannabis annually. Tumbleweed is ramping up to full production and completed its first harvest during December 2019.

Tumbleweed is located in Chase, BC and the property sits on 23 acres of land with significant future expansion capabilities.

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GreenTec Bio-Pharmaceuticals Inc. ("GBP")

The GBP facility has a total capacity of 80,000 square feet and will be developed in phases with the first phase of development to be 20,000 square feet ("GBP Phase One"). The facility is located in Kelowna, British Columbia and will serve as GTEC's flagship cultivation facility. GBP Phase one is expected to produce 2.15 million grams of cannabis annually, and upon completing the facility expansion, can produce up to 10 million grams of cannabis annually.

The Company has spent \$3.7 million as at the year ended November 30, 2020. The Company anticipates completion of the facility during the first quarter 2021 and is anticipating to spend \$2.9 million to complete the facility and commence the process to obtain licensing.

Previously, the Company had anticipated completing the facility by the fourth quarter of 2019, however, after completing an extensive financial review, management determined that capital expenditures on this development should be aligned with receiving the proceeds from the Company's other operations to align its objectives of growth through internally produced cash flows. The Company has the flexibility to adjust its development schedules based on available cash flows and may further defer development if required.

3PL Ventures Inc. ("3PL")

The Company is in a joint venture with 3PL Ventures Inc., a privately-owned corporation incorporated in British Columbia. The Company owns 49% of 3PL, which is in development to be a Licensed Producer, under Health Canada's Cannabis Act, with a phase one 60,000 square foot building currently being retrofitted with room for significant expansion. 3PL is projected to produce 6 million grams of cannabis annually.

The facility is approximately 75% complete and is expected to be completed during the second or third quarter of 2020 and commence the licensing process. The Company is expected to spend \$1 million in the second quarter of 2020 upon completion of construction to earn its 49% share of production.

Lab and Extraction Facilities

	GTEC CONSOLIDATED	ZENALYTIC LABS	SPECTRE LABS
Location	Canada	BC	BC
Total Size (Sq Ft)	7,000	2,500	5,000
Production Output (g)	+ 8.5 million (oil)	TBD (oil)	8.5 million (oil)
Est Completion	Complete / TBD	Lab complete / Extraction under construction	TBD
License	Licensed / In Progress	Standard Processing	In Progress

Zenalytic Laboratories Ltd. ("Zen Labs")

Zenalytic Laboratories Ltd. is a full-service chemical and microbiological diagnostics laboratory for soil, water, and cannabis. On July 13, 2018, Zen Labs received its Dealers License from Health Canada under the Narcotic Control Regulations. Additionally, on September 6, 2018, Zen Labs received approval from Health Canada to expand the scope of its license to include authorization to process cannabis flower into cannabis oil for the Company's subsidiaries.

Zen Labs conducts the following tests; Cannabinoids (THC, CBD, CBN, CBG); metals; residual solvents and terpenes; and Aflatoxins and Mycotoxin. Zen Labs utilizes the following equipment to test for the above-mentioned; HPLC (High Performance Liquid Chromatography); ICP-MS (Inductively Coupled Plasma Mass Spectrometry); GC-MS (Gas Chromatography-Mass Spectrometry); and LC-MS (Liquid Chromatography-Mass Spectrometry)

In addition to cannabis testing, ZenLabs will offer analytical testing services for non-cannabis clients. These packages can include, among other things, basic water quality testing, microbial testing, metals screening, agricultural contamination screening, organic contaminant testing, soil fertility testing, metals and heavy metals testing, and manure and compost testing.

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ZenLabs was developed to be an internal on-demand resource for the Company; however, it also has the capabilities to offer commercialized services to other cannabis and non-cannabis related operations. Zen Labs is currently revenue generating.

Spectre Labs Inc. ("Spectre")

Spectre Labs Inc. intends to be a cannabis extraction and processing facility. This will allow the Company to create various value-added cannabis products, when permitted under the Cannabis Act and Regulations.

Spectre Labs' Acceptance of Application for a Controlled Drugs and Substances Dealer's License was received by Health Canada on July 7, 2018 and accepted for review on July 17, 2018. The application is still pending with Health Canada.

Subsequent to the year ended November 30, 2019, the company entered into a contract of sale for commercial real estate. The agreement is in the amount of \$1,125,000 and still remains subject to closing.

Retail and Distribution

The Company has commenced divesting of non-core / non-operational assets to strengthen its balance sheet, while focusing the organization's resources on the cultivation and extraction of premium indoor flower and its derivatives, with the mandate to establish long-term brand equity and consumer loyalty by marketing its premium quality cannabis products.

Following a strategic review, management concluded that the Company cannot generate adequate risk-adjusted returns in its retail cannabis operations. Moreover, the company does not believe that it can achieve sustainable competitive advantage in the retail cannabis space, competing against larger competitors with a stronger presence in this sector. Accordingly, management intends to divest its retail assets based on receiving appropriate offers.

1203648 B.C. Ltd. – 100% Ownership

In May 2019, the Company completed its acquisition of 1203648 B.C. Ltd. for an aggregate purchase price of \$2,113,000. The primary asset of 1203648 B.C. Ltd. is a 4,000 square foot retail space, which was designed specifically for cannabis retail and located in an affluent and diverse neighborhood in Vancouver, B.C.

Subsequent to the year ended November 30, 2019, the company entered into a non-binding letter of intent with a party interested in purchasing 1203648 BC Ltd. The transaction remains subject to closing.

GreenTec Retail Saskatchewan Inc. ("GTEC Sask") - 75% Ownership

On November 29, 2019, the Company sold 100% of its interest in GreenTec Retail SK Inc. for total proceeds of \$365,000, of which \$66,700 was received in cash and \$298,300 was settled through the issuance of a promissory note receivable due on March 1, 2020.

Subsequent to the year ended November 30, 2019, on March 6, 2020, \$290,000 was received, whereby an adjustment was made to the final purchase price to account for working capital adjustments after the close of the sale

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SELECTED FINANCIAL INFORMATION

Quarterly Trend Analysis

The following table presents financial information for the fourth quarter of 2019, compared to the previous third quarter of 2019 and the prior year comparative fourth quarter of 2018.

	Q4 19	Q3 19	Change %	Q4 18	Change %
Revenue	\$ 1,149	\$ 1,031	11%	\$ 58	1,881%
Excise taxes	(21)	-	-	-	-
Net Revenue	1,128	1,031	9%	58	1,845%
Cost of sales	838	392	114%	42	1,895%
Gross margin before fair value adjustments	290	639	-55%	16	1,713%
Unrealized loss on changes in fair value of biological assets	(989)	(106)		(68)	
Gross margin	(699)	533	-231%	(52)	-1,244%
Operation expenses					
Amortization	578	211		116	
Business fees and licenses	46	71		-	
Consulting fees	-	-		1,022	
Facility rent and utilities	-	160		155	
Management fees	108	133		83	
Marketing and advertising	99	47		296	
Office and miscellaneous	31	277		209	
Professional fees	106	213		367	
Salaries and wages	504	500		384	
Share based payments	358	420		570	
Travel	42	68		122	
	1,871	2,100	-11%	3,324	-44%
Net loss from operations	\$ (2,571)	\$ (1,567)	-64%	\$ (3,376)	24%

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Three Month and Fiscal Operating Results

The following table presents financial information for the fourth quarter 2019 compared to the prior year fourth quarter 2018 and for the year ended fiscal 2019 compared to 2018.

	Three months ended November 30		Year ended November 30	
	2019	2018	2019	2018
Revenue	\$ 1,149	\$ 58	\$ 2,382	\$ 58
Excise taxes	(21)	-	(21)	-
Net Revenue	1,128	58	2,361	58
Cost of sales	838	42	(1,293)	(42)
Gross margin before fair value adjustments	290	16	1,068	16
Unrealized gain (loss) on changes in fair value of biological assets	(989)	(68)	253	160
Gross margin	(699)	(52)	1,321	176
Operating expenses				
Amortization	578	116	1,001	195
Business fees and licenses	46	-	308	74
Consulting fees	-	1,022	704	2,510
Facility rent and utilities	-	155	275	350
Investor relations	-	83	-	148
Management fees	108	-	691	-
Marketing and advertising	99	296	625	991
Office and miscellaneous	31	209	671	797
Professional fees	106	367	977	1,722
Salaries and wages	504	384	2,179	978
Share based payments	358	570	1,853	2,609
Travel	42	122	336	243
	1,872	3,324	9,620	10,617
Net loss from operations	(2,571)	(3,376)	(8,299)	(10,441)
Other income (expenses)				
Equity loss on investment in associate	(44)	(390)	(363)	(390)
Gain on sale of assets and investments	1,272	31	1,163	31
Interest and accretion	(348)	(241)	(1,325)	(414)
Impairment of deposits	-	-	(250)	-
Listing expense	-	(1,736)	-	(1,736)
Unrealized loss on investments	(519)	-	(519)	-
Net loss before income tax	(2,210)	(5,712)	(9,593)	(12,951)
Deferred income tax recovery	74	2,414	19	2,414
Net loss from continuing operations	(2,136)	(3,298)	(9,574)	(10,537)
Net loss from discontinued operations	(195)	-	(195)	-
Net loss and comprehensive loss	(2,331)	(3,298)	(9,769)	(10,537)
Net loss per common share:				
Basic and fully diluted	(0.02)	(0.04)	(0.09)	(0.14)

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Gross Margin

The Company recognized a gross margin before fair value adjustments of \$290,000 for the fourth quarter of 2019 and \$1.07 million for the year ended November 30, 2019. The Company produced 434 kg of cannabis during the fourth quarter of 2019 and produced 727 kg during the year ended November 30, 2019, at an average cash cost of \$2.62 excluding depreciation and amortization and \$2.85 per gram including non-cash production related expenses. The increase in the cost per gram is directly attributable to Grey Bruce and Tumbleweed entering into production, which resulted in their respective operational costs being captured into the Company's overall COGS, as well as, an increase in labour and packaging related to recreational CPG sales.

Sales during the fourth quarter were 280 kg, of which 256 kg was business-to-business sales at an average selling price of \$5.25 per gram for flower and \$2.50 per gram for secondary products (trim and popcorn) and 24 kg was recreational cannabis sales at an average selling price of \$9.25.

During the year ended November 30, 2019, 495 kg of dried cannabis was sold at an average selling price of \$4.80 and a gain on fair value adjustments of \$253,000 was recognized, resulting in a net gross margin of \$1.32 million.

Operating Expenses

For the year ended November 30, 2019, operating and corporate expenses decreased by 11% over the same period of 2018 (excluding depreciation, amortization and share based payments). Management has made significant efforts to decrease operating and corporate expenses in the fourth quarter of 2019, whereby there was a 65% decrease over the same quarter of 2018 and a 36% decrease over the previous quarter of 2019 (excluding depreciation, amortization and share based payments). The changes in operating expenses in the fourth quarter of 2019 over the same quarter of 2018 decreased by 44% (including depreciation, amortization and share based payments), details as follows:

- Amortization increased by \$462,000 as additional assets at operating facilities became available for use upon receiving licences;
- Business fees and licences increased \$46,000 as the company had licensing requirements for its subsidiaries, as well as various listing fees;
- Consulting fees decreased by \$1.02 million to \$nil due to the Company's discontinued reliance on third party consultants;
- Facility rent and utilities decreased by \$155,000 to \$nil due to the period expense being capitalized, whereby the facility rent and utilities is considered part of cost of good sold. Prior period expenses were expensed as incurred;
- Management fees increased by \$25,000 due to the company's continued increase in operational management positions;
- Marketing and advertising expenses decreased by \$197,000 as the Company focused its efforts on production at three of the licensed operating facilities. Prior year expenses related to one-time marketing initiatives;
- Office and miscellaneous expenses decreased by \$178,000 as management continued to reduce non-essential expenses;
- Professional fees decreased by \$261,000 as the prior year included various expenses related to various M&A transactions and related financings. Current period expenses relate ongoing corporate activity;
- Salaries and wages increased by \$120,000 due to the addition of salaried employees within head office and the licensed facilities;
- Share based payments decreased by \$212,000 as there was less reliance on outside consultants. Current period expense relates to employee share based payments, consulting services and the fair value of stock options vested in the period;
- Travel decreased by \$80,000 due to production related expenses being capitalized, whereby travel incurred by the operations team is considered part of cost of good sold.

Other Income and Expense

Other income and expenses were directly related to the Company's debt instruments and investments, as well as one-time non-reoccurring transactions, as follows:

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- Equity loss on investment in associate, relates to the Company's 49% ownership over 3PL;
- Gain on sale of assets and investments, relates to the sale of Cannabis Cowboy Inc. and GreenTec Retail SK Inc. (see note 14 of the consolidated financial statements for the year ended November 30, 2019);
- Interest and accretion increased due to accrued interest on the \$5.0 million Convertible Debenture and accrued interest on the \$2.5 million Convertible Debenture (see note 16 of the consolidated financial statements for the year ended November 30, 2019);
- Unrealized loss on investment was recorded on Civilized World Inc. as management determined it was not reasonably certain that there would be any future benefit on this investment. As well, a write down on the fair value of the shares held in Fire & Flower was record at year end (see note 14 of the consolidated financial statements for the year ended November 30, 2019).

Quarterly Results

The following table presents certain financial information for each of the previous eight quarters up to and including the quarter ended November 30, 2019.

	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Revenue	\$ 1,149	\$ 1,031	\$ 109	\$ 93	\$ 58	\$ -	\$ -	\$ -
Excise tax	(21)	-	-	-	-	-	-	-
Net Revenue	1,128	1,031	109	93	58	-	-	-
Cost of sales	838	392	34	68	42	-	-	-
Gross margin before fair value adjustments	290	639	75	25	16	-	-	-
Unrealized gain (loss) on changes in fair value of biological assets	(989)	(106)	1,120	520	(67)	228	-	-
Gross margin	(699)	533	1,195	545	(51)	228	-	-
Operating expenses	1,872	1,680	2,686	2,140	2,753	2,515	1,490	1,301
Net loss from operations	(2,571)	(1,147)	(1,491)	(1,595)	(2,804)	(2,287)	(1,490)	(1,301)
Other income (expense)	361	(1,107)	(826)	(1,217)	(2,906)	(191)	2	(2,023)
Net loss before income tax	(2,210)	(2,254)	(2,317)	(2,812)	(5,710)	(2,478)	(1,488)	(3,324)
Deferred income tax	74	-	-	(54)	2,414	-	-	-
Net loss from continuing operations	(2,136)	(2,254)	(2,317)	(2,866)	(3,296)	(2,478)	(1,488)	(3,324)

Since the Company started operations in 2017, ACC, Grey Bruce and Tumbleweed successfully accomplished licensing and at the end of the fourth quarter of 2019, all three facilities are cultivating. ACC had revenues during the fourth quarter of 2019 in the amount of \$1.15 million, representing an 11% increase over the prior quarter. Operating expenses have decreased by 11% (36% excluding depreciation, amortization and share based payments) over the prior quarter, representing managements effort to reduce corporate and operational costs. Further, the increase in prior operating expenses related to construction and the ramp up to production within ACC, Grey Bruce and Tumbleweed.

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LIQUIDITY AND CAPITAL RESOURCES

	Three months ended November 30		Years ended November 30	
	2019	2018	2019	2018
Cash used in operating activities:				
- Before changes in non-cash working capital items	\$ (1,009)	(2,032)	\$ (6,300)	(6,834)
-After changes in non-cash working capital items	(1,834)	(1,106)	(8,565)	(6,142)
Cash flows from (used) investing activities	3,263	(2,656)	(2,498)	(22,247)
Cash flows from (used) financing activities	(26)	315	12,114	26,865
Net cash inflows (outflows)	1,455	(3,447)	1,051	(1,524)
Cash and cash equivalents balance	1,969	918	1,969	918

The Company had operating cash outflow of \$6.3 million during the year ended November 30, 2019, which was a decrease over the same period of 2018 due to the ramp up of operations and sales in 2019. The increase in cash outflow after working capital items was due to the repayment of accounts payables, the build up of cannabis and biological asset inventory and interest accruals during the 2019 year.

The Company had financing cash inflows of \$12.0 million through the issuance of \$11.2 million of common shares, net of issuance costs through an equity financing, the issuance of a \$500,000 convertible debenture and \$447,000 in stock option and warrant proceeds for the year ended November 30, 2019.

With the cash inflow from financing activities, the Company used the funds to continue to execute on its long-term strategy by allocating \$5.0 million to complete the construction of the Grey Bruce and Tumbleweed facilities, which are now complete, licensed, cultivating and generating sales as of the date of this MD&A. The Company also advanced \$1.6 million to Cannabis Cowboy for development of the retail strategy in Alberta, whereby the total of the promissory note of \$4.06 million has been repaid to the Company during the year ended November 30, 2019.

As a result of the financings executed during the 2019 year, the Company now has three licensed and cultivating production facilities. ACC is now operating at full production capacity and surpassed \$1.15 million in sales during the fourth quarter of 2019. ACC received a Standard Processing and Medical Sales Licence in July 2019, which allowed the Company to sell in the provincial supply chain; while Grey Bruce and Tumbleweed cultivated their first harvests in the fourth quarter of 2019 and first quarter of 2020.

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ADJUSTED EBITDA (non-GAAP measure)

This is a non-IFRS measure and the Company calculated adjusted EBITDA from continuing operations as net income (loss) before interest expense, income taxes, depreciation, amortization, unrealized gain (loss) on changes in fair value of biological assets, equity loss on investment in associate, loss on sale of assets, investment loss and share based payments (per the statement of cash flows). Management determined that the exclusion of the fair value adjustment is an alternative representation of performance. The fair value adjustment is a non-cash gain (loss) and is based on fair market value less cost to sell. The most directly comparable measure to adjusted EBITDA (excluding fair value adjustment to biological assets and inventory) calculated in accordance with IFRS is net income (loss) from continuing operations.

Adjusted EBITDA has increased 75% from the prior year comparative quarter of 2018 and has increased 22% from the previous quarter of 2019, due to the ramp up of revenue. Additionally, there were higher costs associated with Grey Bruce and Tumbleweed entering into production during the fourth quarter of 2019, which resulted in their respective operational costs being captured into the Company's overall COGS, as well as, an increase in labour and packaging related to recreational CPG sales.

	Q4 19	Q3 19	Change %	Q418	Change %
Net loss before income tax and discontinued operations	\$ (2,210)	\$ (2,254)	103%	\$ (5,712)	101%
Add:					
Amortization	578	211		116	
Equity loss on investment in associate	44	94		390	
(Gain) loss on sale of assets	(1,272)	-		(31)	
Interest and accretion	348	343		241	
Impairment of deposits	-	250		-	
Listing expense	-	-		1,736	
Share based payments	358	420		570	
Unrealized gain loss on changes in fair value of biological assets	989	106		68	
Unrealized loss on investments	519	-		-	
Adjusted EBITDA	\$ (646)	\$ (830)	22%	\$ (2,622)	75%

FINANCIAL POSITION

The following table provides a summary of the Company's financial position as at November 30, 2019, 2018 and 2017.

	2019	2018	2017
Total assets	\$ 45,315	\$ 40,318	\$ 4,378
Total liabilities	8,907	7,725	365
Share capital	66,093	47,056	6,939
Deficit	(29,685)	(14,463)	(2,926)

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PROPERTY, PLANT AND EQUIPMENT – SEGMENTED

The following table provides a summary of the Company's segmented property, plant and equipment as at November 30, 2019.

	ACC	Grey Bruce	Tumbleweed	GBP	Corporate	Retail	Laboratory	TOTAL
Land	-	195	160	19	1,452	-	-	1,826
Buildings	-	4,770	4,287	-	402	-	3	9,462
Equipment	1,198	937	574	618	64	-	360	3,751
Other	735	26	53	-	89	144	35	1,082
Construction in process	-	-	-	3,070	-	-	-	3,070
	\$ 1,933	\$ 5,928	\$ 5,074	\$ 3,707	\$ 2,007	\$ 144	\$ 398	\$ 19,191

SHAREHOLDERS' EQUITY

As of the date of this MD&A, the Company has 136,234,777 common shares issued and outstanding; 38,552,602 share purchase warrants and 9,938,439 share options vested and exercisable into common shares.

Escrow shares

As at November 30, 2019, there were 15,104,640 common shares held in escrow. The following is a summary of escrow shares to be released:

Escrow release date	Escrow shares released (000's)	Balance (000's)
December 18, 2019	1,913	13,191
June 18, 2020	2,668	10,523
December 18, 2020	2,628	7,895
June 18, 2021	6,176	1,719

Of the common shares held in escrow summarized in the table above, as at November 30, 2019 there were 1,719,167 common shares held in escrow pursuant to the share purchase agreement described in Note 5 of the consolidated financial statements for the year ended November 30, 2019, which will be released contingent upon the occurrence of future events.

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Share purchase warrants

At November 30, 2019, the following share purchase warrants were outstanding:

Number of share purchase warrants (000's)	Exercise price per share C\$	Expiry date
252	1.50	June 11, 2020
9,032	1.20	September 8, 2020
2,650	1.20	November 20, 2020
9,939	1.20	January 19, 2021
2,943	2.50	April 27, 2021
167	1.50	May 9, 2021
1,110	2.50	May 9, 2021
598	0.90	February 28, 2021
5,563	0.90	February 28, 2021
507	0.90	March 21, 2021
5,791	0.90	March 21, 2021
38,552	1.24	

Stock options

At November 30, 2019, the following stock options were outstanding:

Number of shares (000's)	Vested (000's)	Exercise price per share C\$	Expiry date
1,825	1,825	0.20	Sep-Nov 2019
5,824	5,693	0.60 – 1.07	Jan-Nov 2021
950	950	0.60	Jan 2022
423	383	0.57 – 0.70	Mar-Apr 2022
2,206	338	0.34	Aug 2024
800	600	0.30	Oct 2024
12,028	9,789		

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RELATED PARTY TRANSACTIONS

Key management compensation

All transactions with related parties have occurred in the normal course of operations. Key management is comprised of directors and executive officers.

Key management compensation for the three months ended and year ended November 30, 2019 consists of the following:

	Three months ended November 30		Year ended November 30	
	2019	2018	2019	2018
Salaries and wages	181	38	373	122
Consulting fees	35	41	298	118
Share-based payments	120	183	835	1,627
	336	262	\$ 1,506	\$ 1,867

Related party balances

As at November 30, 2019, \$Nil (2018: \$803) was due to the Company's Chief Executive Officer and Director, Mr. Norton Singhavon ("Mr. Singhavon") for advances made to the Company.

As at November 30, 2019, \$30,000 (2018: \$Nil) was due to the Company's Vice President and Director, Mr. Michael Blady ("Mr. Blady") in connection with management services.

As at November 30, 2019, \$10,000 (2018: \$Nil) was due to the Company's Interim Chief Financial Officer, Ms. Kendra Blackford ("Ms. Blackford") in connection with management services.

As at November 30, 2019 the Company owes \$Nil (2018: \$5,000) to Kin-Man Lee, a former director of the reverse take over acquisition company.

Related party transactions

During the year ended November 30, 2019, the Company settled \$250,000 to Mr. Singhavon for reimbursement of funds that were used for general operating purposes, of which \$145,979 was paid in cash and \$104,020 was paid by issuance of 189,128 common shares at \$0.55 per share as part of the private placements described in Note 18 of the consolidated financial statements for the year ended November 30, 2019.

During the year ended November 30, 2019, the Company settled \$325,000 to Mr. Blady for reimbursement of funds that were used for general operating purposes, of which \$50,000 was paid in cash and \$275,000 was paid by issuance of 500,000 common shares at \$0.55 per share as part of the private placements described in Note 18 of the consolidated financial statements for the year ended November 30, 2019.

During the period ended November 30, 2017, GreenTec Holdings Ltd. entered into share purchase agreements to purchase 100% interest in Grey Bruce, 1118157 B.C. Ltd. ("1118 BC"), Zenalytic and Bio-Pharma. Each one of these entities was under common control with Mr. Singhavon and/or Mr. Blady. Certain milestones within these agreements remain outstanding and are disclosed under note 20 of the consolidated financial statements.

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Pursuant to the share purchase agreements for the above noted Companies, Mr. Singhavon received the following compensation and share based payments:

	2019	2018
Grey Bruce (note a)	813	-
Zenalytic (note b)	-	1,000
Bio-Pharma (note c)	-	-
1118 BC (note d)	175	-
	\$ 988	\$ 1,000

Pursuant to the 1118 BC share purchase agreement, Mr. Blady received the following share based payments:

	2019	2018
1118 BC (note d)	75	-
	\$ 75	\$ -

a. Grey Bruce

On September 15, 2017, the Company executed a share purchase agreement with the shareholders of Grey Bruce whereby the Company acquired 100% of the issued and outstanding common shares and shareholder loans of Grey Bruce. At the time, Mr. Singhavon owned 65% of the issued and outstanding shares of Grey Bruce and \$165,000 of the shareholder loans. In connection with the acquisition of Grey Bruce, the Company made a cash payment of \$215,000 and issued 170,000 common shares valued at \$34,000. Mr. Singhavon received \$197,500 of the cash consideration and 110,500 of the common shares issued.

On May 6, 2019, the Company issued a cash payment of \$250,000 to the former shareholders of Grey Bruce in connection with Grey Bruce completing construction of a Health Canada approved cannabis production facility in compliance with the CA&R. Of the aggregate \$250,000, Mr. Singhavon received \$162,500.

On July 8, 2019, the Company issued 2,222,222 common shares with a fair value of \$1,000,000 in connection with Grey Bruce obtaining a license to produce cannabis under the CA&R. Of the aggregate 2,222,222 common shares, 1,444,768 common shares were issued to Mr. Singhavon.

In addition to the consideration described above, the Company has also committed to issue additional common shares valued at \$2,750,000 contingent on future events disclosed under Note 24 of the consolidated financial statements for the year ended November 30, 2019. Of the aggregate \$2,750,000 in contingent share consideration, Mr. Singhavon is entitled to receive common shares with a fair value of \$1,787,500. Subsequent to November 30, 2019, the Company and the vendors of Grey Bruce entered into an amendment to the original share purchase agreement, whereby, Mr. Singhavon agreed to a reduced contingent share consideration of common shares valued \$1,000,000 upon Grey Bruce achieving 1,500 kg in aggregate cannabis sales.

b. Zenalytic

On November 30, 2017, the Company executed a share purchase agreement with the shareholders of Zenalytic, whereby 100% of the outstanding common shares and shareholder loans of Zenalytic were acquired. At the time, Mr. Singhavon owned 65.21% of the issued and outstanding shares of Zenalytic and \$120,208 of the shareholder loans. In connection with the acquisition of Zenalytic, the Company made a cash payment of \$120,208 and issued 3,759,583 common shares valued at \$751,917. Mr. Singhavon received the cash consideration and 1,103,644 common shares.

During the year ended November 30, 2018, the Company issued 1,263,274 common shares valued at \$1,000,000 to the vendors of Zenalytic in connection with the achievement of certain milestones, which resulted from Zenalytic obtaining a dealer's license under the Narcotic Control Regulations or other such licence which would enable the entity to provide analytical lab testing of cannabis products for registrants under s. 56 Class Exemption, Controlled Drugs and

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Substances Act and Health Canada approval to conduct extraction of cannabis. Of the aggregate common shares issued, Mr. Singhavon received 1,098,274 common shares.

c. Bio-Pharma

On November 30, 2017, the Company executed a share purchase agreement with the shareholders of Bio-Pharma whereby the Company acquired 100% of the issued and outstanding common shares of Bio-Pharma. At the time, Mr. Singhavon owned 84% of the issued and outstanding shares of Bio-Pharma. In connection with the acquisition of Bio-Pharma, the Company issued 3,000,000 common shares valued at \$600,000, all of which were received by Mr. Singhavon as a vendor.

In addition to the consideration described above, the Company has also committed to issue common shares valued at \$8,250,000 contingent on future events disclosed under Note 24 of the consolidated financial statement for the year ended November 30, 2019. Of the aggregate \$8,250,000 in contingent share consideration, Mr. Singhavon is entitled to receive common shares with a fair value of \$5,615,000.

Subsequent to November 30, 2019, the Company and the vendors of Bio-Pharma entered into an amendment to the original share purchase agreement, whereby, the vendors agreed to a contingent share consideration of common shares valued \$2,500,000. Mr. Singhavon will receive no further common shares of the Company in connection with the acquisition of Bio-Pharma as he has waived his entitlement.

d. 1118157 B.C. Ltd.

On November 30, 2017, the Company executed a share purchase agreement with the shareholders of 1118 BC whereby the Company acquired 100% of the issued and outstanding common shares of 1118 BC. At the time, Mr. Singhavon owned 70% and Mr. Blady owned 30% of the issued and outstanding shares. In connection with the acquisition of 1118 BC, the Company issued 500,000 common shares valued at \$100,000. Mr. Singhavon received 350,000 common shares and Mr. Blady received 150,000 common shares.

On April 4, 2019, the Company issued 367,647 common shares valued at \$250,000 in connection with Tumbleweed Farms Corp. ("Tumbleweed") completing construction of a Health Canada approved cannabis production facility. In connection with such issuance, Mr. Singhavon received 257,353 common shares and Mr. Blady received 110,294 common shares.

In addition to the consideration set out above, the Company has also committed to issue common shares valued at \$500,000 contingent on future events disclosed under Note 24 of the consolidated financial statements for the year ended November 30, 2019. Of the aggregate \$500,000 in contingent share consideration, Mr. Singhavon and Mr. Blady are entitled to receive common shares valued at \$350,000 and \$150,000, respectively.

Subsequent to November 30, 2019, the Company and vendors of 1118 BC entered into an amendment to the original share purchase agreement, whereby, the vendors agreed to waive their entitlement to the remaining contingent share consideration.

e. 1203648 B.C. Ltd.

On April 10, 2019 the Company's subsidiary Greentec Retail Ventures Inc. acquired all the issued and outstanding shares of 1203648 B.C. Ltd for an aggregate purchase price of \$2,113,000. Pursuant to the share purchase agreement, the Company paid the sum of \$47,706 in cash to the vendors, cancelled debt of \$2,294 and issued 3,438,333 of common shares at a price of \$0.60 valued at \$2,063,000. 50% of the common shares issued remain in escrow. In connection with the acquisition, Mr. Singhavon was considered a related party due to one of the vendors of 1203648 B.C. Ltd being an immediate family member and being entitled to receive 27.19% of the common shares.

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COMMITMENTS

The Company has the following outstanding commitments based on achieving certain milestones.

Grey Bruce Farms

In connection with the achievement of certain milestones, the Company paid \$250,000 to the vendors of Grey Bruce on May 6, 2019, and issued 2,222,222 common shares valued \$1,000,000 on July 8, 2019.

As at November 30, 2019, the Company has committed to issue common shares valued at \$2,750,000 contingent on future events as follows:

Trigger event	Common shares
Grey Bruce obtaining a license to sell cannabis under the CA&R	1,250
Upon Grey Bruce's first harvest having passed quality assurance and quality control tests as set out by Health Canada	300
Upon Grey Bruce's second harvest having passed quality assurance and quality control tests as set out by Health Canada	300
Upon Grey Bruce's third harvest having passed quality assurance and quality control tests as set out by Health Canada	300
Upon Grey Bruce's fourth harvest having passed quality assurance and quality control tests as set out by Health Canada	300
Upon Grey Bruce's fifth harvest having passed quality assurance and quality control tests as set out by Health Canada	300
	\$ 2,750

As at November 30, 2019 Grey Bruce's first harvest passed quality assurance and quality control tests as set out by Health Canada, thereby triggering the contingent consideration which become payable at year-end. The Company recorded Shares issuable of \$300,000 as part of Contributed Surplus.

Subsequent to the year ended November 30, 2019, the Company entered into an amending agreement dated on March 13, 2020, amending certain terms and conditions of the definitive share purchase agreement, dated September 15, 2017. As such, one of the Vendors, Mr. Norton Singhavon ("Mr. Singhavon) will accept a reduced milestone payment of \$1,000,000 in lieu of the original entitlement of \$1,787,500. This reduces the amount owing for the first milestone noted above to \$105,000 as Mr. Singhavon was owed approximately 65% of the remaining contingent consideration. Since the second milestone was satisfied on December 23, 2019 the Company intends to issue \$210,000 of common shares in satisfaction with the above mentioned milestone payments. Accordingly, the Company plans to issue 381,818 common shares to the vendors, at a deemed price of \$0.55 per share.

In addition to the above, the amending agreement raised the floor price of the common shares in the capital of the Company to be issued to the vendors of Grey Bruce Farms, excluding Mr. Singhavon.

The numbers of common shares issuable upon the occurrence of future events are to be based on the greater of (A) the then ten-day volume-weighted average trading price of the Company's common share and (B) the last commercial financing undertaken by the Company, currently \$0.55 per common share of the Company. Mr. Singhavon has also agreed to raise the floor price of the Common Shares to be issued in connection with the Cannabis Sales Milestone to a deemed price per share equal to the greater of (A) the 10-day volume-weighted average trading price of the Common Shares, and (B) \$1.00. In consideration for entering into the Amending agreement the Company has agreed to pay the vendors a one-time cash payment of \$25,010 of which Mr. Singhavon will receive \$10.

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1118157 B.C. Ltd. (Tumbleweed Farms Corp.)

In connection with the achievement of certain milestones, the Company issued 367,647 common shares valued at \$250,000 on April 23, 2019 to the vendors of 1118 BC.

As at November 30, 2019, the Company has committed to issue common shares valued at \$500,000 contingent on future events as follows:

Trigger event	Common shares
Tumbleweed obtaining a license to produce cannabis under CA&R	250
Tumbleweed obtaining a license to sell cannabis under the CA&R	250
	\$ 500

Subsequent to the year ended November 30, 2019, the Company entered into an amending agreement dated on March 13, 2020, amending certain terms and conditions of the definitive share purchase agreement, dated November 22, 2017. As such, the Vendors of 1118157 B.C. Ltd. Mr. Michael Blady and Mr. Norton Singhavon have agreed to waive all entitlement to the remaining milestone payments. This was the final milestone related to the acquisition of 1118157 B.C. Ltd and there will be no further payments, whether in cash or shares.

The Company also assumed certain commitments of 1118157 B.C. Ltd. through its acquisition of Tumbleweed.

On March 4, 2019, the Company entered into an agreement with the vendors (the "Amending Agreement"), amending certain terms and conditions of the definitive share purchase agreement, dated August 12, 2017, as amended. The Amending Agreement replaced, among other things, the previous cash milestone payments, with the following:

- Upon the Company submitting an evidence package in connection with its application for a licence for cultivation from Health Canada, the Company is to issue \$2,250,000 worth of common shares of GTEC (each, a "Common Share" and collectively, the "Common Shares") at a deemed price per Common Share equal to the 30-day VWAP.
- Upon the Company completing the construction of and receiving an occupancy permit for a Health Canada-approved cannabis production facility in compliance with the Regulations, the Company is to make a cash payment of \$250,000

In connection with the Amending Agreement, on March 22, 2019 the Company issued an aggregate of 3,759,319 of Common Shares in satisfaction of the above-mentioned milestone payment to the Vendors.

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As at November 30, 2019, the Company has committed to issue common shares valued at \$1,500,000 upon the achievement of future events, as amended March 4, 2019:

Trigger event	Common shares
Upon Tumbleweed's first harvest having passed quality assurance and quality control tests as set out by Health Canada	300
Upon Tumbleweed's second harvest having passed quality assurance and quality control tests as set out by Health Canada	300
Upon Tumbleweed's third harvest having passed quality assurance and quality control tests as set out by Health Canada	300
Upon Tumbleweed's fourth harvest having passed quality assurance and quality control tests as set out by Health Canada	300
Upon Tumbleweed's fifth harvest having passed quality assurance and quality control tests as set out by Health Canada	300
	\$ 1,500

The number of common shares issuable upon the occurrence of future events are to be based on the greater of (A) the then three-day volume-weighted average trading price of the Company's common share and (B) \$0.05 per common share of the Company.

Subsequent to the year ended November 30, 2019, the Company entered into an amending agreement dated on February 4, 2020, amending certain terms and conditions of the definitive share purchase agreement, dated August 12, 2017. As such, the Company issued \$1,350,000 of common shares in satisfaction with the above mentioned milestone payments, in connection with the first four harvests with each valued at \$300,000, while reducing the fifth harvest value from \$300,000 to \$150,000. Accordingly, the Company issued 7,500,000 common shares to the arms-length vendors, at a deemed price of \$0.18 per share. The issuance of these shares will be the final share issuance relating to milestone payments for the Tumbleweed acquisition and there will be no further payments, whether in cash or shares.

GreenTec Bio-Pharmaceuticals Inc.

As at November 30, 2019, the Company has committed to issue common shares valued at \$8,250,000 contingent on future events as follows:

Trigger event	Common shares
Completion of Bio-Pharma's construction of a Health Canada approved cannabis production facility in compliance with the CA&R	1,000
Bio-Pharma obtaining a license to produce cannabis under the CA&R	1,500
Bio-Pharma obtaining a license to sell cannabis under the CA&R	2,000
Bio-Pharma obtaining approval from Health Canada to increase cannabis production by at least 8,500 kg and completing construction to accommodate such increased production (the "Expansion")	1,500
Bio-Pharma obtaining an amendment to its cannabis sales license from Health Canada to reflect the Expansion	2,250
	\$ 8,250

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Subsequent to the year-ended November 30, 2019, on March 13, 2020, the Company entered into an amending agreement with the vendors of GreenTec Bio-Pharmaceuticals (GBP) amending certain terms and conditions of the definitive share purchase agreement, dated November 15, 2017. As such, the GBP vendors have agreed to reduce their entitlement to a portion of the purchase price such that the remaining payment obligations of the Company in connection with the GBP acquisition are reduced by \$5,750,000. In addition to reducing the purchase price, the GBP vendors have agreed to restructure the remaining milestones and raise the floor price of the Common Shares to be issued in connection with the new milestones to a deemed price per share equal to the greater of (A) the 10-day volume-weighted average trading price of the Common Shares, and (B) \$1.00. Of the \$5,750,000 reduction to the Company's payment obligations, \$5,615,000 of remaining milestone payments was waived by Mr. Norton Singhavon.

Lease Agreements

The Company has entered into operating lease agreements for its premises. The annual basic lease commitments under these leases are as follows:

	2020	2021	2022	2023	2024 and thereafter
Leases	\$ 636	\$ 628	\$ 652	\$ 571	\$ 182

From time to time, the Company enters into contracts for services in the normal course of operations. The Company's current contractual commitments vary in terms and can be terminated upon sufficient notice.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and apply judgment affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period.

The areas involving higher degrees of judgement, or areas where assumptions and estimates are significant to the financial statements are:

Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

Estimated useful lives and impairment considerations

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment related to 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.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

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Investments in associates

Management exercises judgment in determining whether the Company has acquired significant influence over an entity. An assessment of significant influence is performed at the inception of a relationship between any entity and the Company. When performing this assessment, the Company considers all facts and circumstances, and it must reassess whether it still has significant influence over an investee if facts and circumstances indicate there are changes to one or more of the conditions of significant influence.

Share-based compensation and warrants

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. In calculating the fair value of the warrants, the Company includes key estimates such as the volatility of the Company's stock price, the value of the common share, and the risk-free interest rate.

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assess whether it is probably that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Discount rate used for convertible debentures

The carrying value of the convertible debentures is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

Going concern

Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory for accounting periods beginning before January 1, 2019.

Effective for annual periods beginning on January 1, 2019

IFRS 16 Leases

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk).

The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

The Company's financial instruments consist of cash, receivable and accounts payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

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Market Risk

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and commodity price risk.

Foreign Currency Risk

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

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 current policy is to invest excess cash in certificates of deposit or interest bearing accounts of major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions.

Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported consolidated net loss and comprehensive consolidated net loss for the period.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices of medical cannabis. As a result, commodity price risk may affect the Company's ability to operate profitably, completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash.

As at November 30, 2019, the Company's exposure is the carrying value of the financial instruments. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Currency Risk

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

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Maturity Risk

- 1) The Company's cash and cash equivalents balance at November 30, 2019 was in the amount of \$1,968,575. At November 30, 2019, the Company had amounts receivable of \$1,572,524, accounts payable and accrued liabilities of \$1,740,673 and interest and short-term debt payable of \$7,168,160. All accounts payable and accrued liabilities are current.
- 2) As at November 30, 2019, the Company did not have derivative financial liabilities with contractual maturities.
- 3) Management of liquidity risk: Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments in (1) and (2) for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The following table summarizes the maturities of the Company's financial liabilities as at November 30, 2019 based on the undiscounted contractual cash flows:

	Carrying value	Principal amount	Less than 1 year	1 - 3 years
Accounts payable	\$ 1,739	\$ 1,739	\$ 1,739	\$ -
Short-term payable	7,168	8,083	8,083	-
	\$ 8,907	\$ 9,822	\$ 9,822	\$ -

SUBSEQUENT EVENTS

Please refer to Note 25 of the consolidated financial statements for year ended November 30, 2019.

NON-IFRS PERFORMANCE MEASUREMENT

The financial information in this MD&A contains certain financial performance measures that are not defined by and do not have any standardized meaning under IFRS; and are used by management to assess the financial and operational performance of the Company. These include, but are not limited to, the following:

- Yield per plant (in grams)
- Target production capacity
- Cost of cultivation (both "cash" and "all-in"); and
- Adjusted gross margin (excluding fair value adjustments)
- Adjusted EBITDA

The Company believe that these non-IFRS financial measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance and prospects in a similar manner to the Company's management.

As there are no standardized methods of calculating these non-IFRS measures, the Company's approaches may differ from those used by others, and accordingly, the use of these measures may not be directly comparable. 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.

RISK FACTORS

This section discusses factors relating to the business of the Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to

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us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

Liquidity and Additional Financing

The Company has limited financial resources and revenues. There can be no assurance that additional funding will be available to it for further development of its assets or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could cause the Company to reduce or terminate its operations.

Reliance on Licenses

The Company's ability to grow, store cannabis in Canada is dependent on maintaining its license with Health Canada. All licenses are, or will be, subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licenses, to maintain its licenses, and to renew the licenses after their expiry dates would have a material adverse impact on the business, financial condition and operating results of the Company.

Although the Company believes that it will meet the requirements of the CA&R for future extensions or renewals of any required licenses, there can be no assurance that Health Canada will extend or renew the licenses or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew existing licenses should it renew existing license on different terms, or should it refuse applications for new licenses, the business, financial condition and operating results of the Company would be materially adversely affected.

Regulatory Risks

The activities of the Company are subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the future sale of its products. The Company cannot predict the time 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 failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Company's business, results of operations and financial condition.

Change in Laws, Regulations and Guidelines

The Company's business is subject to particular laws, regulations, and guidelines. The production and distribution of cannabis is a highly regulated field, and although the Company intends to comply with all laws and regulations, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company may cause adverse effects to its operations.

Limited Operating History, History of Losses, and No Assurance of Profitability

The Company was incorporated and began operations in June 2017 and as of the date of this MD&A had not generated material revenue from the sale of its products or services. The Company is subject to all of the business risks and uncertainties associated with any early-staged enterprise, including under-capitalization, cash shortages, limitation with respect to personnel, financial and other resources, and lack of revenues.

The Company has incurred operating losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

Unfavourable Publicity or Consumer Perception

The success of the cannabis industry may be significantly influenced by the public's perception of cannabis's medicinal and recreational applications. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to cannabis will be favourable. The cannabis industry is an early-

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stage business that is constantly evolving with no guarantee of viability. The market for cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of cannabis may have a material adverse effect on our operational results, consumer base and financial results.

Competition

The market for the Company's product does appear to be sizeable and Health Canada has only issued a limited number of licenses under the CA&R to produce and sell cannabis. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. A large number of companies appear to be applying for production licenses, some of which may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships.

Should the size of the cannabis market increase as projected, the demand for product will increase as well, and in order for the Company to be competitive, it will need to invest significantly in research and development, marketing, production expansion, new client identification, and client support. If the Company is not successful in achieving sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial condition and operations.

The Canadian Federal Government legalized recreational cannabis in Canada on October 17, 2018. This regulatory change and access for recreational use may not be implemented in a timely fashion. The introduction of a recreational model for cannabis production and distribution may impact the medical cannabis market. The impact of this potential development may be negative for the Company and could result in increased levels of competition in the existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates. There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Key Personnel

The Company's success will depend on its directors' and officers' ability to develop and execute on the Company's business strategies and manage its ongoing operations, and on the Company's ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants. The loss of any key personnel or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Conflicts of Interest

Certain of the Company's directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company interests. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

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Litigation

The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business, which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

While the Company has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, operating results or financial condition.

Agricultural Operations

Since the Company's business will revolve mainly around the growth of agricultural products, the risks inherent with agricultural businesses will apply. Such risks may include disease and insect pests, among others. Although the Company expects to grow its product in climate controlled, monitored, indoor locations, there is no guarantee that changes in outside weather and climate will not adversely affect production.

Transportation Disruptions

The Company will depend on fast, cost-effective and efficient transportation services to distribute its product. Any prolonged disruption of these services could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with transportation services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Fluctuating Prices of Raw Materials

The Company revenues, if any, are expected to be in large part derived from the production, sale and distribution of agricultural products or products related to the growth of such agricultural products. The price of production, sale and distribution of these products will fluctuate widely and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effect of these factors on the price of product produced by the Company and, therefore, the economic viability of any of the Company's business, cannot accurately be predicted.

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water and air, the handling and disposal of hazardous and nonhazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain required environmental approvals or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations 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.

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

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CAUTION REGARDING FORWARD LOOKING STATEMENTS

Certain information regarding the Company within the MD&A may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including; future business strategy, goals, expansion and growth of the Company's business, plans and other such matters are forward-looking statements. When used in this MD&A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements by their nature involve certain risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The reader should not rely solely on these forward-looking statements.

We undertake no obligation to reissue or update any forward-looking statements or information except as required by law.

This MD&A contains forward-looking statements concerning future operations of GTEC Holdings Ltd. (the "Company"). All forward-looking statements concerning the Company's future plans and operations, including management's assessment of the Company's expectations or beliefs may be subject to certain assumptions, risks and uncertainties beyond the Company's control. Investors are cautioned that any such statements are not guarantees of future performance and that actual performance and financial results may differ materially from any estimates or projections.

Forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions it believes to be not unreasonable in light of all of the circumstances. In some instances, material factors or assumptions are discussed in this MD&A in connection with statements containing forward-looking information. Such material factors and assumptions include, but are not limited to: For instance and among other things, there can be no assurance that the Company will achieve full production capacity which is expected to drive increased revenue growth in the second and third quarter 2020; the Company will complete the transition from commercial cultivars to unique premium cultivars, with final harvest of the commercial cultivars scheduled for the first quarter 2020, which allows the Company to enter the second quarter 2020 solely producing unique premium cultivars, which is projected to increase the Company's average selling price and gross margins; the Company is increasing average selling prices and gross margins by transitioning from bulk B2B cannabis sales to CPG cannabis sales (via Provincial sales channels); the Company will continue to have demand for BLK MKT branded products; the Company will achieve profitability or significant growth each quarter; the Company will be able to settle its outstanding liabilities and debt obligations in the 2020 fiscal year; production and sales will increase month over month; Grey Bruce and Tumbleweed will enter into full production; management will be successful in further reducing its cash burn; the Company will be able to reduce expenditures in the 2020 fiscal year and strengthen its balance sheet; the Company will be able to complete construction of its facilities and transition its existing facilities into the new cultivars; the Company will become cash flow positive; production, capacity or efficiency estimates or sales projections will be met; the Company's selling price and gross margin will increase; unforeseen construction, harvest or delivery delays will not occur; the Company's combined annual output will be approximately 9,000 kilograms or more; the Company's genetic portfolio will deliver a sustainable competitive advantage and provide favourable gross margins or that the Company will be able to establish long-term brand equity and consumer loyalty; and there will be continued demand for the Company's flower. Forward-looking information contained herein is made as of the date of this MD&A and, other than as required by law, the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.