

NOTICE TO READER

The Company is amending its management's discussion and analysis for the three months ended March 31, 2021, to address and provide complete disclosure pertaining to liquidity and capital resources.

Accordingly, updates have been made to the Company's management's discussion and analysis for the three months ended March 31, 2021 as previously filed to clarify and provide additional and complete disclosure regarding:

- Liquidity, including adjustments made to the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021 to reclassify certain loans from non-current to current amounting to \$28,143,003;
- Going Concern;
- Capital Resources; and
- Loans and Borrowings.

The previously filed unaudited condensed interim consolidated financial statements and management's discussion and analysis for the financial periods were originally filed by the Company on SEDAR on June, 29, 2021. The restated unaudited condensed interim consolidated financial statements and this revised management's discussion and analysis filed on October 15, 2021, replace and supersede the respective previously filed original financial statements and related management's discussion and analysis. There have been no other changes. This notice supersedes the previously filed version.



Entourage Health Corp.
(Formerly WeedMD Inc.)

Revised Management's Discussion & Analysis

For the three months ended March 31, 2021

October 15, 2021

INTRODUCTION

The following interim Revised Management's Discussion & Analysis ("MD&A") discusses the financial condition and results of operations of Entourage Health Corp. (the "Company" or "Entourage") for the three months ended March 31, 2021 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes thereto as at and for the three months ended March 31, 2021, which have been prepared in accordance with International Accounting Standards 34 - Interim Financial Reporting ("IAS 34") of the International Financial Reporting Standards ("IFRS"), as well as the Company's audited consolidated financial statements and related unaudited MD&A for the year ended December 31, 2020.

Except for per unit amounts and where otherwise noted, all amounts in this MD&A are reported in Canadian dollars. Additional information relating to the Company, including its latest Annual Information Form, can be found under the Company's profile on the SEDAR website at www.sedar.com.

Our MD&A is intended to enable readers to gain an understanding of the Company's current results and financial position. To do so, we provide information and analysis comparing the results of operations and financial position for the current period to those of the same period of the prior year and the comparable period, where applicable. We also provide analysis and commentary that we believe is required to assess the Company's future activities. Accordingly, certain sections of this report contain forward-looking statements that are based on current plans and expectations. These forward-looking statements are affected by risks and uncertainties that are discussed in this document and that could have a material impact on future prospects. Readers are cautioned that actual results could vary.

We monitor the following key performance indicator ("KPI") to help us evaluate our business, measure our performance, and make strategic decisions. It provides a supplemental measure of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. Our KPIs may be calculated in a manner different from those used by other companies.

- 1. **Yield per plant:** The expected number of grams ("g") of finished cannabis inventory, which is expected to be obtained from each cannabis plant, adjusted for expected wastage. The Company uses this metric to more easily compare yield given that the number of plants harvested in the period fluctuates from period to period.*
- 2. **Cost per gram:** Direct and indirect costs incurred to grow and produce cannabis as well as post-harvest costs (post-harvest production costs, packaging costs incurred to bring that product to a ready for sale state, divided by total grams of cannabis grown and produced in the period. The Company uses this metric to more easily compare costs given that the number of plants grown and produced fluctuates from period to period.*
- 3. **Adjusted Earnings Before Interest, Tax, Depreciation, and Amortization (Adjusted EBITDA):** Adjusted EBITDA: Income (loss) and comprehensive income (loss) excluding interest, tax, depreciation and amortization, stock-based compensation, fair value changes and other non-cash items and non-recurring items. The Company uses this metric as it is an important measure of the Company's day-to-day operations.*

The Company has no operations in the U.S. and does not engage in any unlawful U.S. cannabis-related activities. The information contained in this MD&A, including forward-looking statements, is based on information available to management as of October 15, 2021. Per Entourage's press release dated May 14, 2021, the filing of its unaudited interim financial statements, management's discussion and analysis and related CEO and CFO certifications for the three-months ended March 31, 2021 will be delayed beyond the filing deadline of May 31, 2021 due to a changeover of CFO as announced.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements, which reflect management's expectations regarding the Company's results of operations, performance, growth, and business prospects and opportunities.

Statements about the Company's future plans and intentions, results, levels of activity, performance, goals or achievements, or other future events constitute forward-looking statements. Wherever possible, words such as "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties, and assumptions. Many factors could cause actual results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law. Many factors could cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including general economic and market segment conditions, competitor activity, product capability and acceptance, regulatory matters, rising energy costs, and technology changes. More detailed assessment of the risks that could cause actual results to materially differ from current expectations is contained in the "Risk Factors" section of this MD&A.

BUSINESS OVERVIEW

Entourage Health Corp. (formerly WeedMD Inc.) (TSXV: WMD, OTCQX:WDDMF, FSE:4WE) is the publicly traded parent company of Starseed Holdings Inc. ("Starseed") and WeedMD Rx Inc., both of which, directly, or through its subsidiaries, are Canadian licence holders and distributors of cannabis products under the Cannabis Act. The Company is permitted to buy, sell, process, and produce cannabis, cannabis plants, and certain derivative products such as cannabis extracts for both the medical and adult-use markets.

The Company presently operates and holds licenses for three facilities:

- Owns a 158-acre property in Strathroy, Ontario with up to 550,000 square feet ("sq. ft.") of greenhouse footprint delivering the quality and control of indoor facilities and up to 100 acres of outdoor cultivation area providing cost-effective and tailored grown input biomass for cannabis 2.0 products ("Strathroy Facility").
- Owns a 26,000 sq. ft. indoor facility in Aylmer, Ontario, which specializes in cannabis extraction, processing, product development and fulfillment to capture the full margin for new products introduced to market ("Aylmer Facility").
- Leases a 14,850 sq. ft. indoor facility in Bowmanville, Ontario, acquired through the Starseed acquisition ("Bowmanville Facility").

The Company is committed to producing and supplying the very best cannabis products for Canadian adult recreational users and medical patients, by building a strong, agile, and efficient cannabis company. The Company is focused on strengthening and growing its position in the medical and adult-use cannabis cultivation, processing and distribution market, and intends to become a leader in the Canadian cannabis market.

The Company expects consumer demand for recreational products to be an exciting opportunity for sustainable growth. The fundamentals of the Canadian cannabis industry are strengthening as retail store build-out across Canada accelerates. Ontario, the largest provincial adult-use market, has been underserved by retail on a per-capita basis to date. According to *Ontario Cannabis Store*, Ontario had 700 retail stores in operation as of June 2021 leaving plenty of room to grow. Expanded retail presence will increase the addressable market and allow for greater consumer education, which is expected to be beneficial in supporting the growth of the Company's consumer brands including the award-winning Color Cannabis® products and Saturday Cannabis®, in the adult-use segment. As a result of adult-use legalization, the adult-use market is expected to continue to represent a higher proportion of revenues as new consumers participate in, and previously illicit consumers adopt Canada's framework for the sale of cannabis.

Through the COVID-19 crisis, Canada declared dispensaries as essential services, allowing sales to continue. However, the restrictions implemented in response to the COVID-19 pandemic may impact current retail store operations and growth initiatives across the country.

The medical cannabis market brings another strong growth opportunity along with higher margins. With the addition of Starseed, a medical-centric operator, the Company has expanded its multi-channeled distribution strategy to grow its share of this burgeoning market. Starseed's industry-first, exclusive partnership with LiUNA, the largest construction union in Canada, along with employers and union groups complements the Company's direct sales to medical patients. In addition, the Company maintains strategic relationships in the seniors' market and supply agreements with Shoppers Drug Mart as well as six provincial distribution agencies where adult-use brands Color Cannabis® and Saturday Cannabis® are sold along with established patient agreements with 24 clinics.

The Company believes that as the nascent cannabis industry continues to grow and expand and new Cannabis 2.0 products launch, trusted brands with strong cultivation, production, and distribution networks will become market leaders by driving trust among adult consumers, patients, doctors, and communities.

Q1 2021 Key Highlights

- Appointed executive chairman, George Scorsis, as interim Chief Executive Officer; appointed Jason Alexander, Chief Strategy Officer (formerly Chief Legal Officer), to the Board.
- Announced the reallocation of its medical packaging, labelling and distribution activities from its Bowmanville, Ontario site to its Aylmer, Ontario facility which also houses the Company's extraction hub for greater operational efficiencies.
- Streamlined and optimized production roles across all sites to lower production costs and initiate efficient processes.
- Signed the sixth LiUNA local with the addition of Manitoba Local 1258 to Starseed's medical cannabis program.
- Adult-use product releases included: "Top Selling Vape Cart" in Ontario with Saturday Cannabis terpene-infused, one-gram carts in Sour Pineapple and Lemon Haze; one-gram, strain-specific Saturday pre-rolls in Ghost Train Haze; Color Cannabis dried flower in 15 gram pouches; Color Cannabis, Live Resin vape carts in Pedro Sweet Sativa; and Color's strain-specific single-session pre-roll products in Mango Haze, Ghost Train Haze and Pedro's Sweet Sativa.
- Medical product releases included: Mary's Medicinals Topical Balms in 1:1 (CBD/THC) and CBD compounds; Aurum 4 Indica in Juicy-Fruit strain; Strain-specific PaxVapor Pods in Pedro Sweet Sativa, Mango Haze and Black Sugar Rose; CBD Softgel capsules in 1:1, THC and CBD formats; and new strains Lemon Z and Hybrid Reserve whole flower.
- Expanded Color Cannabis products into the Province of Quebec making it accessible to over 85 per cent of Canada's retail market in partnership with local producer ROSE LifeScience.
- In March 2021, the Company announced and closed its oversubscribed \$17.25 million bought deal equity financing.
- Introduced Boveda humidity control "terpene shield" packets into all dried flower products.

Leading Cultivation Platform – Strathroy Facility

The Strathroy Facility is Company's cannabis cultivation hub and currently operates 265,000 sq. ft. of licensed cultivation and processing space in the hybrid greenhouse with the opportunity to expand production by an additional 280,000 sq. ft.

Providing cost-effective and tailored grown input biomass for cannabis 2.0 products, there are currently 27 acres of licensed outdoor cultivation area on the property, which can be expanded to 100 acres on the same property. Entourage's outdoor cultivation operation, licensed in May 2019, was one of Canada's first legal outdoor cannabis cultivation operations, and implements sustainable and environmentally friendly practices throughout.

Extraction and Processing Centre of Excellence – Aylmer Facility

Entourage's Aylmer Facility is a state-of-the-art extraction, processing, product development, and fulfilment platform, which enables the Company to take advantage of the increasing adoption of extracts-based products by cannabis consumers. This established business unit focuses on the production of next-generation cannabis products, commonly referred to as Cannabis 2.0 products, and business-to-business ("B2B") sales.

The Company is currently equipped with two supercritical CO2 extractors capable of extracting up to 50,000kg ("kg") of high-cannabinoid biomass annually. In addition to providing an opportunity to create value accretive partnerships, a major portion of the biomass the Aylmer Facility produces is used for extraction at the Company's own processing facility as the Company increasingly commercializes new, innovative adult-use and medical-grade products to satisfy customer demand.

Bowmanville Facility

Through the acquisition of Starseed, The Company acquired 10,000 sq. ft. of licensed production area and 4,850 sq. ft. of office space at the Bowmanville Facility. In Q1 2021, the Company reallocated all medical packaging, labelling and distribution activities from the Bowmanville Facility to the Aylmer Facility, which also houses the Company's extraction hub. The Bowmanville Facility is currently being held for sale, which is a key example of the steps the Company is taking to maximize the utilization of its facilities, improve operational efficiencies and further align its cost structure while focusing on growth, following the successful integration of Entourage and Starseed.

Licences and Agreements

The Company currently holds licences at its three facilities in Aylmer, Strathroy, and Bowmanville. On February 7, 2020, the Bowmanville Facility received a cannabis research licence from Health Canada allowing for the testing of cannabis concentrates pertaining specifically to vape products in development testing.

Location	Aylmer, ON	Strathroy, ON	Bowmanville, ON
Facility type	Indoor	Indoor & Outdoor	Indoor
Licence type(s)	Standard Cultivation, Standard Processing, Sale for Medical Purposes	Standard Cultivation, Standard Processing	Standard Cultivation, Standard Processing, Sale for Medical Purposes, Research
Authorized activities under the licence(s)	Cultivation (indoor), Processing and Sale of Cannabis and Cannabis Products, Medical sale of Cannabis Product	Cultivation (indoor, outdoor), Processing and Sale of Cannabis and Cannabis Products	Cultivation (indoor), Processing and Sale of Cannabis and Cannabis Products, Medical sale of Cannabis Products
Cannabis	Cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis oil; cannabis topicals; cannabis extracts; and edible cannabis;	Cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis oil	Cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis oil; cannabis topicals; cannabis extracts; and edible cannabis, other cannabis (for R&D purposes)
Cannabis products <i>(Authorized for sale under the Cannabis licence(s) issued by Health Canada)</i>	Cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis oil; cannabis topicals; cannabis extracts; and edible cannabis	Cannabis plants; cannabis plant seeds	cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis oil; cannabis topicals; cannabis extracts; and edible cannabis
Main activities and specialization	Production of cannabis oil and cannabis extracts; Packaging, labelling, sale and distribution of cannabis products for non-medical and medical purposes	Cultivation and production of dried cannabis; Bulk sale and distribution of cannabis;	Production of cannabis oil and cannabis extracts; Packaging, labelling and sale of cannabis products for medical purposes
Total area size	4 acres	158 acres	14,850 sq. ft.
Currently licensed area	26,000 sq. ft.	Indoor – 215,000 sq. ft. Outdoor processing facility – 50,000 sq. ft. Outdoor - 1.1M sq. ft. (27 acres)	10,000 sq. ft.
Development potential*	100,000 sq. ft.	Indoor – 550,000 sq. ft. Outdoor – 4.5M sq. ft. (102 acres)	N/A

* Pending regulatory approval, includes cultivation expansion for both greenhouse and outdoor cultivation.

Our Brands

The Company maintains a comprehensive catalogue of world class genetics, which is monetizable through the sale, licensing, and development of cannabis strains domestically and internationally.

A total of 40 active cannabis strains from the Company's genetics bank can be cross-referenced as verifiable strains in the TruTrace Technologies ("TruTrace") database ensuring the highest product integrity and quality assurance for our customers, driving trust and long-term customer loyalty for our brands.



Adult-use



Adult-use



Medical Direct-to-Patient
(benefits coverage)



Medical Direct-to-Patient
(traditional)

Adult-use

The Company launched Color Cannabis® in 2019 for the Canadian adult-use market. The brand specializes in the dried flower category with additional formats added in 2020 including strain-specific vapes which are filled with cannabis concentrates derived from biomass cultivated and processed at its facilities. The strain-specific product portfolio launched with the Ghost Train Haze (high-THC), Pedro's Sweet Sativa and Mango Haze (balanced) stains, with a high-CBD product to follow. The Company also launched additional terpene-rich series of cultivars, Black Sugar Rose, within the Color Cannabis® brand. Coupled with the Company lower-cost outdoor biomass as extraction input materials, the Company believes its operations will deliver improved margins over those of traditional cannabis products and provide meaningful growth. The Company as the market for Cannabis 2.0 products continues to develop and expand. In Q1, 2021, the Company also released live resin carts in Pedro's Sweet Sativa cultivar. During the three months period ended March 31, 2021, unit sales for Color Cannabis® products remained strong within the major markets in which the brand has listings, available in over 1,100 retail stores.

In December 2019, the Saturday Cannabis® brand was added to the Company's portfolio via the acquisition of Starseed. The brand's strategy has been centered around leveraging a pre-existing brand equity of relaxation, enjoyment, and freedom. The brand also leverages Starseed's medical heritage, advocating the safe and responsible consumption of cannabis, segmenting its products into time-of-day usage categories according to cannabinoid content (Saturday Morning, Afternoon, and Night). To date, the Saturday Cannabis® brand's revenues have been predominately generated from the sale of pre-rolls and as of January, 2021 the Company added vapes to the product line up, which complements the Company's adult-use product portfolio and provides the Company with immediate access to the brand's existing listings and markets in this category. In January, 2021, the Company launched the sale of its Saturday adult-use vape products, garnering the "Top-Seller" accolade for the month from the Ontario Cannabis Store.

Also in January, 2021, the Company started producing and selling U.S.-licensed wellness brand Mary's Medicinals topical balms, launched in both medical and adult-use markets throughout the first few months of 2021.

As at March 31, 2021, the Company held adult-use distribution agreements in the following provinces:



Ontario Cannabis Retail Corporation:

Purchase agreement with the province of Ontario to supply cannabis for the adult-use market.

Alberta Gaming and Liquor-Commission:

Supply agreement with the province of Alberta to supply adult-use cannabis product.

BC Liquor Distribution Branch:

Supply agreement with the province of British Columbia to supply adult-use cannabis product.

Nova Scotia Liquor Corporation:

Purchase agreement with the province of Nova Scotia to supply cannabis for the adult-use market.

Manitoba Liquor & Lotteries Corporation:

Distribution agreement with the province of Manitoba to supply cannabis for the adult-use market.

Saskatchewan Liquor & Gaming Authority:

Authorization to supply cannabis directly to private retail and wholesale markets in the province of Saskatchewan.

Province of Quebec:

Partnership agreement with Rose Life Science Inc.

Medical Direct-to-Patient

The Company distributes its medical products directly to medical patients across the country under its own Starseed Medicinal brand and the Entourage brands sold via Medical Cannabis by Shoppers Drug Mart. In the medical channel, Starseed has developed a unique platform that targets captive customer bases with paid benefits covering medical cannabis. Forming an industry-first, exclusive partnership with LiUNA, along with exclusive or preferred partnerships with other employers and union groups, Starseed provides medical cannabis to thousands of covered individuals while offering direct-reimbursement from benefit plans as a payment option. For its medical products, Starseed has developed the Starseed System™ that simplifies the dialogue surrounding strength and dosage by categorizing medical cannabis according to THC and CBD levels, allowing health care professionals and Starseed's client service teams to communicate with patients and recommend products with greater effectiveness and ease.

In addition, the Health Care Practitioners at Northstar Wellness, an entity owned by Starseed, provides patients with customized treatment plans which consider patients' current medical history, assesses for any potential medication interaction, and provides an overall fulsome ongoing review that supports ongoing medicinal cannabis therapy. The service is available to patients via a telemedicine system and in-person visits through a network of clinics.

In June 2020, the Company launched the sale of its first vape product, the Aurum vape cartridges, which are filled with cannabis concentrates derived from biomass cultivated and processed at its facilities.

Commercial arrangement with Fire & Flower to produce cannabis products

The Company has commercial arrangement with leading Canadian retailer, Fire & Flower Inc. ("Fire & Flower") (TSX: FAF, OTCQX: FFLWF), a leading purpose-built, independent adult-use cannabis retailer. Under the partnership, the Company manufactures, packages and ships the retailer's Revity CBD™ product line. Products manufactured through this partnership are produced at the Company's state-of-the-art extraction hub, utilizing the Company's own input biomass.

Exclusive licensing agreement to produce Mary's Medicinals premium line of wellness products

The Company entered into an exclusive licensing, manufacturing and distribution agreement with premium, U.S.-based cannabis wellness house, MM Technology Holdings, LLC, owner of Mary's Brands, and the acclaimed product line, Mary's Medicinals ("Mary's Brands" or "Mary's"). As Mary's sole Canadian partner, the Company will manufacture a suite of Mary's Medicinals' products in-house utilizing the Company's input biomass at its Aylmer Facility extraction hub later in 2021. Widely recognized for its innovative portfolio of delivery methods, Mary's suite of cannabis products includes transdermal gels and patches and topicals. The Company will also market, sell and distribute Mary's Medicinals' products across Canada's provincial adult-use and direct-to-consumer medical channels as it looks to expand new cannabis offerings to address underserved wellness and medical market segments.

The Company partners with CannTx Life Sciences to enhance genetics bank of new cultivars and preserve its elite proprietary cannabis strains

The Company entered into a partnership with Guelph-based CannTx Life Sciences Inc. ("CannTx"), to add new cultivars to its genetics bank and expand the lifecycle of the Company's prized cannabis cultivars using cutting-edge tissue culture techniques via Steadystem Solutions ("Steadystem"). Tissue culture is an innovative and widely recognized practice in agriculture used for preserving plant integrity, crop health and genetic accuracy. Under the Steadystem program, nodal segment cultures are collected from the Company's mother plants and regenerated using an in-vitro platform to re-produce historical cannabinoid and terpene profiles.

BUSINESS TRANSFORMATION UPDATE

Since Q4 2020, the Company has been undertaking an extensive operational transformation with the goal of setting the Company on the path to long-term profitability. The guiding principles of this transformation include realigning the business with current market realities, refocusing on higher-margin growth opportunities, and defining a clear track to profitability and positive cash flow. Complimenting these principles are these five core pillars: revenue growth, process and organizational optimization, driving efficiency, ensuring quality, and investing in our people.

From a revenue growth perspective, the Company will continue to focus on growing the Company's footholds in the nascent adult-use recreational and medical cannabis markets by:

- Taking a disciplined approach to identifying and participating in select value-accretive acquisitions or partnerships; and
- Making prudent capital allocation investments to drive operational excellence by investing in:
 - Product innovation to deliver a variety of high-quality branded products.
 - Increasing capacity to support growth.
 - Expanding distribution channels.
 - Technological and automation improvements.
 - Maintaining patients to drive renewals in the medical business.

Related to process and organizational optimization, the transformation is on track with a number of initiatives underway, including selling the Bowmanville Facility as well as organizational re-structuring to reduce costs.

To drive efficiency and productivity, the Company continues to identify automation opportunities in areas of production and manufacturing as well as back-office functions. To continuously deliver quality, initiatives have been implemented in cultivation, and production and manufacturing areas.

From a people perspective, the Company has made strategic senior management appointments and has created an enterprise-wide Project Management Office ("PMO"), both aimed at ensuring the ongoing transformation is a success. Overall, given the above transformation initiatives the Company is well-positioned to take advantage of the growing Canadian cannabis market and to deliver long-term shareholder value.

COVID-19 UPDATE

On March 11, 2020, the World Health Organization declared the ongoing COVID-19 outbreak as a global health emergency. The ongoing outbreak of COVID-19 has caused significant disruptions to national and global markets, economies and consumer and patient behavior. Our businesses have been designated essential services in all the markets in which we operate. During this time, we have continued to conduct our operations to the fullest extent possible, while also responding to the outbreak with actions that include:

- Modifying employee work schedules and implementing strict sanitary measures to continue protecting the health and safety of our employees.
- Ensuring business continuity programs to meet the safety requirements and Health, Safety, Security and Environment (HSSE) standards during the period.
- Coordinating closely with suppliers and customers to maintain ample product for customers and patients to ensure that supply chain requirements were met.

While there have been no material impacts to the Company's operations, COVID-19 has resulted in changes to the way the Company operates, for example, the number of employees allowed in a grow room. Consequently, the Company has taken steps to minimize any potential impact of the pandemic. These actions include postponement of discretionary capital expenditures, reduction of general and administrative expenses, temporary staff reductions, and enhanced process optimization to increase efficiencies and reduce costs.

In 2021 the Company participated in the Canada Emergency Wage Subsidy program relating to COVID-19 Pandemic. The subsidy was approved by the Government of Canada and payments were received in Q1 2021.

Please refer to Note 24 of the financial statements regarding the amounts recognized as a receivable related to the subsidy.

COVID-19 related judgments and estimates

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict, with reasonable precision, the impact that COVID-19 could have on our business, financial position, and ongoing operating results. As such, the estimates and assumptions that underly the Company's financial statements could change in the near term due to COVID-19. The effects of any such changes could be material and could result in, among other things, impairment of long-lived assets. As a result, significant judgments and estimates have been made in the qualitative and quantitative impairments and the going-concern assessments at March 31, 2021.

KEY FINANCIAL HIGHLIGHTS

HISTORICAL QUARTERLY RESULTS

	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Total Revenue	12,899,981	6,961,763	7,739,923	7,181,501
Revenue, Net	10,278,068	5,076,652	6,313,117	5,859,442
Gross profit (loss) before change in fair value	250,740	(22,532,631)	69,155	(898,050)
Gain/(loss) and comprehensive gain/(loss)	(7,007,935)	(45,545,046)	(26,165,379)	(8,895,017)
Basic and diluted (loss) per share from continuing operations	(0.03)	(0.22)	(0.12)	(0.04)
Basic and diluted (loss) attributable to the shareholders	(0.03)	(0.22)	(0.12)	(0.04)

	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Total Revenue	13,600,588	3,641,842	7,178,110	8,568,599
Revenue, Net	12,184,779	2,850,334	6,654,311	7,979,747
Gross profit (loss) before change in fair value	1,370,241	(2,005,829)	1,902,485	3,663,089
Gain/(loss) and comprehensive gain/(loss)	(9,001,692)	(7,210,726)	(13,402,388)	12,624,640
Basic and diluted (loss) per share from continuing operations	(0.04)	(0.06)	(0.12)	0.11
Basic and diluted (loss) attributable to the shareholders	(0.04)	(0.06)	(0.12)	0.11

Key Operating Metrics

For the three months ended	March 31, 2021	March 31, 2020	\$ or Weight Difference	% Change
Revenue (\$)	12,899,981	13,600,588	(700,607)	-5%
Kilograms equivalent sold - cannabis	3,878	5,084	(1,206)	-24%
Kilograms harvested	3,197	3,385	(188)	-6%
Average yield per plant (grams)	104	76	28	37%
Weighted average cost per gram from clone to harvest of plants on hand	0.36	0.78	(0.42)	-54%
Weighted average cost per gram of inventory on hand	0.51	2.54	(2.03)	-80%

The Company harvested 3,197 kg of cannabis in Q1 2021, compared to 3,385 kg in the same period of 2020, decreasing by 188 kg. Yield per plant averaged 104 g per plant in Q1 2021 compared to 76 g per plant in Q1 2020, with a weighted average cost per gram from clone to harvest of plants on hand of \$0.36 in Q1 2021 compared to \$0.78 in the comparable period in 2020. Weighted average cost per gram of inventory on hand decreased to \$0.51 in Q1 2021 compared to \$2.54 in the comparable period in 2020 mainly due to inventory write-down that was done in the latter part of 2020.

REVISED MANAGEMENT'S DISCUSSION & ANALYSIS
For the three months ended March 31, 2021

Summary of Q1 Results and Results of Operations

	For the three months ended			
	March 31, 2021	March 31, 2020	\$ Change	% Change
Net revenue	\$ 10,278,068	\$ 12,184,779	\$ (1,906,711)	-16%
Cost of goods sold	(10,027,328)	(10,814,538)	787,210	-7%
Gross profit before changes in fair value	250,740	1,370,241	(1,119,501)	-82%
Gross profit before changes in fair value - as % of Net Revenue	2%	11%		-9%
Realized FV amounts included in inventory sold	4,408,644	1,603,145	2,805,499	175%
Unrealized (gain) loss on changes in fair value of biological assets	(4,081,729)	349,503	(4,431,232)	-1268%
Gross profit (loss)	(76,175)	(582,407)	506,232	-87%
Income (loss) and comprehensive income (loss)	(7,007,935)	(9,001,692)	1,993,757	-22%
Adjusted EBITDA ¹	(432,109)	(2,520,025)	2,087,916	-83%
Cash provided by (used in) operations	(14,780,497)	(16,320,176)	1,539,679	-9%
Basic income (loss) per share	(0.03)	(0.04)		
Diluted income (loss) per share	\$ (0.03)	\$ (0.04)		

¹Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies. For a reconciliation of Adjusted EBITDA to income (loss) please refer to the "Adjusted EBITDA" section of this MD&A.

\$	March 31, 2021	December 31, 2020	December 31, 2019
Total assets	175,824,495	171,329,357	209,798,741
Total non-current liabilities	43,164,906	75,509,990	44,591,498
Total liabilities	92,505,826	97,239,327	73,739,556
Cash and cash equivalent	20,513,922	22,321,903	8,183,744
Working capital	24,031,591	45,060,143	30,618,609

REVISED MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2021

Revenue

The Company earns revenue from the sale of dried cannabis and cannabis extracts sold directly to medical patients ("Medical"), wholesale of finished products to provinces and provincially regulated distributors ("Adult Use"), and wholesale of bulk to other Licensed Producers and provincially regulated distributors ("Bulk"). The table below summarizes revenue by channel.

	For the three months ended		\$ Change	% Change
	March 31, 2021	March 31, 2020		
Net Revenue*				
Medical	5,184,990	4,609,561	575,429	12%
Adult Use	4,806,483	2,528,313	2,278,171	90%
Bulk	286,595	5,046,905	(4,760,311)	-94%
Total Net Revenue	10,278,068	12,184,779	(1,906,711)	-16%

* Revenue less Excise Duties

The Company recorded net revenue, defined as revenue (i.e., gross revenue less discounts and customer incentives but inclusive of freight) less excise taxes, of \$10,278,068 for the three months ended March 31, 2021, representing a decline of 16% compared to the same period in 2020. This decline was mainly attributable to the decrease in bulk sales. Excluding the impact of a one-time bulk sale recorded in the prior year period, net revenue growth for the three months ended March 31, 2021 was 40% compared to the same period in 2020.

Grams sold by Category and total grams as follows:

Grams sold	For the three months ended			
	March 31, 2021	March 31, 2020	Weight Change	% Change
Medical	944,593	343,690	600,903	175%
Adult Use	1,325,972	737,280	588,692	80%
Bulk	1,607,440	4,002,940	(2,395,500)	-60%
Total grams sold	3,878,005	5,083,910	(1,205,905)	-24%

Total dried cannabis sold in Q1 2021 was 3,878,005g compared to 5,083,910g sold in Q1 2020, representing a decrease of (1,205,905)g or -24% for the same period in 2020. The decrease was mainly driven by Bulk, which was partly offset by the growth in Medical and Adult Use.

Average selling price (net of excise taxes) broken down by distribution channel is as follows:

Average selling price (net of excise) per gram	For the three months ended			
	March 31, 2021	March 31, 2020	\$ Change	% Change
Medical	5.49	13.41	(7.92)	-59%
Adult Use	3.62	3.43	0.20	6%
Bulk	0.18	1.26	(1.08)	-86%
	2.65	2.40	0.25	11%

REVISED MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2021

The average selling price per gram increased by \$0.25 or 11% for Q1 2021 compared to the same period ended March 31, 2020. While the average selling price per gram of Medical and Bulk declined by -59% and -86%, respectively, compared to the same period in 2020, the increase in the average selling price per gram of Adult Use of 6% improved the overall average.

Gross profit (loss) before changes in fair value

Gross profit (loss) before changes in fair value represents the revenue (net of excise taxes) on products that were sold in the period, less costs of goods sold. Gross profit before changes in fair value for Q1 2021 decreased by \$(1,119,501) or -82% compared to the same period in 2020 primarily due to inventory write-downs.

Gross profit (loss)

Gross profit (loss) represents revenue (net of excise taxes) including adjustments in fair value for the products sold in the period and fair value adjustments for the biological assets in production. Gross loss decreased by \$(506,232) or -87% during Q1 2021, compared to the same period in 2020 primarily due to fair value changes for the biological assets in production.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased by \$(468,462) or 7% for Q1 2021 compared to the same period in 2020. Savings mainly driven by reduction in salaries and benefits and office & administrative expenses as the Company executes operational transformation.

The Company's selling, general and administrative expenses consist of the following:

	For the three months ended			
	March 31, 2021	March 31, 2020	\$ Change	% Change
Salaries and benefits	2,821,562	3,411,699	(590,137)	-17%
Selling, marketing and promotion	447,766	184,324	263,442	143%
Rent & occupancy	18,001	119,285	(101,284)	-85%
Office & Administrative	685,624	2,316,767	(1,631,143)	-70%
Professional fees	1,271,696	320,610	951,086	297%
Consulting fees	633,024	-	633,024	100%
Research and development	141,788	-	141,788	100%
Travel & accommodations	1,204	136,442	(135,238)	-99%
Total	6,020,665	6,489,127	(468,462)	-7%

Salaries and benefits

Salaries and benefits decreased by \$(590,137) or -17% to \$2,821,562 during the three months ended March 31, 2021, compared to the same period in 2020. This is mainly due to organizational optimization as part of the business transformation the Company has been implementing.

Selling, marketing, and promotion

Selling, marketing, and promotion increased by \$263,442 or 143% to \$447,766 during the three months ended March 31, 2021, compared to the same period in 2020 as a result of an increase in in-person and in-store marketing initiatives to drive revenue growth.

Rent and occupancy

Rent and occupancy decreased by \$(101,284) or -85% to \$18,001 during the three months ended March 31, 2021, compared to the same period of 2020.

Office and administrative

Office and Administrative expenses include general office expenses, subscriptions, and memberships as well as other overhead costs not directly related to production. During Q1 2021, office and administrative expenses decreased by \$(1,631,143) or -70% to 685,624 compared to the same period in 2020 due to organization optimization initiatives as part of the business transformation initiated by the Company.

Professional fees

Professional fees increased by \$951,086 or 297% to \$1,271,696 during the three months ended March 31, 2021, respectively, compared to the same period of 2020 mainly due to audit and accounting fees.

Consulting fees

Consulting fees increased by \$633,024 or 100% to \$633,024 during the three months ended March 31, 2021, compared to the same period of 2020 mainly due to consulting related to the business transformation initiative of the Company.

Research and Development

Research and Development of \$141,788 during the three months ended March 31, 2021 (March 31, 2020 – Nil) represents cost of product used for R&D/Retains/Archive.

Travel and accommodations

Expenses for travel and accommodations decreased by \$(135,238) or 99% to \$1,204 during the three months ended March 31, 2021, compared to the same period of 2020 mainly due to reduced business travelling costs incurred during the COVID-19 pandemic.

Share Based Compensation

Share based compensation includes non-cash expenses associated with options and deferred share units (“DSUs”) granted to directors, officers, employees, and consultants for services rendered. Share based compensation increased by \$28,932 or 8% to \$399,204 during Q1 2021, as compared to the same period in 2020, mainly as a result of the Company granting options to management, employees, directors and consultants of the Company, and granting an aggregate of 275,864 DSUs to certain officers and directors of the Company in Q1 2021.

Depreciation and Amortization

Total depreciation and amortization expense for the three months ended March 31, 2021 was \$1,274,205 compared to \$219,883 for the same periods in 2020, representing an increase of \$1,054,322 or 479%. The increase in annual depreciation and amortization is a result of \$52M worth of Property, Plant & Equipment was not subject to depreciation because they were part of construction work in progress during Q1 2020.

REVISED MANAGEMENT'S DISCUSSION & ANALYSIS
For the three months ended March 31, 2021

EBITDA and Adjusted EBITDA

	For the three months ended			
	March 31, 2021	March 31, 2020	\$ Change	% Change
Income (loss) and comprehensive income (loss)	(7,007,935)	(9,001,692)	1,993,757	-22%
Add (Deduct)				
Depreciation and Amortization*	3,382,509	1,606,246	1,776,263	111%
Finance costs	2,480,958	1,324,151	1,156,807	87%
Interest income	-	(43,950)	43,950	-100%
EBITDA	(1,144,468)	(6,115,245)	4,970,777	-81%
Inventory adjustments	2,207,345	773,830	1,433,515	185%
Severance	1,022,167	438,668	583,499	133%
Realized fair value amounts included in inventory sold	4,408,644	1,603,145	2,805,499	175%
Unrealized (gain) loss on changes in fair value of biological assets	(4,081,729)	349,503	(4,431,232)	-1268%
Share based compensation	399,204	370,272	28,932	8%
Unrealized losses (gains on investments)	-	29,152	(29,152)	-100%
Realized loss on investment	-	30,650	(30,650)	-100%
Government grants	(45,014)	-	(45,014)	100%
Other income	(3,198,258)	-	(3,198,258)	100%
Adjusted EBITDA ¹	(432,109)	(2,520,025)	2,087,916	-83%

* Includes Depreciation of \$2,108,304 (Q1 2020 \$1,386,363) amount expensed in Cost of goods sold for Q1 2021

¹Adjusted EBITDA is not a recognized measurement under IFRS and this data may not be comparable to data presented by other companies. Management believes Adjusted EBITDA is an important measure of the Company's day-to-day operations, by excluding interest, tax, depreciation and amortization, share-based compensation, fair value changes and other non-cash items, and non-cash items, and non-recurring items.

EBITDA

Earnings before interest, tax, depreciation and amortization ("EBITDA") increased by \$4,970,777 or 81% to \$(1,144,468) during the three months ended March 31, 2021, compared to the same period of 2020 mainly due to expense reduction.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure. For information on how we define and calculate Adjusted EBITDA, and a reconciliation of net loss to Adjusted EBITDA, refer to "Non-GAAP Financial Measures".

Adjusted EBITDA increased by \$2,087,916 or 83% to \$(432,109) during the three months ended March 31, 2021, compared to the same period of 2020 mainly due to expense reduction and growth in revenue from higher-margin channels.

The Company expects the extensive cost optimization measures being undertaken in 2021 to continue to drive improvement for the rest of the fiscal year.

Liquidity and Capital Resources

	For the three months ended			
	March 31, 2021	March 31, 2020	\$ Change	% Change
Cash provided by (used in):				
Operating activities	(14,780,497)	(16,320,176)	1,539,679	-9%
Investing activities	(26,963)	(1,395,570)	1,368,607	-98%
Financing activities	12,999,458	23,796,506	(10,797,048)	-45%
Increase (decrease) in cash	(1,808,002)	6,080,760	(7,888,762)	-130%

Cash flow from operating activities

Cash (used in) operating activities was \$(14,780,497) during the three months of 2021, compared to \$(16,230,176) during the same periods of 2020. Lower spending was a result of organizational optimization as part of the business transformation the Company has been implementing.

Cash flow from investing activities

Cash provided by (used in) investing activities was \$(26,963) during the three months of 2021, compared to \$(1,395,570) during the same periods of 2020. Majority capital asset investments occurred in 2020.

Cash flow from financing activities

Cash provided by (used in) from financing activities was \$12,999,458 during the three months of 2021, compared to \$23,796,506 during the same periods of 2020. The cash flow from financing activities was primarily related to issuance of share capital net of issuance cost of \$16,089,174 compared to the \$25,000,000 share subscription by LiUNA Pension of Central and Eastern Canada ("LPF") in the first quarter of 2020.

Liquidity

The Company's objective when managing its liquidity and capital structure is to generate sufficient cash to fund the Company's operating and growth requirements.

For the three months ended March 31, 2021, the Company had cash and cash equivalents of \$20,513,922 (December 31, 2020: \$22,321,903). Total current assets for the same period were \$73,372,511 (December 31, 2020: \$66,789,480), including inventory and biological assets of \$34,748,216 (December 31, 2020: \$32,621,186), with current liabilities of \$49,340,920 (December 31, 2020: \$21,729,337) resulting in working capital of \$24,031,591 (December 31, 2020: \$45,060,143).

The Company's current ratio at March 31, 2021 was 1.49 compared to 3.07 at December 31, 2020 mainly driven by reclassification of loans pertaining to Facility 1, 2 and 3 which will mature on March 31, 2022 (Refer Note 9 of the condensed interim consolidated financial statement). The Company's current assets increased as a result of the movement in inventory and biological assets, primarily driven by the increase in cultivation capacity at the greenhouse expansion as well as the Outdoor Grow and increase in balances for trade receivables primarily driven by increase in Revenue for adult use.

Going Concern

As of March 31, 2021, the Company had working capital of \$24,031,591 (December 31, 2020 – working capital of \$45,060,143) and an accumulated deficit of \$124,294,376 (December 31, 2020 - \$117,286,441). For the three months ended March 31, 2021, the Company used cash in operating activities of \$14,780,497 (three months ended March 31, 2020 - \$16,320,176), resulting primarily from the net loss of \$7,007,935 (three months ended March 31, 2020 - \$9,001,692) offset by items not affecting cash such as depreciation, amortization, stock-based compensation.

REVISED MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2021

Management believes the Company will require additional financing in order to conduct its planned business operations, meet its ongoing levels of corporate overheads and discharge its liabilities and commitments as they come due. As a result of the reclassification noted, these conditions indicate a material uncertainty exists that may raise significant doubt upon the Company's ability to continue as a going concern.

The Company is in the process of re-negotiating with its creditors. In addition the Company has restructured its operations over the three-month period to meet its working capital requirements by:

- Focusing on margin accretive channels and business, such as direct-to-patient medical sales and direct-to-consumer adult-use sales versus lower-margin bulk channel sales; and
- Driving efficiency and productivity by identifying automation opportunities, which will help reduce structural costs

Capital Resources

Historically, the Company has been financing its operations through the issuance of debt and equity. The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient cash reserves for growth and development of the business. The Company plans to access further working capital through equity and/or debt financings to finance its growth plans.

In addition, the Company has alternative options to improve its capital resources, such as the following:

- Entering into strategic partnerships to develop and distribute Cannabis 2.0 Products;
- Divesting in non-core or redundant assets, such as the sale of the Bowmanville Facility; and
- Strengthening third-party commercial arrangements, such as the Company's partnership with Fire & Flower, for the manufacture and packaging of cannabis products

Inventory

	March 31, 2021	December 31, 2020		
	\$	\$	\$ Change	% Change
Dried cannabis	17,417,198	18,758,723	(1,341,525)	-7%
Harvested work in progress	5,074,458	5,345,980	(271,522)	-5%
Extracts				
Resin	145,508	98,488	47,020	48%
Crude oil	507,781	693,835	(186,054)	-27%
Finished oil	3,659,185	4,098,702	(439,517)	-11%
Non-cannabis inventory	3,549,079	1,669,758	1,879,321	113%
	30,353,208	30,665,486	(312,278)	-1%

Total inventory decreased by \$(312,278) or -1% from December 31, 2020 to March 31, 2021.

Loans and borrowings

On March 29, 2019, the Company entered into combined secured credit agreements totalling \$39.1 million (collectively, "Credit Facilities"). The Credit Facilities are comprised of the following:

- I. Facility 1: \$3,000,000 committed Revolving Credit Facility (the "Revolver");
- II. Facility 2: \$33,150,000 committed term loan;
- III. Facility 3: \$3,000,000 committed term loan.

For the year ended March 31, 2021, the Company was compliant with the applicable covenants. On June 30, 2020, the Company signed an amendment to its senior secured credit facility entered into on March 29, 2019 (the "Credit Facility") (the "Credit Agreement Amendment"). Under the terms of the Credit Agreement Amendment, the Conversion Date was amended from June 30, 2020 to June 30, 2021, resulting in a deferral of certain covenants by 12 months, and quarterly principal repayments were rescheduled to December 31, 2020. The Credit Agreement Amendment also requires the Company to maintain liquidity coverage of not less than \$2,000,000 commencing July 1, 2020. In addition, the Company has agreed to a 50-basis point increase in the applicable interest rate margin on the Credit Facility.

On September 23, 2020, the Company had entered into a credit facility with LiUNA Pension Fund of Central and Eastern Canada ("LPF"). Under the terms, LPF provided the Company \$30,000,000, maturing in August 2022 and bearing a 15% interest rate per annum which shall accrue daily and be payable monthly in arrears, with a payment-in-kind option at the Company's discretion, to capitalize interest in lieu of cash payment of interest. If an event of default has occurred and is continuing, the loan shall bear interest, both before and after judgment, at a rate per annum of 20%. The financing was closed on September 30, 2020. The transaction cost of \$0.9 million was adjusted against the loan and will be accreted over the terms of the loan. The loan is secured against the borrower guarantee, liens on personal property, pledge of shares, lien over real property, leased property, insurance and shareholder loan.

The Company is currently in discussion with its lenders to amend the payment terms. At this stage, the Company re-classified these loans as current in the condensed interim consolidated statement of financial position.

Off-balance sheet arrangements

The Company has not entered into any off-balance sheet arrangements.

REVISED MANAGEMENT'S DISCUSSION & ANALYSIS
For the three months ended March 31, 2021

Contractual obligations

Contractual obligations as at March 31, 2021 are as follows:

Contractual obligation	Less than 1 year	2 years	3 years	4 years	5 years	Total
Lease obligations	2,226,011	297,091	238,130	140,026	674,600	3,575,858
Other obligations	12,689	9,833	9,833	4,143	-	36,498
Total	2,238,700	306,924	247,963	144,169	674,600	3,612,356

Transactions with related parties

The Company's key management includes the CEO, CFO, and all directors. Transactions with related parties include salaries and service fees.

The balances outstanding are as follows:

	March 31, 2021	December 31, 2020
Accounts payable and accrued liabilities	\$ 146,900	\$ 146,900

For the three months ended March 31, 2021 and 2020, total remuneration and service fees paid to key management were as follows:

For the period ended March 31,	2021	2020
Share based Compensation	\$ 147,737	\$ -
Salaries	457,616	168,598
Bonus	137,500	110,000
Other Compensation	518,397	-
	\$ 1,261,250	\$ 278,598

During the period ended March 31, 2021, there are 43,850 shares (March 31 2020: \$Nil) received by the directors and officer of the Company.

Deferred share units

On July 20, 2020, the Company authorized the grant of an aggregate of 2,688,314 deferred share units ("DSUs") to certain directors and officers of the Company. Of the DSUs granted, 1,441,647 will vest immediately, 623,334 will vest on December 8, 2020, and 623,333 will vest on June 8, 2021. The grant date fair value of the DSUs equals the fair market value of the corresponding shares at the grant date. Management estimates the total fair value of the DSUs to be \$1,048,442.

REVISED MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2021

On August 5, 2020, the Company authorized the grant of an aggregate of 356,434 deferred share units ("DSUs") to certain directors of the Company as compensation for their services. The DSUs will vest immediately and are granted in lieu of cash compensation for services rendered during 2020. The grant date fair value of the DSUs equals the fair market value of the corresponding shares at the grant date. Management estimates the total fair value of the DSUs to be \$128,316.

On October 22, 2020, the Company authorized the grant of an aggregate of 158,026 deferred share units ("DSUs") to certain directors of the Company as compensation for their services. The DSUs will vest immediately and are granted in lieu of cash compensation for services rendered during the third quarter of 2020. The grant date fair value of the DSUs equals the fair market value of the corresponding shares at the grant date. Management estimates the total fair value of the DSUs to be \$41,087. Total share-based compensation for the year ended December 31, 2020 is \$41,087.

On December 31, 2020, the Company authorized the grant of an aggregate of 265,491 deferred share units ("DSUs") to certain directors of the Company as compensation for their services. The DSUs will vest immediately and are granted in lieu of cash compensation for services rendered during the fourth quarter of 2020. The grant date fair value of the DSUs equals the fair market value of the corresponding shares at the grant date. Management estimates the total fair value of the DSUs to be \$65,045. Total share-based compensation for the year ended December 31, 2020 is \$65,045.

On April 07, 2021, the Company authorized the grant of an aggregate of 275,864 deferred share units ("DSUs") to certain directors of the Company as compensation for their services. The DSUs will vest immediately and are granted in lieu of cash compensation for services rendered during the first quarter of 2021. The grant date fair value of the DSUs equals the fair market value of the corresponding shares at the grant date. Management estimates the total fair value of the DSUs to be \$80,000. Total share-based compensation for the three months ended March 31, 2021 is \$399,204 which includes DSU share based compensation of \$147,737.

Disclosure of outstanding share data

As at October 15, 2021, the following were outstanding:

Outstanding Shares	As at October 15, 2021
Common shares	246,624,214
Warrants	30,774,249
Stock and broker compensation options	8,215,802
	285,614,264

RISK FACTORS

There are various risk factors that could impact the Company's ability to successfully execute its key strategies and may materially affect future events, performance or results, including without limitation:

- Limited operating history
- Change of cannabis laws, regulations and guidelines
- Reliance on licences and authorizations
- Lack of long-term client commitments
- Covid-19 pandemic
- Supply chain
- Client risks
- History of net losses
- Difficulty to forecast
- Inability to sustain pricing and inventory models
- Environmental regulation and risks
- Insurance risks
- Unfavourable publicity or consumer perception
- Dependence on supply of cannabis and other key inputs
- Maintenance of effective quality control systems
- Retention and acquisition of skilled personnel
- Risks related to intellectual property
- Marketing constraints
- Shelf life of inventory
- Scheduled maintenance, unplanned repairs, equipment outages and logistical disruptions
- Access to capital
- Estimates or judgments relating to critical accounting policies
- Tax risks
- Market for the common shares
- Investment in the cannabis sector
- No history of payment of cash dividends

Risks related to COVID-19

The COVID-19 pandemic and related government responses could have a material and adverse effect on our business, financial condition, and results of operations by impacting our operations, supply chains, interactions with consumers and counterparties, ability to meet consumer demand, and financial condition. The impact of infectious diseases and pandemics on our business will vary depending on the duration, severity, and scope of the outbreak and the actions taken by applicable governmental entities to address and mitigate the infectious disease or pandemic.

The Company has cultivation and processing facilities in Strathroy and Aylmer in Ontario, which produce cannabis plants, dried cannabis, oil, topicals, extracts and edibles. The facilities have been deemed essential, remaining open and producing according to schedule. If our manufacturing operations at Strathroy and Aylmer are deemed non-essential, and are required to close for a significant period of time, the Company's operational and financial performance would be significantly impacted.

Given the ongoing and dynamic nature and significance of COVID-19 and its impact globally, we are unable to cover all potential risks to our business. Any of the negative impacts of COVID-19, including those described above, alone or in combination with others, may have a material adverse effect on our business, results of operations or financial condition.

In addition, any of these negative impacts, alone or in combination with others, could exacerbate many of the other risk factors outlined in "Note 2".

Financial instruments and other instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. Additional information on Financial instruments and other instruments can be found in "Note 21" of the Financial Statements.

a. Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of loans and borrowings approximate carrying values as cash flows are discounted using a market rate of interest. Fair value measurement is disaggregated into three hierarchical levels: Level 1, 2 or 3. Fair value hierarchical levels are directly based on the degree to which the inputs to the fair value measurement are observable.

The levels are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset or liability's anticipated life.

Level 3 – Inputs are unobservable and reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs in determining the estimate.

b. Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Interest rate risk

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding debt. The Company is exposed to changes to the Canadian prime rate as the credit facilities bears interest based on the Canadian prime rate plus 1% to 2%. The term loan and convertible debt bears interest at a fixed rate of 15% and 8.5% respectively, and are not publicly traded and is therefore are not affected by changes in the market interest rates. A 1% change in the Canadian prime rate would have an impact of \$4,550 to the statements of net loss and comprehensive loss for the three months ended March 31, 2021.

REVISED MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2021

c. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk on its trade and other receivables which has a balance of \$7,820,025 (December 31, 2020: \$2,252,820).

As at March 31, 2021, 77% (December 31, 2020: 61%) of the Company's trade and other receivables balance, is owing from 4 customers (December 31, 2020: 2 customers). Each representing more than 10% of trade and other receivables.

Cash is generally invested in cash accounts held in Canadian chartered banks, in short-term GICs or in-trust. Restricted cash is generally held as collateral to repay any outstanding balances related to the Company's credit cards. Management believes the risk of loss associated with these assets to be remote. Management believes that the credit risk concentration with respect to financial instruments included in assets has been reduced to the extent presently practicable. The definition of items that are past due is determined by reference to payment terms agreed to with individual customers, which are normally within 0 to 90 days. Credit risk is low as receivables from LPs are typically received in a short period of time with a strong history of collection, and remaining receivables are due from Government bodies. As at March 31, 2021 the Company has \$ Nil of impaired receivables (December 31, 2020: \$963,917). Management expects credit risk to be minimal.

d. Foreign exchange risk

The Company is exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Company by a customer or lender, or that an obligation in a foreign currency was made by the Company to a supplier or partner, is different at the time of settlement than it was at the time that the obligation was determined. The Company reduces its exposure to foreign exchange risk by carefully monitoring exchange rates on obligations that are made to the Company. The Company did not have any hedges at the time that the financial statements were issued. The Company does not utilize financial instruments to manage its foreign exchange risk.

e. Liquidity risk

Liquidity risk is the risk that the Company cannot repay its obligations when they become due to its creditors. The Company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate working capital to repay trade creditors as they become due.

The Company has total current liabilities of \$49,340,920 (December 31, 2020: \$21,729,337) with cash and cash equivalents on hand of \$ 20,513,922 (December 31, 2020: \$22,321,903). In the opinion of management, the liquidity risk exposure to the Company is moderate. The Company will manage the risk exposure through increased future sales, accessing the Revolving Credit Facility, and if necessary, raise additional capital through debt and/or equity.

The contractual maturities of all liabilities and lease obligations by year is as follows:

	2021	2022	2023	2024	2025
Lease liabilities	\$ 2,226,011	\$ 297,091	\$ 238,130	\$ 140,026	\$ 674,600
Loans and borrowings	37,757,375	36,375,000	-	-	-
Convertible debt	1,070,162	13,567,261	-	-	-
Derivative liabilities	-	-	-	-	-
Other commitments	12,689	9,833	9,833	4,143	-
Accounts payable and accrued liabilities	12,157,734	-	-	-	-
Total	\$ 53,223,971	\$ 50,249,185	\$ 247,963	\$ 144,169	\$ 674,600

f. Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate, or investments. Floating rate debt exposes the Company to fluctuations in cash flows and net earnings due to changes in market interest rates. In the opinion of management, the cash flow risk exposure to the Company is low.

SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to October 15, 2021, the date the audited consolidated financial statements were issued, and conclude the following significant events to report.

- a. On May 17, 2021, the Company announced that it has entered into an exclusive licensing and supply agreement with Ontario craft cannabis producer CannTx Life Sciences Inc. to release celebrated cultivars "Rockstar Tuna" and "Royal Goddess" (re-labelled "Crown") for its Starseed Medicinal patients. The 'Limited Edition' release of these high-THC whole flower products will be available starting in late May 2021.
- b. On May 31, 2021, the Company announced that it has signed a letter of intent (the "LOI") to acquire all the issued and outstanding shares of renowned craft cultivator CannTx Life Sciences Inc. in an all-stock transaction. Under the terms of the LOI, the Company will acquire and integrate CannTx's business operations including CannTx's B2B and adult-use businesses. The transaction is expected to close mid-year 2021.
- c. On June 15, 2021, the Company signed and closed a definitive share purchase agreement to sell the shares of Starseed Medicinal Inc., a wholly-owned subsidiary of Starseed, which in turn is a wholly-owned subsidiary of the Company to Final Bell Canada Inc for \$2,500,000 in cash. Starseed Medicinal Inc. is a holder of a license to cultivate, process and sell cannabis under the Cannabis Act and Cannabis Regulations from its facility located at 1100 Bennett Road, Bowmanville, Ontario (the "Facility"). The right-of-use assets and related license, as well as all property, plant and equipment of Starseed Medicinal Inc. were included in the sale. Certain key contracts and customer relationships have been excluded from the share purchase agreement, and have been transferred, along with the operations and ongoing business of Starseed, to another wholly owned subsidiary of the Company. The Company vacated from and ceased all meaningful operations at the Facility during the first quarter of 2021.
- d. The Company has received a grant from the Government of Canada pursuant to Canada Emergency Wage Subsidy program relating to the Covid-19 Pandemic crisis of \$2,036,214 after March 31, 2021.
- e. On July 14, 2021, the Company announced that it has signed a definitive acquisition agreement (the "Agreement") to acquire all the issued and outstanding shares of renowned craft cultivator CannTx Life Sciences Inc. in an all-stock transaction. Under the terms of the Agreement, on closing, the Company will acquire and integrate CannTx's business operations including CannTx's B2B and adult-use business including craft brand Royal City Cannabis Co., to the Company's portfolio. The transaction is expected to close in Q4, 2021. At that time, the Company also announced it was proceeding with a name change to Entourage Health Corp., from WeedMD Inc.
- f. On July 16, 2021, the Company confirmed a name change and corporate rebrand to Entourage Health Corp., with a related TSX Venture trading ticker listing change to ENTG from WMD and subsequent OTCQX change to ETRGF from WDDMF.
- g. On August 31, 2021, the Company announced that its subsidiary and licence holder WeedMD RX Inc. has signed agreements with BCCCC, Inc., a subsidiary of the The Boston Beer Company, Inc. (NYSE: SAM) ('BBC'), and Ontario-based Peak Processing Solutions ('Peak'), a subsidiary of Althea Group Holdings Ltd (ASX:AGH), to launch a new portfolio of non-alcoholic cannabis-infused beverages in Canada, with production commencing in Q4, 2021.

REVISED MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2021

Under the terms of the five-year development, supply, manufacturing, sales and marketing agreements, BBC and Peak will develop the beverages with Entourage's cannabinoid-rich input biomass processed at Peak's Windsor, Ontario facility. Entourage will be the exclusive distributor of the cannabis-infused beverages in Canada leveraging Entourage's expansive local sales and marketing network.

- h. On September 1, 2021, the Company announced that effective at market open on September 1, 2021, the OTCQX market ticker symbol for the Company's common shares will change from "WDDMF" to "ETRGF".

The OTCQX symbol change is consistent with the Company's rebranding from WeedMD Inc. to Entourage Health Corp. announced earlier this year. The Company's common shares continue to trade primarily on the TSX Venture Exchange ("TSXV") under the symbol "ENTG" and Frankfurt Stock Exchange ("FSE") under the symbol "4WE".

- i. On September 9, 2021, the Company announced the release of Fire & Flower's "Reivity CBD™ Softgel" line. In addition to the CBD softgels, the private-label Reivity product line currently includes CBD oils launched last year. Reivity CBD products are available in Saskatchewan retail locations and will expand into Ontario in mid-September 2021, with Manitoba locations expected in the near future.

Products manufactured through this partnership are formulated, processed, packaged and distributed by Entourage at its extraction and processing hub in Aylmer, Ontario using the Company's CBD-rich biomass.

- j. On September 16, 2021, the Company announced the Canadian launch of acclaimed Mary's Medicinals Transdermal Patches ("Transdermal Patches")*. Mary's Medicinals is part of the Mary's Brands ("Mary's") portfolio and a BellRock Brands Inc. company ("BellRock") (CSE: BRCK.U). As the exclusive manufacturer and licensed distributor for Mary's suite of products in Canada, Entourage launches Mary's Transdermal Patches in CBD, THC and 1:1 formulations that will be available first to the Company's Starseed Medicinal patients as of late September 2021.