UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .
Commission File No. 001-38403

CRONOS GROUP INC.

(Exact name of Registrant as specified in its Charter)

Ontario, Canada	**N/A**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
720 King St. W., Suite 320 **Toronto, Ontario**	**M5V 2T3**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: 416-504-0004

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Shares, no par value	CRON	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YESx NO o

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YESo NO x

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YESx NO o

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). YESx NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
Emerging growth company	o		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YESo NO x

As of June 28, 2019, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of common shares held by non-affiliates of the Registrant computed by reference to the closing price of $15.98 per common share on June 28, 2019 was approximately $2,821,519,934.

As of February 27, 2020, there were 348,817,472 common shares of the Registrant issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the definitive proxy statement to be filed by the registrant in connection with the 2020 Annual Meeting of Shareholders (the "2020 Proxy Statement"). The 2020 Proxy Statement will be filed by the registrant with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the year ended December 31, 2019.

EXPLANATORY NOTE

This Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the "Form 10-K") is not complete because the registrant needs additional time in order to complete its financial statements to be included in the Form 10-K. Accordingly, Part II, Items 6, 7, 7A, 8, 9, 9A and 9B have been omitted from this Form 10-K. In addition, because the Company's financial statements and related financial information have been omitted from this Form 10-K, certain exhibits (or portions thereof), including (i) Exhibit 23.1, Consent of KPMG LLP, Independent Registered Public Accounting Firm, (ii) portions of Exhibits 31.1 and 31.2, Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, (iii) Exhibits 32.1 and 32.2, Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, and (iv) Exhibit 101, financial statement information in XBRL format, have been omitted from this Form 10-K. The registrant will file a Notification of Late Filing on Form 12b-25 with respect to the omitted portions of the Form 10-K, and intends to file a complete version of the Form 10-K within fifteen calendar days following the prescribed due date once its financial statements and requisite audit and related procedures have been completed. However, no assurance can be given that the registrant will file a complete version of the Form 10-K within this time period.

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Unless otherwise noted or the context indicates otherwise, references in this Annual Report on Form 10-K (the "Annual Report") to the "Company", "Cronos Group", "we", "us" and "our" refer to Cronos Group Inc., its direct and indirect wholly owned subsidiaries and, if applicable, its joint ventures and investments accounted for by the equity method; the term "cannabis" means the plant of any species or subspecies of genus *Cannabis* and any part of that plant, including all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers; the term "U.S. hemp" has the meaning given to term "hemp" in the U.S. Agricultural Improvement Act of 2018 (the "2018 Farm Bill"), including hemp-derived cannabidiol ("CBD"); and the term "U.S. Schedule I cannabis" means cannabis excluding U.S. hemp.

This report contains references to our trademarks and trade names and to trademarks and trade names belonging to other entities. Solely for convenience, trademarks and trade names referred to in this report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies' trademarks or trade names to imply a relationship with, or endorsement or sponsorship of us or our business by, any other companies.

All currency amounts in this Annual Report are stated in U.S. dollars, which is our reporting currency, unless otherwise noted. All references to “dollars” or “$” are to U.S. dollars; all references to “C$” are to Canadian dollars; all references to “A$” are to Australian dollars and all references to “ILS” are to New Israeli Shekels.

(Exchange rates are shown as C$ per $)	As of December 31,		
	2019	**2018**	**2017**
Average rate	1.3268	1.2955	1.2969
Spot rate	1.2990	1.3639	1.2571

All summaries of agreements described herein are qualified by the full text of such agreements (certain of which are filed as exhibits hereto).

PART I

Special Note Regarding Forward-Looking Statements

This Annual Report, the documents incorporated into this Annual Report by reference, other reports we file with, or furnish to, the U.S. Securities and Exchange Commission ("SEC") and other regulatory agencies, and statements by our directors, officers, other employees and other persons authorized to speak on our behalf contain information that may constitute forward-looking information and forward-looking statements within the meaning of applicable securities laws (collectively, "Forward-Looking Statements"), which are based upon our current internal expectations, estimates, projections, assumptions and beliefs. All information that is not clearly historical in nature may constitute Forward-Looking Statements. In some cases, Forward-Looking Statements can be identified by the use of forward-looking terminology, such as "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate" and other similar words, expressions and phrases, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussion of strategy. Forward-Looking Statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance or other statements that are not statements of historical fact.

Forward-Looking Statements include, but are not limited to, statements with respect to:

- laws and regulations and any amendments thereto applicable to our business and the impact thereof, including uncertainty regarding the application of United States ("U.S.") state and federal law to U.S. hemp (including CBD) products and the scope of any regulations by the U.S. Federal Drug Administration (the "FDA"), the U.S. Federal Trade Commission (the "FTC"), the U.S. Patent and Trademark Office (the "PTO") and any state equivalent regulatory agencies over U.S. hemp (including CBD) products;
- expectations regarding the regulation of the U.S. hemp industry in the U.S., including the promulgation of regulations for the U.S. hemp industry by the U.S. Department of Agriculture (the "USDA");
- the grant, renewal and impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof;
- our international activities and joint venture interests, including required regulatory approvals and licensing, anticipated costs and timing, and expected impact;
- the ability to successfully create and launch brands and further create, launch and scale U.S. hemp-derived consumer products, including through the Redwood Acquisition (as defined herein), and cannabis products in jurisdictions where such products are legal and that we currently operate in;
- the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, including CBD and other cannabinoids;
- the anticipated benefits and impact of the Altria Investment (as defined herein);
- the potential exercise of the Altria Warrant (as defined herein), pre-emptive rights and/or top-up rights in connection with the Altria Investment, including proceeds to us that may result therefrom;
- expectations regarding the use of proceeds of equity financings, including the proceeds from the Altria Investment;
- the legalization of the use of cannabis for medical or adult-use in jurisdictions outside of Canada, the related timing and impact thereof and our intentions to participate in such markets, if and when such use is legalized;
- expectations regarding the potential success of, and the costs and benefits associated with, our joint ventures, strategic alliances and equity investments, including the strategic partnership (the "Ginkgo Strategic Partnership") with Ginkgo Bioworks, Inc. ("Ginkgo");
- our ability to execute on our strategy and the anticipated benefits of such strategy;
- the ongoing impact of the legalization of additional cannabis product types and forms for adult-use in Canada, including federal, provincial, territorial and municipal regulations pertaining thereto, the related timing and impact thereof and our intentions to participate in such markets;
- the future performance of our business and operations;
- our competitive advantages and business strategies;
- the competitive conditions of the industry;
- the expected growth in the number of customers using our products;
- our ability or plans to identify, develop, commercialize or expand our technology and research and development ("R&D") initiatives in cannabinoids, or the success thereof;
- expectations regarding acquisitions and the anticipated benefits therefrom, including the Redwood Acquisition and the acquisition of certain assets from AFI (as defined herein);

- expectations regarding revenues, expenses and anticipated cash needs;
- expectations regarding cash flow, liquidity and sources of funding;
- expectations regarding capital expenditures;
- the expansion of our production and manufacturing, the costs and timing associated therewith and the receipt of applicable production and sale licenses;
- the expected growth in our growing, production and supply chain capacities;
- expectations regarding the resolution of litigation and other legal proceedings;
- expectations with respect to future production costs;
- expectations with respect to future sales and distribution channels;
- the expected methods to be used to distribute and sell our products;
- our future product offerings;
- the anticipated future gross margins of our operations;
- accounting standards and estimates;
- expectations regarding our distribution network; and
- expectations regarding the costs and benefits associated with our contracts and agreements with third parties, including under our third-party supply and manufacturing agreements.

Certain of the Forward-Looking Statements contained herein concerning the industries in which we conduct our business are based on estimates prepared by us using data from publicly available governmental sources, market research, industry analysis and on assumptions based on data and knowledge of these industries, which we believe to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. The industries in which we conduct our business involve risks and uncertainties that are subject to change based on various factors, which are described further below.

The Forward-Looking Statements contained herein are based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including: (i) management's perceptions of historical trends, current conditions and expected future developments; (ii) our ability to generate cash flow from operations; (iii) general economic, financial market, regulatory and political conditions in which we operate; (iv) the production and manufacturing capabilities and output from our facilities and our joint ventures, strategic alliances and equity investments; (v) consumer interest in our products; (vi) competition; (vii) anticipated and unanticipated costs; (viii) government regulation of our activities and products including but not limited to the areas of taxation and environmental protection; (ix) the timely receipt of any required regulatory authorizations, approvals, consents, permits and/or licenses; (x) our ability to obtain qualified staff, equipment and services in a timely and cost-efficient manner; (xi) our ability to conduct operations in a safe, efficient and effective manner; (xii) our ability to realize anticipated benefits, synergies or generate revenue, profits or value from our recent acquisitions into our existing operations; and (xiii) other considerations that management believes to be appropriate in the circumstances. While our management considers these assumptions to be reasonable based on information currently available to management, there is no assurance that such expectations will prove to be correct.

By their nature, Forward-Looking Statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown risks, many of which are beyond our control, could cause actual results to differ materially from the Forward-Looking Statements in this Annual Report and other reports we file with, or furnish to, the SEC and other regulatory agencies and made by our directors, officers, other employees and other persons authorized to speak on our behalf. Such factors include, without limitation, the risk that cost savings and any other synergies from the Altria Investment may not be fully realized or may take longer to realize than expected; disruption from the Altria Investment making it more difficult to maintain relationships with customers, employees or suppliers; future levels of revenues; consumer demand for cannabis and U.S. hemp products; our ability to manage disruptions in credit markets or changes to our credit rating; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; the success or timing of completion of ongoing or anticipated capital or maintenance projects; business strategies, growth opportunities and expected investment; the adequacy of our capital resources and liquidity, including but not limited to, availability of sufficient cash flow to execute our business plan (either within the expected timeframe or at all); the potential effects of judicial or other proceedings on our business, financial condition, results of operations and cash flows; volatility in and/or degradation of general economic, market, industry or business conditions; compliance with applicable environmental, economic, health and safety, energy and other policies and regulations and in particular health concerns with respect to vaping and the use of cannabis and U.S. hemp products in vaping devices; the anticipated effects of actions of third parties such as competitors, activist investors or federal (including U.S. federal), state, provincial, territorial or local regulatory authorities, self-regulatory organizations, plaintiffs in litigation or persons threatening litigation; changes in regulatory

requirements in relation to our business and products; and the factors discussed under the heading "*Risk Factors*" in this Annual Report. Readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on Forward-Looking Statements.

Forward-Looking Statements are provided for the purposes of assisting the reader in understanding our financial performance, financial position and cash flows as of and for periods ended on certain dates and to present information about management's current expectations and plans relating to the future, and the reader is cautioned that the Forward-Looking Statements may not be appropriate for any other purpose. While we believe that the assumptions and expectations reflected in the Forward-Looking Statements are reasonable based on information currently available to management, there is no assurance that such assumptions and expectations will prove to have been correct. Forward-Looking Statements are made as of the date they are made and are based on the beliefs, estimates, expectations and opinions of management on that date. We undertake no obligation to update or revise any Forward-Looking Statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such Forward-Looking Statements. The Forward-Looking Statements contained in this Annual Report and other reports we file with, or furnish to, the SEC and other regulatory agencies and made by our directors, officers, other employees and other persons authorized to speak on our behalf are expressly qualified in their entirety by these cautionary statements.

ITEM 1. BUSINESS

General

Cronos Group is a corporation incorporated on August 21, 2012 under the Business Corporations Act (Ontario) with principal executive offices at 720 King Street West, Suite 320, Toronto, Ontario M5V 2T3. Our telephone number is +1-416-504-0004, our website is https://thecronosgroup.com/ and the investor relations section of our website is https://ir.thecronosgroup.com/. All references to our website are inactive references, are for informational purposes only and are not intended to incorporate any information from or referenced on our website into this Annual Report.

Our common shares are currently listed on the Toronto Stock Exchange ("TSX") and on the NASDAQ Global Market ("Nasdaq") under the trading symbol "CRON."

Description of the Business

Overview

We are an innovative global cannabinoid company with international production and distribution across five continents. We are committed to building disruptive intellectual property by advancing cannabis research, technology and product development and are seeking to build an iconic brand portfolio. Cronos Group's brand portfolio includes PEACE NATURALS™, a global wellness platform; two adult-use brands, COVE™ and Spinach™; and two U.S. hemp-derived consumer products brands, Lord Jones™ and PEACE+™.

We report through our two primary business segments: "United States" and "Rest of World."

Strategy

We seek to create value for shareholders by focusing on four core strategic priorities:

- growing a portfolio of iconic brands that resonate with consumers;
- developing a diversified global sales and distribution network;
- establishing an efficient global supply chain; and
- creating and monetizing disruptive intellectual property in the industries in which we operate.

United States

Cronos Group operates in the U.S. market for U.S. hemp-derived consumer products through Redwood (as defined herein).

Redwood

On September 5, 2019, we announced the closing of the acquisition (the "Redwood Acquisition") of four Redwood Holding Group, LLC operating subsidiaries (collectively, "Redwood"). Redwood manufactures, markets and distributes U.S. hemp-derived supplements and cosmetic products through e-commerce, retail and hospitality partner channels in the U.S. under the brand Lord Jones™. Redwood's products use pure U.S. hemp extract that contains natural phytocannabinoids and terpenes found in the plant. We plan to leverage Redwood's capabilities to capitalize on the significant demand for U.S. hemp-derived products to further create and scale U.S. hemp-derived consumer products and brands.

No U.S. Schedule I Cannabis-Related Activities

On December 20, 2018, the 2018 Farm Bill was signed into law in the U.S., removing U.S. hemp from the list of Schedule I controlled substances under the U.S. Controlled Substances Act (the "CSA"), and in October 2019 the USDA issued an interim final rule establishing a domestic U.S. hemp production regulatory program. Though a number of states in the U.S. have authorized the cultivation, distribution

or possession of U.S. Schedule I cannabis to various degrees and subject to various requirements or conditions, U.S. Schedule I cannabis continues to be categorized in the U.S. as a controlled substance under the CSA. Therefore, the cultivation, distribution and possession of U.S. Schedule I cannabis violates federal law in the U.S. unless a U.S. federal agency, such as the U.S. Drug Enforcement Agency (the "DEA"), grants licenses for a specific use, such as research, with U.S. Schedule I cannabis.

We do not engage in any activities related to U.S. Schedule I cannabis in the U.S. The Ginkgo Strategic Partnership contemplates the performance of licensed R&D activities in the U.S. in order to produce cultured cannabinoids, but such activities are conducted in compliance with all applicable laws regarding controlled substances.

Rest of World

In Canada, Cronos Group operates two wholly owned license holders under the *Cannabis Act* (Canada) (the "Cannabis Act") (together, the "License Holders"), Peace Naturals Project Inc. ("Peace Naturals"), which has production facilities near Stayner, Ontario, and Original BC Limited ("OGBC"), which has a production facility in Armstrong, British Columbia. Cronos Group has established four strategic joint ventures in Canada, Israel and Colombia. Cronos Group additionally holds approximately 31% of the issued capital of Cronos Australia Limited ("Cronos Australia"), which is listed on the Australian Securities Exchange under the trading symbol "CAU." Cronos Group currently exports cannabis products to countries that permit the import of such products, such as Germany and Australia.

Canadian License Holders

The production facilities at Peace Naturals (the "Peace Naturals Campus") are licensed by Health Canada under the Cannabis Act to engage in, among other things, the cultivation, processing, distribution and sale of dried cannabis flower, cannabis resin, cannabis seeds, cannabis plants, cannabis extracts, cannabis topicals and cannabis edibles, among other prescribed activities. In addition, Peace Naturals also holds a cannabis drug license under the Cannabis Act, pursuant to which Peace Naturals has the right to engage in, among other things, the possession of cannabis and sale of drugs containing cannabis.

OGBC holds licenses under the Cannabis Act from Health Canada to engage in the cultivation, processing, distribution and sale of dried cannabis flower, cannabis seeds, and cannabis plants among other prescribed activities. OGBC currently engages in inter-company bulk transfers of dried cannabis flower to Peace Naturals, where it is processed and packaged for sale and sold under the Company's various brands.

Joint Ventures/Strategic Investment

We have established four strategic joint ventures in Canada, Israel and Colombia. We also hold approximately 31% of the issued capital of Cronos Australia as a result of the completion of Cronos Australia's initial public offering in the fourth quarter of 2019, pursuant to which Cronos Australia issued 40 million new shares at an offering price of A$0.50 per share. Prior to November 7, 2019, we held a 50% ownership interest in Cronos Australia. We account for our investment in Cronos Australia under the equity method of accounting.

Our ownership interest in each of our joint ventures is summarized in the table below.

Joint Venture	Jurisdiction	Ownership Interest[(i)]
Cronos Israel [(ii)]	Israel	70%/90%
Cronos Growing Company Inc. ("Cronos GrowCo") [(iii)]	Canada	50%
NatuEra S.à.r.l. ("NatuEra") [(iv)]	Colombia	50%
MedMen Canada Inc. ("MedMen Canada") [(v)]	Canada	50%

(i) We define ownership interest as the proportionate share of net income to which we are entitled; equity interest may differ from ownership interest shown above. We consolidate the financial results of Cronos Israel and account for our other joint ventures under the equity method of accounting.

(ii) A strategic joint venture with Kibbutz Gan Shmuel ("Gan Shmuel"), an Israeli agricultural collective settlement, for the production, manufacture and global distribution of medical cannabis, consisting of a cultivation company (Cronos Israel G.S. Cultivations Ltd.), a manufacturing company (Cronos Israel G.S. Manufacturing Ltd.), a distribution company (Cronos Israel G.S. Store Ltd.) and a pharmacies company (Cronos Israel G.S. Pharmacies Ltd., collectively, "Cronos Israel"). We hold a 70% equity interest in the cultivation company and a 90% equity interest in each of the manufacturing, distribution and pharmacies companies.

(iii) A strategic joint venture with a group of investors led by Bert Mucci (the "Greenhouse Partners"), a Canadian large-scale greenhouse operator. Each of Cronos Group and the Greenhouse Partners owns a 50% equity interest in the joint venture, Cronos GrowCo, and has equal representation on its board of directors.

(iv) A strategic joint venture with an affiliate of Agroidea SAS ("AGI"), a Colombian agricultural services provider. Each of the Company and AGI owns a 50% equity interest in the joint venture, NatuEra. Cronos Group has three manager nominees on the board of managers of NatuEra, while AGI has four manager nominees on the board of managers. NatuEra intends to develop, cultivate, manufacture, and export cannabis-based medical and consumer products for the Latin American and global markets.

(v) A strategic joint venture with MedMen Enterprises USA, LLC ("MedMen") for retail in provinces in Canada that permit private retail. Each of the Company and MedMen owns a 50% equity interest in the joint venture, MedMen Canada, and has equal representation on the board of directors of MedMen Canada.

Operations Outside of Canada

Cronos Group anticipates expanding in the geographic markets outside of Canada and the U.S. that we currently participate in and entering new geographic markets. By leveraging operational, manufacturing and regulatory expertise, quality standards and procedures and intellectual property, we believe that we are well-positioned to effectively access international markets. Subject to applicable regulatory approvals, strategic international business opportunities pursued by us could include:

- production, distribution, sales and marketing outside of the geographic markets that we currently participate in (in jurisdictions which have passed legislation to legalize the production, distribution and possession of cannabis and cannabis products at all relevant levels of government); and
- the export of cannabis and cannabis products to third parties outside of the geographic markets that we currently participate in that permit the import of such products.

We seek to conduct business only in jurisdictions where we believe it is legal to do so and where such operations remain compliant with our listing obligations with the TSX and Nasdaq. Determining whether a business activity is legal in a jurisdiction may require judgment since laws, rules, regulations and licenses may not be clear and legal interpretation and advice of counsel may vary. If a business activity we engage in any jurisdiction is determined to be illegal, we could be subject to fines, penalties, reputational harm, delisting from securities exchanges and material civil, criminal and regulatory litigation and proceedings or be enjoined from doing business in the applicable jurisdiction. See "*Risk Factors - We operate in highly regulated sectors where the regulatory environment is rapidly developing, and we may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.*"

Altria Strategic Investment

In March 2019, Altria Group, Inc. ("Altria") closed a C$2.4 billion (approximately $1.8 billion) investment in us (the "Altria Investment"). We issued to certain wholly owned subsidiaries of Altria 149,831,154 of our common shares and one warrant (the "Altria Warrant"), which may be exercised in full or in part at any time on or prior to 5:00 p.m. (Toronto time) on March 8, 2023, from time to time, and entitles the holder thereof, upon valid exercise in full, to acquire an aggregate of 73,990,693 of our common shares (subject to adjustment in accordance with the terms and conditions of the warrant certificate representing and evidencing the Altria Warrant (the "Altria Warrant Certificate")), at an initial exercise price of C$19.00 for approximately $1.0 billion. As of the closing date of the Altria Investment, Altria beneficially held an approximately 45% ownership interest in us (calculated on a non-diluted basis) and, if exercised in full on such date, the exercise of the Altria Warrant would have resulted in Altria holding a total ownership interest in us of approximately 55% (calculated on a non-diluted basis). As a result of Altria's investment we have additional financial resources. In additional, following its investment, Altria has provided us with commercial capabilities in the fields of product development and commercialization to better position us to compete in the global cannabis industry. See "- *Altria Strategic Investment*" for more information on the Altria Investment and related agreements.

Brand Portfolio

We are committed to building a portfolio of iconic brands that responsibly elevate the consumer experience.

In the U.S., we market and distribute solely U.S. hemp-derived supplements and cosmetics products through e-commerce, retail and hospitality channels under the brand Lord Jones™.

In Canada, we sell a variety of cannabis and cannabis products, including dried cannabis, pre-rolls and cannabis extracts (in the form of tinctures and vaporizers) through wholesale and direct-to-client channels under our wellness platform, PEACE NATURALS™, and under our two adult-use brands, COVE™ and Spinach™. In addition, PEACE NATURALS™ dried cannabis and cannabis oils are currently exported for sale to Germany and Australia, respectively.

Brand Positioning	Wellness	Premium Adult-Use, Terpene-Rich	Mainstream Adult-Use	Luxury Adult Consumer Goods	Mass Market
Product Offering	Dried Cannabis, Cannabis Tinctures	Dried Cannabis, Cannabis Tinctures, Pre-Rolls, Vaporizers	Dried Cannabis, Pre-Rolls, Vaporizers	U.S. hemp-derived Supplements, Cosmetics	In Development (not yet offered for sale)
Geographic Availability	Canada, Germany and Australia	Canada	Canada	U.S.	Anticipated U.S.

Wellness Brands

We currently distribute products under PEACE NATURALS™ for the Canadian and non-U.S. international medical cannabis markets. PEACE NATURALS™ is a global wellness platform committed to producing high-quality cannabis and cannabis products. PEACE NATURALS™ is focused on building and shaping the global cannabis wellness market and promoting a holistic approach to wellness. The brand's goal is to improve the lives of others, one patient at a time.

Adult-Use Brands

We have launched two brands for the Canadian adult-use market:

COVE™ is a premium positioned brand focused on creating crafted experiences. The brand seeks to utilize an uncompromising approach to quality by leveraging terpene-rich strains that are grown in small-batch runs. COVE's™ indoor, strain-specific grow rooms allow for one-on-one plant care while seeking to maintain the highest quality standards throughout the entire process. The goal of this premium brand is to Make Each Experience a Discovery™.

Spinach™ is positioned as a mainstream adult-use brand with High Expectations™, which is geared towards a wide range of consumers who are looking for entertaining, fun ways to enhance activities. A lighthearted and playful brand, Spinach™ is focused on offering Farm-To-Bowl™ products that bring friends together and make experiences more enjoyable.

Adult Consumer Product Brands

The Company operates Lord Jones™ for the adult consumer goods market in the U.S. Lord Jones™ is a luxury beauty and lifestyle brand focusing on high-quality U.S. hemp-derived personal care products. Lord Jones™ U.S. hemp-derived supplements and cosmetics products are distributed online and to over 900 premium stores and retail channels, including Sephora, Neiman Marcus and SoulCycle. Lord Jones™ is a preeminent U.S. hemp-derived CBD brand in the U.S.

The Company launched PEACE+™, a new U.S. hemp-derived CBD brand in the U.S. PEACE+™ U.S. hemp-derived CBD products are currently under development and are not yet offered for sale. PEACE+™ is about more than making a better, high-quality U.S. hemp-derived CBD product; it stems from the belief that well-being can lead to a better world, full of positivity and possibility. It is a belief that extends beyond the products and into everything the brand seeks to do and stand for. The brand intends to distribute its products through the convenience store retail channel in the future.

Global Sales and Distribution - Principal Markets

Cronos Group seeks to develop a diversified global sales and distribution network by leveraging established partners for their scale, salesforce and market expertise. We are also building a distribution footprint in Canada through the direct-to-patient medical market and the adult-use market, as well as a distribution footprint for U.S. hemp-derived consumer products in the U.S. through e-commerce, retail and hospitality channels. We do not exhibit any material seasonality over our fiscal year.

United States Market and Distribution

Through Redwood, the Company manufactures, markets and distributes U.S. hemp-derived supplements and cosmetics products through e-commerce, retail and hospitality partner channels in the U.S. under the brand Lord Jones™. Redwood's products use pure U.S. hemp extract that contains natural phytocannabinoids and terpenes found in the plant. We plan to use our resources to capitalize on the demand to further create and scale U.S. hemp-derived consumer products and brands. We do not engage in any commercial activities related to the cultivation, distribution or possession of U.S. Schedule I cannabis in the U.S.

The Company has also launched its PEACE+™ brand for U.S. hemp-derived CBD products in the U.S. PEACE+™ U.S. hemp-derived CBD products are currently under development and are not yet offered for sale. The Company intends to access the U.S. convenience store retail channel in the future.

Rest of World

Canadian Market and Distribution

Direct-to-Patient. We currently sell dried cannabis and cannabis extracts direct to patients through our wellness platform, PEACE NATURALS™. These patients are typically sourced through physician and clinic referrals or word-of-mouth recommendations from existing patients.

Adult-Use. In October 2018, Canada became the first G7 country and the second country in the world to legalize cannabis sales for adult-use at a federal level. We currently sell dried flower, pre-rolls and cannabis extracts (in the form of tinctures and vaporizers) through our adult-use brands, COVE™ and Spinach™, to cannabis control authorities in various provinces, including Ontario, Québec, British Columbia, Alberta, Manitoba, Nova Scotia, New Brunswick and Prince Edward Island, as well as to private-sector retailers in Saskatchewan, subject to the relevant province's product or other restrictions and requirements. As of December 31, 2019, these nine provinces together represent approximately 98% of the Canadian population. As the Company's supply chain grows, and as a result of the effectiveness of Further Regulations (as defined herein), which permitted the sale of cannabis extracts, edibles and topicals in December 2019, the Company intends to increase penetration within existing markets in Canada. The rate of the Company's expansion of distribution remains subject to factors that are beyond the Company's control, including evolving regulations, the development of sufficient supply chain and manufacturing infrastructure and development of distribution and retail channels across Canada.

Markets and Distribution Outside of Canada

Europe. We have distributed and anticipate continuing to distribute PEACE NATURALS™ branded cannabis products in Germany through an exclusive distribution relationship with G. Pohl-Boskamp GmbH & Co. KG ("Pohl-Boskamp"), an international pharmaceutical manufacturer and distributor with a distribution network of pharmacies. See "- *Regulatory Framework in Germany for Imports.*" We have also entered into a strategic distribution partnership with Delfarma Sp. Zo.o ("Delfarma"), a pharmaceutical wholesaler in Poland. We and Delfarma are currently in the process of obtaining the necessary regulatory approvals to sell cannabis products in Poland. See " - *Regulatory Framework in Poland for Imports.*"

Israel. We intend to distribute to the Israeli medical cannabis market through the operations of Cronos Israel, once Cronos Israel is fully licensed and operational. See *"- Licenses and Regulatory Framework in Israel."*

Latin America. We intend to distribute cannabis and cannabis products to the Latin American and other cannabis markets through the operations of NatuEra, once NatuEra is fully licensed and operational. See *"- Licenses and Regulatory Framework in Colombia.*"

Australia and Asia-Pacific. Cronos Australia has received an import license from the Australian Office of Drug Control (the "ODC"), together with all necessary permits, to import PEACE NATURALS™ branded products for sale in the Australian medical market under the terms of the relevant permits. In the fourth quarter of 2019, Cronos Group completed its first export of PEACE NATURALS™ branded cannabis products to Cronos Australia. Cronos Australia facilitates distribution of the Company's products in Australia, New Zealand and South East Asia, bolstering the Company's distribution network in the Australia and Asia-Pacific region. See *"- Licenses and Regulatory Framework in Australia."*

We continue to seek new international distribution channels in jurisdictions that have legalized the production, distribution and possession of cannabis and cannabis products at all relevant levels of government.

Global Supply Chain

Cronos Group is focused on establishing an efficient global supply chain by seeking to develop industry-leading methodologies and best practices at the Peace Naturals Campus and leveraging this expertise to create beneficial production partnerships. We plan to continue to develop a global supply chain, which will employ a combination of wholly owned production facilities, third-party suppliers and global production partnerships, all of which will support the manufacturing of cannabinoid-based consumer goods.

United States Supply Chain

In the ordinary course of our business, we enter into contract manufacturing agreements with suppliers of our cosmetic products. We supply these third-party manufacturers with U.S. hemp extract, fragrances and packaging that we source from other third-party suppliers. The contract manufacturers supply any other necessary ingredients to execute our proprietary formulas and fill and package our products. Our contract manufacturing and supply agreements generally do not require us to purchase minimum quantities of materials or products.

In producing our supplement products, we source our ingredients from our suppliers on an ongoing as-needed basis. We have not entered into any contracts that obligate us to purchase a minimum quantity or exclusively from any food service distributor. Our supplements are manufactured at our facilities in Los Angeles, California according to Good Manufacturing Practices ("GMP").

We are obligated to purchase our supply of U.S. hemp extract from one supplier unless that supplier cannot provide the agreed-upon quantities in relation to certain brands in the U.S.

Rest of World

Canadian Supply Chain

Production Facilities at License Holders. The Peace Naturals Campus is licensed for cannabis production and the manufacturing of certain cannabis products. The production processes at the Peace Naturals Campus are GMP-certified under relevant European Economic Area GMP directives by the national competent authority of Germany. The Peace Naturals Campus is engaged in cultivation, processing, finishing, packaging and shipping activities, as well as tissue culture and micro propagation, providing a year-round supply of cannabis. The Peace Naturals Campus also engages in R&D to pilot various production technologies, with any tests yielding favorable operational improvements evaluated for dissemination to the Company's other partnership facilities. In addition, the Peace Naturals Campus engages in R&D on cannabinoid formulations, delivery systems and product development.

OGBC primarily engages in cultivation and processing operations. OGBC currently engages in inter-company bulk transfers of dried cannabis flower to Peace Naturals, where it is processed and packaged for sale and sold under the Company's brands.

Cronos GrowCo. Cronos GrowCo completed construction of the structure of its greenhouse in Kingsville, Ontario in 2019. Full completion of construction of the facility, including all fixtures within the greenhouse and all post-harvest activity areas, is expected to be completed in 2020. The Company expects the facility to become operational in phases in the second half of 2020. Completion of construction and commencement of operations at Cronos GrowCo will be subject to obtaining the appropriate licenses and other customary approvals under applicable law.

Third-Party Supply and Manufacturing Agreements. In the ordinary course of our business, we enter into spot market purchase agreements and supply agreements with suppliers of dried cannabis and other cannabis products. Our supply agreements for the most part, other than the agreement with MediPharm Labs Corp. ("MediPharm") for cannabis resin described below, generally do not obligate us to purchase minimum quantities of products and generally contain provisions permitting cancellation of orders or termination on notice. We also enter into contract manufacturing agreements with other license holders, pursuant to which such license holders provide cannabis extract and services related to the filling and packaging of vaporizer devices for the Canadian cannabis adult-use and wellness markets.

In May 2019, the Company entered into a take-or-pay supply agreement with MediPharm for cannabis resin. MediPharm will supply the Company with approximately C$30.0 million of cannabis resin over 18 months from the date of the agreement, and, subject to certain renewal and purchase options, potentially up to C$60.0 million over 24 months from the date of the agreement.

Supply Chain Outside of Canada

Cronos Israel. The initial phase of construction of Cronos Israel involves the construction of a greenhouse and a manufacturing facility that will be utilized for analytics, formulation and R&D. The construction of the greenhouse was completed in the first half of 2019, and construction of a manufacturing facility was completed in the third quarter of 2019. Commencement of operations in Israel is subject to receiving the appropriate final cannabis cultivation and production licenses from the Israeli Ministry of Health and the cultivation and manufacturing facilities are expected to become operational in phases during 2020.

NatuEra. NatuEra plans to develop its initial cultivation and manufacturing operations with a purpose-built, GMP-standard facility located in Cundinamarca, Colombia. Construction of the GMP-standard facility has commenced, and construction is anticipated to be completed in 2020, subject to obtaining the relevant permits and other customary approvals. See *"- NatuEra Licenses"* for further information on the licensing status of NatuEra.

Major Customers

For the year ended December 31, 2019, we had three major customers, Ontario Cannabis Store (the cannabis control authority and sole wholesaler and distributor of cannabis in Ontario), Radient Technologies Inc. and MediPharm, sales to each of which are expected to equal or exceed 10% of the Company's consolidated 2019 net revenues. The Company's arrangement with MediPharm is described above. We mitigate credit risk through verification of the customers' liquidity prior to the authorization of material transactions.

Government Contracts

In Canada, we sell cannabis and cannabis products to cannabis control authorities in various provinces, including, Ontario, Québec, British Columbia, Alberta, Manitoba, Nova Scotia, New Brunswick and Prince Edward Island, where each such cannabis control authority is the sole wholesale distributor and in certain provinces, the sole retailer, of cannabis and cannabis products in the relevant province. We sell these products to the various cannabis control authorities under supply agreements that are subject to terms that allow for renegotiation of sale prices and termination at the election of the applicable cannabis control authority. In particular, the cannabis control authorities have in the past and may in the future choose to stop purchasing our products, may change the prices at which they purchase our products, may return our products to us and, in certain circumstances, may cancel purchase orders at any time including after products have been shipped. For the year ended December 31, 2019 we had approximately $8.5 million in sales to cannabis control authorities.

Research and Development Activities and Intellectual Property

Cronos Device Labs

In April 2019, Cronos Group established Cronos Device Labs Ltd. (“Cronos Device Labs”), our Israel-based global research and development center for innovation. The state-of-the-art facility is equipped with advanced vaporizer technology and analytical testing infrastructure and is home to an experienced team of product development talent. The Cronos Device Labs team, with over 80 years of combined experience in vaporizer development, is comprised of product designers, mechanical, electrical and software engineers, and analytical and formulation scientists. This global R&D center is expected to significantly enhance Cronos Group’s innovation capabilities and accelerate development of next-generation vaporizer products specifically tailored to cannabinoid use.

Ginkgo

In September 2018, we announced an R&D partnership with Ginkgo, pursuant to the collaboration and license agreement dated September 1, 2018 between Ginkgo and the Company (the “Ginkgo Collaboration Agreement”), that could ultimately enable us to produce certain cultured cannabinoids at commercial scale at a fraction of the cost compared to traditional cultivation practices. These cultured cannabinoid molecules are identical to those produced by plants grown using traditional cultivation but are created by leveraging the power of biological manufacturing via fermentation. In addition to tetrahydrocannabinol (“THC”) and CBD, these cultured cannabinoids include rare cannabinoids that are economically impractical or nearly impossible to produce at high purity and scale through traditional cultivation.

If the Ginkgo Strategic Partnership is ultimately successful, Cronos Group expects to be able to produce large volumes of these cultured cannabinoids from custom yeast strains by leveraging existing fermentation infrastructure (i.e., breweries or pharmaceutical contract manufacturing operations) without incurring significant capital expenditures to build new cultivation and extraction facilities.

The Ginkgo Strategic Partnership contemplates the performance of licensed R&D activities in the U.S. in order to produce cultured cannabinoids, but such activities are to be conducted in compliance with all applicable laws regarding controlled substances. We intend to produce and distribute the target cannabinoids globally, where legally permissible, and have received confirmation from Health Canada that this method of production is permitted under the Cannabis Act.

Cronos Fermentation

In July 2019, we closed the acquisition (the “Cronos Fermentation Acquisition”) of certain assets from Apotex Fermentation Inc. (“AFI”), including a GMP-compliant fermentation and manufacturing facility in Winnipeg, Manitoba. The state-of-the-art facility, which will operate as “Cronos Fermentation,” includes fully equipped laboratories covering microbiology, organic and analytical chemistry, quality control and method development as well as two large-scale microbial fermentation production areas with a combined production capacity of 102,000 liters, three downstream processing plants, and bulk product and packaging capabilities. The acquisition is expected to provide the fermentation and manufacturing capabilities we need in order to capitalize on the progress underway with Ginkgo, by enabling us to produce the target cannabinoids contemplated under the Ginkgo Collaboration Agreement at commercial scale with high quality and high purity. To support this work, a team of engineers, scientists, production and quality assurance personnel previously employed by AFI joined us as employees in November 2019.

We have begun to work on developing scale-up and downstream processes at Cronos Fermentation, while in parallel Ginkgo develops microorganisms for producing cultured compounds. As we develop the processes and parameters, these learnings will be used for the strains that will be used for commercial production of cultured cannabinoids. Commercial production at the facility is subject to completion of the equipment alignment for cannabinoid-based production, the receipt of the appropriate licenses from Health Canada for the production of cultured cannabinoids under the Cannabis Act and the achievement of the relevant milestones under the Ginkgo Strategic Partnership.

Ginkgo has filed certain patent applications pertaining to biosynthesis of cannabinoids to protect the intellectual property developed as part of the research progressing under the Ginkgo Strategic Partnership. Under the partnership, Cronos Group is the exclusive licensee of the intellectual property covered by the patent applications for the target cannabinoids.

Technion Skin Health Research Partnership

In October 2018, we announced we had entered into a sponsored research agreement (the “Technion Research Agreement”) with the Technion Research and Development Foundation of the Technion - Israel Institute of Technology (“Technion”) to explore the use of cannabinoids and their role in regulating skin health and skin disorders. The preclinical studies will be conducted by Technion over a three-year period and will focus on three skin conditions: acne, psoriasis and skin repair.

Research is led by Technion faculty members Dr. David “Dedi” Meiri and Dr. Yaron Fuchs, two of the world’s leading researchers in cannabis and skin stem cell research, respectively. Dr. Meiri heads the Laboratory of Cannabis and Cancer Research with vast experience in cannabis and endocannabinoid research. Dr. Fuchs heads the Laboratory of Stem Cell Biology and Regenerative Medicine with years of experience in the biology of the skin and its pathologies. Development and implementation of the research is being conducted at Technion’s Laboratory of Cancer Biology and Cannabis Research and the Lorry I. Lokey Interdisciplinary Center of Life Sciences and Engineering in Haifa, Israel.

Competitive Conditions

Competitive Conditions in the United States

We face competition in all aspects of our business in the U.S. hemp market. The 2018 Farm Bill created a proliferation of U.S. hemp companies and brands. In addition to numerous small companies and brands, we compete with larger, national companies that may have larger distribution capabilities with more developed and efficient supply chain operations. The principal factors on which we compete with other U.S. hemp brands are the quality and variety of products, the speed with which such products are brought to market, brand recognition and intellectual property. We do not engage in any U.S. Schedule I cannabis activities. However, market participants that currently engage in such activities in violation of U.S. federal law in light of state level legalization and the current uncertainty around federal enforcement in relation to such activities may further entrench their market positions, increase their operations, sales and distribution networks and make it more difficult for us to enter the market if and when U.S. Schedule I cannabis becomes legal under U.S. federal law. We believe the Company's strong capitalization resulting from the Altria Investment, along with the Lord Jones™ existing brand equity, recognition and differentiation in the U.S. hemp luxury retail channel, will enable us to provide better quality consumer products, grow our U.S. hemp business and strengthen our market position in the U.S. However, rapidly evolving and developing federal and state regulatory frameworks affect all areas of our business and could result in our inability to compete successfully against our current and future competitors. See " -*U.S. Hemp Regulatory Framework*" for further information on regulatory framework on U.S. hemp.

Rest of World

Competitive Conditions in Canada

We face competition in all aspects of our business in the Canadian medical and adult-use markets. As the demand for cannabis increases as a result of the legalization of adult-use cannabis in Canada under the Cannabis Act, we believe that new competitors will continue to enter the market.

The principal factors on which we compete with other Canadian license holders are the quality and variety of cannabis products, the speed with which such products are brought to market, brand recognition and intellectual property. We believe the Company's strong capitalization resulting from the Altria Investment will enable us to provide better quality consumer products, grow our Canadian business and strengthen our market position in Canada. However, a rapidly evolving and stringent federal regulatory framework affects all areas of our business. For example, the Cannabis Act places strict limits on the promotion, packaging and labeling of cannabis products, which may make it difficult for us to differentiate our products from products of our competitors, thereby impacting our ability to create brand recognition and related goodwill.

We also face competition from illegal dispensaries and the illegal market that are unlicensed and unregulated, and that are selling cannabis and cannabis products, including products with higher concentrations of active ingredients, using flavors or other additives or engaging in advertising and promotional activities that we may not engage in. As these illegal market participants do not comply with the regulations governing the cannabis industry, their operations may also have significantly lower costs. Any inability or unwillingness of the Canadian federal or provincial law enforcement authorities to enforce existing laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could result in the perpetuation of the illegal market for cannabis.

Competitive Conditions in Europe and Israel

We face competition when entering new markets in Europe. The quality and variety of products, the speed with which products are brought to market, brand recognition, physician familiarity and intellectual property are the main factors that affect product competition. We believe we are positioned to enter certain markets in Europe and Israel in a meaningful way while continuing to operate and penetrate the markets we currently serve, such as in Israel and Germany, due to our strong capitalization resulting from the Altria Investment, extensive experience and expertise in the nascent cannabis industry in Canada, which can be leveraged when entering new markets or growing existing operations, and strong partnerships with local pharmaceutical distributors. We believe these factors will enable us to develop greater market penetration, provide a greater variety of quality consumer products and enter into new markets and strengthen our existing market position in Europe and Israel. However, a patchwork of regulatory frameworks and federal regulations in these various regions also affect our ability to compete in emerging markets as evolving regulations and federal frameworks have the potential to affect all areas of our business.

Altria Strategic Investment

Altria Investment and Investor Rights Agreement

Pursuant to the subscription agreement dated December 7, 2018 (the "Subscription Agreement"), on March 8, 2019, in exchange for approximately C$2.4 billion (approximately $1.8 billion), we issued to certain wholly owned subsidiaries of Altria, 149,831,154 of our common shares and the Altria Warrant, which may be exercised in full or in part at any time on or prior to 5:00 p.m. (Toronto time) on March 8, 2023, from time to time, and entitles the holder thereof, upon valid exercise in full, to acquire an aggregate of 73,990,693 of our common shares (subject to adjustment in accordance with the terms and conditions of the Altria Warrant Certificate) at an initial exercise price of C$19.00 for approximately $1.0 billion. As of the closing date of the Altria Investment, Altria beneficially held an

approximately 45% ownership interest in us (calculated on a non-diluted basis) and, if exercised in full on such date, the exercise of the Altria Warrant would have resulted in Altria holding a total ownership interest in us of approximately 55% (calculated on a non-diluted basis). Since the closing of the Altria Investment, Altria has exercised its top-up rights, as discussed further under "*-Pre-Emptive Rights and Top-Up Rights"* below, each time that top-up rights have been available for exercise, other than in connection with its top-up rights for the fiscal quarter ended December 31, 2019. As of December 31, 2019, Altria beneficially held 156,573,537 of our common shares and has not exercised the Altria Warrant. If fully exercised, the Altria Warrant would provide us with approximately C$1.5 billion ($1.1 billion) of additional proceeds.

Investor Rights Agreement

On March 8, 2019, in connection with the closing of the Altria Investment, we entered into the investor rights agreement (the "Investor Rights Agreement") with Altria pursuant to which Altria received certain governance rights which are summarized below.

Board Representation

The Investor Rights Agreement provides that, for so long as Altria and certain of its affiliates (the "Altria Group") continue to beneficially own at least 40% of our issued and outstanding common shares and the size of our board of directors (the "Board") is seven directors, we agree to nominate for election as directors to the Board four individuals designated by Altria (the "Altria Nominees"). In addition, for so long as the Altria Group continues to beneficially own greater than 10% but less than 40% of our issued and outstanding common shares, Altria shall be entitled to nominate a number of Altria Nominees that represents its proportionate share of the number of directors comprising the Board (rounded up to the next whole number) based on the percentage of our issued and outstanding common shares beneficially owned by the Altria Group at the relevant time. At least one Altria Nominee must be independent as long as Atria has the right to designate at least three Altria Nominees and the Altria Group's beneficial ownership of our issued and outstanding common shares does not exceed 50%.

The Investor Rights Agreement also provides that, subject to certain exceptions, for so long as Altria is entitled to designate one or more Altria Nominees, we agree to appoint to each committee established by the Board such number of Altria Nominees that represents Altria's proportionate share of the number of directors comprising the applicable Board committee (rounded up to the next whole number) based on the percentage of our issued and outstanding common shares beneficially owned by the Altria Group at the relevant time.

Approval Rights

The Investor Rights Agreement also grants Altria, until the Altria Group beneficially owns less than 10% of our issued and outstanding common shares, approval rights over certain transactions that may be taken by us. We have agreed that we will not (and will use our commercially reasonable efforts to cause our affiliates not to), without the prior written consent of Altria:

- consolidate or merge into or with another person or enter into any similar business combination;
- acquire any shares or similar equity interests, instruments convertible into or exchangeable for shares or similar equity interests, assets, business or operations with an aggregate value of more than C$100,000,000, in a single transaction or a series of related transactions;
- subject to certain exceptions, adopt any plan or proposal for a complete or partial liquidation, dissolution or winding up of the Company or any of our significant subsidiaries, or any reorganization or recapitalization of the Company or any of our significant subsidiaries, or commence any claim seeking relief under any applicable laws relating to bankruptcy, insolvency, conservatorship or relief of debtors;
- sell, transfer, cause to be transferred, exclusively license, lease, pledge or otherwise dispose of any of our or any of our significant subsidiaries' assets, business or operations in the aggregate with a value of more than C$60,000,000;
- except as required by applicable law, make any changes to our policy with respect to the declaration and payment of any dividends on our common shares;
- subject to certain exceptions, enter into any contract or other agreement, arrangement, or understanding with respect to, or consummate, any transaction or series of related transactions between us or any of our subsidiaries, on the one hand, and any related parties, on the other hand, involving consideration or any other transfer of value required to be disclosed pursuant to Item 404 of Regulation S-K promulgated pursuant to the United States Securities Act of 1933, as amended (the "Securities Act");
- enter into any contract or other agreement, arrangement or understanding with respect to, or consummate, any transaction or series of related transactions between us or any of our subsidiaries, on the one hand, and certain specified persons; or
- engage in the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or any Related Products and Services (as defined herein) in any jurisdiction, including the U.S., where such activity is prohibited by applicable law as of the date of the Investor Rights Agreement (subject to certain limitations).

Exclusivity Covenant

Pursuant to the terms of the Investor Rights Agreement, until the earlier of:

(i) the six-month anniversary of the date that the Altria Group beneficially owns less than 10% of our issued and outstanding common shares; and

(ii) the six-month anniversary of the termination of the Investor Rights Agreement,

Altria has agreed to make us its exclusive partner for pursuing cannabis opportunities throughout the world (subject to certain limited exceptions).

In particular, Altria has agreed not to, directly or indirectly, and shall cause the other members of the Altria Group not to, directly or indirectly:

- develop, produce, manufacture, cultivate, advertise, market, promote, sell or distribute any cannabis or products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis (such products and services, collectively, "Related Products and Services") anywhere in the world, other than (A) pursuant to any Commercial Arrangement (as defined under "- *Commercial Arrangements*" below), or (B) pursuant to a contract approved by an independent committee of our Board (or, at any time when Altria Nominees do not represent a majority of the Board, if fully disclosed to and approved by a majority of the independent members of the Board), entered into by and among or by and between, us and/or one or more of our subsidiaries, on the one hand, and any one or more members of the Altria Group, on the other hand (such other contract, an "Approved Company Agreement");
- acquire or make any investment in or otherwise beneficially own any interests in, or lend any money or provide any guarantee to, any person that develops, produces, manufactures, cultivates, advertises, markets, promotes, sells and/or distributes cannabis or any Related Products and Services, other than (A) pursuant to any Commercial Arrangement, on the terms and subject to the conditions of the Investor Rights Agreement, Subscription Agreement and the Altria Warrant Certificate, or (B) to us and/or any of our subsidiaries, so long as any such acquisition or investment is pursuant to an Approved Company Agreement;
- use or allow the use of any of their respective trade names, trademarks, trade secrets or other intellectual property rights in connection with any person that develops, produces, manufactures, cultivates, advertises, markets, promotes, sells and/or distributes cannabis or any Related Products and Services, other than (A) pursuant to any Commercial Arrangement, or on the terms and subject to the conditions of the Investor Rights Agreement, Subscription Agreement, the Altria Warrant Certificate and the Commercial Arrangement, or (B) to us and/or any of our subsidiaries, so long as any such use of trade names, trademarks, trade secrets or other intellectual property rights with us and/or any of our subsidiaries is pursuant to an Approved Company Agreement; or
- contract with or arrange for any third-party (other than us or any of our subsidiaries) to do any of the foregoing.

Pre-Emptive Rights and Top-Up Rights

Pursuant to the terms of the Investor Rights Agreement, Altria, provided the Altria Group continues to beneficially own at least 20% of our issued and outstanding common shares, will have a right to purchase, directly or indirectly by another member of the Altria Group, upon the occurrence of certain issuances of common shares by us (including issuances of common shares to Ginkgo under the Ginkgo Collaboration Agreement (each, a "Ginkgo Issuance")) (each, a "Triggering Event") and subject to obtaining the necessary approvals, up to such number of our common shares issuable in connection with the Triggering Event which will, when added to our common shares beneficially owned by the Altria Group immediately prior to the Triggering Event, result in the Altria Group beneficially owning the same percentage of our issued and outstanding common shares that the Altria Group beneficially owned immediately prior to the Triggering Event (in each case, calculated on a non-diluted basis). The price per common share to be paid by Altria pursuant to the exercise of these pre-emptive rights will be, subject to certain limited exceptions, the same price per common share at which the common shares are sold in the relevant Triggering Event; provided that if the consideration paid in connection with any such issuance is non-cash, the price per common share that would have been received had such common shares been issued for cash consideration will be determined by an independent committee (acting reasonably and in good faith); provided further that the price per common share to be paid by Altria pursuant to the exercise of its pre-emptive rights in connection with a Ginkgo Issuance will be C$16.25 per common share.

In addition to (and without duplication of) the aforementioned pre-emptive rights, the Investor Rights Agreement provides Altria with top-up rights, exercisable on a quarterly basis, whereby, subject to obtaining the necessary approvals and for so long as the Altria Group beneficially owns at least 20% of our issued and outstanding common shares, Altria shall have the right to subscribe for such number of common shares in connection with any Top-Up Securities (as defined below) that we may, from time to time, issue after the date of the Investor Rights Agreement, as will, when added to the common shares beneficially owned by the Altria Group prior to such issuance, result in the Altria Group beneficially owning the same percentage of our issued and outstanding common shares that the Altria Group beneficially owned immediately prior to such issuance. "Top-Up Securities" means any of our common shares issued:

- on the exercise, conversion or exchange of our convertible securities issued prior to the date of the Investor Rights Agreement or on the exercise, conversion or exchange of our convertible securities issued after the date of the Investor Rights Agreement in compliance with the terms of the Investor Rights Agreement, in each case, excluding any of our convertible securities owned by any member of the Altria Group;
- pursuant to any share incentive plan of the Company;
- on the exercise of any right granted by us pro rata to all shareholders to purchase additional common shares and/or other securities of the Company (other than a right issued in a rights offering in which Altria had the right to participate);
- in connection with bona fide bank debt, equipment financing or non-equity interim financing transactions with our lenders, in each case, with an equity component; or
- in connection with bona fide acquisitions (including acquisitions of assets or rights under a license or otherwise), mergers or similar business combination transactions or joint ventures undertaken and completed by us, in each case,

other than (A) common shares issued pursuant to Altria's pre-emptive right and (B) common shares issued pursuant to the Ginkgo Collaboration Agreement.

The price per common share to be paid by Altria pursuant to the exercise of its top-up rights will be, subject to certain limited exceptions, the volume-weighted average price of our common shares on the TSX for the 10 full days preceding such exercise by Altria; provided that the price per common share to be paid by Altria pursuant to the exercise of its top-up rights in connection with the issuance of common shares pursuant to the exercise of options or warrants that were outstanding on the date of closing of the Altria Investment will be C$16.25 per common share without any setoff, counterclaim, deduction or withholding.

Standstill Covenant

For a period commencing on the date of the Investor Rights Agreement and ending on the earlier of (i) the date on which the Altria Warrant has been exercised in full by Altria, and (ii) the expiry or termination of the Altria Warrant, the Investor Rights Agreement provides that, without the prior approval of an independent committee of the Board, no member of the Altria Group shall, directly or indirectly, acquire our common shares (other than upon settlement of any of our common shares issued, sold and delivered pursuant to the proper exercise of rights contemplated by the Altria Warrant Certificate or the exercise of pre-emptive rights or top-up rights): (A) on the TSX, the Nasdaq or any other stock exchange, marketplace or trading market on which our common shares are then listed; (B) through private agreement transactions with existing holders of our common shares; or (C) in any other manner or take any action which would require any public announcement with respect to any of the foregoing; provided that nothing shall prohibit any member of the Altria Group from making a take-over bid or commencing a tender offer, in each case, to acquire not less than all of our issued and outstanding common shares (other than any such common shares beneficially owned by any member of the Altria Group and its affiliates) in accordance with applicable law.

Registration Rights

The Investor Rights Agreement provides Altria with the right, subject to certain limitations and to the extent permitted by applicable law, to require us to use reasonable commercial efforts to file a prospectus under applicable securities laws and/or a registration statement, qualifying our common shares held by Altria for distribution in Canada and/or the U.S. In addition, the Investor Rights Agreement provides Altria with the right to require us to include our common shares held by Altria in any proposed distribution of common shares in Canada and/or the U.S. by us for our own account.

Commercial Arrangements

In connection with the Altria Investment, we and Altria have entered into certain commercial arrangements (the "Commercial Arrangements"), pursuant to which Altria provides us with consulting services on matters which may include R&D, marketing, advertising and brand management, government relations and regulatory affairs, finance, tax planning, logistics and other corporate administrative matters. The services under the Commercial Arrangements are provided on customary terms and for a services fee payable by us that is equal to Altria's reasonably allocated costs plus 5%.

Protection of Intangible Assets

The ownership and protection of our intellectual property rights is a significant aspect of our future success. Currently, we rely on trademarks, patents, trade secrets, technical know-how and proprietary information. We protect our intellectual property by seeking and obtaining registered protection where possible, developing and implementing standard operating procedures to protect inventions, germplasm, trade secrets, technical know-how and proprietary information and entering into agreements with parties that have access to our inventions, germplasm, trade secrets, technical know-how and proprietary information, such as our partners, collaborators, employees and consultants, to protect confidentiality and ownership. We also seek to preserve the integrity and confidentiality of our inventions, germplasm, trade secrets, trademarks, technical know-how and proprietary information by maintaining physical security of our premises and physical and electronic security of our information technology systems.

In addition, we have sought trademark protection in many jurisdictions, including Canada, Australia, the U.S., China, Israel and Europe. Our ability to obtain registered trademark protection for cannabis-related goods and services, in particular for cannabis itself, may be limited in certain countries outside of Canada. For example, in the U.S., registered federal trademark protection is only available for goods and services that can be lawfully used in interstate commerce; the PTO is not currently approving any trademark applications for U.S. Schedule I cannabis, or certain goods containing U.S. hemp-derived CBD (such as dietary supplements and food) until the FDA provides clearer guidance on the regulation of such products. In Europe, trademarks cannot be obtained for products that are "contrary to public policy or accepted principles of morality." Accordingly, our ability to obtain intellectual property rights and enforce intellectual property rights against third-party uses of similar trademarks may be limited in certain jurisdictions.

Employees

As of December 31, 2019, Cronos Group employed 631 employees and two full-time contractors.

Minority Investments

Prior to the acquisition of OGBC in November of 2014, we exclusively invested in companies either licensed, or actively seeking a license, to produce legal cannabis. As of the date of this Annual Report, we have divested our previously held minority interests in most investees with active licenses under the Cannabis Act in Canada.

Regulatory Framework in the U.S.

U.S. Hemp Regulatory Framework

After the closing of the Redwood Acquisition, we derive a portion of our revenues from the manufacture, marketing and distribution of U.S. hemp-derived supplement and cosmetic consumer products, through e-commerce, retail and hospitality channels in certain states in the U.S. All U.S. hemp-derived products produced and sold by us constitute "hemp" (i) under the 2018 Farm Bill or (ii) the applicable state-law equivalent in all states in which we produce and sell such U.S. hemp-derived products. The 2018 Farm Bill was enacted in the U.S. on December 20, 2018. Prior to this enactment, cannabis was scheduled as a controlled substance (marijuana) under the CSA with limited exemptions based on the portion of the cannabis plant. The 2018 Farm Bill, among other things, removed U.S. hemp (which is defined in the 2018 Farm Bill as "the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis") and its derivatives, extracts and cannabinoids, including CBD, derived from hemp, from the definition of "marijuana" in the CSA, thereby removing U.S. hemp and its derivatives as controlled substances. The 2018 Farm Bill also amended the Agricultural Marketing Act of 1946 to allow for production and sale of U.S. hemp and its derivatives in the U.S.

The 2018 Farm Bill tasks the USDA with promulgating regulations in relation to the cultivation and production of U.S. hemp. The 2018 Farm Bill also directs the USDA to promulgate federal regulations that would apply to the production of U.S. hemp in every state which does not put forth a state U.S. hemp plan for approval by the USDA. There is uncertainty concerning the timing and manner of implementation of the 2018 Farm Bill.

In October 2019, the USDA issued an interim final rule establishing a domestic U.S. hemp production regulatory program and has released guidelines for sampling and testing procedures. Under the interim final rule, state departments of agriculture may submit plans for monitoring and regulating the domestic production of U.S. hemp to the USDA for approval. The interim final rule also establishes a federal licensing plan for regulating U.S. hemp producers in states that do not have their own USDA-approved plans. In absence of a state plan, U.S. hemp producers will be subject to regulation directly by the USDA unless the state prohibits U.S. hemp production. Additionally, the interim final rule includes requirements for maintaining information on the land where U.S. hemp is produced, testing U.S. hemp for THC levels, disposing of plants with more than 0.3 percent THC on a dry-weight basis and licensing for U.S. hemp producers. The USDA regulations are in effect to accommodate the 2020 planting season. The USDA has committed to draft and publish a final set of rules within two years; however, the timing and content of the USDA's regulations cannot be assured. On February 27, 2020, the USDA announced the delay of enforcement of certain requirements under its interim final rule. Under the new guidance, the USDA will delay enforcement of the requirement for labs to be registered by the DEA and the requirement that producers use a DEA-registered reverse distributor or law enforcement to dispose of non-compliant plants under certain circumstances. Enforcement will be delayed starting this crop year and until October 31, 2021, or the final rule is published, whichever comes first.

States may adopt regulatory schemes that impose different levels of regulation and costs on the production of U.S. hemp. Moreover, the 2018 Farm Bill provides that its provisions do not pre-empt or limit state laws that regulate the production of U.S. hemp. Accordingly, some states may choose to restrict or prohibit some or all U.S. hemp production or sales within the state and variances in states' laws and regulations on U.S. hemp are likely to persist.

Further, each state has discretion to develop and implement its own laws and regulations governing the manufacturing, marketing, labeling and sale of U.S. hemp products, which is anticipated to create a patchwork of different regulatory schemes applicable to such products.

Under the 2018 Farm Bill, the FDA has retained authority over the Federal Food, Drug, and Cosmetic Act-regulated products (e.g., drugs, food, dietary supplements and cosmetics) containing U.S. hemp and U.S. hemp-derived ingredients, including CBD. Moreover, states

have retained regulatory authority through their own analogues to the Federal Food, Drug and Cosmetic Act, and the states may diverge from the federal treatment of the use of U.S. hemp as, or in, food, dietary supplements or cosmetic products.

The FDA has consistently taken the position that CBD, whether derived from U.S. hemp or U.S. Schedule I cannabis, is prohibited from use as an ingredient in food and dietary supplements. This stems from its interpretation of the exclusionary clauses in the Federal Food Drug & Cosmetic Act because CBD has been approved as a prescription drug and is the subject of substantial clinical investigations as a drug, which have been made public. The exclusionary clauses under the Federal Food Drug & Cosmetic Act provide that a substance that has been approved and/or has been subject to substantial clinical investigations as a drug may not be used in a food or dietary supplement, unless the substance was first marketed in a food or dietary supplement prior to the initiation of substantial clinical investigations of the substance as a drug.

The FDA has not issued regulations that elaborate on the exclusionary clauses and the FDA has not taken any enforcement action in the courts asserting a violation of the exclusionary clauses. To date, the FDA has issued a number of warning letters to companies unlawfully marketing CBD products. In many of these cases, the manufacturer made unsubstantiated claims about the product being able to treat medical conditions (e.g., cancer, Alzheimer's disease, opioid withdrawal and anxiety) and had not obtained drug approvals. Others were issued to companies marketing CBD products as dietary supplements despite those products which contain CBD not meeting the definition of a dietary supplement, adding CBD to human and animal foods and marketing CBD products for infants and children and other vulnerable populations. Some of these letters were co-signed with the FTC and cited the companies for making claims about the efficacy of CBD which were not substantiated by competent and reliable scientific evidence. Recently, the FDA has issued warning letters against dietary supplement manufacturers for manufacturing CBD supplements in licensed facilities in addition to various other violations. Importantly, these recent warning letters did not object to the CBD dietary supplements on the basis of any claims made - instead, the FDA cited the manufacturer on the basis that CBD was not a permissible dietary supplement ingredient.

In November 2019, the FDA published a revised "Consumer Update" on CBD. The update noted that, as at the time of the Consumer Update, the FDA has approved only one CBD product, a prescription drug product to treat two rare, severe forms of epilepsy. The update also stated that it is illegal to market CBD by adding it to a food or labeling it as a dietary supplement, that the FDA has seen only limited data about CBD safety and these data point to real risks that need to be considered before taking CBD for any reason and that some CBD products are being marketed with unproven medical claims and are of unknown quality. Lastly, the FDA stated that it continues to evaluate the regulatory frameworks that apply to certain cannabis-derived products that are intended for non-drug uses, including whether and/or how they might consider updating their regulations, as well as whether potential legislation might be appropriate.

The FDA has stated that it recognizes the potential opportunities and significant interest in drug and other consumer products containing CBD, is committed to evaluating the agency's regulatory policies related to CBD and has established a dedicated internal working group to explore potential pathways for various types of CBD products to be lawfully marketed. The FDA held a public hearing in May 2019 to obtain scientific data and information about the safety, manufacturing, product quality, marketing, labeling and sale of products containing cannabis or cannabis-derived compounds. The rules and regulations and enforcement in this area continue to evolve and develop.

For more information regarding certain risks facing our business in connection with the U.S. hemp regulatory framework in the U.S., see the section below entitled "*Risk Factors - Risks Relating to Regulation and Compliance - Risks Related to U.S. Regulations and Compliance.*"

Regulatory Framework in Canada

Licenses and Regulatory Framework

On October 17, 2018, the Cannabis Act and the Cannabis Regulations (the "Cannabis Regulations") came into force. The Cannabis Regulations establish six classes of licenses: (i) cultivation; (ii) processing; (iii) sale for medical purposes; (iv) analytical testing; (v) research; and (vi) cannabis drug. The Cannabis Regulations also create subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each sub-class therein carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each category and sub-class. The Cannabis Act includes transitional provisions applicable to licenses granted under legislation previously in force prior to the Cannabis Act. Due to the repeal of the Access to Cannabis for Medical Purposes Regulations and the amendment of the Controlled Drug and Substances Act and Narcotic Control Regulations, the Cannabis Act provides that certain licenses issued under that legislation are deemed to be licenses under the Cannabis Act. Peace Naturals and OGBC have successfully transitioned their licenses through Health Canada's Cannabis Tracking and Licensing System to various licenses under the Cannabis Act.

Federal Regime

The Cannabis Act provides a licensing and permitting scheme for, among other things, the cultivation, processing, testing, packaging, labeling, distribution, sale, possession and disposal of adult-use cannabis, implemented by regulations promulgated under the Cannabis Act. The Cannabis Act and Cannabis Regulations include, among other things, strict specifications for the plain packaging and labeling

and analytical testing of all cannabis products as well as stringent physical and personnel security requirements for all federally licensed cultivation, processing and sales sites.

On October 17, 2019, the Regulations Amending the Cannabis Regulations (the "Further Regulations") came into effect. The Further Regulations amend the Cannabis Act and Cannabis Regulations to, among other things, permit the production and sale of cannabis extracts (including concentrates), cannabis topicals and cannabis edibles, in addition to dried cannabis, cannabis oil, fresh cannabis, cannabis plants and cannabis seeds for parties holding the appropriate licenses. The new product forms authorized under the Further Regulations started to become available in December 2019. The Cannabis Regulations set out certain requirements for the sale of cannabis products, including limiting the THC content and serving size of certain product forms.

Health Canada permits license holders to export cannabis and cannabis products. Export permits issued by Health Canada are specific to each shipment and may only be obtained for medical or scientific purposes. To apply for a permit to export cannabis, a license holder must submit significant information to the minister including information about the substance to be exported (including description, intended use, quantity) and the importer. As part of the application, applicants are also required to provide a copy of the import permit issued by a competent authority in the jurisdiction of final destination and to make a declaration to the minister that the shipment does not contravene the laws of the jurisdiction of the final destination or any country of transit or transshipment.

Provincial and Territorial Developments

While the Cannabis Act provides for the regulation by the Canadian federal government of, among other things, the commercial cultivation and processing of cannabis and the sale of medical cannabis, the various provinces and territories of Canada regulate certain aspects of adult-use cannabis, such as distribution, sale, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

The governments of each Canadian province and territory have implemented their regulatory regimes for the distribution and sale of cannabis for adult-use purposes which continue to evolve over time. Most provinces and territories have announced a minimum age for possession and consumption of 19 years old, except for Québec and Alberta, where the minimum age is 21 and 18, respectively. There is no guarantee that the provincial and territorial frameworks supporting the legalization of cannabis for adult-use in Canada will continue on the terms outlined below or at all or will not be amended or supplemented by additional legislation. In addition, provinces and territories may impose restrictions on sales and distribution which are more stringent than those at the federal level. For example, in November 2019, the Société Québécoise du Cannabis (the "SQDC"), the exclusive distributor of cannabis in the province and the sole retail and online vendor in Québec, announced that it would not initially allow cannabis vaporizers to be sold through its channels. The SQDC has also placed significant restrictions on the types of edibles that may be sold through its channels, prohibiting edibles that are sweet, confectionary, dessert, chocolate or any other product attractive to persons under 21 years of age. In January 2020, the Prince Edward Island Cannabis Management Corporation and the province of Newfoundland and Labrador announced that they would not initially allow cannabis vaporizers to be sold through their channels.

Licenses and Regulatory Framework in Israel

In Israel, cannabis is a controlled substance as defined in the Israeli Dangerous Drugs Ordinance New Version, 5733 - 1973, and its use is prohibited unless applicable licenses have been obtained. Licenses to cultivate, possess and use cannabis for medical research in Israel are granted by the Israel Medical Cannabis Agency within the Israeli Ministry of Health (the "Yakar"). Patients also must obtain licenses either directly from physicians who have been authorized to grant patient licenses or from the Yakar following a request from the patient's physician in order to purchase and consume medical cannabis. For purposes of this section "*Licenses and Regulatory Framework in Israel*", the term "cannabis" has the meaning given to such term under applicable law.

In 2017, the Yakar promulgated regulations with respect to cannabis (the "New Regulations"). The New Regulations provide that licenses from the Yakar are required for certain activities related to the cannabis plant (including the cultivation, manufacture, distribution, possession, transport, or research). Once license applicants have completed construction of their production facilities and meet certain applicable agricultural and security requirements, the Yakar may grant final approval to commence and conduct cannabis operations in Israel. In August 2019, the Yakar ordered (the "August 2019 Order") that all cannabis growers and manufacturers (including those that held a license prior to the promulgation of the New Regulations) must meet the New Regulations by no later than September 1, 2019 and December 31, 2019, respectively. Following such dates, the distribution, prescription or provision of cannabis products that do not comply with the New Regulations will be prohibited subject to certain extensions for certain patients.

In January 2019, the Israeli government approved, in principle, the export from Israel of medical cannabis products that meet applicable quality standards under the strict supervision of the Israeli authorities. Only products that can be directly marketed to patients (including smoking products, oils, and vaporizer products) may be exported, and only to those countries that have signed the United Nations Single Convention on Narcotic Drugs and that have explicitly approved the import of cannabis. The export of plant substances, including seeds and tissue cultures, is not permitted. Exports of medical cannabis will be subject to the approval of additional procedures and regulations by the Yakar and other related authorities, which are not yet in place.

Cronos Israel Licenses

During the third quarter of 2019, the Yakar granted Cronos Israel: (1) a Good Security Practices certification; (2) a Good Agricultural Practices ("GAP") phase I (infrastructure) certification, followed by a permit to grow limited quantities (three small cycles of cultivation and propagation); and (3) a GMP infrastructure permit to start product validation batches. During December 2019, Cronos Israel successfully passed full GAP audits for propagation and cultivation, as well as GMP and Good Distribution Practices inspections for the manufacturing and distribution facilities. Commencement of operations at the Cronos Israel facility will be subject to obtaining the remaining necessary authorizations under applicable law.

Licenses and Regulatory Framework in Colombia

In 2016, Colombia's Congress adopted Law 1787, which created a regulatory framework for access to cannabis and its derivatives for medical and scientific use within the Colombian territory. Law 1787 regulates the activities of cultivation, processing, manufacturing, acquisition, import, export, transport and commercialization of cannabis and its derivatives. The Colombian government issued Decree 613 of 2017 ("Decree 613"), defining four types of licenses covering permissible activities related thereto and quota requirements related to the production of psychoactive cannabis plants and derivatives. Decree 613 also delegated the regulation, oversight and enforcement of such license and quota requirements to several governmental bodies including the Ministry of Health and Social Protection (the "Colombia Ministry of Health"), the Ministry of Justice and Law (the "Colombia Ministry of Justice"), and the National Narcotics Fund. For purposes of this section "*Licenses and Regulatory Framework in Colombia*", the term "cannabis," "psychoactive" and "non-psychoactive" have the meanings given to such terms under applicable law.

Under Resolution 2892 of 2017, the Colombia Ministry of Health established the technical regulations for granting and maintaining licenses for the production of cannabis derivatives. Likewise, under Resolution 577 of 2017, the Colombia Ministry of Justice established the technical regulations for licenses for (i) the use of seeds for planting, (ii) cultivation of psychoactive cannabis, and (iii) cultivation of non-psychoactive cannabis. In addition, the Colombian Agricultural Institute ("ICA") regulates the registration, protection and use of cannabis seeds, the National Narcotics Fund regulates the disposal, import and export of controlled substances, and the National Institute for Medicines and Food Overseeing oversees the production of food, dietary supplements and medicines for human consumption.

In September 2019, a bill was introduced by an opposition coalition in Colombia's Congress proposing a regulatory framework to regulate the consumption, production, distribution, commercialization and retail sale of adult-use cannabis within Colombia. As of the date of this Annual Report, the bill has not yet been voted on.

NatuEra Licenses

The Colombian Ministry of Justice has granted a wholly owned subsidiary of NatuEra (i) a license to cultivate non-psychoactive cannabis, (ii) a license to cultivate psychoactive cannabis, and (iii) a quota to cultivate psychoactive cannabis mother plants, while the Colombian Ministry of Health has granted it a license to manufacture cannabis derivative products for domestic use and export, as well as to conduct R&D. In addition, the Colombian Agricultural Institute has registered such wholly owned subsidiary of NatuEra as a certified psychoactive and non-psychoactive seed producer and the National Narcotics Fund has registered it as a manufacturer of cannabis derivatives products for national use and export. Commencement of operations at the facility in Cundinamarca is subject to completion of the construction of NatuEra's cultivation and extraction facilities and complying with regulatory requirements under applicable law.

Licenses and Regulatory Framework in Australia

Access to medical cannabis in Australia is highly regulated at both the federal and state/territory levels. The principal federal governmental agencies responsible for regulation are the Therapeutic Goods Administration (the "TGA") and the Office of Drug Control (the "ODC"). For purposes of this section "*Licenses and Regulatory Framework in Australia*", the term "cannabis" has the meaning given to such term under applicable law.

Australian patients can access medical cannabis products through the Authorized Prescriber ("AP") Scheme, Special Access Scheme ("SAS") and clinical trials, all of which are regulated by the TGA.

The ODC issues three types of licenses relating to the supply of medical cannabis products: (i) medical cannabis license authorizing cultivation or production or both; (ii) cannabis research license authorizing similar process for research purposes; and (iii) manufacturing license authorizing the manufacture of a drug or product. All applicants for licenses are subject to regulations including satisfying the "fit and proper person" test, which involves consideration of the applicant's criminal history, financial viability, business history and capacity to comply with licensing requirements. Before any activity under a license can commence, the licensee is required to obtain a permit, which will set out the types and amount of cannabis that can be grown and/or produced and the types and quantities of medical cannabis products that can be manufactured under the license.

Imports of medical cannabis products from Canada to Australia requires approval in both countries. In Australia, the ODC issues import licenses to an applicant capable of receiving and storing narcotics and issues import permits that authorize the import of specific shipments of cannabis or cannabis-derived medication into Australia. Imports may be either as a "per patient import" (i.e., importation for a particular

patient following a SAS or AP request) or a "sponsored importation of medical cannabis products" (i.e., importation before a SAS or AP request).

Cronos Australia Licenses

Cronos Australia holds a number of licenses that are significant to the operation of its business. At a federal level, the Office of Drug Control (the "ODC") has issued Cronos Australia manufacturing, cultivation, research and import/export licenses. The import license held by Cronos Australia, together with applicable import permits (applied for and issued by the ODC on a case-by-case basis), authorize the import of finished PEACE NATURALS™ branded products. At a state level, the Department of Health and Human Services Victoria has issued to Cronos Australia a Schedule 4 and Schedule 8 Wholesale License. These licenses allow for the sale of medical cannabis products (including PEACE NATURALS™ branded products) in Victoria.

Regulatory Framework in Germany for Imports

Both the use and import of cannabis and cannabis products (including flowers, extracts and oil) for medical purposes are permitted in Germany under the Federal Narcotics Act (Betäubungsmittelgesetz, "BtMG") under certain conditions. Germany also has a licensing system that permits and regulates the domestic cultivation of medical cannabis. Such domestic medical cannabis can only be sold to the Cannabis Agency, which acts as a state monopoly for the sale of medical cannabis cultivated in Germany. Cannabis in finished and packaged form can only be placed on the market as finished drug product if licensed under a valid marketing authorization. For purposes of this section "*Regulatory Framework in Germany for Imports*", the term "cannabis" has the meaning given to such term under applicable law.

To import medical cannabis into Germany, the cannabis must be cultivated in a country that complies with the 1961 Single Convention on Narcotic Drugs, meaning that the country must regulate and control the cultivation of cannabis and the cannabis must be cultivated for medical purposes. The importer must hold a narcotic drugs license issued by the Federal Institute for Drugs and Medical Devices (the "BfArM") and must also apply to the BfArM for authorization for each specific import shipment. Other activities, including the distribution and supply of medical cannabis, also require a narcotic drugs license from the BfArM (subject to limited exceptions). Once imported, medical cannabis can be supplied to patients by pharmacists pursuant to an individual narcotics-specific prescription issued by a physician.

Regulatory Framework in Poland for Imports

The import of medical cannabis (covering non-fibrous cannabis herbs, extracts, pharmaceutical tinctures and resin constituting pharmaceutical raw materials for the preparation of magistral medical products) is permitted in Poland under the Act on prevention of drug abuse (Ustawa o przeciwdzia³aniu narkomaniu, "NarkU"). For purposes of this section "*Regulatory Framework in Poland for Imports*", the term "cannabis" has the meaning given to such term under applicable law.

In order to import and market medical cannabis in Poland, the following administrative approvals are required: (i) a national Marketing Authorization (MA) issued by the President of the Office for Registration of Medical Products, Medical Devices and Biocides (Urz¹d Rejestracji Produktów Leczniczych, Wyrobów Medycznych i Produktów Biobójczych); (ii) an import or manufacturing license issued by the Chief Pharmaceutical Inspector (G³ówny Inspektor Farmaceutyczny, "GIF"); and (iii) a permit for each shipment to Poland issued by the GIF to an entity authorized to import and distribute intoxicants and psychoactive substances, together with a permit for export of each shipment issued by relevant authorities of a country of export. Import licenses for an individual medical product/pharmaceutical raw material are typically issued within 90 days of application for an indefinite period of time on condition that the entity applying for the license fulfils the requirements of GMP and employs a qualified person for the duration of all importation activities. The granting of the import license results in entry to the Register of Manufacturers and Importers of Medical Products kept by the GIF.

Once imported, medical cannabis can be supplied to patients by pharmacists pursuant to an individual prescription issued by a physician. Medical products based on cannabis are classified as "Rpw" - dispensed on individual physician's prescription containing narcotic agents. This special category allows for stricter control of the trade of medical products containing all narcotic agents and psychotropic substances, including cannabis.

Available Information

We are subject to the informational requirements of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act") and, in accordance with the Exchange Act, we also file reports with and furnish other information to the SEC. The public may obtain any document that we file with or furnish to the SEC from the SEC's Electronic Document Gathering, Analysis, and Retrieval system ("EDGAR"), which can be accessed at www.sec.gov, or via the System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at www.sedar.com, as well as from commercial document retrieval services.

Copies of this Annual Report may be obtained on request without charge from our Corporate Secretary, corporate.secretary@thecronosgroup.com, telephone: +1-416-504-0004. We also provide access without charge to all of our SEC filings, including copies of this Annual Report, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after filing or furnishing, on our website located at https://thecronosgroup.com.

From time to time, we use our website as an additional means of disclosing public information to investors, the media and others interested in the Company. It is possible that certain information we post on our website could be deemed to be material information, and we encourage investors, the media and others interested in the Company to review the business and financial information we or our officers post on our website. The information on our website is not incorporated by reference into this Form 10-K.

ITEM 1A. RISK FACTORS

An investment in us involves a number of risks. In addition to the other information contained in this Annual Report and in other filings we make, investors should give careful consideration to the following risk factors. Any of the matters highlighted in these risk factors could adversely affect our business, results of operations and financial condition, causing an investor to lose all, or part of, its, his or her investment. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of our securities could be materially and adversely affected.

Risks Relating to Regulation and Compliance

We operate in highly regulated sectors where the regulatory environment is rapidly developing and we may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Our operations are subject to various laws, regulations and guidelines by governmental authorities (including, in Canada, Health Canada and analogous provincial and local regulatory agencies and, in the U.S., the FDA, DEA and FTC and analogous state agencies) relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of cannabis and U.S. hemp, and also including laws, regulations and guidelines relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment (including relating to emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes). Our operations may also be affected in varying degrees by government regulations with respect to, but not limited to, price controls, export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment and government policies rewarding contracts to local competitors or requiring domestic producers or vendors to purchase supplies from a particular jurisdiction. Laws, regulations and guidelines, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on our products and services.

Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the production, storage, transportation, sale, import and export, as applicable, of our products. The cannabis and U.S. hemp industries are still new industries and, in Canada, in particular the Cannabis Act, is a new regime that has no close precedent in Canadian law. Similarly, outside of the U.S. and Canada, the regulatory environments in jurisdictions legalizing the import, cultivation, production and sale of cannabis and cannabis products are new and are still being developed without close precedent in such jurisdictions. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, applicable regulatory approvals which may be required may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, financial condition and results of operations.

The regulatory environment for our products is rapidly developing, and the need to build and maintain robust systems to comply with different and changing regulations in multiple jurisdictions increases the possibility that we may violate one or more applicable requirements. While we endeavor to comply with all relevant laws, regulations and guidelines, any failure to comply with the regulatory requirements applicable to our operations could subject us to negative consequences, including, civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, asset seizures, revocation or imposition of additional conditions on licenses to operate our business, the denial of regulatory applications (including, in the U.S., by other regulatory regimes that rely on the positions of the DEA and FDA in the application of their respective regimes), the suspension or expulsion from a particular market or jurisdiction or of our key personnel, or the imposition of additional or more stringent inspection, testing and reporting requirements, any of which could materially adversely affect our business and financial results. In the U.S., failure to comply with FDA requirements (and analogous state agencies) may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm our reputation, require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources, negatively impact our future growth plans and opportunities or have a material adverse impact on our business, financial condition and results of operations.

If the Company's U.S. hemp business activities are found to be in violation of any of U.S. federal, state or local laws or any other governmental regulations, in addition to the items described above:

- the Company may be subject to "Warning Letters," fines, penalties, administrative sanctions, settlements, injunctions, product recalls and/or other enforcement actions arising from civil, administrative or other proceedings initiated that could adversely affect the Company's business, financial condition, operating results, liquidity, cash flow and operational performance;
- the profits or revenues derived therefrom could be subject to money laundering statutes, including the Money Laundering Control Act, which could result in significant disruption to our U.S. hemp business operations and involve significant costs, expenses or other penalties; and
- the Company's suppliers, service providers and distributors may elect, at any time, to breach or otherwise cease to participate in supply, service or distribution agreements, or other relationships, on which the Company's operations rely.

As it relates to U.S. Schedule I cannabis, in the U.S., despite U.S. Schedule I cannabis possession and use having been legalized at the state level for medical use in many states and for adult-use in a number of states, U.S. Schedule I cannabis continues to be categorized as a Schedule I controlled substance under the CSA and subject to the Controlled Substances Import and Export Act ("CSIEA"). Although we do not engage in any activities related to U.S. Schedule I cannabis in the U.S., violations of any U.S. federal laws and regulations, including the CSA and the CSIEA, whether intentional or inadvertent, could result in civil, criminal and/or administrative enforcement actions, which could result in fines, penalties, and other sanctions, including but not limited to, cessation of business activities. Additionally, U.S. border officials could deny entry into the U.S. to those employed at or investing in legal and licensed non-U.S. cannabis companies and such persons could face detention, denial of entry or lifetime bans from the U.S. for their business associations with cannabis businesses.

We and our joint ventures and strategic investments are reliant on required licenses, authorizations, approvals and permits for our ability to grow, process, store and sell cannabis which are subject to ongoing compliance, reporting and renewal requirements and we may also be required to obtain additional licenses, authorizations, approvals and permits in connection with our business.

Our ability to grow, process, store and sell cannabis in Canada is dependent on our licenses from Health Canada, and in particular the licenses currently held by Peace Naturals and OGBC. Failure to comply with the requirements of the licenses or failure to maintain the licenses would have a material adverse impact on our business, financial condition and results of operations. Although Peace Naturals and OGBC believe they will meet the requirements of the Cannabis Act for extension of their respective licenses, there can be no guarantee that Health Canada will extend or renew the licenses or, if they are extended or renewed, that they will be extended or renewed on the same or similar terms or that Health Canada will not revoke the licenses. Should we fail to comply with requirements of the licenses, should Health Canada not extend or renew the licenses, should we renew the licenses on different terms (including not allowing for anticipated capacity increases) or should the licenses be revoked, our business, financial condition and results of the operations will be materially adversely affected.

Our ability to grow, process, store and sell cannabis in Israel is dependent on being granted cannabis cultivation and production licenses and our ability to export products from Cronos Israel is also dependent on obtaining the relevant export permits. Our ability to grow, process, store and sell cannabis at our Cronos GrowCo cannabis facility in Kingsville, Ontario depends on being granted the appropriate licenses from Health Canada. Our ability to grow, process, store and sell cannabis in Colombia is dependent on being granted the appropriate licenses from the Ministry of Health and Social Security and our ability to export products from NatuEra is dependent on our ability to obtain the relevant export permits. However, there is no assurance that we or our joint ventures will be able to obtain such permits or licenses on commercially reasonable terms, if at all.

In addition, Ginkgo's ability to conduct certain R&D activities in the U.S. under the Ginkgo Collaboration Agreement is conditional on Ginkgo continuing to maintain all necessary licenses, permits and approvals required for Ginkgo to perform such R&D activities. There are no assurances that Ginkgo will be able to maintain required licenses, permits and approvals and, to the extent such licenses, permits and approvals are not maintained, we may not realize the expected benefits of the Ginkgo Strategic Partnership.

We may also be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where we source, process, or sell products derived from U.S. hemp. We may be unable to obtain or maintain any necessary licenses, permits or approvals. Additional government licenses are currently, and in the future, may be, required in connection with our operations, in addition to other unknown permits and approvals which may be required, including with respect to our other Rest of World operations. To the extent such permits, and approvals are required and not obtained, we may be prevented from operating and/or expanding our business, which could have a material adverse effect on our business, financial condition and results of operations.

Changes in the laws, regulations and guidelines governing cannabis and U.S. hemp may adversely impact our business.

Our current operations are subject to various laws, regulations and guidelines by governmental authorities (including, in Canada, Health Canada and, in the U.S., the FDA, DEA, FTC and PTO) relating to the marketing, acquisition, manufacture, packaging/labeling, management, transportation, storage, sale and disposal of cannabis or U.S. hemp but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Additionally, our growth strategy continues to evolve as regulations governing the cannabis industry in the jurisdictions other than Canada and the U.S. in which we operate become more fully developed. Interpretation of these laws, rules and regulations and their application to our operations is ongoing. No assurance can be given that new laws, regulations and guidelines will not be enacted or that existing laws, regulations and guidelines will not be amended, repealed or interpreted or applied in a manner which could require extensive changes to our operations, increase compliance costs, give rise to material liabilities or a revocation of our licenses and other permits, restrict the growth opportunities that we currently anticipate or otherwise limit or curtail our operations. Amendments to current laws, regulations and guidelines governing the production, sale and use of cannabis and cannabis-based products, more stringent implementation or enforcement thereof or other unanticipated events, including changes in political regimes or political instability, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation, changing political conditions and governmental regulations relating to foreign investment and the cannabis business more generally, and changes in attitudes toward cannabis, are beyond our control and could require extensive changes to our operations, which in turn may result in a material adverse effect on our business, financial condition and results of operations.

While the production of cannabis in Canada is under the regulatory oversight of the federal government, the distribution of adult-use cannabis in Canada is the responsibility of the provincial and territorial governments. The impact of the legislation regulating adult-use cannabis passed in the provinces and territories, on the cannabis industry and our business plans and operations is uncertain. Provinces and territories have announced certain restrictions that are more stringent than the federal rules or regulations such as bans on cannabis edibles, raising minimum age of purchase and flavor restrictions. For example, Quebec, Newfoundland and Labrador and Prince Edward Island do not currently permit sales of cannabis vaporizers. In addition, the distribution and retail channels and applicable rules and regulations in the provinces continue to evolve and our ability to distribute and retail cannabis and cannabis products in Canada is dependent on the ability of the provinces and territories of Canada to establish licensed retail networks and outlets. There is no guarantee that the applicable legislation regulating the distribution and sale of cannabis for adult-use purposes will create or allow for the growth opportunities we currently anticipate.

Furthermore, additional countries continue to pass laws that allow for the production and distribution of cannabis in some form or another. We have some subsidiaries and strategic alliances in place outside of the U.S. and Canada, which may be affected if more countries legalize cannabis. Increased international competition and limitations placed on us by Canadian regulations might lower the demand for our products on a global scale. We also face competition in each jurisdiction outside of the U.S. and Canada where we have subsidiaries and strategic alliances with local companies that have more experience, more in-depth knowledge of local markets or applicable laws, regulations and guidelines or longer operating histories in such jurisdictions.

We are subject to certain restrictions of the TSX and Nasdaq which may constrain our ability to expand our business internationally.

Our common shares are listed on the TSX and Nasdaq. We must comply with the TSX and Nasdaq requirements or guidelines when conducting business.

On October 16, 2017, the TSX provided clarity regarding the application of Section 306 (Minimum Listing Requirements), Section 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the “Requirements”) to TSX-listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017- 0009, the TSX notes that issuers with ongoing business activities that violate U.S. federal law regarding U.S. Schedule I cannabis are not in compliance with the Requirements. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the Requirements, the TSX has the discretion to initiate a delisting review. Although we do not conduct any operations in the U.S. with respect to U.S. Schedule I cannabis, failure to comply with the Requirements could have a material adverse effect on our business, financial condition and results of operations.

While Nasdaq has not issued official rules specific to the cannabis or U.S. hemp industry, stock exchanges in the U.S., including Nasdaq, have historically refused to list certain U.S. Schedule I cannabis related businesses, including U.S. Schedule I cannabis retailers, that operate primarily in the U.S. Failure to comply with any requirements imposed by Nasdaq could result in the delisting of our common shares from Nasdaq or denial of any application to have additional securities listed on Nasdaq which could have a material adverse effect on the trading price of our common shares.

We are constrained by law in our ability to market and advertise our products.

Our marketing and advertising are subject to regulation by various regulatory bodies in the jurisdictions we operate. In Canada, the development of our business and related results of operations may be hindered by applicable regulatory restrictions on sales and marketing activities. For example, the regulatory environment in Canada limits our ability to compete for market share in a manner similar to other industries. If we are unable to effectively market our products and compete for market share in Canada, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for our products, our sales and results of operations could be adversely affected. See "*Business –Regulatory Framework in Canada.*"

In the U.S., our advertising is subject to regulation by the FTC under the Federal Trade Commission Act as well as the FDA under the Federal Food, Drug, and Cosmetic Act, including as amended by the Dietary Supplement Health and Education Act of 1994, and by state agencies under analogous and similar state and local laws. In recent years, the FTC, the FDA and state agencies have initiated numerous investigations of food and dietary supplement products both because of their CBD content and based on allegedly deceptive or misleading marketing claims and have, on occasion, issued "Warning Letters" due to such claims. Some U.S. states also permit content, advertising and labeling laws to be enforced by state attorneys general, who may seek civil and criminal penalties, relief for consumers, class action certifications, class wide damages and recalls of products sold by us. There has also been a recent increase in private litigation that seeks, among other things, relief for consumers, class action certifications, class wide damages and recalls of products. We could become a target of such private class action litigation. Any actions against us by governmental authorities or private litigants could have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance.

Risks Related to U.S. Regulation and Compliance

We are subject to uncertainty regarding the legal and regulatory status of U.S. hemp, including with respect to U.S. federal and state implementation of the 2018 Farm Bill and related laws, including the Federal Food, Drug, and Cosmetic Act, and the interpretation or application of, or changes to, such laws and regulations may have material and adverse effects on our business, financial condition, operating results, liquidity, cash flow and operational performance.

In 2014, U.S. Congress passed the 2014 Farm Bill, which permitted the domestic cultivation of "industrial hemp" (defined as the plant Cannabis sativa L. and any part of such plant, whether growing or not, with no more than 0.3% THC on a dry weight basis) as part of agricultural pilot programs adopted by individual states for the purposes of research by state departments of agriculture and institutions of higher education. There is significant uncertainty concerning the permissible scope of commercial activity under the 2014 Farm Bill. The 2014 Farm Bill only authorized institutions of higher education and state agricultural departments to cultivate industrial hemp, and only to do so for research purposes. However, it also gave significant discretion to states to regulate industrial hemp pilot programs. Many states that have adopted pilot programs have licensed private companies to cultivate and process industrial hemp. Additionally, many states have interpreted the 2014 Farm Bill to permit research concerning industrial hemp through, among other things, commercial marketing and sale of industrial hemp and industrial hemp products. In contrast, the DEA, FDA and the USDA have taken the position that, under the 2014 Farm Bill, industrial hemp products may not be sold for the purpose of general commercial activity or in states without agricultural pilot programs that permit their sale for research marketing purposes; these agencies have also taken the position that, under the 2014 Farm Bill, industrial hemp plants and seeds may not be transported across state lines.

On December 20, 2018, the 2018 Farm Bill was signed into law. The 2018 Farm Bill, among other things, removes "hemp" (which we refer to as "U.S. hemp" in this Annual Report, defined as the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a THC concentration of not more than 0.3% on a dry weight basis and its derivatives) from the Controlled Substances Act and amends the Agricultural Marketing Act of 1946 to permit the production and sale of U.S. hemp in the U.S. The 2018 Farm Bill tasks the USDA with promulgating regulations in relation to the cultivation and production of U.S. hemp. The 2018 Farm Bill also directs the USDA to promulgate federal regulations that would apply to the production of U.S. hemp in every state which does not put forth a state U.S. hemp plan for approval by the USDA. The USDA issued an interim final rule in October of 2019, which rule will be effective through November 1, 2021. Various states are in the process of applying to the USDA for approval of their U.S. hemp production regulations which impose different levels of regulation and costs on the production of U.S. hemp and certain state plans have been approved by the USDA. On February 27, 2020, the USDA announced the delay of enforcement of certain requirements under its interim final rule. Under the new guidance, USDA will delay enforcement of the requirement for labs to be registered by the DEA and the requirement that producers use a DEA-registered reverse distributor or law enforcement to dispose of non-compliant plants under certain circumstances. Enforcement will be delayed starting this crop year and until October 31, 2021, or the final rule is published, whichever comes first. Moreover, the 2018 Farm Bill provides that its provisions do not preempt or limit state laws that regulate the production of U.S. hemp. Accordingly, some states may choose to restrict or prohibit some or all U.S. hemp production or sales within the state and variances in states' laws and regulations on U.S. hemp are likely to persist. Further, each state has discretion to develop and implement its own laws and regulations

governing the manufacturing, marketing, labeling, and sale of U.S. hemp products, which is anticipated to create a patchwork of different regulatory schemes applicable to such products.

The FDA or particular states may ultimately prohibit the sale of some or all dietary supplements or conventional foods containing U.S. hemp and U.S. hemp-derived ingredients, including CBD and we may be required to submit a New Dietary Ingredient notification to the FDA, which may not be accepted without objection.

Under the 2018 Farm Bill, the FDA has retained authority over the Federal Food, Drug, and Cosmetic Act-regulated products (*e.g.*, drugs (human and animal), food (human and animal), dietary supplements and cosmetics) containing U.S. hemp and U.S. hemp-derived ingredients, including CBD. The FDA has consistently taken the position that CBD, whether derived from U.S. hemp or U.S. Schedule 1 cannabis, is prohibited from use as an ingredient in food and dietary supplements. This stems from its interpretation of the exclusionary clauses in the Federal Food Drug & Cosmetic Act because CBD is the active ingredient in a drug that has been approved as a prescription drug and is the subject of substantial clinical investigations as a drug, which have been made public. The exclusionary clauses under the Federal Food Drug & Cosmetic Act provide that a substance that has been approved and/or has been subject to substantial clinical investigations as a drug may not be used in a food or dietary supplement, unless the substance was first marketed in a food or dietary supplement prior to the initiation of substantial clinical investigations of the substance as a drug.

The FDA has not issued regulations that elaborate on the exclusionary clauses, and the FDA has not taken any enforcement action in the courts asserting a violation of the exclusionary clauses due to the marketing of U.S. hemp, U.S. hemp extracts, or CBD. To date, the FDA has issued several "Warning Letters" to companies unlawfully marketing CBD products. In many of these cases, the manufacturer made unsubstantiated claims about the product being able to treat medical conditions (e.g., cancer, Alzheimer's disease, opioid withdrawal and anxiety) and had not obtained drug approvals. Some of these letters were co-signed with the FTC and cited the companies for making claims about the efficacy of CBD which were not substantiated by competent and reliable scientific evidence. Recently, the FDA issued a "Warning Letter" to a dietary supplement manufacturer for a number of violations observed during an inspection, including manufacturing CBD supplements in a licensed facility.

Until the FDA formally adopts regulations with respect to CBD products or announces an official position with respect to CBD products, there is a risk that the FDA could take enforcement action (e.g., "Warning Letter," seizure, injunction) against the Company's U.S. hemp-derived CBD products sold in the U.S.

Moreover, states have retained regulatory authority through their own analogues to the Federal Food, Drug and Cosmetic Act, and the states may diverge from the federal treatment of the use of U.S. hemp as, or in, food, dietary supplements or cosmetic products. The FDA or applicable states (under their CSA and Federal Food, Drug, and Cosmetic Act analogues) may ultimately not permit the sale of non-pharmaceutical products containing hemp-derived ingredients, including CBD, which would have a material adverse impact on our business, financial condition and results of operations.

Even if the exclusionary clause issue discussed above is resolved in a manner favorable to us, we could be required to submit a New Dietary Ingredient Notification ("NDIN") to the FDA with respect to U.S. hemp-derived ingredients, including CBD, used in dietary supplement products. This could depend on whether we can establish that a particular ingredient was marketed as a dietary ingredient in a dietary supplement prior to October 15, 1994 or is otherwise currently in the food supply in the same chemical form as used in our dietary supplement products. If the FDA objects to our NDIN notification, this could prevent us from producing, marketing and selling ingestible U.S. hemp products which would have a material adverse impact on our business, financial condition and results of operations.

The FDA or particular U.S. states may seek to regulate our cosmetic products containing U.S. hemp-derived ingredients, including CBD, as drugs, medical devices, or drug-device combination products.

The FDA may seek to regulate our cosmetic products containing U.S. hemp-derived ingredients, including CBD, under its authorities for medical products (*i.e.*, drugs, medical devices, or drug-device combination products). Specifically, the agency could assert that our lotions, oils, balms and creams are intended for use in diagnosing, treating, mitigating or preventing disease or for use in affecting the structure or any function of the body. In making classification decisions, the agency considers a wide variety of factors to determine a product's intended use; indeed, the FDA has sometimes asserted that a product qualifies as a drug based solely on the presence of an ingredient widely understood to have drug effects, even in the absence of express claims about them. Though we do not market our lotions, oils, balms and creams as drugs for use in the treatment of diseases or their symptoms, the FDA could still assert that the products are intended for use as drugs, including based on the understood or presumed physical effects of topically administered cannabinoids. Thus, we may not have the ability to successfully respond to such allegations simply by modifying labeling or advertising claims. Ultimately, if the FDA asserts one of its medical product authorities over our lotion, oil, balm and cream products, and we cannot or elect not to comply with the onerous regulatory requirements applicable to the asserted medical product category (e.g., drug), we could be prevented from producing, marketing and selling cosmetic products containing U.S. hemp-derived ingredients, including CBD. In addition, states may similarly seek to regulate our cosmetic products containing U.S. hemp-derived ingredients, including CBD, as medical products

(*i.e.*, drugs, medical devices, or drug-device combination products) under state analogues to the Federal Food, Drug, and Cosmetic Act or otherwise. States have also considered and established additional restrictions on, or requirements for, the marketing of cosmetic products containing U.S. hemp-derived ingredients. If states assert their medical product authorities over our cosmetic products containing U.S. hemp-derived ingredients, including CBD, in a manner that we cannot address simply by modifying labelling or advertising claims, and we cannot or elect not to comply with the onerous regulatory requirements applicable to the asserted medical product category (e.g., drug), we could be prevented from producing, marketing and selling cosmetic products containing U.S. hemp-derived ingredients, including CBD. Likewise, if states enforce or adopt regulatory interpretations or restrictions that limit our ability to market our cosmetic products containing U.S. hemp-derived ingredients, including CBD, in such states, it could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

The DEA could take enforcement action against us or other participants in the U.S. hemp industry.

There is substantial uncertainty concerning the legal status of U.S. hemp and U.S. hemp products containing U.S. hemp-derived ingredients, including CBD. The status of products derived from the cannabis or hemp plant, under both federal and state law can depend on the THC content of the plant or derivative (including whether the plant meets the statutory definition of "industrial hemp" or "hemp"), the part of the plant from which an individual or entity produces the derivative (including whether the plant meets the statutory definition of "marihuana" under the Controlled Substances Act), whether the cultivator, processor, manufacturer or product marketer engages in cannabis-related activities for research versus purely commercial purposes, as well as the form and intended use of the product. The mere presence of a cannabinoid (such as CBD) is not dispositive as to whether the product is legal or illegal. Under U.S. federal law, products containing CBD may be unlawful if derived from U.S. Schedule I cannabis (including hemp with a concentration greater than 0.3% on a dry weight basis), or if derived from U.S. hemp grown outside the parameters of an approved U.S. hemp pilot program or U.S. hemp cultivated in violation of the 2018 Farm Bill. Even after enactment of the 2018 Farm Bill, the DEA may not treat all products containing U.S. hemp-derived ingredients, including CBD, as exempt from the Controlled Substances Act. If the DEA takes action against us or other participants in the U.S. hemp industry, this could have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance.

Risks Relating to Our Products

There is limited long-term data with respect to the efficacy and side effects of our products and future clinical research studies on the effects of cannabis, hemp and cannabinoids may lead to conclusions that dispute or conflict with our understanding and belief regarding their benefits, viability, safety, efficacy, dosing and social acceptance.

Research in Canada, the U.S. and internationally regarding the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, U.S. hemp or isolated cannabinoids (such as CBD and THC) in dietary supplements, food, or cosmetic products remains in early stages. There have been relatively few clinical trials on the benefits of cannabis, U.S. hemp or isolated cannabinoids and there is limited long-term data with respect to efficacy, side effects and/or interaction of these substances with human or animal biochemistry. As a result, our products could have unexpected side effects or safety concerns, the discovery of which could lead to civil litigation, regulatory actions and even possibly criminal enforcement actions. In addition, if the products we sell do not or are not perceived to have the effects intended by the end user, this could have a material adverse effect on our business, financial condition and results of operations. See also "- *We may be subject to, or prosecute, litigation in the ordinary course of business.*", "- *We may be subject to product liability claims.*" and "- *Our products have in the past and may in the future be subject to recalls.*"

The statements made by the Company, including in this Annual Report, concerning the potential benefits of cannabis, U.S. hemp and isolated cannabinoids are based on published articles and reports and therefore are subject to the experimental parameters, qualifications and limitations in such studies that have been completed. Although we believe that the existing public scientific literature generally supports our beliefs regarding the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, U.S. hemp and cannabinoids, future research and clinical trials may cast doubt or disprove such beliefs, or could raise or heighten concerns regarding, and perceptions relating to, cannabis, U.S. hemp and cannabinoids, which could have a material adverse effect on the demand for our products with the potential to lead to a material adverse effect on our business, financial condition and results of operations. Given these risks, uncertainties and assumptions, undue reliance should not be placed on such literature. In particular, the FDA has raised several questions regarding the safety of CBD and gaps in the public scientific literature supporting the use of CBD by the general population.

Clinical trials of cannabis-based medical products and treatments are novel terrain with very limited or non-existent clinical trials history; we face a significant risk that any trials will not result in commercially viable products and treatments.

Clinical trials are expensive, time consuming and difficult to design and implement. Regulatory authorities may suspend, delay or terminate any clinical trials we commence at any time, may require us, for various reasons, to conduct additional clinical trials, or may require a particular clinical trial to continue for a longer duration than originally planned. Clinical trials face many risks, including, among others:

- lack of effectiveness of any formulation or delivery system during clinical trials;
- discovery of serious or unexpected toxicities or side effects experienced by trial participants or other safety issues;
- slower than expected subject recruitment and enrollment rates in clinical trials;
- delays or inability in manufacturing or in obtaining sufficient quantities of materials for use in clinical trials due to regulatory and manufacturing constraints;
- delays in obtaining regulatory authorization to commence a trial, including licenses required for obtaining and using cannabis for research, either before or after a trial is commenced;
- unfavorable results from ongoing pre-clinical studies and clinical trials;
- patients or investigators failing to comply with study protocols;
- patients failing to return for post-treatment follow-up at the expected rate;
- sites participating in an ongoing clinical study withdraw, requiring us to engage new sites; and
- third-party clinical investigators declining to participate in our clinical studies, not performing the clinical studies on the anticipated schedule, or acting in ways inconsistent with the established investigator agreement, clinical study protocol or good clinical practices.

Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

The current controversy surrounding vaporizers and vaporizer products may materially and adversely affect the market for vaporizer products and expose us to litigation and additional regulation.

There have been a number of highly publicized cases involving lung and other illnesses and deaths that appear to be related to vaporizer devices and/or products used in such devices (such as vaporizer liquids). The focus is currently on the vaporizer devices, the manner in which the devices were used and the related vaporizer device products - THC, nicotine, other substances in vaporizer liquids, possibly adulterated products and other illegal unlicensed cannabis vaporizer products. Some states, provinces, territories and cities in the U.S. and Canada have already taken steps to prohibit the sale or distribution of vaporizers, restrict the sale and distribution of such products or impose restrictions on flavors or use of such vaporizers. This trend may continue, accelerate and expand.

Cannabis vaporizers in Canada are regulated under the Cannabis Act and Cannabis Regulations. Although this legislation sets rules and standards for the manufacture, composition, packaging, and marketing of cannabis vaporizer products, these rules and standards predate the spate of vaporizer-related health issues that have recently arisen in the U.S. These issues and accompanying negative public sentiment may prompt Health Canada or individual provinces/territories to decide to further limit or defer industry's ability to sell cannabis vaporizer products, and may also diminish consumer demand for such products. There can be no assurance that we will be able to meet any additional compliance requirements or regulatory restrictions, or remain competitive in face of unexpected changes in market conditions.

This controversy could well extend to non-nicotine vaporizer devices and other product formats. Any such extension could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance. Litigation pertaining to vaporizer products is accelerating and that litigation could potentially expand to include our products, which would materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

Future research may lead to findings that vaporizers, electronic cigarettes and related products are not safe for their intended use.

Vaporizers, electronic cigarettes and related products were recently developed and therefore the scientific or medical communities have had a limited period of time to study the long-term health effects of their use. Currently, there is limited scientific or medical data on the safety of such products for their intended use and the medical community is still studying the health effects of the use of such products, including the long-term health effects. If the scientific or medical community were to determine conclusively that use of any or all of these products pose long-term health risks, market demand for these products and their use could materially decline. Such a determination could also lead to litigation, reputational harm and significant regulation. Loss of demand for our product, product liability claims and

increased regulation stemming from unfavorable scientific studies on cannabis vaporizer products could have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to the Altria Investment

Altria has significant influence over us following closing of the Altria Investment.

Altria is our single largest shareholder. As of the closing date of the Altria Investment, Altria beneficially owned approximately 45% of our issued and outstanding common shares (calculated on a non-diluted basis). In light of such ownership, Altria is in a position to exercise significant influence over matters affecting shareholders or requiring shareholder approval, including the election of the Board, amendments to our articles and by-laws and the determination of significant corporate actions. In addition, pursuant to the Investor Rights Agreement, Altria has certain rights, including the right to nominate a specified number of directors to the Board, approval rights over certain Company actions and pre-emptive and top-up rights entitling Altria to maintain its pro rata beneficial ownership in us. Further, as of the date hereof, four of the seven directors on the Board are Altria Nominees. For more information see "*Business - Altria Strategic Investment - Investor Rights Agreement.*"

Upon exercise of the Altria Warrant in full, assuming no other securities of ours are issued, Altria will beneficially hold in excess of a majority of the voting rights of the issued and outstanding common shares and would have the right to elect the entire Board and be able to exercise a controlling influence over our business and affairs, including the selection of our senior management, the acquisition or disposition of our assets, the payment of dividends and any change of control of us, such as a merger or take-over.

Accordingly, Altria currently has significant influence over us and has the ability to increase this influence at any time upon the exercise of the Altria Warrant. There can be no assurance that Altria's interests will align with our interests or the interests of other shareholders. In addition, such influence could limit the price that an acquirer might be willing to pay in the future for common shares and it may have the effect of delaying or preventing a change of control of us, such as a merger or take-over.

We have discretion in the use of net proceeds from the Altria Investment and may not use them effectively.

Under the Subscription Agreement, we have discretion in the use of net proceeds from the Altria Investment, subject to our obligation to consult with Altria, approval of Altria (such approval not to be unreasonably conditioned, withheld or delayed) and certain other limitations regarding the use of net proceeds set forth in the Subscription Agreement. Accordingly, shareholders may not agree with the manner in which management chooses to allocate and spend the net proceeds. Our failure to apply the funds effectively could have a material adverse effect on our business and financial condition.

We have cash on hand of approximately $1.2 billion as of December 31, 2019. There can be no assurance that we will be able to deploy the available cash in an effective manner that is accretive to us, or at all. Until such time as we are able to deploy the cash available to us, we anticipate holding the net proceeds as cash balances in our bank account or investing in certificates of deposit and other instruments issued by banks or obligations of or guaranteed by the Government of Canada or any province thereof or in U.S. Treasury securities or other obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities. There can be no assurance that we will earn any material revenue from such invested cash.

We may not realize the benefits of our strategic partnership with Altria, which could have an adverse effect on our business and results of operations.

We believe that the strategic partnership between us and Altria provides us with additional financial resources, product development and commercialization capabilities, and deep regulatory expertise to better position us to compete, scale and lead the rapidly growing global cannabis industry. We believe that the growth opportunities for us are significant and could extend across the globe as new markets open. With Altria's resources, we expect to be even better positioned to support cannabinoid innovation, create differentiated products and brands across medical and adult-use categories and expand our global footprint and growing production capacity. Nevertheless, a number of risks and uncertainties are associated with the expansion into such markets and the pursuit of these other growth opportunities. The successful implementation of the Altria Investment is critical to our growth and capital position. The failure to successfully implement or reap the anticipated benefits of Altria's resources and expertise to realize growth and expansion opportunities could have a material adverse effect on our business and results of operations.

Altria may stop providing certain services to us, which could have an adverse effect on our business and results of operations as we seek alternative providers for those services.

We believe that Altria provides high-quality services, and we believe that we achieve efficiency by using Altria as a service provider to provide multiple different services. If Altria terminates or reduces the services it provides to us, we would be required to find other

service providers, and those services may increase our costs, delay certain initiatives, or otherwise involve compromises as compared with the services Altria provides to us.

Any common shares issued pursuant to the exercise of the Altria Warrant will dilute shareholders.

The Altria Warrant may be exercised in full or in part at any time on or prior to March 8, 2023, from time to time, and entitles the holder thereof, upon valid exercise in full thereof, to acquire, accept and receive from us an aggregate of 77,514,993 of our common shares (subject to adjustment in accordance with the terms of the Altria Warrant Certificate), which represents 10% of the issued and outstanding common shares as of December 31, 2019 (on a non-diluted basis). Any issuance of common shares pursuant to the exercise of the Altria Warrant would dilute all of our other shareholders.

Altria's significant interest in us may impact the liquidity of the common shares.

Our common shares may be less liquid and trade at a discount relative to the trading that could occur in circumstances where Altria did not have the ability to significantly influence or determine matters affecting us. Additionally, Altria's significant voting interest in us may discourage transactions involving a change of control of us, including transactions in which an investor, as a shareholder, might otherwise receive a premium for its common shares over the then-current market price.

The change of control provisions in certain of our existing or future contractual arrangements may be triggered upon the exercise of the Altria Warrant in part or in full.

Certain of our existing or future contractual arrangements may include change of control provisions requiring us to make certain payments or triggering certain termination rights for our counterparties if the change of control trigger is fulfilled. The change of control provisions in certain of our existing arrangements, including, but not limited to, compensatory arrangements, or agreements we may enter into in the future, may be triggered upon the exercise of the Altria Warrant in part or in full.

Future sales of our common shares by Altria could cause the market price for our common shares to fall.

Sales of a substantial number of our common shares by Altria could occur at any time. Such sales, or the market perception of such sales, could significantly reduce the market price of our common shares. We cannot predict the effect, if any, that future public sales of our common shares beneficially owned by Altria or the availability of these common shares for sale will have on the market price of our common shares. If the market price of our common shares were to drop as a result, this might impede our ability to raise additional capital and might cause a significant decline in the value of the investments of our other shareholders.

The intentions of Altria regarding its long-term economic ownership of our common shares are subject to change as a result of changes in the circumstances of Altria or its affiliates, changes in our management and operation and changes in laws, market conditions and our financial performance.

Conflicts of interest may arise between us and our directors and officers, including as a result of the continuing involvement of certain of our directors with Altria and its affiliates.

We may be subject to various potential conflicts of interest because of the fact that some of our directors and officers may be engaged in a range of business activities, and have relationships with or are employed by Altria. One of our directors, Jason Adler, is the co-founder and Managing Member of Gotham Green Partners, a private equity firm focused primarily on early-stage investing in companies in the cannabis industry, and Michael Gorenstein, our Chairman, President and Chief Executive Officer is a co-founder and non-managing Member of Gotham Green Partners. Two of our directors, Jody Begley and Murray Garnick, are employed by Altria as Senior Vice President, Tobacco Products, and Executive Vice President and General Counsel, respectively. As a result of these relationships, conflicts of interests may arise between us and them, as described below.

We may also become involved in other transactions which are inconsistent or conflict with the interests of our directors and officers, and/or our directors and officers may have interests in persons, firms, institutions, corporations or transactions that are inconsistent or in conflict with our interests and those of our shareholders. In addition, from time to time, Gotham Green Partners or Altria may be competing with us for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of our directors, a director who has such a conflict will abstain from voting for or against the approval of the transaction and may recuse himself or herself from any related discussion or deliberation. In accordance with applicable laws, our directors are required to act honestly, in good faith and in our best interests.

Risks Relating to Entry into New Markets

Controlled substance and other legislation and treaties may restrict or limit our ability to research, manufacture and develop a commercial market for our products outside of the jurisdictions in which we currently operate and our expansion into such jurisdictions is subject to risks.

Approximately 250 substances, including cannabis, are listed in the Schedules annexed to the UN Single Convention, the Convention on Psychotropic Substances (Vienna, 1971) and the Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (introducing control on precursors) (Vienna, 1988). The purpose of these listings is to control and limit the use of these drugs according to a classification of their therapeutic value, risk of abuse and health dangers, and to minimize the diversion of precursor chemicals to illegal drug manufacturers. The 1961 UN Single Convention on Narcotic Drugs, as amended in 1972 classifies cannabis as a Schedule I ("substances with addictive properties, presenting a serious risk of abuse") and as a Schedule IV ("the most dangerous substances, already listed in Schedule I, which are particularly harmful and of extremely limited medical or therapeutic value") narcotic drug. The 1971 UN Convention on Psychotropic Substances classifies THC as a Schedule I psychotropic substance (substances presenting a high risk of abuse, posing a particularly serious threat to public health which are of very little or no therapeutic value). Many countries are parties to these conventions, which govern international trade and domestic control of these substances, including cannabis. They may interpret and implement their obligations in a way that creates legal obstacles to our obtaining manufacturing and/or marketing approval for our products in those countries. These countries may not be willing or able to amend or otherwise modify their laws and regulations to permit our products to be manufactured and/or marketed and achieving such amendments to the laws and regulations may take a prolonged period of time. There can be no assurance that any market for our products will develop in any jurisdiction in which we do not currently have operations. We may face new or unexpected risks or significantly increase our exposure to one or more existing risk factors, including economic instability, political instability, changes in laws and regulations and the effects of competition. These factors may limit our capability to successfully expand our operations into such jurisdictions and may have a material adverse effect on our business, financial condition and results of operations.

Investments and joint ventures outside of Canada and the U.S. are subject to the risks normally associated with any conduct of business in foreign countries, including varying degrees of political, legal and economic risk.

Much of our exposure to markets in jurisdictions outside of Canada and the U.S. is through investments and joint ventures. These investments and joint ventures are subject to the risks normally associated with any conduct of business in foreign and/or emerging countries including political risks; civil disturbance risks; changes in laws or policies of particular countries, including those relating to royalties, duties, imports, exports and currency; the cancellation or renegotiation of contracts; the imposition of royalties, net profits payments, tax increases or other claims by government entities, including retroactive claims; a disregard for due process and the rule of law by local courts; the risk of expropriation and nationalization; delays in obtaining or the inability to obtain necessary governmental permits or the reimbursement of refundable tax from fiscal authorities.

Threats or instability in a country caused by political events including elections, change in government, changes in personnel or legislative bodies, foreign relations or military control present serious political and social risk and instability causing interruptions to the flow of business negotiations and influencing relationships with government officials. Changes in policy or law may have a material adverse effect on our business, financial condition and results of operations. The risks include increased "unpaid" state participation, higher energy costs, higher taxation levels and potential expropriation.

Other risks include the potential for fraud and corruption by suppliers or personnel or government officials which may implicate us, compliance with applicable anti-corruption laws, including the U.S. Foreign Corrupt Practices Act and the Corruption of Foreign Public Officials Act (Canada) by virtue of our operating in jurisdictions that may be vulnerable to the possibility of bribery, collusion, kickbacks, theft, improper commissions, facilitation payments, conflicts of interest and related party transactions and our possible failure to identify, manage and mitigate instances of fraud, corruption or violations of our code of conduct and applicable regulatory requirements.

There is also the risk of increased disclosure requirements; currency fluctuations; restrictions on the ability of local operating companies to hold Canadian dollars, U.S. dollars or other foreign currencies in offshore bank accounts; import and export regulations; increased regulatory requirements and restrictions; limitations on the repatriation of earnings or on our ability to assist in minimizing our expatriate workforce's exposure to double taxation in both the home and host jurisdictions; and increased financing costs.

These risks may limit or disrupt our joint ventures, strategic alliances or investments, restrict the movement of funds, cause us to have to expend more funds than previously expected or required or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, and may materially adversely affect our financial position and/or results of operations. In addition, the enforcement by us of our legal rights in foreign countries, including rights to exploit our properties or utilize

our permits and licenses and contractual rights may not be recognized by the court systems in such foreign countries or enforced in accordance with the rule of law.

We may invest in companies, or engage in joint ventures, in countries with developing economies. It is difficult to predict the future political, social and economic direction of the countries in which we operate, and the impact government decisions may have on our business. Any political or economic instability in the countries in which we operate could have a material and adverse effect on our business, financial condition and results of operations.

Our use of joint ventures may expose us to risks associated with jointly owned investments.

We currently operate parts of our business through joint ventures with other companies, and we may enter into additional joint ventures and strategic alliances in the future. Joint venture investments may involve risks not otherwise present for investments made solely by us, including: (i) we may not control the joint ventures; (ii) our joint venture partners may not agree to distributions that we believe are appropriate; (iii) where we do not have substantial decision-making authority, we may experience impasses or disputes with our joint venture partners on certain decisions, which could require us to expend additional resources to resolve such impasses or disputes, including litigation or arbitration; (iv) our joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or fail to fulfil their obligations as a joint venture partner; (v) the arrangements governing our joint ventures may contain certain conditions or milestone events that may never be satisfied or achieved; (vi) our joint venture partners may have business or economic interests that are inconsistent with ours and may take actions contrary to our interests; (vii) we may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments; (viii) it may be difficult for us to exit a joint venture if an impasse arises or if we desire to sell our interest for any reason; and (ix) our joint venture partners may exercise termination rights under the relevant agreements. Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations. In addition, we may, in certain circumstances, be liable for the actions of our joint venture partners.

There can be no assurance that our current and future strategic alliances or expansions of scope of existing relationships will have a beneficial impact on our business, financial condition and results of operations.

We currently have, and may in the future enter into, additional strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance our business and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

In the case of the Ginkgo Strategic Partnership, we will have, pursuant to the Ginkgo Collaboration Agreement, the exclusive right to use and commercialize the key patented intellectual property related to the production of the target cannabinoids globally. There can be no assurance that Ginkgo will be able to develop microorganisms that we will be able to commercialize or to obtain patents relating to production of the target cannabinoids, or that third parties will not develop similar microorganisms or obtain patents that may restrict our ability to commercialize the microorganisms developed by Ginkgo, and, as a result, there can be no assurance that we will be able to realize the expected benefits of the Ginkgo Strategic Partnership. Even if we are able to commercialize, there may not be demand for such products or the cultured cannabinoids developed therefrom.

In addition, pursuant to the Ginkgo Collaboration Agreement, if we undergo a change of control that is approved by the Board, Ginkgo may elect to receive cash payments, totaling up to $100 million, in lieu of the common shares that would otherwise become issuable in connection with any Equity Milestone Events (as defined in the Ginkgo Collaboration Agreement) achieved following such election (the “Milestone Cash Election”). If we undergo a change in control that has not been approved by the Board, then Ginkgo will have the ability to terminate the Ginkgo Collaboration Agreement immediately, in which case, among other things: (i) all rights or licenses granted to us by Ginkgo under the Ginkgo Collaboration Agreement will terminate; (ii) certain expenses and costs incurred by Ginkgo will be accelerated and become due and payable by us; (iii) the then-outstanding and unpaid portion of all cash payments from us to Ginkgo for the achievement of R&D milestones by Ginkgo shall be due immediately as if all R&D milestones had been achieved; and (iv) a lump sum cash payment equal to the aggregate of all Milestone Cash Election amounts in respect of which the relevant Equity Milestone Events have not yet been achieved will be immediately due and payable by us. We may not have enough cash to pay any cash obligations with respect to any change of control contemplated by the Ginkgo Collaboration Agreement. In such an event, we would need to finance such payment through debt or equity financing, which might not be available on acceptable terms, or at all. In addition, should Ginkgo terminate the Ginkgo Collaboration Agreement upon a change of control, we will no longer be able to use or commercialize the key patented intellectual

property related to the production of the target cannabinoids, which could have a material adverse effect on our business, financial condition and results of operations. See "*Description of Business - Research and Development Activities and Intellectual Property.*"

With respect to the Technion Research Agreement, we will have access to the results of preclinical studies conducted by Technion over a three-year period, focusing on acne, psoriasis and skin repair. However, there can be no assurance that the preclinical studies will provide any actionable findings. As a result, there can be no assurance that we will be able to realize the expected benefits of the Technion Research Agreement. Even if the results are actionable, and we are able to develop commercial products based on such research, there may not be demand for such products. See "*Description of Business - Research and Development Activities and Intellectual Property - Technion Skin Health and Research Partnership.*"

Risks Relating to Competition, Performance and Operations

We may not be able to supply the provincial purchasers in various provinces and territories of Canada with our products in the quantities or prices anticipated, or at all.

We have entered into various supply arrangements for cannabis products with various provincial purchasers and have secured listings with various private retailers in those provinces. We have entered into such supply arrangements with approximately eight provinces in Canada (where the relevant provincial body is the sole wholesale distributor and retailer of cannabis and cannabis products in the province) and with private retailers in Saskatchewan. Our supply arrangements with provincial purchasers, each of which we understand to be substantially similar in all material respects with the supply arrangements entered into with the other license holders in the Canadian cannabis industry, do not contain any binding minimum purchase obligations on the part of the relevant provincial purchaser.

We expect purchase orders to be primarily driven by end-consumer demand for our products and the relevant provincial purchaser supply at the relevant time. Accordingly, we cannot predict the quantities of our products that will be purchased by the provincial purchasers, or if our products will be purchased at all. Provincial purchasers may change the terms of the supply agreements at any time during the supply relationship including on pricing, have broad rights of return of products and are under no obligation to purchase products. As a result, provincial purchasers have a significant amount of control over the terms of the supply arrangements.

The effect of the legalization of adult-use cannabis in Canada on the medical cannabis industry in Canada is still uncertain, and it may have a significant negative effect upon our medical cannabis business if our existing or future medical-use customers decide to purchase products available in the adult-use market instead of purchasing medical-use products from us.

The Cannabis Act allows individuals over the age of 18 to legally purchase, process and cultivate limited amounts of cannabis for adult-use in Canada, subject to provincial and territorial age restrictions which may increase the age of purchase in the province or territory. As a result, individuals who rely upon the medical cannabis market to supply their medical cannabis and cannabis-based products may cease this reliance, and instead turn to the adult-use cannabis market to supply their cannabis and cannabis-based products. Factors that will influence this decision include the price of medical cannabis products in relation to similar adult-use cannabis products, the amount of active ingredients in medical cannabis products in relation to similar adult-use cannabis products, the types of cannabis products available to adult users and limitations on access to adult-use cannabis products imposed by the regulations under the Cannabis Act and the legislation governing the distribution and sale of cannabis that has been enacted by the individual provinces and territories of Canada.

The impact of the legalization of adult-use cannabis in Canada on the medical cannabis industry is uncertain, and while we cannot predict its impact on our sales and revenue prospects, it may be adverse.

The adult-use cannabis market in Canada may become oversupplied following the recent implementation of the Cannabis Act and the related legalization of cannabis for adult-use.

As a result of the recent implementation of the Cannabis Act and the legalization of adult cannabis use, numerous additional cannabis producers have and may continue to enter the Canadian market. We and such other cannabis producers may produce more cannabis than is needed to satisfy the collective demand of the Canadian medical and proposed adult-use markets, and we may be unable to export that over-supply into other markets. As a result, the available supply of cannabis could exceed demand, which could result in a significant decline in the market price for cannabis, which could have a material adverse effect on our business, financial condition and results of operations.

We may be unsuccessful in competing in the legal adult-use cannabis market in Canada.

We face competition from existing license holders licensed under the Cannabis Act. Certain of these competitors may have significantly greater financial, production, marketing, R&D and technical and human resources than we do. As a result, our competitors may be more successful than us in gaining market penetration and market share in the adult-use cannabis industry in Canada. Our commercial opportunity

in the adult-use market could be reduced or eliminated if our competitors produce and commercialize products for the adult-use market that, among other things, are safer, more effective, more convenient or less expensive than the products that we may produce, have greater sales, marketing and distribution support than our products, enjoy enhanced timing of market introduction and perceived effectiveness advantages over our products and receive more favorable publicity than our products. If our adult-use products do not achieve an adequate level of acceptance by the adult-use market, we may not generate sufficient revenue from these products, and our proposed adult-use business may not become profitable.

The Cannabis Act proposes to allow individuals to cultivate, propagate, harvest and distribute up to four cannabis plants per household, despite certain provincial restrictions, provided that each plant meets certain requirements. If we are unable to effectively compete with other suppliers to the adult-use cannabis market, or a significant number of individuals take advantage of the ability to cultivate and use their own cannabis, our adult-use business may be negatively impacted.

The Canadian excise duty framework may affect profitability.

Canada's excise duty framework imposes an excise duty and various regulatory-like restrictions on certain cannabis products sold in Canada. We currently hold licenses issued by the Canada Revenue Agency ("CRA") required to comply with this excise framework. Any change in the rates or application of excise duty to cannabis products sold by us, and any restrictive interpretations by the CRA or the courts of the regulatory-like restrictions contained in the Excise Act, 2001 (which may be different than those contained in the Cannabis Act) may affect our profitability and ability to compete in the market.

The industries and markets in which we operate are relatively new, and these industries and markets may not continue to exist or grow as anticipated or we may ultimately be unable to succeed in these industries and markets.

The cannabis and U.S. hemp industries and markets in which we operate are relatively new, can be highly speculative, are rapidly expanding and may ultimately not be successful. In addition to being subject to general business risks, a business involving an agricultural product and a regulated consumer product, we need to continue to build brand awareness in these industries and markets through significant investments in our strategy, our production capacity, quality assurance and compliance with regulations. These activities may not promote our brand and products as effectively as intended, or at all. Competitive conditions, consumer tastes, patient requirements and spending patterns in these new industries and markets are relatively unknown and may have unique circumstances that differ from existing industries and markets. We are subject to all of the business risks associated with a new business in a niche market, including risks of unforeseen capital requirements, failure of widespread market acceptance of our products, failure to establish business relationships and competitive disadvantages against larger and more established competitors.

Accordingly, there are no assurances that these industries and markets will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions, and a failure to do so could have a material adverse effect on our business, financial condition and results of operations.

We and certain of our subsidiaries have limited operating history and therefore we are subject to many of the risks common to early-stage enterprises.

We began carrying on business in 2013; Peace Naturals began operations in 2012 and generated its first revenues in 2013; OGBC began operations in 2014 and generated revenue in 2017 (inter-company bulk transfer); Redwood began operations in 2017. In addition, many of our joint ventures are not yet operational and may not become operational for some time, if at all. We are therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, limitations with respect to personnel, financial, and other resources and lack of revenues.

We may not be able to successfully manage our growth.

We are currently in an early development stage and may be subject to growth-related risks, including capacity constraints and pressure on our internal systems and controls, which may place significant strain on our operational and managerial resources. While our revenue has grown in recent years, our ability to manage and sustain revenue growth will depend on a number of factors, many of which are beyond our control, including, but not limited to, the availability of sufficient capital on suitable terms, changes in laws and regulations respecting the production of U.S. hemp and cannabis products, competition from other license holders, the size of the illegal market and the adult-use market in Canada, and our ability to produce sufficient volumes of our cannabis-based pharmaceutical products to meet patient demand. In addition, we are subject to a variety of business risks generally associated with developing companies. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. There can be no assurances that we will be able to manage growth successfully. Any inability to manage growth successfully could have a material adverse effect on our business, financial condition and results of operations.

Failure to establish and maintain effective internal control over financial reporting may result in our not being able to accurately report our financial results, which could result in a loss of investor confidence and adversely affect the market price of our common shares.

We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("GAAP"). Because we are implementing new financial control and management systems, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the price of our common shares and harm our ability to raise capital in the future.

If our management is unable to certify the effectiveness of our internal controls or if material weaknesses or significant deficiencies in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our business and cause a decline in the price of our common shares. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in the price of our common shares and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the TSX or Nasdaq. Delisting of our common shares on any exchange would reduce the liquidity of the market for our common shares, which would reduce the price of and increase the volatility of the price of our common shares.

We do not expect that our disclosure controls and procedures and internal control over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in our reported financial information, which in turn could result in a reduction in the trading price of the common shares.

We are subject to liability arising from any fraudulent or illegal activity by our employees, contractors and consultants.

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

Our cannabis cultivation and U.S. hemp operations are subject to risks inherent in an agricultural business.

Our business involves the growing of cannabis, an agricultural product, in certain jurisdictions where that activity is permitted. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks that may create crop failures and supply interruptions for our customers. Although our current operational production facilities grow products indoors under climate-controlled conditions and we carefully monitor the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of our products.

Our business also involves products containing U.S. hemp. U.S. hemp is typically harvested in or around the month of October. U.S. hemp plants can be vulnerable to various pathogens including bacteria, fungi, viruses and other miscellaneous pathogens. Such instances often lead to reduced crop quality, stunted growth and/or death of the plant. Moreover, U.S. hemp is "phytoremediative" (meaning that

it may extract toxins or other undesirable chemicals or compounds from the ground in which it is planted). Various regulatory agencies have established maximum limits for pathogens, toxins, chemicals and other compounds that may be present in agricultural materials. If U.S. hemp used in our products is found to have levels of pathogens, toxins, chemicals or other undesirable compounds that exceed permitted limits, it may have to be destroyed. Should the U.S. hemp used in our products be lost due to pathogens, toxins, chemicals or other undesirable compounds, or if we or our suppliers are otherwise unable to obtain U.S. hemp for use in our products on an ongoing basis, it may have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance.

Our cannabis cultivation operations are vulnerable to rising energy costs and dependent upon key inputs.

Our cannabis cultivation operations consume considerable energy, making us vulnerable to rising energy costs. Rising or volatile energy costs may have a material adverse effect on our business, financial condition and results of operations.

In addition, our business is dependent on a number of key inputs and their related costs including raw materials and supplies related to our growing operations, as well as electricity, water and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and results of operations. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition and results of operations.

We, or the cannabis and U.S. hemp industries more generally, may receive unfavorable publicity or become subject to negative consumer perception.

We believe the cannabis and U.S. hemp industries are highly dependent upon broad social acceptance and consumer perception regarding the safety, efficacy and quality of the cannabis and U.S. hemp products, as well as consumer views concerning regulatory compliance. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, market rumors or speculation and other publicity regarding the consumption of cannabis and U.S. hemp products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis or U.S. hemp markets or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, financial condition and results of operations. Our dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the demand for products, and our business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of U.S. hemp or cannabis in general, or our products specifically, or associating the consumption or use of U.S. hemp or cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Additionally, the U.S. hemp industry may be impacted by perceived similarities or differences between U.S. hemp and U.S. Schedule I cannabis. Consumers, vendors, landlords/lessors, industry partners or third-party service providers may incorrectly perceive U.S. hemp products as U.S. Schedule I cannabis, thereby confusing them for having the THC content of U.S. Schedule I cannabis or for being illegal under U.S. federal law which potentially impacts our ability to sell our products or obtain the necessary services or supplies to manufacture, store or transport our products.

The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views on our operations and activities, whether true or not, and the U.S. hemp and cannabis industries in general, whether true or not. Social media permits user-generated content to be distributed to a broad audience which can respond or react, in near real time, with comments that are often not filtered or checked for accuracy. Accordingly, the speed with which negative publicity (whether true or not) can be disseminated has increased dramatically with the expansion of social media. The dissemination of negative or inaccurate posts, comments or other user-generated content about us on social media (including those published by third-parties) could damage our brand, image and reputation or how the U.S. hemp or cannabis industries are perceived generally, which could have a detrimental impact on the market for our products and thus on our business, financial condition and results of operations.

In addition, certain well-funded and significant businesses may have strong economic opposition to the U.S. hemp or cannabis industries. Lobbying by such groups, and any resulting inroads they might make in halting or rolling back the U.S. hemp and cannabis movements, could affect how the U.S. hemp or cannabis industries are perceived by others and could have a detrimental impact on the market for our products and thus on our business, financial condition and results of operations.

Additionally, the parties with which we do business, may perceive that they are exposed to reputational risk as a result of our cannabis or U.S. hemp business activities. Failure to establish or maintain business relationships could have a material adverse effect on our business, financial condition and results of operations. Any third-party service provider could suspend or withdraw its services to us if it perceives that the potential risks exceed the potential benefits to such services. For example, we face challenges making U.S. dollar wire transfers or engaging any third-party supplier with a substantial presence where cannabis is not federally legal (including the U.S.). While we have other banking relationships and believe that the services can be procured from other institutions, we may in the future have difficulty maintaining existing, or securing new, bank accounts or clearing services.

Although we take care in protecting our image and reputation, we do not ultimately have control over how we or the U.S. hemp or cannabis industries are perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to our overall ability to advance our business strategy and realize on our growth prospects, thereby having a material adverse impact on our business, financial condition and results of operations.

We may not successfully execute our production capacity expansion strategy.

We may not be successful in executing our strategy to expand production capacity at our facilities and joint ventures. Commencement of operations at the production facilities of Cronos Israel and NatuEra will be subject to obtaining the appropriate licenses from the relevant regulatory agencies in those jurisdictions. The completion of construction of Cronos GrowCo's production facilities are subject to obtaining the relevant building permits and other customary approvals and the commencement of operations of Cronos GrowCo will be subject to obtaining the appropriate licenses from Health Canada. Construction delays or cost over-runs in respect of such build-outs, howsoever caused, could have a material adverse effect on our business, financial condition and results of operations.

In addition, we may not be successful in obtaining the necessary approvals required to export or import our products to or from the jurisdictions in which we operate. If we are unable to secure necessary production licenses in respect of our facilities and joint ventures, the expectations of management with respect to the increased future cultivation and growing capacity may not be borne out, which could have a material adverse effect on our business, financial condition and results of operations.

The markets that we operate in are increasingly competitive and we may compete for market share with other companies, both domestically and internationally, that may have longer operating histories and more financial resources, manufacturing and marketing experience than us.

The markets for cannabis and U.S. hemp are competitive and evolving and we face strong competition from both existing and emerging companies that offer similar products. Some of our current and potential competitors may have longer operating histories, greater financial, marketing and other resources and larger customer bases than us. In addition, there is potential that the cannabis and U.S. hemp industries will undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities and product offerings that are greater than ours. As a result of this competition, we may be unable to maintain our operations or develop them as currently proposed on terms we consider acceptable, or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect our business, financial condition and results of operations.

Given the rapid changes affecting global, national and regional economies generally, and the U.S. hemp industry in particular, we may not be able to create and maintain a competitive advantage in the marketplace. Our success will depend on our ability to respond to, among other things, changes in the economy, regulatory conditions, market conditions and competitive pressures. Any failure by us to anticipate or respond adequately to such changes could have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance.

In Canada, the number of licenses granted, and the number of license holders ultimately authorized by Health Canada could also have an impact on our operations. We expect to face additional competition from new market entrants that are granted licenses under the Cannabis Act or existing license holders which are not yet active in the industry. If a significant number of new licenses are granted by Health Canada in the near term, we may experience increased competition for market share and may experience downward price pressure on our products as new entrants increase production. If the number of users of cannabis in Canada increases, the demand for products will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, we will require a continued high level of investment in R&D, sales and customer support. We may not have sufficient resources to maintain R&D, sales and customer support efforts on a competitive basis which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the Canadian federal authorization of home cultivation, outdoor grow, and the easing of other barriers to entry into a Canadian adult-use cannabis market, could materially and adversely affect our business, financial condition and results of operations.

In the U.S., the number of competitors in the U.S. hemp industry is expected to increase, which could negatively impact our market share and demand for our products. Additionally, if the U.S. takes steps to legalize U.S. Schedule I cannabis, the impact of such a development could result in new entrants into the market and increased levels of competition.

Some jurisdictions may never develop markets for cannabis and U.S. hemp.

Many jurisdictions place restrictions on or prohibit commercial activities involving cannabis and U.S. hemp. Such restrictions or prohibitions may make it impossible or impractical for us to operate in such jurisdictions unless there is a change in law or regulation. For example, U.S. Schedule I cannabis remains illegal under U.S. federal law and may never become legal under U.S. federal law. Such restrictions and prohibitions restrict our ability to enter or expand our operations in the applicable jurisdictions.

We face competition from the illegal cannabis market.

We face competition from illegal dispensaries and the illegal market that are unlicensed and unregulated, and that are selling cannabis and cannabis products, including products with higher concentrations of active ingredients, using flavors or other additives or engaging in advertising and promotion activities that we are not permitted to. As these illegal market participants do not comply with the regulations governing the cannabis industry, their operations may also have significantly lower costs. The perpetuation of the illegal market for cannabis may have a material adverse effect on our business, results of operations, as well as the perception of cannabis use.

We may not be able to successfully develop new products or find a market for their sale.

The legal cannabis and U.S. hemp industries are in their early stages of development and it is likely that we, and our competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, we may need to spend significant amounts of capital in order to successfully develop and generate revenues from new products we introduce. In addition, we may be required to obtain additional regulatory approvals from Health Canada, the FDA and any other applicable regulatory authority, which may take significant amounts of time. We may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, and, in the event we are successful, it is possible that there may be little or no demand for the products we develop, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks related to the protection and enforcement of our intellectual property rights, and we may be unable to protect or enforce our intellectual property rights.

The ownership and protection of our intellectual property rights is a significant aspect of our future success. Currently we rely on trade secrets, technical know-how, proprietary information and certain patent filings to maintain our competitive position. We try to protect our intellectual property by seeking and obtaining registered protection where possible, developing and implementing standard operating procedures to protect trade secrets, technical know-how and proprietary information, and entering into agreements with parties that have access to our inventions, trade secrets, technical know-how and proprietary information, such as our partners, collaborators, employees and consultants, to protect confidentiality and ownership. We also seek to preserve the integrity and confidentiality of our inventions, trade secrets, technical know-how and proprietary information by maintaining physical security of our premises and physical and electronic security of our information technology systems, and we seek to protect our trademarks and the goodwill associated therewith by monitoring and enforcing against unauthorized use of our trademarks.

It is possible that we will inadvertently disclose or otherwise fail to protect our inventions, trade secrets, technical know-how or proprietary information, or will fail to identify our inventions or trademarks as patentable or registrable intellectual property, or fail to obtain patent or registered trademark protection therefor.

We may be unable to protect our inventions, trade secrets, and other intellectual property from discovery or unauthorized use.

In relation to our agreements with parties that have access to our intellectual property, any of these parties may breach their obligations to us, and we may not have adequate remedies for such breach. In relation to our security measures, such security measures may be breached and we may not have adequate remedies for such breach. In addition, our intellectual property that has not yet been applied for or registered may otherwise become known to, or be independently developed by, competitors, or may already be the subject of applications for intellectual property registrations filed by our competitors, which may have a material adverse effect on our business, financial condition and results of operations.

We cannot provide any assurances that our inventions, trade secrets, technical know-how and other proprietary information will not be disclosed in violation of agreements, or that competitors will not otherwise gain access to our intellectual property or independently

develop and file applications for intellectual property rights in a manner that adversely impacts our intellectual property rights. Unauthorized parties may attempt to replicate or otherwise obtain and use our inventions, trade secrets, technical know-how and proprietary information. Policing the unauthorized use of our current or future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as we may be unable to effectively monitor and evaluate the products being distributed by our competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. Additionally, if the steps taken to identify and protect our trade secrets are inadequate, we may be unable to enforce our rights in them against third parties.

Our intellectual property rights may be invalid or unenforceable under applicable laws, and we may be unable to have issued or registered, and unable to enforce, our intellectual property rights.

The laws and positions of intellectual property offices administering such laws regarding intellectual property rights relating to cannabis and cannabis-related products are constantly evolving, and there is uncertainty regarding which countries will permit the filing, prosecution, issuance, registration and enforcement of intellectual property rights relating to cannabis and cannabis-related products.

Specifically, we have sought trademark protection in many countries, including Canada, the U.S. and others. Our ability to obtain registered trademark protection for cannabis and cannabis-related goods and services (including hemp and hemp-related goods and services), may be limited in certain countries outside of Canada, including the U.S., where registered federal trademark protection is currently unavailable for trademarks covering the sale of U.S. Schedule I cannabis products or certain goods containing U.S. hemp-derived CBD (such as dietary supplements and foods) until the FDA provides clearer guidance on the regulation of such products; and including Europe, where laws on the legality of cannabis use are not uniform, and trademarks cannot be obtained for products that are “contrary to public policy or accepted principles of morality.” Accordingly, our ability to obtain intellectual property rights or enforce intellectual property rights against third-party uses of similar trademarks may be limited in certain countries.

Moreover, in any infringement proceeding, some or all of our current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for our benefit, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of our current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect our business, financial condition and results of operations.

We cannot offer any assurances about which, if any, patent applications will issue, the breadth of any such patent or whether any issued patents will be found invalid or unenforceable or which of our products or processes will be found to infringe upon the patents or other proprietary rights of third parties. Any successful opposition to future issued patents could deprive us of rights necessary for the successful commercialization of any new products or processes that we may develop.

Also, there is no guarantee that any patent or other intellectual property applications that we file will result in registration or any enforceable intellectual property rights. Further, there is no assurance that we will find all potentially relevant prior art relating to any patent applications that we file, which may prevent a patent from issuing from a patent application or invalidate any patent that issues from such application. Even if patents do successfully issue, and cover our products and processes, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed, found unenforceable or invalidated. Furthermore, even if they are unchallenged, any patent applications and future patents may not adequately protect our intellectual property rights, provide exclusivity for our products or processes or prevent others from designing around any issued patent claims. Any of these outcomes could impair our ability to prevent competition from third parties, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to allegations that we are in violation of third-party intellectual property rights, and we may be found to infringe third-party intellectual property rights, possibly without the ability to obtain licenses necessary to use such third-party intellectual property rights.

Other parties may claim that our products infringe on their intellectual property rights, including with respect to patents, and our operation of our business, including our development, manufacture and sale of our goods and services, may be found to infringe third-party intellectual property rights. There may be third-party patents or patent applications with claims to products or processes related to the manufacture, use or sale of our products and processes. There may be currently pending patent applications, some of which may still be confidential, that may later result in issued patents that our products or processes may infringe. In addition, third parties may obtain patents in the future and claim that use of our inventions, trade secrets, technical know-how and proprietary information, or the manufacture, use or sale of our products infringes upon those patents. Third parties may also claim that our use of our trademarks infringes upon their trademark rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders, other equitable relief, and/or require the payment of damages, any or all of

which may have an adverse impact on our business. In addition, we may need to obtain licenses from third parties who allege that we have infringed on their lawful rights. Such licenses may not be available on terms acceptable to us, and we may be unable to obtain any licenses or other necessary or useful rights under third-party intellectual property.

Our germplasm relies heavily on intellectual property, and we may be unable to protect, register or enforce our intellectual property rights in germplasm, and may infringe third-party intellectual property rights with respect to germplasm, possibly without the ability to obtain licenses necessary to use such third-party intellectual property rights.

Germplasm, including seeds, clones and cuttings, is the genetic material used in new cannabis varieties and hybrids. We use advanced breeding technologies to produce cannabis germplasm (hybrids and varieties) with superior performance. We rely on parental varieties for the success of our breeding program. Although we believe that the parental germplasm is proprietary to us, we may need to obtain licenses from third parties who may allege that we have appropriated their germplasm or their rights to such germplasm. Such licenses may not be available on terms acceptable to us, and we may be unable to obtain any licenses or other necessary or useful rights under third-party intellectual property. We seek to protect our parental germplasm, as appropriate, relying on intellectual property rights, including rights related to inventions (patents and plant breeders' rights), trade secrets, technical know-how, and proprietary information. There is a risk that we will fail to protect such germplasm or that we will fail to register rights in relation to such germplasm.

We also seek to protect our parental germplasm, hybrids and varieties from pests and diseases and enhance plant productivity and fertility, and we research products to protect against crop pests and fungus. There are several reasons why new product concepts in these areas may be abandoned, including greater than anticipated development costs, technical difficulties, regulatory obstacles, competition, inability to prove the original concept, lack of demand and the need to divert focus, from time to time, to other initiatives with perceived opportunities for better returns. The processes of breeding, development and trait integration are lengthy, and the germplasm we test may not be selected for commercialization. The length of time and the risk associated with breeding may affect our business. Our sales depend on our germplasm. Commercial success frequently depends on being the first company to the market, and many of our competitors are also making considerable investments in similar new and improved cannabis germplasm products. Consequently, there is no assurance that we will develop and deliver new cannabis germplasm products to the markets we serve on a timely basis.

Finally, we seek to protect our germplasm, hybrids and varieties from accidental release, theft, misappropriation and sabotage by maintaining physical security of our premises. However, such security measures may be insufficient or breached, and we may not have adequate remedies in the case of any such breach.

We receive licenses to use some third-party intellectual property rights; the failure of the owner of such intellectual property to properly maintain or enforce the intellectual property underlying such licenses, or our inability to maintain such licenses, could have a material adverse effect on our business, financial condition and performance.

We are party to licenses granted by third parties, including through MedMen Canada and the Ginkgo Strategic Partnership, that give us rights to use third-party intellectual property that is necessary or useful to our business. Our success will depend, in part, on the ability of the applicable licensor to maintain and enforce its licensed intellectual property against other third parties, particularly intellectual property rights to which we have secured exclusive rights. Without protection for the intellectual property we have licensed, other companies might be able to offer substantially similar products for sale, or utilize substantially similar processes, any of which could have a material adverse effect on our business, financial condition and results of operations.

Any of our licensors may allege that we have breached our license agreements with those licensors, whether with or without merit, and accordingly seek to terminate our applicable licenses. If successful, this could result in our loss of the right to use applicable licensed intellectual property, which could adversely affect our ability to commercialize our products or services, as well as have a material adverse effect on our business, financial condition and results of operations.

The technologies, process and formulations we use may face competition or become obsolete.

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize our business. The introduction of new products embodying new technologies, including new manufacturing processes or formulations, and the emergence of new industry standards may render our products obsolete, less competitive or less marketable. The process of developing our products is complex and requires significant continuing costs, development efforts and third-party commitments, including licensees, researchers, collaborators and lenders. Our failure to develop new technologies and products and the obsolescence of existing technologies or processes could adversely affect our business, financial condition and results of operations. We may be unable to anticipate changes in our potential customer requirements that could make our existing technology, processes or formulations obsolete. Our success will depend, in part, on our ability to continue to enhance our existing technologies, develop new technology that addresses the increasing sophistication and varied news of the market, and respond to technological advances and emerging industry standards and practices on

a timely and cost-effective basis. The development of our proprietary technology, processes and formulations entails significant technical and business risks. We may not be successful in using our new technologies or exploiting our niche markets effectively or adapting our business to evolving customer or medical requirements or preference or emerging industry standards.

We may not be able to achieve or maintain profitability and may continue to incur losses in the future.

We have incurred losses in recent periods. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, we expect to continue to increase operating expenses as we implement initiatives to continue to grow our business. If our revenues do not increase to offset these expected increases in costs and operating expenses, we will not be profitable. If our revenue declines or fails to grow at a rate faster than our operating expenses, and we are unable to secure funding under terms that are favorable or acceptable to us, or at all, we will not be able to achieve and maintain profitability in future periods. As a result, we may continue to generate losses. We may not achieve profitability in the future and, even if we do become profitable, we might not be able to sustain that profitability.

We may not be able to secure adequate or reliable sources of funding required to operate our business.

There is no guarantee that we will be able to achieve our business objectives. Our continued development may require additional financing. The failure to raise such capital could result in a delay or indefinite postponement of our current business objectives or in our inability to continue to operate our business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to us. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. In addition, from time to time, we may enter into transactions to acquire assets or the equity of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase our debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions or other strategic joint venture opportunities.

We had negative operating cash flow for the fiscal years ending December 31, 2019, December 31, 2018, December 31, 2017, December 31, 2016, December 31, 2015, December 31, 2014 and December 31, 2013. If we continue to have negative cash flow into the future, additional financing proceeds may need to be allocated to funding this negative cash flow in addition to our operational expenses. We may require additional financing to fund our operations to the point where we are generating positive cash flows. Continued negative cash flow may restrict our ability to pursue our business objectives.

We must rely largely on our own market research to forecast sales and market demand and market prices which differ from our forecasts.

We must rely largely on our own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis or U.S. hemp industries. Our market research and sales forecasts, together with factors such as our expectations regarding market conditions, including prices, influence capital expenditure levels, inventory levels, production and supply chain capacity and operating expenses and if such forecasts and expectations prove to be inaccurate, this could have a material adverse effect on our business, financial condition and results of operations. For example, in the fourth quarter of 2019 we anticipate a material inventory write-down due, in part, to errors in forecasting the decline in market prices.

Our financial performance is subject to risks of foreign exchange rate fluctuation which could result in foreign exchange losses.

We may be exposed to fluctuations of the U.S. dollar against certain other currencies, particularly the Canadian dollar, because we publish our financial statements in U.S. dollars, while a significant portion of our assets, liabilities, revenues and costs are or will be denominated in other currencies. Exchange rates for currencies of the countries in which we operate may fluctuate in relation to the U.S. dollar, and such fluctuations may have a material adverse effect on our earnings or assets when translating foreign currency into U.S. dollars.

We could have difficulty transitioning the operations of businesses that we have acquired and will acquire.

The success of our acquisitions, including the Redwood Acquisition and the Cronos Fermentation Acquisition, depends upon our ability to transition any businesses that we acquire. The transitioning of acquired business operations could disrupt our business by causing unforeseen operating difficulties, diverting management’s attention from day-to-day operations and requiring significant financial resources that would otherwise be used for the ongoing development of our business. The difficulties of transitions could be increased by the necessity of coordinating geographically dispersed organizations, coordinating personnel with disparate business backgrounds and managing different corporate cultures, or discovering previously unknown liabilities. In addition, we could be unable to retain key employees or customers of the acquired businesses. We could face transition issues including those related to operations, internal controls,

information systems and operational functions of the acquired companies and we also could fail to realize cost efficiencies or synergies that we anticipated when selecting our acquisition candidates or these acquisitions could fail to complete successfully. Any of these items could adversely affect our results of operations.

Our production facilities are integral to our operations and any adverse changes or developments affecting our facilities may impact our business, financial condition and results of operations.

Our activities and resources are focused on various production and manufacturing facilities including in the U.S. (for U.S. hemp products), Canada and Israel. Some licenses are specific to those facilities. Adverse changes or developments affecting our facilities, including but not limited to a breach of security or a force majeure event, could have a material and adverse effect on our business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by regulatory agencies, could also have an impact on our ability to continue operating under our licenses or the prospect of renewing our licenses or could result in a revocation of our licenses.

We bear the responsibility for all of the costs of maintenance and upkeep at our facilities and our operations and financial performance may be adversely affected if our facilities are unable to keep up with maintenance requirements.

We may experience breaches of security at our facilities or fraudulent or unpermitted data access or other cyber-security breaches, which may cause our customers to lose confidence in our security and data protection measures and may expose us to risks related to breaches of applicable privacy laws.

Given the nature of our product and our lack of legal availability outside of certain legalized or regulated retail or distribution channels, as well as the concentration of inventory in our facilities, despite meeting or exceeding the applicable security requirements under applicable law, there remains a risk of theft. A security breach at one of our facilities could expose us to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products.

In addition, we collect and store personal information about our customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through a variety of sources, including, without limitation, procedural or process failure, information technology malfunction, deliberate unauthorized intrusions, computer viruses, cyber-attacks and other electronic security breaches. Theft of data for competitive purposes, such as customer lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on our business, financial condition and results of operations.

We are dependent upon information technology systems in the conduct of our operations and we collect, store and use certain sensitive data, intellectual property, our proprietary business information and certain personally identifiable information of our employees and customers on our networks. Any fraudulent, malicious or accidental breach of our data security could result in unintentional disclosure of, or unauthorized access to, third-party, customer, vendor, employee or other confidential or sensitive data or information, which could potentially result in additional costs to us to enhance security or to respond to occurrences, lost sales, violations of privacy or other laws, penalties, fines, regulatory action or litigation. In addition, media or other reports of perceived security vulnerabilities to our systems or those of our third-party suppliers, even if no breach has been attempted or occurred, could adversely impact our brand and reputation and customers could lose confidence in our security measures and reliability, which would harm our ability to retain customers and gain new ones. If any of these were to occur, it could have a material adverse effect on our business and results of operations.

In addition, there are a number of federal, state and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. The privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) (“PIPEDA”) protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose and apply to our operations globally. If we were to be found to be in violation of the privacy or security rules under PIPEDA or other applicable laws protecting the confidentiality of patient health information in jurisdictions we operate in, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation and have a material adverse effect on our business, results of operations and financial condition. Additional jurisdictions in which we operate or which we may enter also have data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of sensitive personal information. The interpretation and enforcement of such laws and regulations are uncertain and subject to change, and may require substantial costs to monitor and implement compliance with any additional requirements. Failure to comply with data protection laws and regulations could result in government enforcement actions (which could include substantial civil and/or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business.

We may be subject to, or prosecute, litigation in the ordinary course of our marketing, distribution and sale of our products.

We are subject to litigation, claims and other legal and regulatory proceedings from time to time in the ordinary course of our marketing, distribution and sale of our products, some of which may adversely affect our business, financial condition and results of operations. Several companies in the U.S. hemp-derived CBD industry have recently become party to an increasing number of purported class actions lawsuits relating to their food and dietary supplement products containing U.S. hemp-derived CBD. Should we face similar class actions filed against us, plaintiffs in such class action lawsuits, as well as in other lawsuits against us, may seek very large or indeterminate amounts, including punitive damages, which may remain unknown for substantial periods of time. Should any litigation in which we become involved be determined against us, such a decision could adversely affect our ability to continue operating, adversely affect the market price for the common shares and require the use of significant resources. Even if we are involved in litigation and win, litigation can redirect significant resources. Litigation may also create a negative perception of our brands, which could have an adverse effect on our business, financial condition and results of operations. See Item 3 of this Annual Report for more details on our legal proceedings.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis and U.S. hemp products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis or U.S. hemp products alone or in combination with other medications or substances could occur as described under "- *There is limited long-term data with respect to the efficacy and side effects of our products and future clinical research studies on the effects of cannabis, hemp and cannabinoids may lead to conclusions that dispute or conflict with our understanding and belief regarding their benefits, viability, safety, efficacy, dosing and social acceptance.*" We may be subject to various product liability claims, including, among others, that our products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, could adversely affect our reputation with our clients and consumers generally, and could have a material adverse effect on our business, financial condition and results of operations.

There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

Our products have in the past and may in the future be subject to recalls.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. For example, on May 5, 2017, Peace Naturals announced a voluntary recall with the support of Health Canada for products sold between November 26, 2015 and March 13, 2017. Peace Naturals was notified by Health Canada that upon testing a random cannabis leaf sample, trace levels of Piperonyl Butoxide ("PBO") were discovered at 0.78 parts per million (ppm). PBO is an organic compound known as a synergist. Root cause analysis conducted by Peace Naturals concluded that this was the result of cross-contamination. The source of the PBO was a Pest Management Regulatory Agency approved product that was used to sanitize empty rooms between harvests and which is no longer used.

If one or more of our products are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one or more of our products were subject to recall, the public perception of that product and us could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by us and could have a material adverse effect on our business, financial condition and results of operations. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada, the FDA, the DEA or other regulatory agencies, requiring further management attention and potential legal fees and other expenses. Furthermore, any product recall affecting the cannabis or U.S. hemp industries more broadly could lead consumers to lose confidence in the safety and security of the products sold by participants in these industries generally, which could have a material adverse effect on our business, financial condition and results of operations.

The presence of trace amounts of THC in our U.S. hemp products not intended to contain THC may cause adverse consequences to users of such products that will expose us to the risk of liability and other consequences.

Some of our products that are intended to primarily contain U.S. hemp-derived CBD, or other products, may contain trace amounts of THC. THC is an illegal or controlled substance in many jurisdictions, including under the federal laws of the U.S. Whether or not ingestion of THC (at low levels or otherwise) is permitted in a particular jurisdiction, there may be adverse consequences to consumers of our U.S. hemp products who test positive for any amounts of THC, even trace amounts, because of the presence of unintentional amounts of THC in our U.S. hemp products. In addition, certain metabolic processes in the body may negatively affect the results of drug tests. As a result, we may have to recall our products from the market. Positive tests for THC may adversely affect our reputation, our ability to obtain or retain customers and individuals' participation in certain athletic or other activities. A claim or regulatory action against us based on such positive test results could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

We are dependent on our senior management.

Our success is dependent upon the ability, expertise, judgment, discretion and good faith of our senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of our senior management team. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The loss of the services of a member of senior management, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on our ability to execute on our business plan and strategy, and we may be unable to find adequate replacements on a timely basis, or at all. We do not maintain key-person insurance on the lives of any of our officers or employees.

We may be unable to attract or retain skilled labor and personnel with experience in the cannabis sector, and may be unable to attract, develop and retain additional employees required for our operations and future developments.

We may be unable to attract or retain employees with sufficient experience in the cannabis industry, and may prove unable to attract, develop and retain additional employees required for our development and future success.

Our success is currently largely dependent on the performance of our skilled employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them.

Further, certain shareholders, directors, officers and employees in our Canadian operations may require security clearance from Health Canada. Under the Cannabis Act, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by an employee to maintain or renew his or her security clearance may result in a material adverse effect on our business, financial condition and results of operations. In addition, if an employee with security clearance leaves and we are unable to find a suitable replacement that has a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on our business, financial condition and results of operations.

The inability of our customers to meet their financial or contractual obligations to us may result in disruption to our supply chain, operations and could result in financial losses.

We have exposure to several customers who are license holders and, at least some of these customers are experiencing financial difficulties. In addition, we also face exposure to our third-party cannabis suppliers who may face financial difficulties and which would impact our supply of cannabis material. We have in the past, and may in the future, have disruptions in our supply chain and need to take allowances against and need to write off receivables due to the creditworthiness of these customers.

Further, the inability of these customers to purchase our products could materially adversely affect our results of operations.

We rely on third-party distributors to distribute our products, and those distributors may not perform their obligations.

We rely on third-party distributors, including pharmaceutical distributors and other courier services, and may in the future rely on other third parties, to distribute our products. If these distributors do not successfully carry out their contractual duties or terminate or suspend their contractual arrangements with us, if there is a delay or interruption in the distribution of our products or if these third parties damage our products, it could negatively impact our revenue. In addition, any damage to our products, such as product spoilage, could expose us to potential product liability, damage our reputation and the reputation of our brands or otherwise harm our business.

We are vulnerable to third-party transportation risks.

We depend on fast and efficient courier services to distribute our products to our customers. Any prolonged disruption of this courier service may have a material adverse effect on our business, financial condition and results of operations. Rising costs associated with the courier services used by us to ship our products may also have a material adverse effect on our business, financial condition and results of operations.

Due to the nature of our products, security of the product during transportation to and from our facilities is particularly important. A breach of security during transport or delivery could have a material adverse effect on our business, financial condition and results of operations. Any breach of the security measures during transport or delivery, including any failure to comply with applicable recommendations or requirements, could also have an impact on our ability to continue operating under our licenses or the prospect of renewing our licenses.

We rely on third-party testing and analytical methods which are validated but still being standardized.

We are required to test our cannabis and U.S. hemp products in various jurisdictions such as Canada, the U.S. and Germany with independent third-party testing laboratories for, among other things, cannabinoid levels. However, testing methods and analytical assays for cannabinoid levels of detection vary among different testing laboratories. There is currently no industry consensus on standards for testing methods or compendium of analytical assays or standard levels of detection. The detected and reported cannabinoid content in our cannabis and U.S. hemp products therefore can differ depending on the laboratory and testing methods (analytical assays) used. Variations in reported cannabinoid content will likely continue until the relevant regulatory agencies and independent certification bodies (e.g., ISO, USP) collaborate to develop, publish and implement standardized testing approaches for cannabis (including U.S. hemp), cannabinoids and their derivative products. Such differences could cause confusion with our consumers which could lead to a negative perception of us and our products, increase the risk of litigation regarding cannabinoid content and regulatory enforcement action and could make it more difficult for us to comply with regulatory requirements regarding contents of ingredients and packaging and labeling.

We will seek to maintain adequate insurance coverage in respect of the risks we face, however, insurance premiums for such insurance may not continue to be commercially justifiable and there may be coverage limitations and other exclusions which may not be sufficient to cover our potential liabilities.

We have insurance to protect our assets, operations and employees. While we believe our insurance coverage addresses all material risks to which we are exposed in our current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. For example, certain wholesalers, distributors, retailers and other service providers may require suppliers of U.S. hemp products to provide an indemnification from liability in connection with such products, which may not be covered by insurance. In addition, no assurance can be given that such insurance will be adequate to cover our liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur such liability at a time when we are not able to obtain liability insurance, there could be a material adverse effect on our business, financial condition and results of operations.

Tax and accounting requirements may change or be interpreted in ways that are unforeseen to us and we may face difficulty or be unable to implement and/or comply with any such changes.

We are subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on our financial results, the manner in which we conduct our business or the marketability of any of our products. In many countries, including the U.S., we are subject to transfer pricing and other tax regulations designed to ensure that appropriate levels of income are reported as earned and are taxed accordingly. Although we believe that we are in substantial compliance with all applicable regulations and restrictions, we are subject to the risk that governmental authorities could audit our transfer pricing and related practices and assert that additional taxes are owed. In the future, the geographic scope of our business may expand, and such expansion will require us to comply with the tax laws and regulations of additional jurisdictions. Requirements as to taxation vary substantially among jurisdictions. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject us to penalties and fees in the future if we were to inadvertently fail to comply. In the event that we were to inadvertently fail to comply with applicable tax laws, this could have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, unusual weather, pandemic outbreaks, boycotts and geo-political events or acts of terrorism could adversely affect our operations and financial results.

The occurrence of one or more natural disasters, such as hurricanes, floods and earthquakes, unusually adverse weather, pandemic outbreaks, such as the Covid-19 virus, influenza and other highly communicable diseases or viruses, boycotts and geo-political events, such as civil unrest in countries in which our operations are located and acts of terrorism, or similar disruptions could adversely affect our business, financial condition and results of operations. These events could result in physical damage to one or more of our properties, increases in fuel or other energy prices, the temporary or permanent closure of one or more of our facilities, the temporary lack of an adequate workforce in a market, the temporary or long-term disruption in the supply of products from suppliers, the temporary disruption in the transport of goods, delay in the delivery of goods to our facilities, and disruption to our information systems. Such events could also negatively impact consumer sentiment, reduce demand for consumer products like ours and cause general economic slowdown. We currently import our batteries and cartridges from China. As a result of the Covid-19 virus outbreak in China and other countries, we face delays of deliveries of batteries for our cannabis vaporizers from manufacturers in China. While we currently have sufficient supply to meet our current commitments to our customers and forecasted demand for the next thirty days, if the outbreak persists, we will need to find an alternative supplier of batteries and may only be able to do so at a higher cost or with delays. These factors could otherwise disrupt our operations and could have an adverse effect on our business, financial condition and results of operations.

Risks relating to our Common Shares

The market price for the common shares may be volatile and subject to fluctuation in response to numerous factors, many of which are beyond our control.

The market price for the common shares may be volatile and subject to wide fluctuations in response to many factors, including:

- actual or anticipated fluctuations in our results of operations;
- changes in estimates of our future results of operations by us or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to us;
- additions or departures of our executive officers and other key personnel;
- transfer restrictions on outstanding common shares;
- sales of additional common shares or the perception in the market that such sales might occur;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- news reports relating to trends, concerns or competitive developments, regulatory changes or enforcement actions and other related issues in our industry or target markets;
- investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with the SEC and Canadian securities regulators;
- reports by industry analysts, investor perceptions, and market rumors or speculation; and
- negative announcements by our customers, competitors or suppliers regarding their own performance.

For example, reports by industry analysts, investor perceptions, market rumors or speculation could trigger a sell-off in our common shares. Any sales of substantial numbers of the common shares in the public market or the perception that such sales might occur may cause the market price of the common shares to decline. In addition, to the extent that other large companies within our industries experience declines in their stock price, the share price of our common shares may decline as well. Moreover, if the market price of our common shares drops significantly, shareholders may institute securities class action lawsuits against us. Lawsuits against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

Financial markets continue to experience significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of our common shares may decline even if our results of operations, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. In addition, certain institutional investors may base their investment decisions on consideration of our environmental, governance, diversity and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment

in our common shares by those institutions, which could adversely affect the trading price of our common shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, our business and financial condition could be adversely impacted and the trading price of the common shares may be adversely affected.

Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We have been the target of such litigation and may in the future be the target of similar litigation. Regardless of merit, such litigation could result in substantial costs and damages and divert management's attention and resources, which could adversely affect our business. Any adverse determination in litigation against us could also subject us to significant liabilities.

We are a large accelerated filer and are no longer a foreign private issuer or an emerging growth company, which could result in significant additional costs and expenses to us.

As of the closing date of the Altria Investment, Altria beneficially owned approximately 45% of our issued and outstanding common shares (calculated on a non-diluted basis) and, if exercised in full on such date, the exercise of the Altria Warrant would result in Altria holding a total ownership interest in us of approximately 55% of our issued and outstanding common shares (calculated on a non-diluted basis). As a result of the Altria Investment, we have determined that we no longer qualified as a foreign private issuer (within the meaning of Rule 3b-4 under the Exchange Act) as of June 28, 2019. While we were able to report on foreign private issuer forms until December 31, 2019, we are now required to report on U.S. domestic issuer forms as of January 1, 2020, and to comply with related requirements from which we had previously been exempt, such as the proxy statement requirements of Regulation 14A under the Exchange Act and the insider reporting and short-swing profit requirements of Section 16 of the Exchange Act.

The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer will be greater than the costs incurred as a Canadian foreign private issuer. We are now required to prepare our financial statements in compliance with U.S. GAAP rather than International Financial Reporting Standards, are not eligible to use foreign private issuer forms and are required to file periodic and current reports and registration statements with the SEC on U.S. domestic issuer forms, which are generally more detailed and extensive than the forms available to foreign private issuers. In addition, we may no longer rely upon exemptions from certain corporate governance requirements on Nasdaq that are available to foreign private issuers.

Additionally, based on the market value of our equity securities held by non-affiliates as of June 28, 2019, we became a large accelerated filer, and are no longer an emerging growth company, as of December 31, 2019. As of such date, we are no longer permitted to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are emerging growth companies. These exemptions include, but are not limited to, not being required to comply with the auditor attestation requirements of Section 404(b), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, we may incur significant additional expenses that we did not previously incur. Moreover, once we are no longer an "emerging growth company," the cost of compliance with Section 404 will require us to incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements. If we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting as material weaknesses, we may be required to make prospective or retroactive changes to our financial statements, consider other areas for further attention or improvement, or be unable to obtain the required attestation in a timely manner, if at all.

We may require additional capital in the future or be required to issue common shares pursuant to certain of our agreements which may dilute holders of our securities.

We may need to raise additional funds through public or private debt or equity financings as discussed under "- *We may not be able to secure adequate or reliable sources of funding required to operate our business.*" above.

Additionally, we may be required to issue additional common shares pursuant to the Altria Warrant and the Ginkgo Collaboration Agreement. See "- *Any common shares issued pursuant to the exercise of the Altria Warrant will dilute shareholders.*" Pursuant to the Ginkgo Collaboration Agreement, upon Ginkgo's demonstration that the microorganisms are capable of producing the target cannabinoids above a minimum productivity level, we will issue to Ginkgo up to approximately 14.7 million common shares in the aggregate. Tranches of these common shares will be issued as each of the Equity Milestone Events is reached. The issuance of such common shares, if any, would dilute holders of common shares.

Holders of common shares will have no pre-emptive rights in connection with such further issuances. Our Board has the discretion to determine if an issuance of common shares is warranted, the price at which such issuance is effected and the other terms of issue of common shares. Any additional capital raised through the sale of equity will dilute the percentage of ownership of holders of our common

shares. Capital raised through debt financing would require us to make periodic interest payments and may impose restrictive covenants on the conduct of our business.

A substantial number of our securities are owned by a limited number of existing shareholders.

Our management, directors and employees own a substantial number of our outstanding common shares (on a fully diluted basis). In addition, as of the closing date of the Altria Investment, Altria beneficially owned approximately 45% of our outstanding common shares (calculated on a non-diluted basis). As such, our management, directors and employees, as a group, and Altria each are in a position to exercise significant influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions. In addition, these shareholders could delay or prevent a change in control that could otherwise be beneficial to holders of common shares.

It is not anticipated that any dividend will be paid to holders of common shares for the foreseeable future.

No dividends on the common shares have been paid to date. We currently intend to retain future earnings, if any, for future operation and expansion. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. As a result, investors may not receive any return on an investment in our common shares unless they sell their shares for a price greater than that which such investors paid for them.

Investors in the U.S. may have difficulty bringing actions and enforcing judgments against us and others based on securities law civil liability provisions.

We are incorporated under the laws of the Province of Ontario and our head office is located in the Province of Ontario. Some of our directors and officers and some of the experts named in this Annual Report are residents of Canada or otherwise reside outside of the U.S., and a substantial portion of their assets and our assets are located outside the U.S. Consequently, it may be difficult for investors in the U.S. to bring an action against such directors, officers or experts or to enforce against those persons or us a judgment obtained in a U.S. court predicated upon the civil liability provisions of U.S. federal securities laws or other laws of the U.S. In addition, while statutory provisions exist in Ontario for derivative actions to be brought in certain circumstances, the circumstances in which a derivative action may be brought, and the procedures and defenses that may be available in respect of any such action, may be different than those of shareholders of a company incorporated in the U.S.

If we are a passive foreign investment company for U.S. federal income tax purposes in any year, certain adverse tax rules could apply to U.S. Holders of our common shares.

Based on current business plans and financial expectations, we do not expect to be a passive foreign investment company ("PFIC") for the current taxable year ending December 31, 2020 and do not expect to become a PFIC in the foreseeable future. However, PFIC status is determined annually and depends upon the composition of a company's income and assets and the market value of its shares from time to time. Therefore, there can be no assurance as to our PFIC status for the current taxable year or for future taxable years. The value of our assets will be based, in part, on the then market value of common shares, which is subject to change. We will be classified as a PFIC for any taxable year for U.S. federal income tax purposes if for a taxable year, (i) 75% or more of our gross income is passive income or (ii) 50% or more of the value of our assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets.

If we are a PFIC for any taxable year during which a U.S. Holder (as defined below) holds our common shares, such U.S. Holders could be subject to adverse U.S. federal income tax consequences (whether or not we continue to be a PFIC). For example, U.S. Holders may become subject to increased tax liabilities under U.S. federal income tax laws and regulations, and will become subject to burdensome reporting requirements. If we are a PFIC during a taxable year in which a U.S. Holder holds our common shares, such U.S. Holder may be able to make a "qualified electing fund" election (a "QEF Election") or, alternatively, a "mark-to-market" election that could mitigate the adverse U.S. federal income tax consequences that would otherwise apply to such U.S. Holder. Upon request of a U.S. Holder, we intend to provide the information necessary for a U.S. Holder to make applicable QEF Elections. In addition, under certain attribution rules, if we are a PFIC, U.S. Holders will generally be deemed to own their proportionate share of our direct or indirect equity interest in any company that is also a PFIC (a "Subsidiary PFIC"). U.S. Holders may need to make one or more elections with respect to any Subsidiary PFIC in order to mitigate the adverse U.S. federal income tax consequences.

As used herein, "U.S. Holder" means a beneficial owner of our common shares that is (i) an individual who is a citizen or resident of the U.S. for U.S. federal income tax purposes, (ii) a corporation (or other entity taxable as a corporation for U.S. federal tax purposes) created or organized under the laws of the U.S. or any political subdivision thereof, including the states and the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust that (a) is subject to the primary

supervision of a court within the U.S. and for which one or more U.S. persons have authority to control all substantial decisions or (b) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person. U.S. Holders are urged to consult their own tax advisers as to whether we may be treated as a PFIC and the tax consequences thereof.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.

The trading market for our common shares depends, in part, on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our common shares or publish inaccurate or unfavorable research about our business, the trading price of our common shares would likely decline. In addition, if our results of operations fail to meet the forecast of analysts, the trading price of our common shares would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common shares could decrease, which might cause our trading price and trading volume to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our executive offices are located in Toronto, Ontario in Canada, where we lease office space. As of December 31, 2019, our Rest of World segment owned various manufacturing facilities in the Canadian provinces of Manitoba, Ontario and British Columbia and in Hadera, Israel, as well as a R&D facility in Beit Shemesh, Israel. As of December 31, 2019, our United States segment leased office space and a manufacturing facility in Los Angeles, California. Management believes that our existing facilities are adequate to meet our current requirements and, to the extent that our facilities are leased, comparable space is readily available.

ITEM 3. LEGAL PROCEEDINGS.

The Company is subject to various legal proceedings in the ordinary course of its business and in connection with its marketing, distribution and sale of its products. These legal proceedings are in the early stages of litigation and seek damages that may be unspecified or not quantified. The Company does not believe that these legal proceedings, individually or in the aggregate, will have a material adverse effect on its financial condition but could be material to its results of operations for a quarterly period depending, in part, on its results for that quarter.

U.S. Hemp Business

A number of claims, including purported class actions, have been brought in the U.S. against companies engaged in the U.S. hemp business alleging, among other things, violations of state consumer protection, health and advertising laws. Cronos and Redwood have received written threats of litigation with respect to Redwood's marketing and sale of U.S. hemp products. While as of February 28, 2020 no formal actions have been filed against the Company or Redwood, the Company anticipates that one or more actions may be filed against the Company and Redwood with respect to Redwood's marketing and sale of U.S. hemp products, and the Company expects litigation and regulatory proceedings in this area to increase.

ITEM 4. MINE SAFETY DISCLOSURE.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITES.

Our common shares are traded on Nasdaq and the TSX under the symbol "CRON."

Holders

As of February 25, 2020, there were approximately 77 holders of record of our common shares. This number of holders of record does not represent the actual number of beneficial owners of our common shares because shares are frequently held in "street name" by securities dealers and others for the benefit of individual owners who have the right to vote their shares.

Dividends

As of the date of this Annual Report, we have not declared any dividends or made any distributions on our common shares. Furthermore, we have no current intention to declare dividends on our common shares in the foreseeable future. Any decision to pay dividends on our common shares in the future will be at the discretion of the Board and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, our ability to meet solvency tests imposed by corporate law and other factors that the Board may deem relevant.

Securities Authorized for Issuance under Equity Compensation Plans

Information concerning securities authorized for issuance under equity compensation plans will be set forth in the 2020 Proxy Statement, which will be filed within 120 days of our fiscal year end.

Purchases of Equity Securities by the Issuer and Affiliated Persons

None.

Recent Sales of Unregistered Securities

In March 2019, we closed the Altria Investment for gross proceeds of approximately C$2.4 billion (approximately $1.8 billion). The Altria Investment consisted of 149,831,154 of our common shares and the Altria Warrant, issued to wholly owned subsidiaries of Altria at an exercise price of C$19.00. Pursuant to the investor rights agreement between us and Altria, entered into in connection with the closing of the Altria Investment, we granted Altria top-up rights. Since the closing of the Altria Investment, Altria has exercised its top-up rights each time that top-up rights have been available for exercise, other in connection with its top-up rights for the fiscal quarter ended December 31, 2019. During the year ended December 31, 2019, we issued 6,742,383 common shares upon Altria's exercise of top-up rights for gross cash proceeds of $67.1 million, in addition to the $16.0 million partial extinguishment of derivative liability. The Altria Investment and exercise of top-up rights thereunder was a private placement exempt from registration pursuant to Section 4(a)(2) of the Securities Act. See the section titled "Altria Strategic Investment" in Item 1 of this Annual Report.

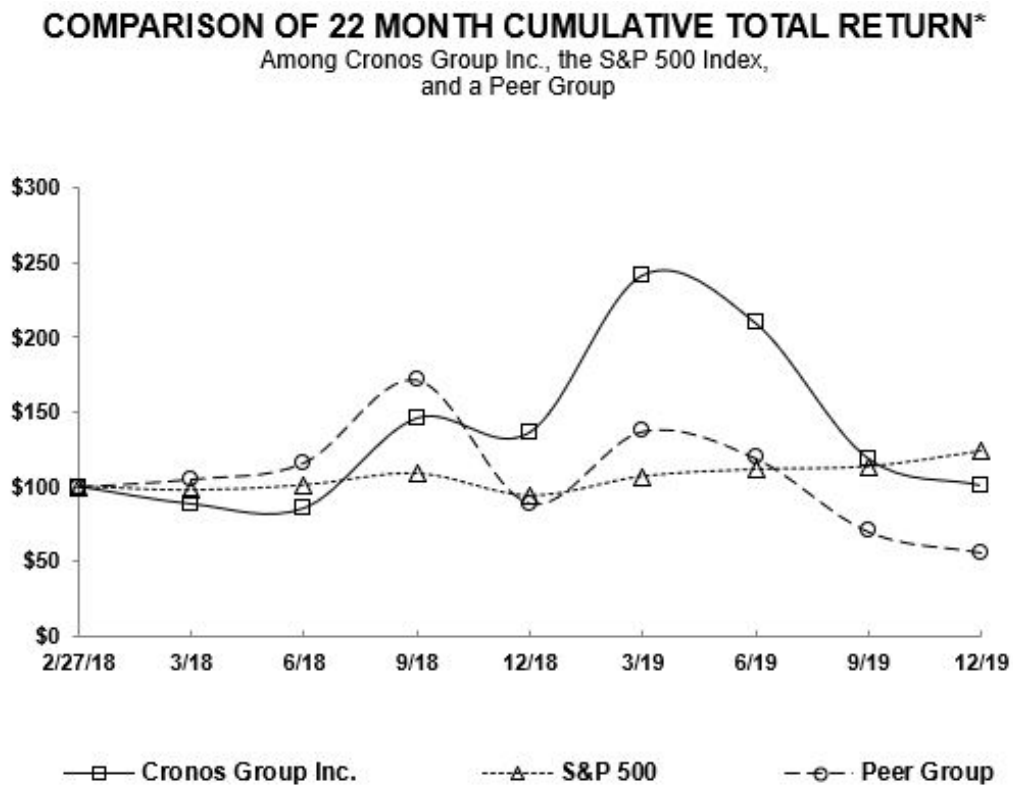
On September 5, 2019, as part of the consideration for our acquisition of Redwood, we issued 5,086,586 of our common shares to a number of accredited investors (each, an "accredited investor"), as defined in Rule 501 under the Securities Act, and sophisticated investors, as contemplated by Section 4(a)(2) of the Securities Act. Such common shares were issued in private placements in reliance on Section 4(a)(2) of the Securities Act.

On December 23, 2019, we issued 856,017 of our common shares to an accredited investor in a private placement in reliance on Section 4(a)(2) of the Securities Act in connection with the use of certain publicity rights in brand development. One-third of such common shares vested on January 31, 2020 with the remaining shares vesting in two equal instalments on (a) June 23, 2021, and (b) December 23, 2022. The total consideration paid for the issuance of such common shares was approximately $6 million.

Performance Graph

The following performance graph compares the cumulative total shareholder return of our common shares as listed on Nasdaq with the cumulative total return of the S&P 500 Index and a market-weighted index of publicly traded peers over the 22 month period beginning on February 27, 2018 and ending on December 31, 2019. The graph assumes that $100 is invested in each of our common shares, the S&P 500 Index, and the index of publicly traded

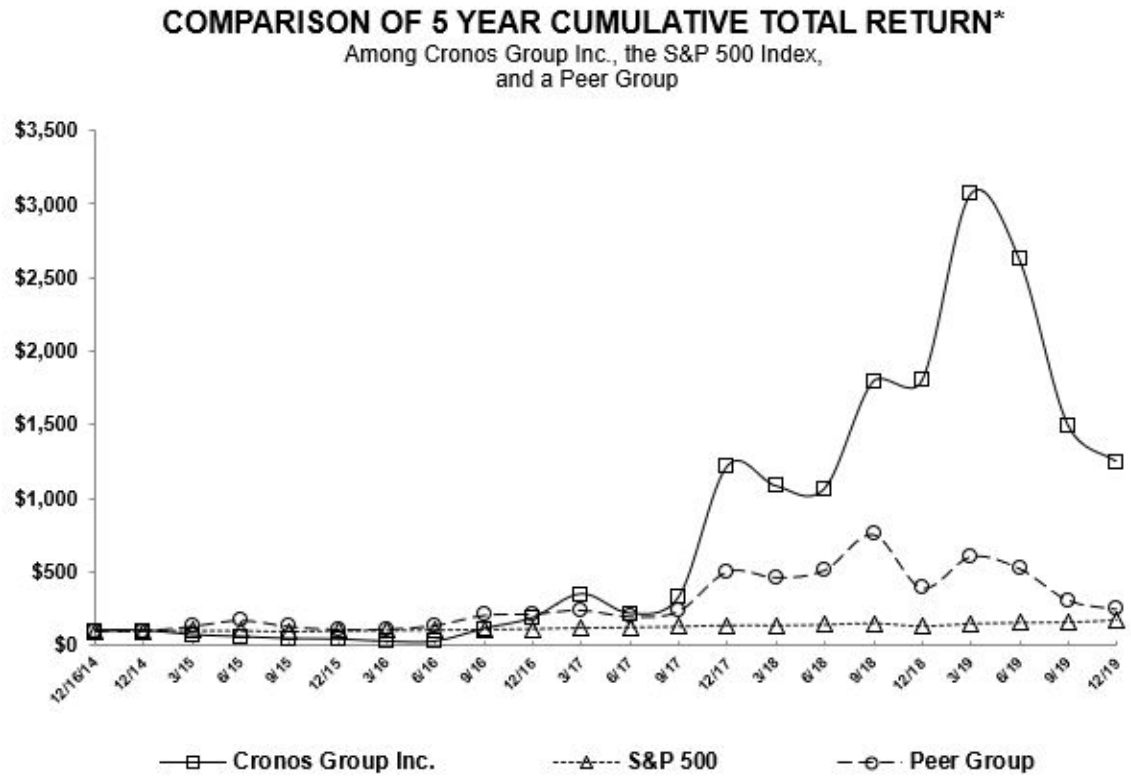
peers on February 27, 2018 and that all dividends, if applicable, were reinvested. The publicly traded companies in the peer group are Aphria Inc., Aurora Cannabis Inc., CannTrust Holdings Inc., Canopy Growth Corporation, Green Thumb Industries Inc., GW Pharmaceuticals plc, HEXO Corporation, iAnthus Capital Holdings Inc., Organigram Holdings Inc. and Tilray Inc. (the "Peer Group"). Past performance may not be indicative of future performance.



Date	Cronos Group Inc.	S&P 500	Peer Group
February 27, 2018	**$ 100.00**	$ 100.00	$ 100.00
March 2018	**$ 88.32**	$ 97.46	$ 105.23
June 2018	**$ 85.56**	$ 100.81	$ 116.32
September 2018	**$ 145.93**	$ 108.58	$ 171.53
December 2018	**$ 136.35**	$ 93.90	$ 88.95
March 2019	**$ 241.86**	$ 106.71	$ 137.15
June 2019	**$ 209.71**	$ 111.31	$ 119.16
September 2019	**$ 118.77**	$ 113.20	$ 70.01
December 2019	**$ 100.66**	$ 123.46	$ 56.05

*$100 invested on 2/27/18 in stock or 2/28/18 in index, including reinvestment of dividends. Fiscal year ending December 31.

Because Cronos Group's common shares are also traded on the TSX, we are providing additional information in order to enhance the reader's understanding of our trading history. The following performance graph compares the cumulative total shareholder return of our common shares as listed on the TSX with the cumulative total return of the S&P 500 Index and a market-weighted index of the Peer Group over the five-year period beginning on December 16, 2014 and ending on December 31, 2019. The graph assumes that $100 is invested in each of our common shares, the S&P 500 Index, and the index of the Peer Group and that all dividends, if applicable, were reinvested. Past performance may not be indicative of future performance.



Date	Cronos Group Inc.	S&P 500	Peer Group
December 16, 2014	**$ 100.00**	$ 100.00	$ 100.00
December 2014	**$ 100.00**	$ 99.75	$ 100.05
December 2015	**$ 39.38**	$ 101.13	$ 107.88
December 2016	**$ 185.00**	$ 113.22	$ 214.34
December 2017	**$ 1,217.50**	$ 137.94	$ 502.14
December 2018	**$ 1,797.50**	$ 131.89	$ 390.70
December 2019	**$ 1,246.25**	$ 173.42	$ 246.19

*$100 invested on 12/16/14 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

Share Information

	As of February 27, 2020
Issued and outstanding shares	
Common shares	348,817,472
Potentially issuable shares	
Stock options	14,149,502
Warrants	18,066,662
Restricted stock units	732,972
Altria Warrant	77,514,993
Exercisable Top-up Rights	716,956
Total potentially issuable shares	111,181,085
Total outstanding and potentially issuable shares	459,998,557

Item 6. Selected Financial Data.

Omitted; please see “Explanatory Note.”

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Omitted; please see “Explanatory Note.”

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Omitted; please see “Explanatory Note.”

Item 8. Financial Statements and Supplementary Data.

Omitted; please see “Explanatory Note.”

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Omitted; please see “Explanatory Note.”

Item 9A. Controls and Procedures.

Omitted; please see “Explanatory Note.”

Item 9B. Other Information.

Omitted; please see “Explanatory Note.”

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2019.

ITEM 11. EXECUTIVE COMPENSATION

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2019.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2019**.**

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2019.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2019.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as part of this Annual Report on Form 10-K, or incorporated herein by reference:

(a)(3) *Exhibits*. The exhibits listed in the Exhibit Index immediately below are filed as part of this Annual Report on Form 10-K, or are incorporated by reference herein.

Exhibit Number	Exhibit Description
2.1	Membership Interest Purchase Agreement, among Cronos Group Inc., Redwood Holdings Group, LLC and certain key persons, dated as of August 1, 2019 (incorporated by reference to Exhibit 99.1 to the Company's Current Report of Foreign Private Issuer, filed August 2, 2019).
3.1	Certificate of Incorporation and Articles of Amendment of Cronos Group Inc. (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 of Cronos Group Inc., filed July 11, 2018).
3.2	By-law No. 5 of Cronos Group Inc. (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-8 of Cronos Group Inc. filed on July 11, 2018).
4.1*	Form of Cronos Group Inc. Common Share certificate.
4.2*	Description of Capital Stock of Cronos Group Inc.
10.1	Subscription Agreement, dated as of December 7, 2018, by and among Cronos Group Inc., Altria Summit LLC, and, solely for the purposes specified therein, Altria Group, Inc. (incorporated by reference to Exhibit 99.1 to the Company's Current Report of Foreign Private Issuer, filed December 10, 2018).
10.2	Investor Rights Agreement, dated as of March 8, 2019, by and between Cronos Group Inc. and Altria Group, Inc. (incorporated by reference to Exhibit 99.1 to the Company's Current Report of Foreign Private Issuer, filed March 15, 2019).
10.3	Collaboration and License Agreement, dated as of September 1, 2018, by and between Cronos Group Inc. and Ginkgo Bioworks, Inc. (incorporated by reference to Exhibit 99.3 to the Company's Current Report of Foreign Private Issuer, filed September 4, 2018).
10.4*	First Amendment to Collaboration and License Agreement, dated as of May 9, 2019.
10.5†	Cronos Group Inc. 2015 Amended and Restated Stock Option Plan, dated as of May 26, 2015 (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-8 of Cronos Group Inc., filed July 11, 2018).
10.6†*	Form of Option Certificate to 2015 Amended and Restated Stock Option Plan
10.7†*	First Amendment to the Cronos Group Inc. 2015 Amended and Restated Stock Option Plan, dated as of August 7, 2019.
10.8†*	Cronos Group Inc. Amended and Restated 2018 Stock Option Plan, dated as of November 11, 2019.
10.9†*	Cronos Group Inc. Deferred Shared Unit Plan for Non-Executive Directors, dated as of August 7, 2019.
10.10†*	Employment Agreement, by and between Cronos Group Inc. (f/k/a PharmaCan Capital Corporation) and Michael Gorenstein, effective as of August 10, 2016.
10.11†*	Description of Oral Amendment, effective as of June 2019, to Employment Agreement, by and between Cronos Group Inc. (f/k/a PharmaCan Capital Corporation) and Michael Gorenstein, effective as of August 10, 2016.
10.12†*	Executive Employment Agreement, by and among Hortican Inc., Jerry Barbato and, solely for the purposes specified therein, Cronos Group Inc., effective as of April 15, 2019.
10.13†*	Employment Agreement, by and between Hortican Inc. and Xiuming Shum, effective as of August 21, 2017.
10.14†*	Executive Employment Agreement, by and among Hortican Inc., Xiuming Shum and, solely for the purposes specified therein, Cronos Group Inc., effective as of May 21, 2019.
10.15†*	Executive Employment Agreement, by and among Redwood Wellness, LLC, Robert Rosenheck and, solely for the purposes specified therein, Cronos Group Inc., dated as of September 5, 2019.
10.16†*	Restricted Share Unit Agreement, by and between Cronos Group Inc. and Robert Rosenheck, dated as of September 5, 2019.
10.17†*	Executive Employment Agreement, by and between Hortican Inc. and David Hsu, effective as of June 12, 2018.
10.18†*	Executive Employment Agreement, by and among Hortican Inc., David Hsu and, solely for the purposes specified therein, Cronos Group Inc., effective as of May 13, 2019.

10.19†*	Executive Employment Agreement, by and among Hortican Inc., William Lawrence Hilson and, solely for the purposes specified therein, Cronos Group Inc., effective as of May 15, 2019.
10.20†*	Service Agreement, by and between The Peace Naturals Project Inc. and Hillhurst Management Inc., entered into as of October 1, 2015.
10.21†*	Cronos Group Inc. Employment Inducement Award Plan #1.
10.22†*	Termination and Release Agreement, by and among Cronos Group Inc. and David Hsu, dated as of November 15, 2019.
10.23†*	Termination and Release Agreement, by and among Cronos Group Inc. and William Lawrence Hilson, dated as of November 15, 2019.
10.24†*	Form of Director and Officer Indemnity Agreement.
14.1*	Cronos Group Inc. Code of Business Conduct and Ethics.
21.1*	List of Subsidiaries of Cronos Group Inc.
24.1*	Power of Attorney (included on signature page hereto).
31.1*	Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

† Management contract or compensatory plan or arrangement.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CRONOS GROUP INC.

By: /s/ Michael Gorenstein

Michael Gorenstein

President and Chief Executive Officer

Date: March 2, 2020

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael Gorenstein and Jerry Barbato, jointly and severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Michael Gorenstein Michael Gorenstein	Director, Chairman, President and Chief Executive Officer (Principal Executive Officer and Director)	March 2, 2020
/s/ Jerry Barbato Jerry Barbato	Chief Financial Officer (Principal Financial Officer)	March 2, 2020
/s/ Puneet Mathur Puneet Mathur	Vice President, Controller (Principal Accounting Officer)	March 2, 2020
/s/ James Rudyk James Rudyk	Director	March 2, 2020
/s/ Jody Begley Jody Begley	Director	March 2, 2020
/s/ Jason Adler Jason Adler	Director	March 2, 2020
/s/ Bronwen Evans Bronwen Evans	Director	March 2, 2020
/s/ Murray Garnick Murray Garnick	Director	March 2, 2020
/s/ Bruce Gates Bruce Gates	Director	March 2, 2020

CRONOS GROUP INC.

(INCORPORATED UNDER THE LAWS OF ONTARIO BUSINESS CORPORATIONS ACT)

NUMBER
CERT.9999

SHARES
9,000,000*******
9,000,000*****
****9,000,000*******
*****9,000,000******
******9,000,000*****

THIS CERTIFIES THAT

** SPECIMEN **

CUSIP: 22717L101
ISIN: CA22717L1013

is the registered owner of

* NINE MILLION AND 00/100 *

FULLY PAID AND NON-ASSESSABLE COMMON SHARES IN THE CAPITAL OF

CRONOS GROUP INC.

transferable only on the books of the Corporation by the registered holder in person or by duly authorized Attorney on surrender of this Certificate properly endorsed.

This Certificate is not valid until countersigned and registered by the Transfer Agent and Registrar of the Corporation.

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers.

DATED: JANUARY 01, 2009

COUNTERSIGNED AND REGISTERED by
TSX Trust Company
Toronto, Ontario, Canada.
Transfer Agent and Registrar

By_____
AUTHORIZED OFFICER

OR

COUNTERSIGNED by
Continental Stock Transfer & Trust Co.
1 State Street, 30th Floor
New York, NY 10004
Co-Transfer Agent

By_____
AUTHORIZED OFFICER

Michael Gorenstein
President, Secretary & Chief Executive Officer

The Shares represented by this Certificate are transferable at the offices of TSX Trust Company, Toronto, Ontario, Canada, and at the offices of Continental Stock Transfer & Trust Company, New York, New York, USA

SECURITY INSTRUCTIONS ON REVERSE VOIR LES INSTRUCTIONS DE SÉCURITÉ AU VERSO

Printed by datacom.com

6118787

FOR VALUE RECEIVED, _____ hereby sell, assign and transfer unto

(PLEASE INSERT SOCIAL INSURANCE NUMBER OF TRANSFEREE)

			-				-			

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE)

_____

_____Shares

of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Stock on the Books of the within named Corporation, with full power of substitution in the premises.

Dated:_____

Signature:_____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A SCHEDULE 1 CANADIAN CHARTERED BANK OR AN ELIGIBLE GUARANTOR INSTITUTION WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM.

Guaranteed by:_____

999999

TIR5405

CERT.9999

RESTRICTIONS

SECURITY INSTRUCTIONS - INSTRUCTIONS DE SÉCURITÉ

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

PAPIER FILIGRANÉ. NE PAS ACCEPTER SANS VÉRIFIER LA PRÉSENCE DU FILIGRANE. POUR CE FAIRE, PLACER À LA LUMIÈRE.

Exhibit 4.2

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of Cronos Group Inc. (the "Company," "we," "us," and "our") is a summary and is not complete, may not contain all the information you should consider before investing in our capital stock and is qualified in its entirety by reference to, our Certificate of Incorporation and Articles of Incorporation (including all amendments thereto) (the "Articles") and By-law No. 5 (the "By-laws"), which have been publicly filed with the Securities and Exchange Commission ("SEC"). The terms of these securities may also be affected by the *Business Corporations Act* (Ontario) (the "Act"). All references to the "Company," "we," "us," and "our" refer solely to Cronos Group Inc. and do not include any subsidiary or affiliate of Cronos Group Inc.

Authorized Shares

The authorized capital of the Company consists of an unlimited number of no par value common shares (the "Common Shares"). Our Common Shares are currently listed on the Toronto Stock Exchange ("TSX") and on the NASDAQ Global Market ("Nasdaq") under the trading symbol "CRON".

Voting Rights

The holders of Common Shares are entitled to one vote per share at all meetings of the shareholders of the Company either in person or by proxy.

Under our Bylaws, the presence at a meeting of shareholders, in person or represented by proxy, of any number of shareholders holding not less than 33 1/3 of the outstanding Common Shares will constitute a quorum for the purpose of transacting business at the meeting of shareholders. Any matter, other than the election of Directors, brought before any meeting of shareholders shall be decided by the affirmative vote of the majority of Common Shares present in person or represented by proxy at the meeting and entitled to vote on the matter, unless the question is one upon which, by express provision of law, under our Articles, or under our Bylaws, a different vote is required, in which case such provision will control.

Directors are elected by a plurality of the votes cast at a meeting of shareholders. The Board's majority voting policy (the "Majority Voting Policy") requires that any nominee for director who does not receive a greater number of votes "for" his or her election as a director than votes "withheld" from voting tender his or her resignation to the Board for consideration by the independent directors of the Company promptly following the meeting. This policy applies only to uncontested elections, meaning elections where the number of nominees of directors is equal to the number of directors to be elected. The independent directors of the Company will consider the resignation and will provide a recommendation to the Board within 45 days following the meeting. The Board will consider the recommendation of the independent directors of the Company and determine whether to accept such recommendation within 90 days of the meeting. Absent exceptional circumstances, the Board will accept the resignation which will be effective upon such acceptance. A news release will be issued promptly by the Company announcing the Board's determination, including, if applicable, the reasons for rejecting the resignation. A director who tenders his or her resignation will not participate in any meetings to consider whether the resignation will be accepted.

Dividends and Other Distributions

The holders of Common Shares are entitled to dividends, if and when declared by the directors of the Company, and the distribution of the residual assets of the Company in the event of a liquidation, dissolution or winding up of the Company.

The Common Shares rank equally as to all benefits which might accrue to the holders thereof, including the right to receive dividends, voting powers, and participation in assets and in all other respects, on liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other disposition of the assets of the Company among its shareholders for the purpose of winding up its affairs after the Company has paid out its liabilities.

Restrictions on Transfers of Shares

Subject to applicable law, under our Bylaws the Company has a lien on a Common Share registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Company. By way of enforcement of such lien the Directors may reuse to permit the registration of a transfer of such Common Share.

Advance Notice for Shareholder Director Nominations

The Company's Bylaws contain advance notice provisions setting out advance notice requirements for the nomination of directors of the Company by a shareholder (who must also meet certain qualifications outlined in the Bylaws) (the "Nominating Shareholder") at any annual meeting of shareholders, or for any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors (the "Advance Notice By-Law").

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must give timely notice of such nomination in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company. To be timely, a Nominating Shareholder's notice to the Corporate Secretary must be made:

(i) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of Shareholders was made. The Company's Bylaws also prescribe the proper written form for a Nominating Shareholder's notice.

The chairperson of the meeting has the power and duty to determine whether a nomination was made in accordance with the notice procedures set forth in the Bylaws and, if any proposed nomination is not in compliance with such provisions, the discretion to declare that such defective nomination will be disregarded.

Other Provisions

The Common Shares are not subject to call or assessment rights or any pre-emptive or conversion rights. There are no provisions for redemption, purchase for cancellation, surrender or purchase of funds.

Transfer Agent

The transfer agent and registrar for the Common Shares is TSX Trust Company.

Foreign Ownership of Our Common Shares

There is no limitation imposed by the Articles on the right of a non-Canadian resident to hold or vote our Common Shares. The following provides a summary of certain limitations imposed by Canadian laws on the right of a non-Canadian resident to hold or vote our Common Shares:

Competition Act

Limitations on the ability to acquire and hold our Common Shares may be imposed by the *Competition Act* (Canada). This legislation permits the Commissioner of Competition of Canada, or Commissioner, to review any acquisition or establishment, directly or indirectly, including through the acquisition of shares, of control over or of a significant interest in us. This legislation grants the Commissioner jurisdiction, for up to one year after the acquisition has been substantially completed, to seek a remedial order, including an order to prohibit the acquisition or require divestitures, from the Canadian Competition Tribunal, which order may be granted where the Competition Tribunal finds that the acquisition prevents or lessens, or is likely to prevent or lessen, competition substantially.

This legislation also requires any person or persons who intend to acquire more than 20% of our voting shares or, if such person or persons already own more than 20% of our voting shares prior to the acquisition, more than 50% of our voting shares, to file a notification with the Canadian Competition Bureau if certain financial thresholds are exceeded. Where a notification is required, unless an exemption is available, the legislation prohibits completion of the acquisition until the expiration of the applicable statutory waiting period, unless the Commissioner either waives or terminates such waiting period.

Investment Canada Act

The *Investment Canada Act* requires each "non-Canadian" (as determined pursuant to the *Investment Canada Act*) who acquires "control" of an existing "Canadian business" to file a notification in prescribed form with the responsible Canadian federal government department or departments not later than 30 days after closing, provided the acquisition of control is not a reviewable transaction by Canadian authorities. Subject to certain exemptions, a transaction that is reviewable under the *Investment Canada* Act may not be implemented until an application for review has been filed and the responsible Minister of the federal cabinet has determined that the investment is likely to be of "net benefit to Canada" taking into account certain factors set out in the *Investment Canada Act*. Under the *Investment Canada Act*, an investment in our Common Shares by a non-Canadian who is either: (a) a WTO investor (i.e., controlled ultimately by nationals or permanent residents of World Trade Organization member countries, including the United States) or (b) a trade agreement investor (i.e., controlled ultimately by nationals or permanent residents of countries with whom Canada has a trade agreement, including the United States) but who is not a state-owned enterprise, would be reviewable only if it were an investment to acquire control of us pursuant to the *Investment Canada Act* and our enterprise value was equal to or greater than specified amounts, which vary annually. The specified review threshold amounts, as of December 31, 2019, for WTO investors and trade agreement investors who are not state-owned enterprises are C$1.045 billion and C$1.568 billion in enterprise value, respectively. It is anticipated that these review threshold amounts will be increased to C$1.075 billion and C$1.613 billion, respectively, in 2020. Any changes to the review thresholds will be published in the *Canada Gazette*.

The *Investment Canada Act* contains various rules to determine if there has been an acquisition of control by a non-Canadian. For example, for purposes of determining whether an investor has acquired control of a corporation by acquiring shares, the following general rules apply, subject to certain exceptions: the acquisition of a majority of the undivided ownership interests in the voting shares of the corporation is deemed to be acquisition of control of that corporation; the acquisition of less than a majority, but one-

third or more, of the voting shares of a corporation or of an equivalent undivided ownership interest in the voting shares of the corporation is presumed to be acquisition of control of that corporation unless it can be established that, on the acquisition, the corporation is not controlled in fact by the acquirer through the ownership of voting shares; and the acquisition of less than one third of the voting shares of a corporation or of an equivalent undivided ownership interest in the voting shares of the corporation is deemed not to be acquisition of control of that corporation.

Under the national security review regime in the *Investment Canada Act*, review on a discretionary basis may also be undertaken by the federal government in respect to a much broader range of investments by a non-Canadian to "acquire, in whole or part, or to establish an entity carrying on all or any part of its operations in Canada". No financial threshold applies to a national security review. The relevant consideration is whether such investment by a non-Canadian could be "injurious to national security". The federal government has broad discretion to determine whether an investor is a non-Canadian and therefore subject to national security review. Review on national security grounds is at the discretion of the Canadian government, and may occur on a pre- or post-closing basis.

Certain transactions relating to our Common Shares will generally be exempt from the *Investment Canada Act*, subject to the federal government's prerogative to conduct a national security review, including:

- the acquisition of our Common Shares by a person in the ordinary course of that person's business as a trader or dealer in securities;
- the acquisition of control of us in connection with the realization of security granted for a loan or other financial assistance and not for any purpose related to the provisions of the *Investment Canada Act*; and
- the acquisition of control of us by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of us, through ownership of our Common Shares, remains unchanged.

Certain Canadian Income Tax Considerations for United States Shareholders

The following summarizes, as of the date hereof, certain Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "Canadian Tax Act") and the *Canada-United States Tax Convention (1980)*, as amended (the "Convention") to the holding and disposition of our Common Shares.

This summary is restricted to beneficial owners of our Common Shares each of whom, at all relevant times and for purposes of the Canadian Tax Act and the Convention: (i) is neither resident nor deemed to be resident in Canada; (ii) is resident solely in the United States and is entitled to benefits of the Convention; (iii) does not use or hold, and is not deemed to use or hold, our Common Shares in, or in the course of, carrying on a business in Canada; (iv) deals at arm's length with and is not affiliated with the Company; (v) holds our Common Shares as capital property; and (vi) is not an "authorized foreign bank" (as defined in the Canadian Tax Act) or an insurer that carries on business in Canada and elsewhere (each such holder, a "U.S. Resident Holder"). Generally, a U.S. Resident Holder's Common Shares will be considered to be capital property of the holder provided that the holder is not a trader or dealer in securities, does not acquire, hold or dispose of (or is not deemed to have acquired, held or disposed of) our Common Shares in one or more transactions considered to be an adventure or concern in the nature of trade, and does not hold or use (or is not deemed to hold or use) our Common Shares in the course of carrying on a business.

This summary is based upon the current provisions of the Canadian Tax Act and the Convention in effect as of the date hereof, and the Company's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("CRA") published in writing prior to the date hereof. This summary does not anticipate or take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, except specific proposals to amend the Canadian Tax Act publicly and officially announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"). This summary assumes that the Tax Proposals will be enacted in the form proposed. This summary does not take into account any other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those set out herein. No assurances can be given that the Tax Proposals will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations, and is not intended and should not be construed as legal or tax advice to any particular U.S. Resident Holder. Accordingly, prospective purchasers or holders of our Common Shares are urged to consult their own tax advisors with respect to their own particular circumstances.

Taxation of Dividends

Under the Canadian Tax Act, dividends paid or credited, or deemed to be paid or credited, to a U.S. Resident Holder on our Common Shares will be subject to Canadian withholding tax at a rate of 25% of the gross amount of such dividends, unless the rate is reduced under the Convention. Under the Convention, the rate of withholding tax on dividends applicable to U.S. Resident Holders who are

entitled to benefits under the Convention and beneficially own the dividends is generally reduced to 15% (or, if the U.S. Resident Holder is a company that owns at least 10% of the voting shares of the Company, 5%) of the gross amount of such dividends.

Disposition of Common Shares

Generally, a U.S. Resident Holder will not be subject to tax under the Canadian Tax Act in respect of any capital gain realized by such U.S. Resident Holder on a disposition or deemed disposition of our Common Shares unless our Common Shares constitute "taxable Canadian property" of the U.S. Resident Holder and are not "treaty-protected property" (each as defined in the Canadian Tax Act). Common Shares of the Company generally will not be "taxable Canadian property" to a holder provided that, at the time of the disposition or deemed disposition, the Common Shares are listed on a "designated stock exchange" for purposes of the Canadian Tax Act (which currently includes the NASDAQ and the TSX), unless at any time during the 60-month period immediately preceding the disposition of the Common Shares the following two conditions are met concurrently: (a) (i) the U.S. Resident Holder, (ii) persons with whom the U.S. Resident Holder did not deal at arm's length, (iii) partnerships in which the U.S. Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, or (iv) any combination of the persons and partnerships described in (i) through (iii), owned 25% or more of the issued shares of any class or series of the capital stock of the Company; and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly, from one or any combination of real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Canadian Tax Act), and options in respect of or interests in, or for civil law rights in, any such properties (whether or not such property exists). In certain circumstances set out in the Canadian Tax Act, the Common Shares may be deemed to be "taxable Canadian property".

Even if the Common Shares are taxable Canadian property to a U.S. Resident Holder, any capital gain realized on the disposition or deemed disposition of such Common Shares will not be subject to tax under the Canadian Tax Act provided that the value of such Common Shares is not derived principally from real property situated in Canada (within the meaning of the Convention).

A U.S. Resident Holder contemplating a disposition of our Common Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

Exhibit 10.4

FIRST AMENDMENT TO COLLABORATION AND LICENSE AGREEMENT

This First Amendment to the Collaboration and License Agreement (this "**First Amendment**") is entered into as of May 9, 2019 (the "**First Amendment Effective Date**"), by and between Ginkgo Bioworks, Inc., a corporation duly organized and existing under the laws of the State of Delaware, U.S.A., having a place of business at 27 Drydock Ave, 8th Floor, Boston, Massachusetts 02210, U.S.A. ("**Ginkgo**"), and Cronos Group Inc., a corporation duly organized and existing under the laws of the Province of Ontario, Canada, having a place of business at 720 King Street West, Suite 320, Toronto, Ontario M5V 2T3, Canada ("**Cronos**"). Ginkgo and Cronos may each be referred to herein individually as a "Party" and collectively as the "**Parties**."

RECITALS

A. Ginkgo and Cronos are parties to that certain Collaboration and License Agreement dated September l, 2018 (the "**Original Agreement**"), pursuant to which, among other things, Ginkgo and Cronos agreed to jointly research and collaborate to Develop Collaboration Strains to Scale Up and Manufacture Target Cannabinoids; and

B. the Parties desire to amend certain terms of the Original Agreement such that Ginkgo takes on greater responsibility for: 1) additional Development activities prior to Scale Up of a Cronos Product, including lab-scale fermentation and downstream process development activities related to activities necessary to produce and recover a Crones Product from a fermentation process; 2) enabling Scale Up; and 3) enabling Manufacturing.

NOW, THEREFORE, the Parties agree as follows:

1. Definitions. Capitalized terms not defined in this First Amendment have the meanings given such terms in the Original Agreement.

2. Amendments.

(a) Article 1 of the Original Agreement is hereby amended by inserting a new Section 1.138, Section 1.139, and Section 1.140 as follows:

1.138 "Audit" has the meaning ascribed to such term in Section 2.15.

1.139 "Audit Report" has the meaning ascribed to such term in Section 2.15.

1.140 "Fully Burdened Cost" has the meaning ascribed to such term in Exhibit B.

1.141 "Transfer Price" has the meaning ascribed to such term in Exhibit B.

1.142 "Work Order" means a description of services and additional relevant details mutually agreed upon in a document executed by each of the Parties, pursuant to which Ginkgo will, subject to and pursuant to this Agreement (including Section 2.15), itself or, subject to Section 2.11, through one or more Affiliates or Third Parties, perform a set of services defined therein related to the Development (beyond or modifying the work described in a separate, fully executed TDP), Scale Up or Manufacture, including the facilitation thereof which may involve the establishment of a facility and related operations for such Development, Scale Up or Manufacture, of one or more Cronos Products from a Collaboration Strain. Each Work Order executed by the Parties shall be deemed to be incorporated by reference in this Agreement. The first Work Order is included herein as Exhibit C and shall be deemed approved upon execution of the First Amendment.

(b) Section 2.3(b) of the Original Agreement is hereby amended and restated in its entirety to be read as follows:

Upon completion of Development activities under a TOP with respect to Collaboration Strains and any other activities required prior to Scale Up that are described in an applicable Work Order so that, as determined by the JSC, it is reasonable to believe that Scale Up will be achieved, the Parties will mutually agree on one or more manufacturers, which may include one or more Third Parties, Ginkgo, Ginkgo Affiliates, Cronos, or Cronos Affiliates, to Scale Up production of the corresponding Target Cannabinoid using the relevant Collaboration Strain(s); provided that if the Parties mutually agree that Ginkgo or a Ginkgo Affiliate will perform any Scale Up production, such Scale Up production will be governed by the applicable Work Order. If necessary, Ginkgo will transfer Collaboration Strains to the agreed upon Person(s) in accordance with Section 2.8(b). Ginkgo shall have the right to independently engage the agreed upon Person(s) for such Scale Up, provided that Cronos shall reimburse Ginkgo for any reasonable and documented out-of-pocket direct costs incurred by Ginkgo in connection with the Scale Up pursuant to Section 5.2.

(c) Section 2.4(b) of the Original Agreement is hereby amended and restated in its entirety to be read as follows:

Cronos shall select one or more manufacturers, which may include one or more Third Parties, Ginkgo, Ginkgo Affiliates, Cronos itself, or Cronos Affiliates, to Manufacture and Commercialize each Cronos Product from a Collaboration Strain transferred pursuant to 2.4(a). If Cronos selects Ginkgo or a Ginkgo Affiliate to perform any Manufacturing services related to a Cronos Product, such services will be governed by the applicable Work Order, provided that if the Parties cannot agree on the terms of a particular Work Order, Ginkgo or Ginkgo Affiliates, as applicable, will have no obligation to perform services thereunder. Costs and expenses associated with the services to be performed under such Work Order shall be paid in accordance with Section 5.8. Subject to the terms of Section 5.8, Cronos shall bear all costs associated with (1) the Manufacture of Target Cannabinoids that are the subject of any completed TDPs and (2) Commercialization of Cronos Products.

(d) The scope of the Scale Up Transfer in Section 2.8(b) of the Original Agreement and the Manufacture Transfer in Section 2.8(c) of the Original Agreement may be modified and qualified by the content of an applicable Work Order.

(e) Article 2 of the Original Agreement is hereby amended by adding a new Section 2.15 as follows:

Audit Rights. Without limiting the generality of Section 2.10 and in addition thereto, Cronos or its professional accountant representatives, upon thirty days' prior written notice to Ginkgo, shall have the right, from time to time and during regular business hours and for a duration not exceeding two (2) business days during the term of this Agreement, but no more than once in any rolling twelve-month period and once following the termination of this Agreement (notwithstanding the foregoing twelve-month restriction), to audit Ginkgo's performance with respect to the delivery of the Technical Services and the amounts charged pursuant to its invoices (each, an “Audit”), and, as reasonably necessary to perform such audit, Ginkgo shall allow reasonable access by Cronos, its Affiliates and its and their respective representatives to Ginkgo's and its Affiliates' (solely to the extent such Affiliate has provided Technical Services to Cronos) facilities, books and records relevant to the delivery of such Technical Services and personnel in charge of audits. Ginkgo will use commercially reasonable efforts to enable access to Ginkgo's Subcontractors' books and records. In the event of an Audit, (a) Cronos shall prepare and deliver to Ginkgo a reasonably detailed written statement documenting its findings, and in the event an Audit reveals a discrepancy in the amounts paid by Cronos to Ginkgo from what was actually required to be paid, Cronos shall prepare and deliver to Ginkgo a reasonably detailed written statement documenting such discrepancy and any calculations performed in connection with the discovery of such discrepancy (each, an “Audit Statement”) and (b) Cronos shall permit Ginkgo, its Affiliates and its and their respective representatives to review Cronos' and its representatives' and Affiliates' working papers relating to the Audit and preparation of any Audit Statement for fifteen Business Days. Following Ginkgo's review and confirmation that the Audit was performed properly and to its satisfaction and, if applicable, that the Audit Statement is materially accurate, Ginkgo shall refund Cronos such overpayment, or Cronos shall reimburse Ginkgo for such underpayment, as applicable. The costs of the Audit shall be borne by Cronos, unless the Audit evidences a difference above five percent (5%) between the reported figures by Ginkgo and those which result from such Audit, in which event such reasonable and actually incurred out-of-pocket costs of such Audit shall be borne by Ginkgo. Any information disclosed to or learned by Cronos, its Affiliates, or its representatives in connection with any Audit pursuant to this Section 2.15 shall be considered Confidential Information of Ginkgo and may be used only in connection with such Audit.

(f) Article 2 of the Original Agreement is hereby amended by adding a new Section 2.16 as follows:

2.16 Work Orders. Ginkgo shall use Commercially Reasonable Efforts to perform any services or activities for which it is responsible under each Work Order.

(g) Section 4.3 of the Original Agreement is hereby amended and restated in its entirety to be read as follows:

4.3 License Grants to Ginkgo. Cronos hereby grants to Ginkgo a royalty-free, worldwide, non-exclusive, sublicensable right to use any (a) Cronos Background IP, and (b) Foreground Application IP; in each case to the extent necessary, or as determined by the JSC to be materially useful, for Ginkgo to perform its obligations under any TDP or Work Order.

(h) Article 5 of the Original Agreement is hereby amended by adding a new Section 5.8 as follows:

5.8 Work Order Payments. All payments made pursuant to any Work Order shall be made in accordance with this Section 5.8.

(a) Transfer Price. As consideration for any work performed under a Work Order, Cronos hereby agrees to pay to Ginkgo the amount equal to the Transfer Price of all such activities performed under such Work Order, as set forth in an invoice pursuant to Section 5.8(b).

(b) Invoicing & Reconciliation. As more specifically set forth in Exhibit B, following the end of each calendar month during the Term in which there is an active Work Order, Ginkgo will submit to Cronos an invoice setting forth the Transfer Price to be paid based on the services provided during such calendar month in connection with any active Work Order. Invoices will be submitted electronically to Cronos at Accounts Payable (ap.thecronosgroup.com). Payment of all amounts owed by Cronos pursuant to this Section 5.8 will be remitted to Ginkgo on or before forty five (45) days from the date the invoice therefor is received by Cronos. The foregoing will not limit Ginkgo's right

to submit corrective invoices in the event there are unbilled amounts owing for services provided (including amounts for which Ginkgo is entitled for compensation or reimbursement as permitted hereunder which were not previously invoiced) or in the event there are overbilled amounts with respect to services provided in which case payment of the amounts owed by Cronos pursuant to this Section 5.8 will be remitted to Ginkgo on or before forty-five (45) days from the date the corrective invoice therefor is received by Cronos.

3 New Exhibit B. Annex A to this First Amendment shall be incorporated into the Original Agreement as Exhibit B thereto.

4 New Exhibit C. Annex B to this First Amendment shall be incorporated into the Original Agreement as Exhibit C thereto.

5 Incorporation. Article 13 of the Original Agreement is hereby incorporated *mutatis mutandis* into this First Amendment.

6 Effect on Original Agreement. Except as specifically amended by this First Amendment, the Original Agreement will remain in full force and effect and is hereby ratified and confirmed. To the extent a conflict arises between the terms of the Original Agreement and this First Amendment, the terms of this First Amendment shall prevail but only to the extent necessary to accomplish its intended purpose.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, duly authorized representatives of the Parties have duly executed this First Amendment to the Collaboration and License Agreement as of the date first written above.

GINKGO BIOWORKS, INC.

By: /s/ Jason Kelly

Name: Jason Kelly

Title: Chief Executive Officer

CRONOS GROUP INC.

By: /s/ Michael Gorenstein

Name: Michael Gorenstein

Title: Chief Executive Officer

Annex A

Work Order Pricing

Exhibit 10.6

FORM OF

CRONOS GROUP INC.

(the "**Corporation**")

STOCK OPTION PLAN

OPTION CERTIFICATE

The present Option Certificate is delivered pursuant to the provisions of the Cronos Group Inc. Amended and Restated Stock Option Plan approved by shareholders at a meeting held on June 28, 2017 (the "**Plan**") and certifies that the optionee mentioned below (the "**Participant**") has been granted Options (as defined in the Plan) to purchase common shares (the "**Shares**") in the capital of the Corporation, in accordance with and subject to the following terms and conditions and the terms and conditions set out in the Plan:

Participant:	
Grant Date:	[●]
Number of Options:	[●]
Exercise Price:	$[●]/Option
Vesting Schedule:	[●]
Expiry:	[●]

The Participant may exercise these Options to the extent vested in accordance with this Option certificate and the Plan by giving the Corporation an Exercise Notice (attached hereto as Schedule "A") accompanied by this Option Certificate and a certified cheque or bank draft payable to the Corporation, in an amount equal to the aggregate Exercise Price of the Options that are being exercised. If only part of these Options are being exercised, the Corporation shall make a note on this Option Certificate indicating the number of Options exercised and this Option Certificate shall then be returned to the Participant.

This Option Certificate, as well as the Options represented thereby, shall not be transferrable by the Participant otherwise by will or the laws of descent and distribution. This Option Certificate is only delivered for convenience and in the event of a dispute with respect thereto, the provisions of the Plan and the records of the Corporation shall be determinative and binding on the Participant.

Dated in ____ on ____, 20_.

CRONOS GROUP INC.

By: __

Authorized signatory

By signing where indicated below, the Participant acknowledges and confirms that:

1. his or her participation under the Plan is voluntary;
2. he or she has received a copy of the Plan which was applicable at the time of this grant of Options and that no amendment to the Plan thereafter shall affect any right granted to him or her in respect of the Options, except if such amendment is approved by the Participant or is required in order to comply with changes to any relevant law or regulation applicable with respect to the Plan, the Options or the Shares; and
3. he or she has read and understands the Plan and accepts to be bound by the provisions thereof and the terms and conditions of this Option Certificate.

Signed in _____, on _____, 20__.

_____

[Participant]

SCHEDULE A
EXERCISE NOTICE

TO: CRONOS GROUP INC. (the "**Corporation**")

Pursuant to the Corporation's Amended and Restated Stock Option Plan (the "Plan"), the undersigned hereby gives an irrevocable notice of the exercise of the Options to purchase Shares that are subject to the Option Certificate dated _____, 20 (the "Option Shares") and hereby subscribes for (cross out the inappropriate item):

(a) all of the Option Shares; or

(b) _____ of the Option Shares.

The Exercise Price per Option is _____and the aggregate Exercise Price for all of the Options being exercised is _____.

With this notice, the undersigned is delivering a cheque certified or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Options being exercised, as set out above, and requests that the Corporation delivers to the undersigned a certificate representing the Shares that are subject to such Options pursuant to the instructions indicated hereunder.

DATED: __

__

(Signature of the Participant)

__

(Name of the Participant -in block letters)

Information concerning the registration of the certificate:

Registration Name and Address:	Mailing Address (if different from Registration):
_____	_____
_____	_____
_____	_____

Signed in _____, on _____, 20__.

CRONOS GROUP INC.
FIRST AMENDMENT TO THE AMENDED AND RESTATED STOCK OPTION PLAN

THIS FIRST AMENDMENT (the "**First Amendment**") amending Cronos Group Inc.'s Amended and Restated Stock Option Plan (the "**Plan**") shall be effective as of August 7, 2019.

WHEREAS the Company wishes to amend the Plan to add a new Schedule B as set forth herein (the "**Amendments**");

AND WHEREAS the Board is permitted to make the Amendments pursuant to Section 9 of the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows:

ARTICLE 1 INTERPRETATION

1.1 This First Amendment is supplemental to the Plan and shall form one agreement with the Plan. The Plan and this First Amendment shall be read together and have effect as though all of the provisions thereof and hereof were contained in one instrument.

1.2 Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

ARTICLE 2 AMENDMENTS

2.1 Exhibit "A" to this First Amendment shall be incorporated into the Plan as Schedule B thereto.

Adopted by the Board of Directors of the Company on August 7, 2019.

Exhibit "A" SCHEDULE B

Cronos Group Inc.

ISRAELI PARTICIPANTS

(Applicable for Options granted to Israeli Participants)

1. SCOPE.

1.1. This Schedule B forms an integral part of the Plan and is to be read as a continuation of the Plan and only applies to Options granted to Israeli Participants.

2. ISSUANCE OF OPTIONS.

2.1. Israeli Participants that are Employees may only be granted Options pursuant to Section 102, and all other Israeli Participants may only be granted 3(i) Options.

2.2. The Company may designate Options granted to Employees pursuant to Section 102 as Unapproved 102 Awards or Approved 102 Awards; provided that any grant of Approved 102 Awards shall be made not less than 30 days from the date that the Plan is submitted to the ITA and shall comply with Section 102.

2.3. Approved 102 Awards may either be classified as Capital Gain Awards or Ordinary Income Awards.

2.4. No Approved 102 Awards may be granted pursuant to the Plan to any eligible Employee unless and until the Company's election of the type of Approved 102 Awards as CGA or OIA granted to Employees (the "***Election***") is appropriately filed with the ITA. Such Election shall become effective beginning the first date of grant of an Approved 102 Award under the Plan and shall remain in effect until the end of the year following the year during which the Company first granted Approved 102 Awards. The Election shall obligate the Company to grant only the type of Approved 102 Award it has elected, and shall apply to all Israeli Participants who were granted Approved 102 Awards during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting Unapproved 102 Awards simultaneously.

2.5. All Approved 102 Awards must be held in trust by a Trustee registered on the name of the Trustee, as described in Section 3 below.

2.6. For the avoidance of doubt, the designation of Unapproved 102 Awards and Approved 102 Awards shall be subject to the terms and conditions set forth in Section 102.

3. TRUSTEE.

3.1. The terms and conditions applicable to the trust relating to Section 102 Awards shall be set forth in an agreement signed by the Company and the Trustee (the "***Trust Agreement***").

3.2. Notwithstanding anything to the contrary in the Plan, Shares issued upon exercise of an Approved 102 Award by an Israeli Participant shall be registered in the name of the Trustee for the benefit of such Israeli Participant for no less than such period of time as required by Section 102 (the "***Holding Period***"). In case the requirements for Approved 102 Awards are not met, then the Approved 102 Awards shall be regarded as Unapproved 102 Awards, all in accordance with the provisions of Section 102.

3.3. The Trustee shall not release any Shares issued upon the valid exercise of Approved 102 Awards to an Israeli Participant prior to the full payment of such Israeli Participant's tax liabilities, if any, arising from Approved 102 Awards which were granted to such Israeli Participant and/or any Shares issued upon exercise of such Options.

3.4. With respect to any Approved 102 Award, subject to the provisions of Section 102, an Israeli Participant shall not sell or release from trust any Shares received upon the exercise of an Approved 102 Award until the lapse of the Holding Period required under Section 102. Notwithstanding the foregoing sentence, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 shall apply to and shall be borne solely by the Israeli Participant. Subject to the immediately preceding sentence, the Trustee may, pursuant to a written or electronic request from the applicable Israeli Participant, release and transfer such Share from trust to such Israeli Participant, provided that both of the following conditions have been fulfilled prior to such release or transfer: (i) payment has been made to the ITA of all taxes required to be paid upon the release and transfer of the Share, and confirmation of such payment has been received by the Trustee and (ii) the Trustee has confirmed with the Company that all requirements for such release and transfer have been fulfilled according to the terms of the Company's constating documents, the Plan, the Israeli Option Certificate and any applicable law.

3.5. Upon receipt of any Approved 102 Award, if requested to do so by the Company, any of the Company's Israeli Affiliates or the Trustee, the relevant Israeli Participant will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in accordance with the Plan or any Shares granted to such Israeli Participant thereunder.

3.6. The Trustee shall have the right to withhold taxes as further described in this Schedule B.

3.7. In the case of 102 Awards, the Trustee shall have no rights as a shareholder of the Company in respect of Shares issuable on the exercise of rights to acquire Shares under any Option until the issuance to the Trustee of such Shares for the Israeli Participant's benefit, and the Israeli Participant shall have no rights as a shareholder of the Company in respect of the Shares issuable on the exercise of rights to acquire Shares under any Option until the date of the release of such Shares from the Trustee to the Israeli Participant and the transfer of record ownership of such Shares to the Israeli Participant.

4. <u>THE OPTIONS</u>.

Each Israeli Option Certificate shall be subject to Section 102 or Section 3(i) of the Ordinance, as applicable, and shall state, inter alia, the type of Option granted thereunder (whether a CGA, OIA, Unapproved 102 Award or a 3(i) Option), and, in accordance with the Plan, any applicable vesting provisions and exercise price that may be payable.

5. <u>FAIR MARKET VALUE</u>.

Solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Ordinance, if at the date of grant of any CGA, the Shares are listed on any established Share exchange or a national market system or if the Shares will be registered for trading within ninety

(90) days following the date of grant of the CGAs, the fair market value of the Shares at the date of grant shall be determined in accordance with the average value of the Shares on the thirty (30) trading days preceding the date of grant or on the thirty (30) trading days following the date of registration for trading, as the case may be.

6. <u>EXERCISE OF OPTIONS</u>.

Without derogating the provision of the Plan, Options shall be exercised by the relevant Israeli Participant by giving a written or electronic notice to the Company and/or to any third party designated by the Company (the "***Representative***"), in such form and method as may be determined by the Company (and to the extent applicable, in accordance with the requirements of Section 102), which exercise shall be effective upon receipt of such notice by the Company and/or the Representative and the cash payment of the exercise price for the number of Shares with respect to which the Option is being exercised in accordance with the terms and conditions of the Plan, at the Company's or the Representative's principal office. The exercise price for Approved 102 Awards shall be paid by certified cheque or bank draft payable to the Company or wire

transfer to an account specified by the Company, unless an advance approval granted from the ITA, as required, for an alternative method of payment is first obtained.

7. INTEGRATION OF SECTION 102 AND TAX ASSESSING OFFICER'S PERMIT.

7.1. With regards to Approved 102 Awards only, the provisions of the Plan and/or the Israeli Option Certificate shall be subject to the provisions of Section 102 and the Tax Assessing Officer's permit and/or any pre-rulings obtained by the ITA, and the said provisions, permit and/or pre-rulings shall be deemed an integral part of the Plan and of the Israeli Option Certificate.

7.2. Any provision of Section 102 and/or the said permit and/or pre-rulings which is necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the Plan or the Israeli Option Certificate, shall be considered binding upon the Company and the Israeli Participant.

8. TAX CONSEQUENCES.

8.1. Any tax consequences arising from the grant, exercise or vesting of any Option from the payment for Shares covered thereby or from any other event or act (of the Company, any of its Israeli Affiliates, the Trustee or the Israeli Participant), hereunder, shall be borne solely by the Israeli Participant. The Company, any of its Israeli Affiliates and/or the Trustee, as applicable, shall withhold Israeli taxes according to the requirements under applicable law, including withholding taxes at source. Furthermore, each Israeli Participant hereby agrees to indemnify the Company, its Israeli Affiliates and the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty or indexation thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Israeli Participant.

8.2. The Company and/or, when applicable, the Trustee shall not be required to release any Share certificate to an Israeli Participant until all required payments have been fully made.

8.3. With respect to Unapproved 102 Award, if the Israeli Participant ceases to be employed by the Company or any of its Israeli Affiliates, the Israeli Participant shall extend to the Company and any of its Israeli Affiliates, as applicable, a security or guarantee for the payment of tax due at the time of sale of Shares, all in accordance with the provisions of Section 102 and the rules, regulation or orders promulgated thereunder.

8.4. Each Israeli Participant agrees to, and undertakes to comply with, any ruling, settlement, closing agreement or other similar agreement or arrangement with any tax authority which is approved by the Company.

9. ISRAELI PARTICIPANT'S UNDERTAKINGS.

9.1. Each Israeli Participant (a) agrees and acknowledges that he or she have received and read the Plan, the Israeli Option Certificate and Trust Agreement; (b) undertakes to comply with all the provisions set forth in Section 102 (including provisions regarding the applicable tax track that the Company has selected) or Section 3(i), as applicable, the Plan, the Israeli Option Certificate, the Trust Agreement and applicable law; and (c) with respect to Options granted under Section 102, the Israeli Participant undertakes to comply with and be subject to the provisions of Section 102 and not to sell or release the Shares from trust before the end of the Holding Period.

9.2. Each Israeli Participant agrees to execute any and all documents that the Company, any of its Israeli Affiliates and/or the Trustee may reasonably determine to be necessary in order to comply with the Ordinance, ruling or guidelines and rules issued by the ITA.

10. DEFINITIONS.

Any capitalized terms not specifically defined in this Schedule B shall be construed according to the interpretation given to them in the Plan. As used in this Schedule B, any Israeli Option Certificate and any Israeli Exercise Notice, the following terms will have the following meanings:

10.1. "***Approved 102 Award***" means an Option granted pursuant to Section 102(b) of the Ordinance.

10.2. "***Capital Gain Award"*** or ***"(CGA)***" means an Approved 102 Award elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) and 102(b)(3) of the Ordinance.

10.3. "***Controlling Stockholder***" shall have the meaning ascribed to it in Section 102 of the Ordinance.

10.4. "***Employee***" means an Israeli Participant who is employed by the Israeli Subsidiary or its Israeli Affiliates, including an individual who is providing services and serving as an "office holder" as defined in the Israeli Companies Law, 1999, as amended from time to time, but excluding any Controlling Shareholder.

10.5. "***Israeli Affiliate***" means any "employing company" within the meaning of Section 102(a) of the Ordinance.

10.6. "***Israeli Participant***" means any Participant that is a resident of the State of Israel or who is deemed to be a resident of the State of Israel for Israeli tax purposes.

10.7. "***ITA***" means the Israeli Tax Authority.

10.8. "***Ordinary Income Award" or "OIA***" means an Approved 102 Award elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) of the Ordinance.

10.9. "***102 Award***" means an Option granted to Employees pursuant to Section

102 of the Ordinance and any other rulings, procedures and clarifications promulgated thereunder or issued by the ITA.

10.10. "***3(i) Option***" means an Option intended to be granted under Section 3(i) of the Ordinance to any person who is a Non-Employee.

10.11. "***Israeli Exercise Notice***" means an exercise notice provided by an Israeli Participant in respect of Option granted to such Israeli Participant, a form of which is attached as Appendix B to this Schedule B.

10.12. "***Israeli Option Certificate***" means a written agreement entered into and signed by the Company and an Israeli Participant that sets out the terms and conditions of an Award in accordance to Section 102 or in accordance to Section 3(i), a form of which is attached as Appendix A to this Schedule B.

10.13. "***Israeli Subsidiary***" means any of Cronos Israel G.S. Cultivation Ltd., Cronos Israel G.S. Manufacturing Ltd., Cronos Israel G.S. Pharmacy Ltd., or Cronos Israel G.S. Store Ltd.

10.14. "***Non-Employee***" means an Israeli Participant other than an Employee.

10.15. "***Ordinance***" means the Israeli Income Tax Ordinance [New Version] 1961 as now in effect or as hereafter amended and any regulations promulgated hereunder.

10.16. "***Section 102***" means section 102 of the Ordinance, the Income Tax Rules (Tax Relief for Issuance of Shares to Employees), 2003, and any other rules, regulations, orders or procedures promulgated thereunder as now in effect or as hereafter amended.

10.17. "***Trustee***" means any person appointed by the Company to serve as a trustee and approved by the ITA, all in accordance with the provisions of Section 102(a) of the Ordinance.

10.18. "***Unapproved 102 Award***" means an Option granted pursuant to Section 102(c) of the Ordinance and not held in trust by a Trustee.

APPENDIX A TO SCHEDULE B

CRONOS GROUP INC.

STOCK OPTION PLAN ISRAELI OPTION CERTIFICATE

(Applicable to: 102 Approved Options)

This Israeli Option Certificate is delivered pursuant to the provisions of the Cronos Group Inc. (the "**Company**") Amended And Restated Stock Option Plan (, the "Plan") and certifies that the optionee mentioned below (the "**Participant**") has been granted Options (as defined in the Plan) to purchase common shares (the "**Shares**") in the capital of the Company, in accordance with and subject to the following terms and conditions and the terms and conditions set out in the Plan:

Participant:	
Grant Date:	[•]
Number of Options:	[•]
Tax Status of Option	[Capital Gain Award; Section 102]
Exercise Price:	$[•]/Share
Vesting Schedule:	[Vesting in 16 quarterly installments, but subject to the Plan].
Expiry:	[5 years], unless terminated or expired earlier in accordance with the Plan.

The Participant may exercise these Options to the extent vested in accordance with this Israeli Option Certificate and the Plan by delivering to the Company an Exercise Notice (attached as Appendix "B" to Schedule B of the Plan) accompanied by this Israeli Option Certificate and, where the Participant elects to exercise the Options, a certified cheque or bank draft payable to the Company or wire transfer to an account specified by the Company, in an amount equal to the aggregate Exercise Price or in such other manner as may be permitted by the board of directors of the Company pursuant to the Plan. If only part of these Options are being exercised, the Company shall amend this Israeli Option Certificate to indicate the number of Options exercised and the amended Israeli Option Certificate shall then be returned to the Participant.

This Israeli Option Certificate, as well as the Options represented thereby, shall not be transferrable except in accordance with the Plan. This Israeli Option Certificate is only delivered for convenience and in the event of a dispute with respect thereto, the provisions of the Plan and the records of the Company shall be determinative and binding on the Participant.

This Israeli Option Certificate is subject to the terms and conditions of the Plan, the Trust Agreement (as defined below), Section 102 and any tax rulings the Company shall obtain from the ITA.

Shares issuable upon the exercise of the Option granted to the Participant under this Israeli Option Certificate will be held by the Trustee pursuant to the Trust Agreement. The Trustee will hold the Shares issued upon exercise of the Option in accordance with the Trust Agreement, the Plan, Section 102 and any applicable law, and withhold any tax due (including Israeli National Insurance and Health Tax if applicable) in accordance with the terms and conditions of Section 102 and any applicable law. The Participant shall indemnify the Company and/or its shareholders and/or its officers and directors, and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to withholding tax. Any share certificate issued upon exercise of the Options shall be held and registered on the name of the Trustee for the benefit of the Participant.

Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Dated in_____on_____, 2019.

CRONOS GROUP INC.

By:_____

Authorized signatory

By signing where indicated below, the Participant acknowledges and confirms that:

1. his or her participation under the Plan is voluntary;

2. he or she has received a copy of the Plan which was applicable at the time of this grant of Options and that no amendment to the Plan thereafter shall affect any right granted to him or her in respect of the Options, except if such amendment is approved by the Participant, or does not materially adversely affect the Participant's rights or is required in order to comply with changes to any relevant law or regulation applicable with respect to the Plan, the Options or the Shares; and

3. after having an adequate opportunity to review the above terms, including the Plan and the Trust Agreement and seek advice of legal counsel, he or she agrees to and accepts all of the terms and conditions of this Israeli Option Certificate, the Plan and the Trust Agreement, and he or she hereby further declares and acknowledges, by his or her signature below, that: (i) he or she fully understands Section 102, the Rules and regulations promulgated thereunder apply to the Option specified in this Israeli Option Certificate, (ii) he or she understands the provisions of Section 102, the tax track chosen and the implications thereof, and (iii) the Option shall also be subject to the terms of the Plan, the option Certificate, the Trust Agreement and applicable law; and

4. he or she has read and understands the Plan and accepts to be bound by the provisions thereof and the terms and conditions of this Israeli Option Certificate.

5.

Signed in _____, on_____, 20 .

_____

Participant Name:

CRONOS GROUP INC.

STOCK OPTION PLAN ISRAELI OPTION CERTIFICATE

(Applicable to: 3(i) Options)

This Israeli Option Certificate is delivered pursuant to the provisions of the Cronos Group Inc. (the "**Company**") Amended And Restated Stock Option Plan (, the "Plan") and certifies that the optionee mentioned below (the "**Participant**") has been granted Options (as defined in the Plan) to purchase common shares (the "**Shares**") in the capital of the Company, in accordance with and subject to the following terms and conditions and the terms and conditions set out in the Plan:

Participant:	[]
Grant Date:	[]
Number of Options:	[]
Tax Status of Option	[3(i) Options]
Exercise Price:	$[]/Share
Vesting Schedule:	[Vesting in 16 quarterly installments, but subject to the Plan].
Expiry:	[5 years], unless terminated or expired earlier in accordance with the Plan.

The Participant may exercise these Options to the extent vested in accordance with this Israeli Option Certificate and the Plan by delivering to the Company an Exercise Notice (attached as Appendix "B" to Schedule B of the Plan) accompanied by this Israeli Option Certificate and, where the Participant elects to exercise the Options, a certified cheque or bank draft payable to the Company or wire transfer to an account specified by the Company, in an amount equal to the aggregate Exercise Price or in such other manner as may be permitted by the board of directors of the Company pursuant to the Plan. If only part of these Options are being exercised, the Company shall amend this Israeli Option Certificate to indicate the number of Options exercised and the amended Israeli Option Certificate shall then be returned to the Participant.

This Israeli Option Certificate, as well as the Options represented thereby, shall not be transferrable except in accordance with the Plan. This Israeli Option Certificate is only delivered for convenience and in the event of a dispute with respect thereto, the provisions of the Plan and the records of the Company shall be determinative and binding on the Participant.

This Israeli Option Certificate is subject to the terms and conditions of the Plan, Section 3(i) and any tax rulings the Company shall obtain from the ITA.

The Company and/or Israeli Affiliate and/or Israeli Subsidiary can withhold any tax due (including Israeli National Insurance and Health Tax if applicable) in accordance with the terms and conditions of Section 3(i) and any applicable law. The Israeli Participant shall indemnify the Company and/or its shareholders and/or its officers, and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to withholding tax.

Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Dated in_____on_____, 2019.

CRONOS GROUP INC.

By:_____

Authorized signatory

By signing where indicated below, the Israeli Participant acknowledges and confirms that:

1. his or her participation as a beneficiary of Options granted under the Plan is voluntary;
2. he or she has received a copy of the Plan which was applicable at the time of this grant of Options and that no amendment

to the Plan thereafter shall affect any right granted in respect of the Options, except if such amendment is approved by the Participant, or does not materially adversely affect the Participant's rights (as trustee for his or her benefit) or is required in order to comply with changes to any relevant law or regulation applicable with respect to the Plan, the Options or the Shares; and

3. after having an adequate opportunity to review the above terms, including the Plan and seek advice of legal counsel, he or she agrees to and accepts all of the terms and conditions of this Israeli Option Certificate and the Plan, and he or she hereby further declares and acknowledges, by his or her signature below, that: (i) he or she fully understands that Section 3(i) apply to the Option specified in this Israeli Option Certificate, (ii) he or she understands the provisions of Section 3(i), the tax track chosen and the implications thereof, and (iii) the Option shall also be subject to the terms of the Plan, the option Certificate and applicable law; and

4. he or she has read and understands the Plan and accepts to be bound by the provisions thereof and the terms and conditions of this Israeli Option Certificate.

Signed in _____,on_____, 20.

_____

Participant Name:

APPENDIX B TO SCHEDULE B

CRONOS GROUP INC.

STOCK OPTION PLAN EXERCISE NOTICE FOR ISRAELI PARTICIPANTS

TO: CRONOS GROUP INC. (the "**Company**")

Pursuant to the to the provisions of the Company's Amended And Restated Stock Option Plan , the "Plan") the undersigned Participant hereby gives an irrevocable notice of the exercise of the options (the "**Options**") evidenced by the Israeli Option Certificate dated (the "**Option Certificate**"):

☐ **Cash Exercise of Options**

purchase shares in the capital of the Company that are issuable pursuant to the Options (the "**Option Shares**") and hereby (circle one): (a) subscribes for *all* of the Option Shares; or (b)subscribes for number of Option Shares.

The Exercise Price per Option is _____and the aggregate Exercise Price for all of the Options being exercised is _____(the "**Aggregate Exercise Price**").

Payment: With this notice, the undersigned is delivering the Aggregate Exercise Price by *certified cheque* or

bank draft payable to Cronos Group Inc. or *wire transfer* to an account specified by the Company.

DELIVERY:

The undersigned requests that the Company registers and delivers (pick one):

☐ **Certificated Shares** (paper certificate)

Lost paper certificates may be subject to a replacement fee, levied by the transfer agent, equal to 3% of the market value of the aggregate shares represented by the certificate at the time the loss is reported, or other fee then in force under the transfer agent's policies. In accordance with Section 102 the shares shall be registered on the name of the Trustee for the benefit of the undersigned and be deposited and/or controlled by the Trustee all in accordance with Section 102.

OR

☐**Direct Registration Statement** (electronically registered). In accordance with Section 102 the shares shall be registered on the name of the Trustee for the benefit of the undersigned and be deposited and/or controlled by the Trustee all in accordance with Section 102.

to the address below:

Registration Name and Address:	Mailing Address (if different):
[Trustee name for the benefit of the undersigned]	N/A
With the Trustee Address in Israel.	

The undersigned Participant understands that the Option is subject to Section 102, the tax track chosen and the implications thereof and that the Option shall also be subject to the terms of the Trust Agreement. Any shares issued upon exercise of the Option shall be held and registered in the Trustee's name for my benefit and be subject to the rules of Section 102, the Plan, the Option Certificate, the Trust Agreement and applicable law.

The undersigned Participant further understands that the Trustee is receiving the Shares, for the benefit of the undersigned, pursuant to the terms of the Plan, the Israeli Option Certificate and Trust Agreement, copies of which the undersigned have received and carefully read and understand.

Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Dated:_____

_____

(Signature of the Participant)

_____

(Name of the Participant - in block letters)

Exhibit 10.8

Cronos Group Inc.

Amended and Restated 2018 Stock Option Plan

ARTICLE 1
DEFINITIONS

1.1 When used herein, the following terms shall have the following meanings:

"**Affiliate**" has the meaning given to that term in National Instrument 45-106 – *Prospectus Exemptions*, as such instrument may be amended, supplemented or replaced from time to time, subject to the term "issuer" in such instrument being ascribed the same meaning as the term "person" in such instrument.

"**Blackout Period**" means a period of time when, pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons as designated by the Company, including any holder of an Option.

"**Board**" means the Board of Directors of Cronos Group Inc.

"**Business Day**" means any day other than a Saturday, a Sunday or a statutory holiday observed in the Province of Ontario.

"**Change of Control**" means:

(i) the consummation of any transaction or series of transactions including any reorganization, recapitalization, statutory share exchange, consolidation, amalgamation, arrangement, merger or issue of voting shares in the capital of the Company, the result of which is that any Person or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions becomes the beneficial owner, directly or indirectly, of more than 50% of the voting securities in the capital of the entity resulting from such transaction or series of transactions or the entity that acquired all or substantially all of the business or assets of the Company in a transaction or series of transactions described in paragraph (ii) below (in each case, the "**Surviving Company**") or the ultimate parent entity that has beneficial ownership of sufficient voting power to elect a majority of the board of directors (or analogous governing body) of the Surviving Company (the "**Parent Company**"), measured by voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) rather than number of securities (but shall not include the creation of a holding company or other transaction that does not involve any substantial change in the proportion of direct or indirect beneficial ownership of the voting securities of the Company prior to the consummation of the transaction or series of transactions), provided that the exercise by Altria Summit LLC (or any of its Affiliates) of the Purchased Warrant (as defined in the Subscription Agreement by and among the Company, Altria Summit LLC and Altria Group, Inc. dated as of December 7, 2018) shall not constitute a Change of Control pursuant to this clause (i);

(ii) the direct or indirect sale, transfer or other disposition, in one or a series of transactions, of all or substantially all of the business or assets of the Company, taken as a whole, to any Person or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions (other than to any Affiliates of the Company); or

(iii) Incumbent Directors during any consecutive 12-month period ceasing to constitute a majority of the Board of the Company (for the purposes of this paragraph, an "**Incumbent Director**" shall mean any member of the Board who is a member of the Board immediately prior to the occurrence of a contested election of directors of the Company).

"**Code**" means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder.

"**Committee**" means the Compensation Committee of the Board, or such other committee of the Board as is designated by the Board, by way of resolution, adoption of a policy or committee mandate, or otherwise, to administer the Plan from time to time.

"**Company**" means Cronos Group Inc. and includes any successor corporation thereto.

"**Exercise Notice**" means a notice in writing, substantially in the form attached hereto as Schedule B, signed by the Participant stating the Participant's intention to exercise a particular Option or a Share Appreciation Right.

"**Exercise Price**" means the price at which a Share may be purchased pursuant to the exercise of an Option.

"**Exercise Term**" means the period of time during which an Option may be exercised.

"**Exchange**" means the Toronto Stock Exchange, the NASDAQ Global Market or any other stock exchange on which the Shares are listed and posted for trading or quoted.

"**Fair Market Value**" means, with respect to a particular date, (i) if the Shares are traded on one or more Exchanges, the closing price as reported by any one such Exchange (as selected by the Board in good faith taking into account applicable legal and tax requirements) on the immediately preceding trading day and (ii) if the Shares are not traded on an Exchange, the value as determined by the Board in good faith taking into account applicable legal and tax requirements.

"**Insider**" has the meaning given to the term "reporting insiders" in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*, as such instrument may be amended, supplemented or replaced from time to time.

"**Non-Executive Director**" means any director of the Company who is neither (i) an employee or officer of the Company nor (ii) a service provider (including a consultant) of the Company (other than in the capacity of a director of the Company).

"**Option**" means a right which may be granted to a Participant pursuant to the terms of this Plan which allows the Participant to purchase Shares at a set price during a future period.

"**Option Certificate**" means a signed written agreement evidencing the terms and conditions upon which an Option is granted under this Plan.

"**Participants**" means those directors, officers, key employees and service providers of the Company and its Affiliates whose selection to participate in the Plan is approved by the Board, the Committee or an officer of the Company.

"**Plan**" means this Stock Option Plan, as it may be amended from time to time.

"**Security Based Compensation Arrangements**" means a stock option, stock appreciation right, stock option plan, employee stock purchase plan, share unit plan, deferred share unit plan or any other compensation or incentive mechanism, in each case, involving the issuance or potential issuance of Shares to any employee or Insider of the Company or its Affiliates, or one or more service providers, including a share purchase from treasury which is financially assisted by the Company or any of its Affiliates by way of a loan, guaranty or otherwise.

"**Share Appreciation Right**" shall have the meaning ascribed thereto in Section 3.1(b).

"**Shares**" means the common shares of Cronos Group Inc.

"**Termination Date**" means the first date on which a Participant is no longer employed by the Company or any of its Affiliates (or in the case of a Participant who was not an employee, the first date on which such Participant is no longer acting as a director of, or service provider to, the Company or any of its Affiliates) for any reason; provided that, for the purposes of the Plan, an employee's termination of employment with the Company or its Affiliates shall occur on the earlier of (i) the date on which the employee ceases to render services to the Company and its Affiliates and (ii) the date on which the Company or its Affiliate delivers notice of the termination of the employee's employment to him/her, whether such termination is lawful or otherwise, without giving effect to any period of notice or compensation in lieu of notice (except to the extent specifically required by applicable employment standards legislation), but, for greater certainty, (x) an employee's absence from active work during a period of vacation, temporary illness, authorized leave of absence, maternity or parental leave or leave on account of disability and (y) an employee's transfer of employment within the group of companies comprising the Company and its Affiliates, shall not be considered to be a termination of employment under the Plan.

"**US Taxpayer**" means a Participant who is a citizen or permanent resident of the United States for purposes of the Code or a Participant for whom the compensation under this Plan would otherwise be subject to income tax under the Code.

"**Value of Option**" means, on any date, the amount of the expense associated with the grant of an Option, as determined in accordance with generally accepted accounting principles.

ARTICLE 2

GENERAL

2.1 Purpose: The principal purposes of the Plan are to:

(a) allow Participants to participate in the growth and development of the Company by providing them with the opportunity to acquire Shares;

(b) promote the long-term alignment of interests between Participants and present and/or future holders of Shares; and

(c) assist the Company to attract, retain and incent eligible persons with the knowledge, experience and expertise required to act as employees, officers and directors of, and consultants providing services to, the Company.

2.2 Administration:

(a) The Plan shall be administered by the Board.

(b) The Board shall have the sole and complete authority (i) to approve the selection of Participants, (ii) to grant Options in such form as it shall determine, (iii) to grant Share Appreciation Rights in accordance with Section 3.1(b), (iv) to

impose such limitations, restrictions and conditions including, but not limited to, vesting conditions and restrictions, upon such Options as it deems appropriate, (v) to accelerate the vesting conditions attaching to any Option, (vi) to interpret the Plan and to adopt, amend and rescind administrative guidelines and other rules and regulations relating to the Plan and (vii) to make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Plan; provided, however, that no such action shall be taken without shareholder approval if such approval is required by applicable securities laws or the applicable rules of any Exchange on which the Shares are listed and posted for trading. The Board's determinations and actions within its authority under the Plan shall be conclusive and binding upon the Company and all other persons.

(c) To the extent permitted by law, the Board may from time to time delegate to the Committee all or any of the powers conferred on the Board under the Plan. In such event, the Committee shall exercise the delegated powers in the manner and on the terms authorized by the Board. Where the Board has so delegated any powers to the Committee, any reference under the Plan, in connection with such power, to the "Board" shall be read as to the "Committee". The Board shall also be permitted to hire administrators, custodians or similar service providers to assist it in the administration of the Plan. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of the Plan in this context shall be final and conclusive.

2.3 Selection for Participation: Participants shall be selected from the directors, officers, key employees and service providers (including consultants) of the Company and its Affiliates. In approving this selection, the Board shall consider such factors as it deems relevant, subject to the provisions of the Plan.

2.4 Shares Subject to the Plan:

(a) Subject to adjustment as provided for in Sections 4.1 and 4.2 below, the maximum number of Shares that may be issued or issuable under the Plan shall be the lesser of (i) 34,881,747 and (ii) a number of Shares equal to 10% of the number of issued and outstanding Shares on a non-diluted basis at any time; provided that, in any event, the number of Shares issued or issuable under all Security Based Compensation Arrangements shall not exceed 10% on a non-diluted basis.

(b) No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, a Participant would become entitled to a fractional share, such Participant shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

(c) Notwithstanding any other provision of this Plan or any agreement relating to Options, no Options shall be granted under this Plan if together with any other Security Based Compensation Arrangements established or maintained by the Company or its Affiliates such grant of Options could result, at any time, in the aggregate number of Shares (i) issued to Insiders within any one-year period or (ii) issuable to Insiders at any time exceeding 10% of the issued and outstanding Shares (on a non-diluted basis); provided, however, that the number of Options or Share Appreciation Rights that may be granted to any Participant in any one calendar year shall not exceed 10% of the issued and outstanding Shares (on a non-diluted basis).

(d) No Option shall be granted to any Non-Executive Director if such grant would, at the time of the grant, result in: (i) the aggregate number of Shares reserved for issuance to all Non-Executive Directors under the Plan and all other Security Based Compensation Arrangements exceeding 1% of the total number of Shares then issued and outstanding; (ii) the aggregate Value of Options granted to the Non-Executive Director during the Company's fiscal year exceeding $100,000; or (iii) the aggregate Value of Options and, in the case of Security Based Compensation Arrangements that do not provide for the granting of options ("**Full Value Awards**"), the grant date value of Shares granted to the Non-Executive Director during the Company's fiscal year exceeding $150,000, provided that any Full Value Award elected to be received by a Non-Executive Director, in the Non-Executive Director's discretion, in place of the same value of foregone cash compensation from the Company shall not be counted toward the foregoing $150,000 limit and provided further that this Section 2.4(d) shall not apply to one-time initial grants to a new director who would be a Non-Executive Director upon joining the Board as compensation for serving on the Board.

(e) If any Options terminate, expire or are cancelled as contemplated by the Plan without the Participant having received any benefit therefrom, the number of Shares underlying such Options so terminated, expired or cancelled shall again become available under the Plan.

(f) Shares shall be deemed to have been used in settlement of awards whether or not they are actually delivered; provided, that if Shares issued upon exercise, vesting, or settlement of an award, including any Option, are surrendered or tendered to the Company in payment of the Exercise Price or any taxes required to be withheld in respect of an award in accordance with the terms and conditions of the Plan and any applicable Option Certificate, such surrendered or tendered Shares shall not become available again under the Plan and the aggregate number of Shares underlying any exercised Option or Share Appreciation Right shall in no event become available again under the Plan.

2.5 Option Certificates: All grants of Options under the Plan shall be evidenced by an Option Certificate. Such Option Certificates shall be subject to the applicable provisions of the Plan and shall clearly set out the Exercise Term in addition to such other

provisions as are required by the Plan or which the Board may direct. Any officer of the Company is authorized and empowered to execute on behalf of the Company any Option Certificates required to be delivered to the Participants from time to time as designated by the Board. In the event of irreconcilable conflict between the terms of an Option Certificate and the terms of this Plan, the terms of this Plan shall prevail and the Option Certificate shall be deemed to have been amended accordingly.

2.6 Non-transferability: Subject to Section 3.7, Options granted under the Plan may only be exercised by a Participant personally and no assignment or transfer of Options whether voluntary, involuntary, by operation of law or otherwise, shall vest any interest or right in such Options whatsoever in any assignee or transferee, but immediately upon any assignment or transfer, or any attempt to make the same, such Options shall terminate and be of no further effect. Notwithstanding this Section 2.6, a Participant may assign or transfer one or more Options, in compliance with such terms as the Board may determine, to a personal holding corporation wholly-owned by such Participant or to a registered retirement savings plan established for the sole benefit of such Participant, provided that upon any such permitted assignment or transfer, the transferred Options shall be deemed for purposes of the Plan to continue to be held by the Participant, and shall continue to be subject to the terms and conditions of the Plan as if the Participant remained the sole holder thereof.

ARTICLE 3

SHARE OPTIONS

3.1 Award of Options and Share Appreciation Rights:

(a) The Board may, from time to time, subject to the provisions of the Plan and such other terms and conditions as the Board may prescribe, award Options to any Participant and the Company shall enter into an Option Certificate with each Participant substantially in the form attached hereto as Schedule A or in any other form approved by the Board.

(b) At the sole discretion of the Board, the Board may grant to a Participant in respect of an Option awarded to the Participant, either at the time of grant of the Option or at a subsequent time, a number of rights (each a "**Share Appreciation Right**") equal to the number of Shares then underlying the Option, which number shall be fixed on the date of grant of the Share Appreciation Rights, subject to adjustment pursuant to Article 4 on the same basis as the number of Shares underlying the Option. The grant of a Share Appreciation Right shall be subject to the terms of the Plan and the terms and conditions of the Option in respect of which it is granted (except as the context or the Plan otherwise require) and such other terms and conditions as the Board may prescribe (including any acceleration of vesting pursuant to Article 4) and shall be evidenced in the Option Certificate in respect of the related Option or an amendment to such Option Certificate. Each Share Appreciation Right shall entitle the Participant to surrender to the Company, unexercised, the right to subscribe for Shares pursuant to the related Option and to receive from the Company that number of Shares, rounded down to the next whole Share, with a Fair Market Value on the date of exercise of each such Share Appreciation Right that is equal to the difference between such Fair Market Value and the Exercise Price under the related Option, multiplied by the number of Shares that cease to be available under the Option as a result of the exercise of the Share Appreciation Right, subject to satisfaction of applicable withholding taxes and other source deductions. Upon the exercise of a Share Appreciation Right in respect of a Share covered by an Option such Option shall be cancelled and shall be of no further force or effect in respect of such Share. Share Appreciation Rights shall be exercisable by a Participant or his or her legal representative only to the extent that the related Option is exercisable. Unexercised Share Appreciation Rights shall terminate when the related Option is exercised or the Option terminates in accordance with this Plan and the applicable Option Certificate.

3.2 Exercise Term:

(a) Subject to any vesting conditions imposed by the Board in its discretion at any time and from time to time, Options granted to Participants may only be exercisable by the Participant if such conditions of vesting have been satisfied.

(b) The maximum term during which Options may be exercised shall be determined by the Board, but in no event shall the Exercise Term of an Option exceed seven (7) years from the date of its grant; provided that if at any time the end of the Exercise Term of an Option should be determined to occur either during a Blackout Period or within ten Business Days following a Blackout Period, the end of the term shall be deemed to be extended to the date that is the tenth Business Day following the date of expiry of such Blackout Period. Notwithstanding the foregoing sentence or otherwise, in no event, including as a result of any Blackout Period, shall the date of expiry of any Option granted to a US Taxpayer be extended beyond the original expiration of the Exercise Term if such Option has an Exercise Price that is less than the Fair Market Value of the Shares on the date of the proposed extension.

(c) Subject to Sections 3.2(a) and 3.2(b), the provisions of the Plan and the Option Certificate, Options may be exercised by means of giving an Exercise Notice addressed to the Company or its designee (including third-party administrators) in accordance with the terms of the Option and the Option Certificate accompanied by payment of the Exercise Price and any applicable required withholding taxes in accordance with Section 3.4.

(d) All Options granted under the Plan to US Taxpayers shall be non-qualified stock options for the purposes of the Code unless the Option Certificate expressly states otherwise.

3.3 Exercise Price: The Exercise Price of any Option shall be the Fair Market Value on the date such Option is granted. For the avoidance of doubt and notwithstanding anything to the contrary, any Option issued to a US Taxpayer shall have an Exercise Price that is no less than Fair Market Value on the date of grant which in all events shall be determined in accordance with Section 409A of the Code.

3.4 Payment of Exercise Price: Subject to the terms of the Plan, no Shares shall be issued or transferred with respect to the exercise of an Option until the Participant has paid the Exercise Price to the Company in full, and an amount equal to any U.S. federal, state, non-U.S. federal, provincial, and local income and employment taxes, social contributions, and any other tax-related items required to be withheld. Unless otherwise stated in the Option Certificate, the Exercise Price and all applicable required withholding taxes shall be payable (i) by certified cheque or bank draft payable to the Company or wire transfer to an account specified by the Company or (ii) by such other method as elected by the Participant and that the Committee may permit, in its sole discretion, including without limitation: (A) in the form of other property having a fair market value on the date of exercise equal to the Exercise Price and all applicable required withholding taxes; (B) if there is a public market for the Shares at such time, by means of a broker-assisted "cashless exercise" pursuant to which the Company or its designee (including third-party administrators) is delivered a copy of irrevocable instructions to a stockbroker to sell the Shares otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding taxes against delivery of the Shares to settle the applicable trade; or (C) by means of a "net exercise" procedure effected by withholding the minimum number of Shares otherwise deliverable in respect of an Option that are needed to pay for the Exercise Price and all applicable required withholding taxes; provided that Participants who are subject to income tax under the *Income Tax Act* (Canada) with respect to their Options shall not be permitted to surrender Shares acquired under any Options in payment of the Exercise Price or withholding taxes or to exercise their Options by means of a "net exercise" procedure as described in clause (C) above. In all events of cashless or net exercise, any fractional Shares shall be settled in cash.

3.5 Share Certificates: As soon as practicable after receipt of any Exercise Notice and full payment with respect to the exercise of an Option, the Company shall issue to the eligible Participant either a certificate or certificates representing the acquired Shares or uncertificated Shares.

3.6 Termination of Employment for Cause: Where a Participant's employment with the Company or an Affiliate of the Company is terminated for cause (as such term is defined in a written employment agreement between the Participant and the Company or an Affiliate thereof (as applicable), or where no such agreement exists or such agreement does not contain a definition, as defined in law), each Option granted to that Participant that has vested as at the Termination Date and each Option granted to that Participant that has not vested as at the Termination Date shall, subject to the discretion of the Board, immediately terminate and cease to be exercisable.

3.7 Death: In the event of the death of a Participant, each Option granted to that Participant that has not then vested shall, subject to the discretion of the Board, immediately terminate and, notwithstanding Section 2.6, all Options which have vested may be exercised by the Participant's estate at any time within six months from the date of death, or for such longer period of time as the Board may determine but in no event later than the expiration of the original Exercise Term of such Option.

3.8 Termination of Employment for Other than Cause or Death: Where a Participant's employment with the Company or an Affiliate of the Company terminates for any reason other than as contemplated in Sections 3.6 or 3.7 above, or in the event a Director is not re-elected to the Board of Directors, each Option granted to that Participant that has not then vested shall, subject to the discretion of the Board, immediately terminate as at the Termination Date. In such cases, all Options granted to such Participants that have vested as at the Termination Date may be exercised by the Participant at any time within six months of the Termination Date, or for such longer period of time as the Board may determine but in no event later than the expiration of the original Exercise Term of such Option.

3.9 No Compensation for Forfeiture: For greater certainty, Participants shall have no right to receive Shares or any payment as compensation, damages or otherwise with respect to any Options or Share Appreciation Rights that expire or terminate hereunder without becoming exercisable or without being exercised.

ARTICLE 4

REORGANIZATION OF THE COMPANY AND CHANGE OF CONTROL

4.1 General: The existence of any Options shall not affect in any way the right or power of the Company or its shareholders (i) to make or authorize any adjustment, recapitalization, reorganization or any other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company including to undertake a Change of Control, (ii) to create or issue any bonds, debentures, shares of any class or other securities of the Company or the rights and conditions attaching thereto or (iii) to effect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of similar character or otherwise.

4.2 Reorganization of Company's Capital: Notwithstanding any other provision of the Plan, in the event of any change in the Shares by reason of any stock dividend, split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Shares or distribution of rights to holders of Shares or any other form of corporate reorganization whatsoever, an equitable adjustment shall be made to the number of Shares which may be acquired on the exercise of any outstanding Options and/or an adjustment to the Exercise Price shall be made; provided that, notwithstanding the foregoing or otherwise, any adjustment to an Option issued to a US Taxpayer shall be made in accordance with the requirements of Section 409A of the Code. Notwithstanding the foregoing, a decision of the Board in respect of any and all matters falling within the scope of this Section 4.2 shall be final and without recourse on the part of any Participant and his or her heirs or legal representatives.

4.3 Change of Control: Subject to Section 4.4, if the Company proposes to undertake a Change of Control, the Board may, in its discretion, accelerate the vesting of all outstanding Options to provide that, notwithstanding the vesting provisions of such Options or any Option Certificate, each such outstanding Option shall be fully vested and either (as determined by the Board in its discretion) (i) may be conditionally exercisable for Shares or (ii) may be conditionally surrendered for a cash payment equal to the difference between the per Share consideration receivable by shareholders of the Company in connection with the transaction resulting in the Change of Control and the Exercise Price multiplied by the number of Shares that may be acquired under the particular Option, upon (or where permitted by the Board, prior to) the completion of the Change of Control, provided that the Board shall not, in any case, authorize the exercise or surrender of Options pursuant to this Section 4.3 beyond the expiration of the original Exercise Term of the Options. Where the Board elects to exercise its discretion to accelerate vesting of Options, the Company shall give written notice of any proposed Change of Control to each Participant at least 14 days prior to the expected date of the Change of Control. Upon the giving of any such notice, the Participants shall be entitled to exercise or surrender all or any portion of their outstanding Options, as applicable, at any time within the period specified in the notice and conditional upon completion of the Change of Control (subject to such extension of such specified period as the Board may determine in its sole discretion, not to exceed the expiration of the Option). Unless the Board determines otherwise (in its discretion), upon the expiration of the notice period referred to above, all rights of the Participants to exercise or surrender any outstanding Options, whether vested or unvested, shall terminate and all such Options shall immediately expire and cease to have any further force or effect, subject to the completion of the relevant Change of Control.

4.4 Termination of Employment following Change of Control: If, in connection with a Change of Control, the Board does not accelerate the vesting of Options in accordance with Section 4.3, and the Options continue, or are assumed, or rights equivalent to the Options are substituted for the Options by the Surviving Company or Parent Company (or an Affiliate thereof), and subject to the terms of the Option Certificate in respect of the Options and any written employment agreement between the Participant and the Company, or the Surviving Company or Parent Company, or an Affiliate of the Company, or a successor thereto, in the event a Participant's employment is terminated by the Company, or the Surviving Company or Parent Company, or an Affiliate of the Company, or a successor thereto, without cause in the twenty-four (24) month period following the Change of Control, all unvested Options or substituted rights outstanding on the Participant's Termination Date shall immediately vest, and the Participant may exercise such vested Options or substituted rights until the earlier of the expiration of the original Exercise Term of such Option (or the Option for which the right was substituted) and twelve (12) months following the Participant's Termination Date, following which any unexercised Options or substituted rights shall terminate and cease to be exercisable.

4.5 Issue by Company of Additional Shares: Except as expressly provided in this Article 4, the issue by the Company of shares of any class, or securities convertible into shares of any class, for money, services or property either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares which may be acquired on the exercise of any outstanding Options or the Exercise Price under such Options.

ARTICLE 5

MISCELLANEOUS PROVISIONS

5.1 Legal Requirement: The Company shall not be obligated to grant any Options if the issuance or exercise thereof would constitute a violation by the Participant or the Company of any provisions of any applicable laws or regulatory requirements or the applicable rules of any Exchange on which the Shares are listed and posted for trading.

5.2 Rights of Participant: The Plan shall not give any employee the right to be employed by, or to continue to be employed by, the Company or any of its Affiliates. No Participant shall have any rights as a shareholder of the Company in respect of Shares issuable on the exercise of rights to acquire Shares under any Option or Shares issuable pursuant to Section 3.1(b) hereof until the allotment and issuance to the Participant of such Shares.

5.3 Interpretation: Whenever the Board is to exercise its discretion in the administration of terms and conditions of this Plan the term "discretion" shall mean the "sole and absolute discretion" of the Board.

5.4 Amendment or Discontinuance:

(a) The Board may amend, suspend or terminate the Plan, in whole or in part, at any time, and, if suspended or terminated, the Plan shall govern the rights and obligations of the Company and the holders of Options, as applicable, with respect to all then-outstanding Options, provided that no such amendment, suspension or termination may:

(i) be made without obtaining any necessary regulatory or shareholder approvals if such approval is required by applicable securities laws or the applicable rules of any Exchange on which the Shares are listed and posted for trading; or

(ii) materially adversely affect the rights of any Participant who holds outstanding Options at the time of any such amendment, as determined by the Board acting in good faith, without the consent of the Participant.

(b) Notwithstanding Section 5.4(a), approval by a majority of votes cast by holders of Shares present and voting in person or by proxy at a meeting of shareholders of the Company shall be required for the following:

(i) any increase in the maximum number of Shares issuable by the Company under the Plan (other than pursuant to Section 4.1 or Section 4.2);

(ii) any amendment that would reduce the Exercise Price at which Options may be granted below the minimum price currently provided for in Section 3.3 of the Plan;

(iii) any amendment that would increase or delete the percentage limits on the aggregate number of Shares issuable or that could be issued to Insiders pursuant to Section 2.4(c);

(iv) any amendment that would increase or delete the maximum term during which Options may be exercised pursuant to the Plan to be greater than 7 years, as set forth in Section 3.2(b);

(v) subject to Section 3.2(b), any amendment that would extend the Exercise Term of any outstanding Option;

(vi) any amendment that would reduce the Exercise Price of an outstanding Option (other than as may result from adjustments contemplated by Article 4 of the Plan) including a cancellation of an Option and re-grant of an Option to the same Participant in conjunction therewith, constituting a reduction of the Exercise Price of the Option;

(vii) any exchange for cash or other entitlements, by the Company and a Participant, of an Option for which the Exercise Price is equal to, or less than, the Fair Market Value of a Share on the date of such exchange;

(viii) any amendment that would permit transfers or assignments to persons not currently permitted under the Plan;

(ix) any amendment to the definition of "Participant" or any amendment that would expand the scope of those persons eligible to participate in the Plan;

(x) any amendment to increase the Value of Options granted, or delete the percentage limit relating to Shares issuable, in each case, to Non-Executive Directors in Section 2.4(d);

(xi) any amendment to Section 2.4(f) that would allow the Board to reduce the aggregate number of Shares that may be issued under this Plan in respect of the exercise of a Share Appreciation Right by less than one whole Share;

(xii) amend the Plan to provide for other types of compensation through equity issuance; and

(xiii) amend Section 5.4(a) or this Section 5.4(b), other than as permitted by the requirements of each Exchange on which the Shares are listed and posted for trading.

(c) For greater certainty, the Board may, subject to Section 5.4(a), from time to time, by resolution, make any amendments to the Plan or any Option granted under the Plan, other than the items specified in Section 5.4(b), without shareholder approval.

5.5 Indemnification: Subject to the requirements of the *Business Corporations Act* (Ontario), every director of the Company shall at all times be indemnified and saved harmless by the Company from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, which such director may sustain or incur by reason of any action, suit or proceeding, proceeded or threatened against the director, otherwise than by the Company or any successor thereto, for or in respect of any act done or omitted by the director in respect of the Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgement rendered therein, provided that the act was done or omitted by the director in good faith.

5.6 Effective Date: The Plan was initially effective as of June 28, 2018, being the date on which it was approved by the shareholders of the Company, and shall remain in effect through the tenth anniversary of such effective date and no further awards shall be

issued under the Plan after the tenth anniversary of such effective date; provided, however, that such expiration shall not affect awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such awards.

5.7 Governing Law: The Plan and, unless otherwise explicitly so provided in the Option Certificate, all Option Certificates shall be governed and interpreted in accordance with the laws of the Province of Ontario and any actions, proceedings or claims in any way pertaining to the Plan shall be commenced in the courts of the Province of Ontario.

5.8 US Taxes: Notwithstanding any provision of the Plan to the contrary, solely with respect to US Taxpayers it is intended that any awards granted or payments made under the Plan either be exempt from or comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each US Taxpayer is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such US Taxpayer in connection with the Plan or any other plan maintained by the Company (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any subsidiary of the Company shall have any obligation to indemnify or otherwise hold such US Taxpayer (or any beneficiary) harmless from any or all of such taxes or penalties.

5.9 Withholding: The Company may withhold from any amount payable to a Participant, either under this Plan or otherwise, such amount as may be necessary to enable the Company to comply with the applicable requirements of any federal, provincial, state or local law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to Options hereunder ("**Withholding Obligations**"). The Company shall also have the right in its discretion to satisfy any liability for any Withholding Obligations by selling, or causing a broker to sell, on behalf of any Participant or causing any Participant to sell such number of Shares issued to the Participant sufficient to fund the Withholding Obligations (after deducting any commissions payable to the broker). The Company may require a Participant, as a condition to exercise of an Option, to make such arrangements as the Company may require so that the Company can satisfy applicable Withholding Obligations on terms and conditions determined by the Company in its sole discretion, including, without limitation, requiring the Participant to (i) remit the amount of any such Withholding Obligations to the Company in advance; (ii) reimburse the Company for any such Withholding Obligations; or (iii) cause a broker who sells Shares acquired by the Participant under the Plan on behalf of the Participant to withhold from the proceeds realized from such sale the amount required to satisfy any such Withholding Obligations and to remit such amount directly to the Company.

Adopted by the Board of Directors on May 18, 2018

Confirmed by the shareholders of the Corporation on June 28, 2018.

Amended by the Board of Directors on May 8, 2019 and further Amended and Restated on November 11, 2019 with effect on and from January 1, 2020.

SCHEDULE A

CRONOS GROUP INC.

STOCK OPTION PLAN OPTION CERTIFICATE

The present Option Certificate is delivered pursuant to the provisions of the Cronos Group Inc. (the "**Company**") Stock Option Plan, initially effective June 28, 2018 (as amended from time to time, the "**Plan**") and certifies that the optionee mentioned below (the "**Participant**") has been granted Options (as defined in the Plan) to purchase common shares (the "**Shares**") in the capital of the Company and an equal number Share Appreciation Rights (as defined in the Plan), in accordance with and subject to the following terms and conditions and the terms and conditions set out in the Plan:

Participant:	**[•]**
Grant Date:	**[•]**
Number of Options/Share Appreciation Rights:	**[•]**
Exercise Price:	$**[•]**/Option
Vesting Schedule:	**[Vesting in 16 quarterly installments, but subject to the Plan]**.
Expiry:	**[7 years]**, unless terminated or expired earlier in accordance with the Plan.
Other Terms:	**Notwithstanding anything to the contrary in the Plan, the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant (as defined in the Investor Rights Agreement between the Company and Altria Group, Inc. (as may be amended or otherwise modified in accordance with its terms)) shall not constitute a "Change of Control" (as defined in the Plan) and any provisions regarding accelerated vesting, including Sections 4.3 and 4.4 of the Plan, shall not apply to the Options and Share Appreciation Rights in connection with the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant.**

The Participant may exercise these Options or Share Appreciation Rights to the extent vested in accordance with this Option Certificate and the Plan by delivering to the Company an Exercise Notice (attached hereto as Schedule "B") accompanied by this Option Certificate and, where the Participant elects to exercise the Options, a certified cheque or bank draft payable to the Company or wire transfer to an account specified by the Company, in an amount equal to the aggregate Exercise Price or in such other manner as may be permitted by the board of directors of the Company pursuant to the Plan. If only part of these Options or Share Appreciation Rights are being exercised, the Company shall amend this Option Certificate to indicate the number of Options or Share Appreciation Rights exercised and the amended Option Certificate shall then be returned to the Participant.

This Option Certificate, as well as the Options and Share Appreciation Rights represented thereby, shall not be transferrable by the Participant otherwise by will or the laws of descent and distribution. This Option Certificate is only delivered for convenience and in the event of a dispute with respect thereto, the provisions of the Plan and the records of the Company shall be determinative and binding on the Participant.

Dated in_____on_____, 20__.

CRONOS GROUP INC.

By: _____

Authorized signatory

By signing where indicated below, the Participant acknowledges and confirms that:

1. his or her participation under the Plan is voluntary;
2. he or she has received a copy of the Plan which was applicable at the time of this grant of Options and Share Appreciation Rights and that no amendment to the Plan thereafter shall affect any right granted to him or her in respect of the Options and the Share

Appreciation Rights, except if such amendment is approved by the Participant, or does not materially adversely affect the Participant's rights or is required in order to comply with changes to any relevant law or regulation applicable with respect to the Plan, the Options, the Share Appreciation Rights or the Shares; and

3. he or she has read and understands the Plan and accepts to be bound by the provisions thereof and the terms and conditions of this Option Certificate.

Dated in_____on_____, 20__.

_____

Participant Name:

SCHEDULE B

CRONOS GROUP INC.

STOCK OPTION PLAN EXERCISE NOTICE

TO: CRONOS GROUP INC. (the "**Company**")

Pursuant to the Company's Stock Option Plan, initially effective June 28, 2018 (as amended from time to time, the "**Plan**"), the undersigned hereby gives an irrevocable notice of the exercise of the options (the "**Options**") or Share Appreciation Rights evidenced by the Option Certificate dated (the "**Option Certificate**") to (pick one of Cash Exercise of Options or Share Appreciation Rights):

☐**Cash Exercise of Options**

purchase shares in the capital of the Company that are issuable pursuant to the Options (the "**Option Shares**") and hereby (circle one):

(a)subscribes for *all* of the Option Shares; or

(b)subscribes for number of Option Shares.

The Exercise Price per Option is and the aggregate Exercise Price for all of the Options being exercised is (the "**Aggregate Exercise Price**").

Payment: With this notice, the undersigned is delivering the Aggregate Exercise Price by *certified cheque* or *bank draft* payable to Cronos Group Inc. or *wire transfer* to an account specified by the Company.

OR

☐**Share Appreciation Rights** (or commonly referred to as "cashless exercise") exercise Share Appreciation Rights ("**SARs**") in respect of the Options and hereby (circle one):

(a)subscribes for *all* of the SARs Shares (defined below); or

(b)subscribes for SARs Shares (defined below); or

hereby surrenders the same number of unexercised Options under the Option Certificate.

The number of shares delivered by the Company pursuant to a SARs exercise (the "**SARs Shares**") will be calculated based on the Fair Market Value (as defined in the Plan) on the day the SARs Shares are issued (the "**FMV**") as follows (fractional rounded down to the nearest whole number):

$$\frac{\textbf{(FMV - Exercise Price) * \# of SARs exercised}}{\textbf{FMV}}$$

DELIVERY:

The undersigned requests that the Company registers and delivers (pick one):

☐**Certificated Shares** (paper certificate)

Lost paper certificates may be subject to a replacement fee, levied by the transfer agent, equal to 3% of the market value of the aggregate shares represented by the certificate at the time the loss is reported, or other fee then in force under the transfer agent's policies.

OR

☐**Direct Registration Statement** (electronically registered)

to the address below:

Registration Name and Address:

Mailing Address (if different):

(Email address)

Dated:

(Signature of the Participant)

(Name of the Participant - in block letters)

SCHEDULE C

Cronos Group Inc.

ISRAELI PARTICIPANTS

(Applicable for Options granted to Israeli Participants)

1. **SCOPE.**

1. This Schedule C forms an integral part of the Plan and is to be read as a continuation of the Plan and only applies to Options granted to Israeli Participants.

2. **ISSUANCE OF OPTIONS.**

1. Israeli Participants that are Employees may only be granted Options pursuant to Section 102, and all other Israeli Participants may only be granted 3(i) Options.

2. The Company may designate Options granted to Employees pursuant to Section 102 as Unapproved 102 Awards or Approved 102 Awards; provided that any grant of Approved 102 Awards shall be made not less than 30 days from the date that the Plan is submitted to the ITA and shall comply with Section 102.

3. Approved 102 Awards may either be classified as Capital Gain Awards or Ordinary Income Awards.

4. No Approved 102 Awards may be granted pursuant to the Plan to any eligible Employee unless and until the Company's election of the type of Approved 102 Awards as CGA or OIA granted to Employees (the "***Election***") is appropriately filed with the ITA. Such Election shall become effective beginning the first date of grant of an Approved 102 Award under the Plan and shall remain in effect until the end of the year following the year during which the Company first granted Approved 102 Awards. The Election shall obligate the Company to grant only the type of Approved 102 Award it has elected, and shall apply to all Israeli Participants who were granted Approved 102 Awards during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting Unapproved 102 Awards simultaneously.

5. All Approved 102 Awards must be held in trust by a Trustee registered on the name of the Trustee, as described in Section 3 below.

6. For the avoidance of doubt, the designation of Unapproved 102 Awards and Approved 102 Awards shall be subject to the terms and conditions set forth in Section 102.

3. **TRUSTEE.**

1. The terms and conditions applicable to the trust relating to Section 102 Awards shall be set forth in an agreement signed by the Company and the Trustee (the "***Trust Agreement***").

2. Notwithstanding anything to the contrary in the Plan, Shares issued upon exercise of an Approved 102 Award by an Israeli Participant shall be registered in the name of the Trustee for the benefit of such Israeli Participant for no less than such period of time as required by Section 102 (the "***Holding Period***"). In case the requirements for Approved 102 Awards are not met, then the Approved 102 Awards shall be regarded as Unapproved 102 Awards, all in accordance with the provisions of Section 102.

3. The Trustee shall not release any Shares issued upon the valid exercise of Approved 102 Awards to an Israeli Participant prior to the full payment of such Israeli Participant's tax liabilities, if any, arising from Approved 102 Awards which were granted to such Israeli Participant and/or any Shares issued upon exercise of such Options.

4. With respect to any Approved 102 Award, subject to the provisions of Section 102, an Israeli Participant shall not sell or release from trust any Shares received upon the exercise of an Approved 102 Award until the lapse of the Holding Period required under Section 102. Notwithstanding the foregoing sentence, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 shall apply to and shall be borne solely by the Israeli Participant. Subject to the immediately preceding sentence, the Trustee may, pursuant to a written or electronic request from the applicable Israeli Participant, release and transfer such Share from trust to such Israeli Participant, provided that both of the following conditions have been fulfilled prior to such release or transfer: (i) payment has been made to the ITA of all taxes required to be paid upon the release and transfer of the Share, and confirmation of such payment has been received by the Trustee and (ii) the Trustee has confirmed with the Company that all requirements for such release and transfer have been fulfilled according to the terms of the Company's constating documents, the Plan, the Israeli Option Certificate and any applicable law.

5. Upon receipt of any Approved 102 Award, if requested to do so by the Company, any of the Company's Israeli Affiliates or the Trustee, the relevant Israeli Participant will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in accordance with the Plan or any Shares granted to such Israeli Participant thereunder.

6. The Trustee shall have the right to withhold taxes as further described in this Schedule C.

7. In the case of 102 Awards, the Trustee shall have no rights as a shareholder of the Company in respect of Shares issuable on the exercise of rights to acquire Shares under any Option until the issuance to the Trustee of such Shares for the Israeli Participant's benefit, and the Israeli Participant shall have no rights as a shareholder of the Company in respect of the Shares issuable on the exercise of rights to acquire Shares under any Option until the date of the release of such Shares from the Trustee to the Israeli Participant and the transfer of record ownership of such Shares to the Israeli Participant.

4. **THE OPTIONS.**

Each Israeli Option Certificate shall be subject to Section 102 or Section 3(i) of the Ordinance, as applicable, and shall state, inter alia, the type of Option granted thereunder (whether a CGA, OIA, Unapproved 102 Award or a 3(i) Option), and, in accordance with the Plan, any applicable vesting provisions and Exercise Price that may be payable.

5. **FAIR MARKET VALUE.**

Solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Ordinance, if at the date of grant of any CGA, the Shares are listed on any established Share exchange or a national market system or if the Shares will be registered for trading within ninety (90) days following the date of grant of the CGAs, the fair market value of the Shares at the date of grant shall be determined in accordance with the average value of the Shares on the thirty (30) trading days preceding the date of grant or on the thirty (30) trading days following the date of registration for trading, as the case may be.

6. **EXERCISE OF OPTIONS.**

Without derogating the provision of the Plan, Options shall be exercised by the relevant Israeli Participant by giving a written or electronic notice to the Company and/or to any third party designated by the Company (the "***Representative***"), in such form and method as may be determined by the Company (and to the extent applicable, in accordance with the requirements of Section 102), which exercise shall be effective upon receipt of such notice by the Company and/or the Representative and the cash payment of the Exercise Price for the number of Shares with respect to which the Option is being exercised in accordance with the terms and conditions of the Plan, at the Company's or the Representative's principal office. The Exercise Price for Approved 102 Awards shall be paid by certified cheque or bank draft payable to the Company or wire transfer to an account specified by the Company, unless an advance approval granted from the ITA, as required, for an alternative method of payment is first obtained.

7. **INTEGRATION OF SECTION 102 AND TAX ASSESSING OFFICER'S PERMIT.**

1. With regards to Approved 102 Awards only, the provisions of the Plan and/or the Israeli Option Certificate shall be subject to the provisions of Section 102 and the Tax Assessing Officer's permit and/or any pre-rulings obtained by the ITA, and the said provisions, permit and/or pre-rulings shall be deemed an integral part of the Plan and of the Israeli Option Certificate.

2. Any provision of Section 102 and/or the said permit and/or pre-rulings which is necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the Plan or the Israeli Option Certificate, shall be considered binding upon the Company and the Israeli Participant.

8. **TAX CONSEQUENCES.**

1. Any tax consequences arising from the grant, exercise or vesting of any Option from the payment for Shares covered thereby or from any other event or act (of the Company, any of its Israeli Affiliates, the Trustee or the Israeli Participant), hereunder, shall be borne solely by the Israeli Participant. The Company, any of its Israeli Affiliates and/or the Trustee, as applicable, shall withhold Israeli taxes according to the requirements under applicable law, including withholding taxes at source. Furthermore, each Israeli Participant hereby agrees to indemnify the Company, its Israeli Affiliates and the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty or indexation thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Israeli Participant.

2. The Company and/or, when applicable, the Trustee shall not be required to release any Share certificate to an Israeli Participant until all required payments have been fully made.

3. With respect to Unapproved 102 Award, if the Israeli Participant ceases to be employed by the Company or any of its Israeli Affiliates, the Israeli Participant shall extend to the Company and any of its Israeli Affiliates, as applicable, a security or guarantee for the payment of tax due at the time of sale of Shares, all in accordance with the provisions of Section 102 and the rules, regulation or orders promulgated thereunder.

4. Each Israeli Participant agrees to, and undertakes to comply with, any ruling, settlement, closing agreement or other similar agreement or arrangement with any tax authority which is approved by the Company.

9. **ISRAELI PARTICIPANT'S UNDERTAKINGS.**

1. Each Israeli Participant (a) agrees and acknowledges that he or she have received and read the Plan, the Israeli Option Certificate and Trust Agreement; (b) undertakes to comply with all the provisions set forth in Section 102 (including provisions

regarding the applicable tax track that the Company has selected) or Section 3(i), as applicable, the Plan, the Israeli Option Certificate, the Trust Agreement and applicable law; and (c) with respect to Options granted under Section 102, the Israeli Participant undertakes to comply with and be subject to the provisions of Section 102 and not to sell or release the Shares from trust before the end of the Holding Period.

2. Each Israeli Participant agrees to execute any and all documents that the Company, any of its Israeli Affiliates and/or the Trustee may reasonably determine to be necessary in order to comply with the Ordinance, ruling or guidelines and rules issued by the ITA.

10. **DEFINITIONS.**

Any capitalized terms not specifically defined in this Schedule C shall be construed according to the interpretation given to them in the Plan. As used in this Schedule C, any Israeli Option Certificate and any Israeli Exercise Notice, the following terms will have the following meanings:

1. "***Approved 102 Award***" means an Option granted pursuant to Section 102(b) of the Ordinance.

2. "***Capital Gain Award"*** or ***"(CGA)***" means an Approved 102 Award elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) and 102(b)(3) of the Ordinance.

3. "***Controlling Stockholder***" shall have the meaning ascribed to it in Section 102 of the Ordinance.

4. "***Employee***" means an Israeli Participant who is employed by the Israeli Subsidiary or its Israeli Affiliates, including an individual who is providing services and serving as an "office holder" as defined in the Israeli Companies Law, 1999, as amended from time to time, but excluding any Controlling Shareholder.

5. "***Israeli Affiliate***" means any "employing company" within the meaning of Section 102(a) of the Ordinance.

6. "***Israeli Participant***" means any Participant that is a resident of the State of Israel or who is deemed to be a resident of the State of Israel for Israeli tax purposes.

7. "***ITA***" means the Israeli Tax Authority.

8. "***Ordinary Income Award" or "OIA***" means an Approved 102 Award elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) of the Ordinance.

9. "***102 Award***" means an Option granted to Employees pursuant to Section 102 of the Ordinance and any other rulings, procedures and clarifications promulgated thereunder or issued by the ITA.

10. "***3(i) Option***" means an Option intended to be granted under Section 3(i) of the Ordinance to any person who is a Non-Employee.

11. "***Israeli Exercise Notice***" means an exercise notice provided by an Israeli Participant in respect of Option granted to such Israeli Participant, a form of which is attached as Appendix B to this Schedule C.

12. "***Israeli Option Certificate***" means a written agreement entered into and signed by the Company and an Israeli Participant that sets out the terms and conditions of an Award in accordance to Section 102 or in accordance to Section 3(i), a form of which is attached as Appendix A to this Schedule C.

13. "***Israeli Subsidiary***" means any company incorporated under the laws of the State of Israel, more than fifty (50%) of the voting securities of which are beneficially owned by the Company.

14. "***Non-Employee***" means an Israeli Participant other than an Employee.

15. "***Ordinance***" means the Israeli Income Tax Ordinance [New Version] 1961 as now in effect or as hereafter amended and any regulations promulgated hereunder.

16. "***Section 102***" means section 102 of the Ordinance, the Income Tax Rules (Tax Relief for Issuance of Shares to Employees), 2003, and any other rules, regulations, orders or procedures promulgated thereunder as now in effect or as hereafter amended.

17. "***Trustee***" means any person appointed by the Company to serve as a trustee and approved by the ITA, all in accordance with the provisions of Section 102(a) of the Ordinance.

18. "***Unapproved 102 Award***" means an Option granted pursuant to Section 102(c) of the Ordinance and not held in trust by a Trustee.

APPENDIX A TO SCHEDULE C

CRONOS GROUP INC.

STOCK OPTION PLAN ISRAELI OPTION CERTIFICATE

(Applicable to :102 Approved Options)

This Israeli Option Certificate is delivered pursuant to the provisions of the Cronos Group Inc. (the "**Company**") 2018 Stock Option Plan (as amended from time to time, the "**Plan**") and certifies that the optionee mentioned below (the "**Participant**") has been granted Options (as defined in the Plan) to purchase common shares (the "**Shares**") in the capital of the Company, in accordance with and subject to the following terms and conditions and the terms and conditions set out in the Plan:

Participant:	
Grant Date:	**[•]**
Number of Options:	**[•]**
Tax Status of Option	[Capital Gain Award; Section 102]
Exercise Price:	$**[•]**/Share
Vesting Schedule:	**[Vesting in 16 quarterly installments, but subject to the Plan]**.
Expiry:	**[7 years]**, unless terminated or expired earlier in accordance with the Plan.
Other Terms:	**Notwithstanding anything to the contrary in the Plan, the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant (as defined in the Investor Rights Agreement between the Company and Altria Group, Inc. (as may be amended or otherwise modified in accordance with its terms)) shall not constitute a "Change of Control" (as defined in the Plan) and any provisions regarding accelerated vesting, including Sections 4.3 and 4.4 of the Plan, shall not apply to the Options and Share Appreciation Rights in connection with the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant.**

The Participant may exercise these Options to the extent vested in accordance with this Israeli Option Certificate and the Plan by delivering to the Company an Exercise Notice (attached as Appendix "B" to Schedule C of the Plan) accompanied by this Israeli Option Certificate and, where the Participant elects to exercise the Options, a certified cheque or bank draft payable to the Company or wire transfer to an account specified by the Company, in an amount equal to the aggregate Exercise Price or in such other manner as may be permitted by the board of directors of the Company pursuant to the Plan. If only part of these Options are being exercised, the Company shall amend this Israeli Option Certificate to indicate the number of Options exercised and the amended Israeli Option Certificate shall then be returned to the Participant.

This Israeli Option Certificate, as well as the Options represented thereby, shall not be transferrable except in accordance with the Plan. This Israeli Option Certificate is only delivered for convenience and in the event of a dispute with respect thereto, the provisions of the Plan and the records of the Company shall be determinative and binding on the Participant.

This Israeli Option Certificate is subject to the terms and conditions of the Plan, the Trust Agreement (as defined below), Section 102 and any tax rulings the Company shall obtain from the ITA.

Shares issuable upon the exercise of the Option granted to the Participant under this Israeli Option Certificate will be held by the Trustee pursuant to the Trust Agreement. The Trustee will hold the Shares issued upon exercise of the Option in accordance with the Trust Agreement, the Plan, Section 102 and any applicable law, and withhold any tax due (including Israeli National Insurance and Health Tax if applicable) in accordance with the terms and conditions of Section 102 and any applicable law. The Participant shall indemnify the Company and/or its shareholders and/or its officers and directors, and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to withholding tax. Any share certificate issued upon exercise of the Options shall be held and registered on the name of the Trustee for the benefit of the Participant.

Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Dated in_____on_____, 20__.

CRONOS GROUP INC.

By: _____

Authorized signatory

By signing where indicated below, the Participant acknowledges and confirms that:

1. his or her participation under the Plan is voluntary;

2. he or she has received a copy of the Plan which was applicable at the time of this grant of Options and that no amendment to the Plan thereafter shall affect any right granted to him or her in respect of the Options, except if such amendment is approved by the Participant, or does not materially adversely affect the Participant's rights or is required in order to comply with changes to any relevant law or regulation applicable with respect to the Plan, the Options or the Shares; and

3. after having an adequate opportunity to review the above terms, including the Plan and the Trust Agreement and seek advice of legal counsel, he or she agrees to and accepts all of the terms and conditions of this Israeli Option Certificate, the Plan and the Trust Agreement, and he or she hereby further declares and acknowledges, by his or her signature below, that: (i) he or she fully understands Section 102, the Rules and regulations promulgated thereunder apply to the Option specified in this Israeli Option Certificate, (ii) he or she understands the provisions of Section 102, the tax track chosen and the implications thereof, and (iii) the Option shall also be subject to the terms of the Plan, the option Certificate, the Trust Agreement and applicable law; and

4. he or she has read and understands the Plan and accepts to be bound by the provisions thereof and the terms and conditions of this Israeli Option Certificate.

Dated in_____on_____, 20__.

_____

Participant Name:

CRONOS GROUP INC.

STOCK OPTION PLAN ISRAELI OPTION CERTIFICATE

(Applicable to: 3(i) Options)

This Israeli Option Certificate is delivered pursuant to the provisions of the Cronos Group Inc. (the "**Company**") 2018 Stock Option Plan (as amended from time to time, the "**Plan**") and certifies that the optionee mentioned below (the "**Participant**") has been granted Options (as defined in the Plan) to purchase common shares (the "**Shares**") in the capital of the Company, in accordance with and subject to the following terms and conditions and the terms and conditions set out in the Plan:

Participant:	**[•]**
Grant Date:	**[•]**
Number of Options:	**[•]**
Tax Status of Option	**[3(i) Options]**
Exercise Price:	$**[•]**/Share
Vesting Schedule:	**[Vesting in 16 quarterly installments, but subject to the Plan]**.
Expiry:	**[7 years]**, unless terminated or expired earlier in accordance with the Plan.
Other Terms:	**Notwithstanding anything to the contrary in the Plan, the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant (as defined in the Investor Rights Agreement between the Company and Altria Group, Inc. (as may be amended or otherwise modified in accordance with its terms)) shall not constitute a "Change of Control" (as defined in the Plan) and any provisions regarding accelerated vesting, including Sections 4.3 and 4.4 of the Plan, shall not apply to the Options and Share Appreciation Rights in connection with the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant.**

The Participant may exercise these Options to the extent vested in accordance with this Israeli Option Certificate and the Plan by delivering to the Company an Exercise Notice (attached as Appendix "B" to Schedule C of the Plan) accompanied by this Israeli Option Certificate and, where the Participant elects to exercise the Options, a certified cheque or bank draft payable to the Company or wire transfer to an account specified by the Company, in an amount equal to the aggregate Exercise Price or in such other manner as may be permitted by the board of directors of the Company pursuant to the Plan. If only part of these Options are being exercised, the Company shall amend this Israeli Option Certificate to indicate the number of Options exercised and the amended Israeli Option Certificate shall then be returned to the Participant.

This Israeli Option Certificate, as well as the Options represented thereby, shall not be transferrable except in accordance with the Plan. This Israeli Option Certificate is only delivered for convenience and in the event of a dispute with respect thereto, the provisions of the Plan and the records of the Company shall be determinative and binding on the Participant.

This Israeli Option Certificate is subject to the terms and conditions of the Plan, Section 3(i) and any tax rulings the Company shall obtain from the ITA.

The Company and/or Israeli Affiliate and/or Israeli Subsidiary can withhold any tax due (including Israeli National Insurance and Health Tax if applicable) in accordance with the terms and conditions of Section 3(i) and any applicable law. The Israeli Participant shall indemnify the Company and/or its shareholders and/or its officers, and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to withholding tax.

Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Dated in_____on_____, 20__.

CRONOS GROUP INC.

By: _____

Authorized signatory

By signing where indicated below, the Israeli Participant acknowledges and confirms that:

1. his or her participation as a beneficiary of Options granted under the Plan is voluntary;

2. he or she has received a copy of the Plan which was applicable at the time of this grant of Options and that no amendment to the Plan thereafter shall affect any right granted in respect of the Options, except if such amendment is approved by the Participant, or does not materially adversely affect the Participant's rights (as trustee for his or her benefit) or is required in order to comply with changes to any relevant law or regulation applicable with respect to the Plan, the Options or the Shares; and

3. after having an adequate opportunity to review the above terms, including the Plan and seek advice of legal counsel, he or she agrees to and accepts all of the terms and conditions of this Israeli Option Certificate and the Plan, and he or she hereby further declares and acknowledges, by his or her signature below, that: (i) he or she fully understands that Section 3(i) apply to the Option specified in this Israeli Option Certificate, (ii) he or she understands the provisions of Section 3(i), the tax track chosen and the implications thereof, and (iii) the Option shall also be subject to the terms of the Plan, the option Certificate and applicable law; and

4. he or she has read and understands the Plan and accepts to be bound by the provisions thereof and the terms and conditions of this Israeli Option Certificate.

Dated in_____on_____, 20__.

_____

Participant Name:

APPENDIX B TO SCHEDULE C

CRONOS GROUP INC.

STOCK OPTION PLAN EXERCISE NOTICE FOR ISRAELI PARTICIPANTS

TO: CRONOS GROUP INC. (the "**Company**")

Pursuant to the to the provisions of the Company's 2018 Stock Option Plan (as amended from time to time, the "**Plan**") the undersigned Participant hereby gives an irrevocable notice of the exercise of the options (the "**Options**") evidenced by the Israeli Option Certificate dated (the "**Option Certificate**"):

☐**Cash Exercise of Options**

purchase shares in the capital of the Company that are issuable pursuant to the Options (the "**Option Shares**") and hereby (circle one):

(a)subscribes for *all* of the Option Shares; or

(b)subscribes for number of Option Shares.

The Exercise Price per Option is and the aggregate Exercise Price for all of the Options being exercised is (the "**Aggregate Exercise Price**").

Payment: With this notice, the undersigned is delivering the Aggregate Exercise Price by *certified cheque* or *bank draft* payable to Cronos Group Inc. or *wire transfer* to an account specified by the Company.

DELIVERY:

The undersigned requests that the Company registers and delivers (pick one):

☐**Certificated Shares** (paper certificate)

Lost paper certificates may be subject to a replacement fee, levied by the transfer agent, equal to 3% of the market value of the aggregate shares represented by the certificate at the time the loss is reported, or other fee then in force under the transfer agent's policies.

OR

☐**Direct Registration Statement** (electronically registered). In accordance with Section 102 the shares shall be registered on the name of the Trustee for the benefit of the undersigned and be deposited and/or controlled by the Trustee all in accordance with Section 102.

to the address below:

Registration Name and Address:	Mailing Address (if different):
[Trustee name for the benefit of the undersigned]	With the Trustee Address in Israel.
N/A	

The undersigned Participant understands that the Option is subject to Section 102, the tax track chosen and the implications thereof and that the Option shall also be subject to the terms of the Trust Agreement. Any shares issued upon exercise of the Option shall be held and registered in the Trustee's name for my benefit and be subject to the rules of Section 102, the Plan, the Option Certificate, the Trust Agreement and applicable law.
The undersigned Participant further understands that the Trustee is receiving the Shares, for the benefit of the undersigned, pursuant to the terms of the Plan, the Israeli Option Certificate and Trust Agreement, copies of which the undersigned have received and carefully read and understand.

Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Dated: _____

_____
(Signature of the Participant)

(Name of the Participant - in block letters)

CRONOS GROUP INC.
DEFERRED SHARE UNIT PLAN FOR NON-EXECUTIVE DIRECTORS

Effective as of August 7, 2019

Section 1 Interpretation

1.1 Purpose

The purposes of the Plan are:

(a) to promote a greater alignment of long-term interests between Non-Executive Directors and Shareholders; and

(b) to provide a compensation system for Non-Executive Directors that, together with the other Director compensation mechanisms of the Company, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various committees of the Board.

1.2 Definitions

As used in the Plan, the following terms have the following meanings:

(a) "**Account**" means the account maintained by the Company in its books for each Non-Executive Director to record the DSUs credited to such Non-Executive Director under the Plan;

(b) "**Affiliate**" has the meaning given to that term in National Instrument 45-106 - *Prospectus and Registration Exemptions*, as such instrument may be amended, supplemented or replaced from time to time, subject to the term "issuer" in such instrument being ascribed the same meaning as the term "person" in such instrument;

(c) "**Annual Remuneration**" means all amounts ordinarily payable in cash to a Non- Executive Director by the Company in respect of the services provided by the Non-Executive Director to the Company in connection with such Non-Executive Director's service on the Board in a fiscal year, including without limitation (i) the Annual Retainer; (ii) the fee for serving as a member of a Board committee; and (iii) the fee for chairing a Board committee, which amounts shall, unless otherwise determined by the Board or the Committee, be payable Quarterly in arrears. "Annual Remuneration" shall exclude any meeting fees payable in respect of attendance at individual meetings and amounts received by a Non- Executive Director as a reimbursement for expenses incurred in attending meetings;

(d) "**Annual Retainer**" means the annual base retainer fee payable to a Non- Executive Director by the Company for serving as a director;

(e) "**Applicable Law**" means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and Stock Exchange Rules;

(f) "**Beneficiary**" means an individual who, on the date of a Non-Executive Director's death, is the person who has been designated in accordance with Section 4.7 and the laws applying to the Plan, or where no such individual has been validly designated by the Non-Executive Director, or where the individual does not survive the Non-Executive Director, the Non-Executive Director's legal representative;

(g) "**Board**" means the Board of Directors of Cronos Group Inc.;

(h) "**Change of Control**" means:

(i) the consummation of any transaction or series of transactions including any reorganization, recapitalization, statutory share exchange, consolidation, amalgamation, arrangement, merger or issue of voting shares in the capital of the Company, the result of which is that any Person or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions becomes the beneficial owner, directly or indirectly, of more than 50% of the voting securities in the capital of the entity resulting from such transaction or series of transactions or the entity that acquired all or substantially all of the business or assets of the Company in a transaction or series of transactions described in paragraph (ii) below (in each case, the "**Surviving Company**") or the ultimate parent entity that has beneficial ownership of sufficient voting power to elect a majority of the board of directors (or analogous governing body) of the Surviving Company (the "**Parent Company**"), measured by voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) rather than number of securities (but shall not include the creation of a holding company or other transaction that does not involve any substantial change in the proportion of direct or indirect beneficial ownership of the voting securities of the Company prior to the consummation of the transaction or series of transactions), provided that the exercise by Altria Summit LLC (or any of its Affiliates) of the Purchased Warrant (as defined in the Subscription Agreement by and

among the Company, Altria Summit LLC and Altria Group, Inc. dated as of December 7, 2018) shall not constitute a Change of Control pursuant to this clause (i);

(ii) the direct or indirect sale, transfer or other disposition, in one or a series of transactions, of all or substantially all of the business or assets of the Company, taken as a whole, to any Person or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions (other than to any Affiliates of the Company); or

(iii) Incumbent Directors during any consecutive 12-month period ceasing to constitute a majority of the Board of the Company (for the purposes of this paragraph, an "**Incumbent Director**" shall mean any member of the Board who is a member of the Board immediately prior to the occurrence of a contested election of directors of the Company).

(a) "**Code**" means the United States *Internal Revenue Code of 1986*, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder;

(b) "**Committee**" means the Compensation Committee of the Board, or such other committee of the Board as is designated by the Board, by way of resolution, adoption of a policy or committee mandate, or otherwise, to administer the Plan from time to time;

(c) "**Company**" means Cronos Group Inc. and includes any successor corporation thereto;

(d) "**Conversion Date**" means the date used to determine the Fair Market Value of a Deferred Share Unit for purposes of determining the number of Deferred Share Units to be credited to a Non-Executive Director under Section 2.3, which date shall, subject to variation as determined by the Board, generally be the last day of each Quarter and, in any event, shall not be earlier than the first business day of the year in respect of which the Deferred Share Units are being provided;

(e) "**Cronos Entity**" has the meaning ascribed thereto in Section 4.12;

(f) "**Deferred Share Unit**" or "**DSU**" means a unit credited by the Company to a Non-Executive Director by way of a bookkeeping entry in the books of the Company, as determined by the Board, pursuant to the Plan, the value of which at any particular date shall be the Fair Market Value at that date;

(g) "**Director**" means a member of the Board;

(h) "**DSU Award Agreement**" means a written agreement setting out the terms of any DSU award under Section 2.3.2 in the form of Schedule B hereto, or such other form as may be prescribed by the Board from time to time;

(i) "**Election Notice**" means the written election under Section 2.2 to receive Deferred Share Units, in the form of Schedule A hereto, or such other form as may be prescribed by the Board from time to time;

(j) "**Entitlement Date**" has the meaning ascribed thereto in Section 3.1;

(k) "**Fair Market Value**" means with respect to a particular date, (i) if the Shares are traded on the Toronto Stock Exchange, the closing price as reported by the Toronto Stock Exchange on the immediately preceding Trading Day and (ii) if the Shares are not traded on the Toronto Stock Exchange, the value as determined by the Board in good faith taking into account applicable legal and tax requirements.

(l) "**Non-Executive Director**" means a Director who is not an employee of the Company or any Related Company, and includes any non-executive Chair of the Board

(m) "**Person**" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

(n) "**Plan**" means this Deferred Share Unit Plan, as it may be amended from time to time;

(o) "**Quarter**" means a fiscal quarter of the Company, which, until changed by the Company, shall be the three-month period ending March 31, June 30, September 30 and December 31 in any year and "Quarterly" means each "Quarter";

(p) "**Related Company**" means a corporation related to the Company for the purposes of the *Income Tax Act* (Canada);

(q) "**Share**" means the common shares of Cronos Group Inc.;

(r) "**Stock Exchange**" means the Toronto Stock Exchange and the Nasdaq Global Market, or if the Shares are not

listed on the Toronto Stock Exchange, such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market;

(s) "**Stock Exchange Rules**" means the applicable rules of any Stock Exchange upon which shares of the Company are listed;

(t) "**Termination Date**" means, with respect to a Non-Executive Director, the earliest date on which he/she has ceased to hold the office of Director for any reason whatsoever, including the death of the Non-Executive Director and is not an employee of the Company or a Related Company; provided that, solely with respect to any Non-Executive Director who is a U.S. Taxpayer, such cessation of services is also a "separation from service" within the meaning of Section 409A of the Code such that it is reasonably anticipated that no further services will be performed;

(u) "**Trading Day**" means any date on which the Toronto Stock Exchange is open for the trading of Shares and on which Shares are actually traded; and

(v) "**U.S. Taxpayer**" means a Non-Executive Director who is a citizen or permanent resident of the United States for purposes of the Code or a Non-Executive Director for whom the compensation under this Plan would otherwise be subject to income tax under the Code.

1.3 Effective Date

The Plan is effective as of August 7, 2019.

1.4 Suspension of Participation

If a Non-Executive Director becomes an officer (other than non-executive Chair of the Board) or employee of the Company or a Related Company while remaining as a Director, his or her eligibility to receive Deferred Share Units pursuant to an election in accordance with Section 2.2 or a grant pursuant to Section 2.3.2 shall be suspended effective as of the date of the commencement of his or her employment and shall resume upon termination of such employment provided he or she continues as a Director of the Company; provided, however, that in the case of any U.S. Taxpayer, the portion of such U.S. Taxpayer's Annual Remuneration attributable to his or her services as a Director of the Company shall remain subject to any election in accordance with Section 2.2 in effect as of the date of commencement of his or her employment. During the period of such ineligibility, such individual shall be entitled to continue to be credited with Deferred Share Units allocated as dividend equivalents under Section 2.4.

1.5 Construction

In this Plan, all references to the masculine include the feminine; references to the singular shall include the plural and vice versa, as the context shall require. If any provision of the Plan or part hereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof. Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions contained herein. References to "Section" or "Sections" mean a section or sections contained in the Plan unless expressly stated otherwise. All amounts referred to in this Plan are stated in Canadian dollars unless otherwise indicated.

1.6 Administration

The Board shall, in its sole and absolute discretion: (i) interpret and administer the Plan; (ii) establish, amend and rescind any rules and regulations relating to the Plan;

(iii) have the power to delegate, on such terms as the Board deems appropriate, any or all of its powers hereunder to any committee of the Board or officer of the Company; and (iv) make any other determinations that the Board deems necessary or desirable for the administration of the Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Board deems, in its sole and absolute discretion, necessary or desirable. Any decision of the Board with respect to the administration and interpretation of the Plan shall be conclusive and binding on the Non-Executive Director and any other person claiming an entitlement or benefit through the Non-Executive Director. All expenses of administration of the Plan shall be borne by the Company as determined by the Board. To the extent permitted by law, the Board may from time to time delegate to the Committee all or any of the powers conferred on the Board under the Plan. In such event, the Committee shall exercise the delegated powers in the manner and on the terms authorized by the Board. Where the Board has so delegated any powers to the Committee, any reference under the Plan, in connection with such power, to the "Board" shall be read as to the "Committee". The Board shall also be permitted to hire administrators, custodians or similar service providers to assist it in the administration of the Plan. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of the Plan in this context shall be final and conclusive.

1.7 Governing Law

The Plan shall be governed by and interpreted in accordance with the laws of the Province of Ontario and any actions, proceedings or claims in any way pertaining to the Plan shall be commenced in the courts of the Province of Ontario.

Section 2 Election Under the Plan and Deferred Share Unit Awards

2.1 Payment of Annual Remuneration

Subject to Section 2.2 and such rules, regulations, approvals and conditions as the Board may impose, a Non-Executive Director may elect to receive his or her Annual Remuneration in the form of Deferred Share Units, cash or any combination thereof.

2.2 Election Process

(a) A person who is a Non-Executive Director on the effective date of the Plan may elect to receive a percentage (as specified in the Election Notice) of his or her Annual Remuneration earned after such effective date of the Plan in Deferred Share Units, cash or combination of Deferred Share Units and cash by completing and delivering to the Secretary of the Company an initial Election Notice by no later than 30 days after the effective date of the Plan, which shall apply to the Non-Executive Director's Annual Remuneration earned in Quarters that commence after the date the election is made.

(b) A person who becomes a Non-Executive Director during a year may elect to receive a percentage (as specified in the Election Notice) of his or her Annual Remuneration earned in Quarters that commence after the date the election is made in Deferred Share Units, cash or combination of Deferred Share Units and cash by completing and delivering to the Secretary of the Company an Election Notice. An Election Notice shall not be effective to require that Annual Remuneration earned in the year in which the individual becomes a Non-Executive Director be provided in the form of Deferred Share Units if (i) such Election Notice is not completed and delivered to the Secretary of the Company within 30 days after the individual becomes a Non-Executive Director; or (ii) the individual previously participated in, or was eligible to participate in, this Plan or any other plan that is required to be aggregated with this Plan for purposes of Section 409A of the Code.

(c) A Non-Executive Director who has previously made an election under this Section 2.2, or who has never made any election under the Plan but who was previously eligible to do so, may elect to receive a percentage (as specified in the Election Notice) of his or her Annual Remuneration for subsequent calendar years in Deferred Share Units, cash or combination of Deferred Share Units and cash by completing and delivering to the Secretary of the Company a new Election Notice on or before the day immediately preceding the first day of the calendar year for which such new Election Notice is to take effect.

(d) The Board may prescribe election forms for use by Non-Executive Directors who are residents of a jurisdiction other than Canada that differ from the election forms it prescribes for use by Canadian resident Non-Executive Directors where the Board determines it is necessary or desirable to do so to obtain comparable treatment for the Plan, the Non-Executive Directors or the Company under the laws or regulatory policies of such other jurisdiction as is provided under the laws and regulatory policies of Canada and its Provinces, provided that no election form prescribed for use by a non-resident of Canada shall contain terms that would cause the Plan to cease to meet the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) and any successor to such provisions.

(e) For greater certainty, if the Company establishes a policy for members of the Board with respect to the acquisition and / or holding of Shares and / or Deferred Share Units, each Non-Executive Director shall ensure that any election he or she makes under this Section 2.2 complies with such policy.

2.3 Deferred Share Unit Awards

2.3.1 Deferred Share Units elected by a Non-Executive Director pursuant to Section 2.2 shall be credited to the Non-Executive Director's Account as of the applicable Conversion Date. The number of Deferred Share Units (including fractional Deferred Share Units) to be credited to a Non-Executive Director's Account as of a particular Conversion Date pursuant to this Section 2.3.1 shall be determined by dividing the portion of that Non-Executive Director's Annual Remuneration for the applicable period to be satisfied by Deferred Share Units by the Fair Market Value on the particular Conversion Date.

2.3.2 Subject to Section 2.3.5, the Board may award such number of Deferred Share Units to a Non-Executive Director as the Board deems advisable to provide the Non-Executive Director with appropriate equity-based compensation for the services he or she renders to the Company as a Non-Executive Director. An award of Deferred Share Units under this Section 2.3.2 may be made in addition to an award of Deferred Share Units granted pursuant to Section 2.3.1.The Board shall determine the date on which such Deferred Share Units may be granted and the date as of which such Deferred Share Units shall be credited to a Non-Executive Director's Deferred Share Unit Account, together with any terms or conditions with respect to the vesting of such Deferred Share Units. The Company and a Non-Executive Director who receives an award of Deferred Share Units pursuant to this Section 2.3.2 shall enter into a DSU Award Agreement to evidence the award and the terms, including terms with respect to vesting, applicable thereto.

2.3.3 Deferred Share Units credited to a Non-Executive Director's Account under Section 2.3.1, together with any additional Deferred Share Units granted in respect thereof under Section 2.4, will be fully vested upon being credited to a Non-Executive Director's Account and the Non-Executive Director's entitlement to payment of such Deferred Share Units at his or her Termination Date shall not thereafter be subject to satisfaction of any requirements as to any minimum period of membership on the Board.

2.3.4 Deferred Share Units credited to a Non-Executive Director's Account under Section 2.3.2, together with any additional Deferred Share Units granted in respect thereof under Section 2.4, will vest in accordance with such terms and conditions as may be determined by the Board and set out in the DSU Award Agreement.

2.3.5 The aggregate equity award value of any grants of Deferred Share Units under Section 2.3.2 that may be made to a Non-Executive Director for a year shall not exceed $150,000; provided that any Deferred Share Units elected to be received by a Non-Executive Director in place of the same value of foregone cash compensation from the Company shall not be counted toward the foregoing $150,000 limit, and provided further that this Section 2.3.5 shall not apply to one-time initial grants to a new director who would be a Non-Executive Director upon joining the Board as compensation for serving on the Board.

2.4 Dividends

On any payment date for dividends paid on Shares, a Non-Executive Director shall be credited with dividend equivalents in respect of Deferred Share Units credited to the Non-Executive Director's Account as of the record date for payment of such dividends. Such dividend equivalents shall be converted into additional Deferred Share Units (including fractional Deferred Share Units) based on the Fair Market Value as of the date on which the dividends on the Shares are paid. For greater certainty, additional Deferred Share Units shall continue to be credited under this Section 2.4 with respect to Deferred Share Units that remain credited to the Non-Executive Director's Account after his or her Termination Date.

2.5 Non-Executive Director's Account

A Non-Executive Director's Account shall record at all times the number of Deferred Share Units standing to the credit of the Non-Executive Director. Upon payment in satisfaction of Deferred Share Units credited to a Non-Executive Director in the manner described herein, such Deferred Share Units shall be cancelled. A written confirmation of the balance in each Non-Executive Director's Account shall be provided by the Company to the Non-Executive Director at least annually.

2.6 Adjustments and Reorganizations

Notwithstanding any other provision of the Plan, in the event of any change in the Shares by reason of any stock dividend, split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Shares or distribution of rights to holders of Shares or any other form of corporate reorganization whatsoever, an equitable adjustment permitted under Applicable Law shall be made to any Deferred Share Units then outstanding. Such adjustment shall be made by the Board, subject to Applicable Law, shall be conclusive and binding for all purposes of the Plan.

Notwithstanding any other provision of the Plan, the value of a DSU shall always depend on the value of Shares of the Company or a Related Company and no amount will be paid to, or in respect of, a Non-Executive Director under the Plan or pursuant to any other arrangement, and no additional DSUs will be granted to any Non-Executive Director to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Non-Executive Director for such purpose.

Section 3 <u>Redemptions</u>

3.1 Redemption of Deferred Share Units

Subject to Sections 3.3 and 3.5, the vested Deferred Share Units credited to a Non-Executive Director's Account shall be redeemed as of the first Trading Day after his or her Termination Date, subject to any six month delay to the extent required for purposes of Section 409A of the Code (such Trading Day being the Non-Executive Director's "**Entitlement Date**") and all vested Deferred Share Units credited to such Non-Executive Director's Account on such date shall be redeemed and settled in accordance with Section 3.2 on or soon as practicable after such Entitlement Date and in any event by December 31 of the calendar year that includes such Entitlement Date.

3.2 Settlement of Deferred Share Units

Subject to Section 4.13, a Non-Executive Director, or the Beneficiary of a Non- Executive Director, as the case may be, whose Deferred Share Units are redeemed hereunder as of an Entitlement Date shall be entitled to receive from the Company, as a single distribution and not in installments, a lump sum cash payment of an amount equal to the Fair Market Value on the relevant Entitlement Date multiplied by the number of Deferred Share Units being settled as of such Entitlement Date.

3.3 Extended Entitlement Date

In the event that the Board is unable, by a Non-Executive Director's Entitlement Date, to compute the final value of the Deferred Share Units recorded in such Non-Executive Director's Account by reason of the fact that any data required in order to compute the Fair Market Value has not been made available to the Board and such delay is not caused by the Non- Executive Director, then the Entitlement Date shall be the next following Trading Day on which such data is made available to the Board.

3.4 Limitation on Extension of Entitlement Date

Notwithstanding any other provision of the Plan, all amounts payable to, or in respect of, a Non-Executive Director hereunder shall be paid on or before December 31 of the calendar year commencing immediately after the Non-Executive Director's Termination Date.

3.5 Settlement of Deferred Share Units following a Change of Control

(a) Any unvested Deferred Share Units will immediately and automatically vest upon the date a Change of Control becomes effective.

(b) In the event a Non-Executive Director's Termination Date is within twelve (12) months following a Change of Control, the Board may, in its discretion, determine that, as of the Non-Executive Director's Entitlement Date(s), the Non- Executive Director or his or her Beneficiary, as the case may, shall receive a payment in cash of an aggregate amount equal to the product of (i) the price attributed to the Shares in connection with the transaction resulting in the Change of Control (or the fair market value of a Share at the time of such transaction as determined by the Board in good faith if no Share price was in fact established for purposes of such transaction) multiplied by (ii) the number of Deferred Share Units being settled as of the applicable Entitlement Date. Where an amount is in respect of a Non-Executive Director's Deferred Share Units is paid pursuant to this Section 3.6, no amount shall be payable pursuant to Section 3.2.

Section 4 General

4.1 Rights as an Unsecured Creditor

To the extent any individual holds any rights by virtue of an election under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured general creditor of the Company.

4.2 Successors and Assigns

The Plan shall be binding on all successors and permitted assigns of the Company and a Non-Executive Director, including without limitation, the estate of such Non-Executive Director and the legal representative of such estate, or any receiver or trustee in bankruptcy or representative of the Company's or the Non-Executive Director's creditors.

4.3 Plan Amendment

4.3.1 The Plan and any Deferred Share Units granted thereunder may be amended, modified or terminated by the Board without approval of shareholders, provided that no amendment to the Plan or any Deferred Share Units granted thereunder may be made without the consent of the Non-Executive Director if it adversely alters or impairs the rights of the Non- Executive Director in respect of any Deferred Share Units such Non-Executive Director has then elected to receive, or Deferred Share Units which such Non-Executive Director has been granted under the Plan, except that Non-Executive Director consent shall not be required where the amendment is required for purposes of compliance with Applicable Law.

4.3.2 Notwithstanding Section 4.3.1, any amendment of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) or any successor to such provision and the requirements of Section 409A of the Code, as may apply to Non-Executive Directors who are U.S. Taxpayers. For avoidance of doubt, and notwithstanding Section 4.3.1, if any provision of the Plan or any DSU Award Agreement contravenes any regulations or U.S. Treasury guidance promulgated under Section 409A of the Code or would cause the Deferred Share Units to be subject to the interest, taxes and penalties under Section 409A of the Code, such provision of the Plan or the applicable DSU Award Agreement shall, to the extent that it applies to U.S. Taxpayers, be modified, without the consent of any Non-Executive Director, to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of Section 409A of the Code.

4.4 Plan Termination

The Board may terminate the Plan at any time but no such termination shall, without the consent of the Non-Executive Director or unless required by law, adversely affect the rights of a Non-Executive Director with respect to any amount in respect of which a Non- Executive Director has then elected to receive Deferred Share Units or Deferred Share Units which the Non-Executive Director has then been granted under the Plan. Notwithstanding the foregoing, any termination of the Plan

shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) or any successor to such provision and the requirements of Section 409A of the Code as may apply to Non-Executive Directors who are U.S. Taxpayers.

4.5 Applicable Trading Policies and Reporting Requirements

The Board and each Non-Executive Director will ensure that all actions taken and decisions made by the Board or a Non-Executive Director, as the case may be, pursuant to the Plan, comply with applicable securities regulations and policies of the Company relating to insider trading and "black out" periods.

4.6 Currency

All payments and benefits under the Plan shall be determined and paid in the lawful currency of Canada.

4.7 Designation of Beneficiary

Subject to the requirements of Applicable Law, a Non-Executive Director may designate in writing a person who is a dependent or relation of the Non-Executive Director as a beneficiary to receive any benefits that are payable under the Plan upon the death of such Non- Executive Director. The Non-Executive Director may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in the form of Schedule C, or such other form as may be prescribed by the Board from time to time. The initial designation of each Non-Executive Director shall be executed and filed with the Secretary of the Company within sixty (60) days following the Effective Date of the Plan. Changes to such designation may be filed from time to time thereafter.

4.8 Death of Non-Executive Director

In the event of a Non-Executive Director's death, any and all Deferred Share Units then credited to the Non-Executive Director's Account shall become payable to the Non- Executive Director's Beneficiary in accordance with Sections 4.3, 4.4 and 4.5 as soon as reasonably practicable after the Non-Executive Director's date of death and such date of death shall be deemed to be the sole Entitlement Date with respect to the Non-Executive Director; provided that, solely with respect to a Non-Executive Director who is a U.S. Taxpayer, in no event shall such payment be made later than December 31 of the calendar year in which the death occurs, or if later, the 15th day of the third month following the date of death.

4.9 Rights of Non-Executive Directors

4.9.1 Except as specifically set out in the Plan, no Non-Executive Director, or any other person shall have any claim or right to any benefit in respect of Deferred Share Units granted or amounts payable pursuant to the Plan.

4.9.2 Rights of Non-Executive Directors respecting Deferred Share Units and other benefits under the Plan shall not be transferable or assignable other than by will or the laws of descent and distribution.

4.9.3 The Plan shall not be construed as granting a Non-Executive Director a right to be retained as a member of the Board or a claim or right to any future grants of Deferred Share Units, future amounts payable or other benefits under the Plan.

4.9.4 Under no circumstances shall Deferred Share Units be considered Shares nor shall they entitle any Non-Executive Director or other person to exercise voting rights or any other rights attaching to the ownership of Shares.

4.10 Compliance with Law

Any obligation of the Company pursuant to the terms of the Plan is subject to compliance with Applicable Law. The Non-Executive Directors shall comply with Applicable Law and furnish the Company with any and all information and undertakings as may be required to ensure compliance therewith.

4.11 Administration Costs

The Company will be responsible for all costs relating to the administration of the Plan.

4.12 Limited Liability

No member of the Board or any officer or employee of the Company or any subsidiary, partnership, trust of the Company or other controlled entity (each an "**Cronos Entity**") shall be liable for any action or determination made in good faith pursuant to the Plan, any Election Notice or DSU Notice under the Plan. To the fullest extent permitted by law, the Company and the Related Company shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Board or is or was an officer or employee of the Company or a Cronos Entity.

4.13 Withholding

So as to ensure that the Company will be able to comply with the applicable provisions of any Applicable Law relating to the withholding of tax or other required deductions, the Company may withhold from any amount payable to a Non-Executive

Director, either under the Plan or otherwise, such amount as may be necessary to enable the Company to comply with the applicable requirements of any federal or provincial tax law or authority relating to the withholding of tax or any other required deductions with respect to Deferred Share Units. The Company may also satisfy any liability for any such withholding obligations by requiring a Non- Executive Director, as a condition to the redemption of any Deferred Share Units, to make such arrangements as the Company may require so that the Company can satisfy such withholding obligations, including, without limitation, requiring the Non-Executive Director to remit to the Company in advance, or reimburse the Company for, any such withholding obligations.

4.14 Section 409A of the Code

4.14.1 Notwithstanding any provision of the Plan to the contrary, it is intended that any payments under the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code.

4.14.2 Each payment made in respect of Deferred Share Units shall be deemed to be a separate payment for purposes of Section 409A of the Code.

4.14.3 Each U.S. Taxpayer is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such U.S. Taxpayer in connection with the Plan or any other plan maintained by the Company (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any Cronos Entity shall have any obligation to indemnify or otherwise hold such U.S. Taxpayer (or any Beneficiary) harmless from any or all of such taxes or penalties.

4.14.4 No U.S. Taxpayer or the creditors or beneficiaries of a U.S. Taxpayer shall have the right to subject any payments made in respect of Deferred Share Units to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any payments made in respect of Deferred Share Units payable to any U.S. Taxpayer or for the benefit of any U.S. Taxpayer may not be reduced by, or offset against, any amount owing by any such U.S. Taxpayer to any Cronos Entity.

SCHEDULE A

Cronos Group Inc. Deferred Share Unit Plan for Directors (the "Plan") ELECTION NOTICE FOR NON-EXECUTIVE DIRECTORS

I. Election:

Subject to Part II of this Notice, I hereby elect to receive the following percentage of my Annual Remuneration earned in Quarters commencing after by way of Deferred Share Units ("DSUs"):

	Amount	Percentage in DSUs	Percentage in Cash*
Annual Remuneration	$	%	%

*cash payments will be made Quarterly in arrears

II. Acknowledgement

I confirm and acknowledge that:

1. I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.
2. I will not be able to cause the Company or any Related Company to redeem DSUs granted under the Plan until the date specified in the Plan following my Termination Date.
3. When DSUs credited to my Account pursuant to this election are redeemed in accordance with the terms of the Plan after my Termination Date, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Company will make all appropriate withholdings as required by law at that time.
4. The value of the DSUs is based on the value of the common shares of the Company and therefore is not guaranteed.
5. This election is irrevocable until changed with respect to future Annual Remuneration in accordance with Section 2.2 (c) of the Plan.
6. The foregoing is only a brief outline of certain key provisions of the Plan. In the event of any discrepancy between the terms of the Plan and the terms of this Election Notice, the terms of the Plan shall prevail. All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise defined above.

_____ _____

Date (Name of Non-Executive Director) (Signature of Non-Executive Director)

Schedule B

Cronos Group Inc. Deferred Share Unit Plan for Directors (the "Plan") DSU AWARD AGREEMENT

I. Agreement and Grant

This Agreement is entered into between Cronos Group Inc. (the "Company") and the individual named below (the "Non-Executive Director") pursuant to Section 2.3.2 of the Plan and confirms that effective ·, 20_____(the "Effective Date") _____**[number]** Deferred Share Units ("DSUs") have been granted by the Company to the Non-Executive Director on the terms set out in this Agreement and the Plan.

II. Vesting

All DSUs referred to in Part I above, together with any additional DSUs credited to the Non-Executive Director's Account pursuant to Section 2.4 of the Plan in respect of such DSUs shall at all times following their grant be fully vested in the Non-Executive Director, and shall not be subject to forfeiture.

III. Acknowledgement

The Non-Executive Director confirms and acknowledges that:

1. He/she has received and reviewed a copy of the terms of the Plan and this Agreement and agrees to be bound by them.
2. Only DSUs that vest in accordance with Part II above may be redeemed by the Non-Executive Director or his/her Beneficiary.
3. He/she will not be able to cause the Company or any Related Company thereof to redeem DSUs referred to in Part I above or any additional DSUs credited to the Non-Executive Director's Account pursuant to Section 2.4 of the Plan in respect of such DSUs until the date specified in Section 3.1 of the Plan following his/her Termination Date.
4. When DSUs referred to in Part I above and additional DSUs credited to the Non- Executive Director's Account pursuant to this election are redeemed in accordance with the terms of the Plan after he/she is no longer either a director or employee of the Company or any Related Company thereof, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Company will make all appropriate withholdings as required by law at that time.
5. The value of the DSUs is based on the value of the common shares of the Company and therefore is not guaranteed.
6. In the event of any discrepancy between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall prevail. All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise specified herein.

IN WITNESS WHEREOF the Company and Non-Executive Director have executed this Agreement as of the Effective Date.

By:_____

(Signature of Non-Executive Director)

By:_____

(Name of Non-Executive Director)

CRONOS GROUP INC.

By:_____

(Signature)

SCHEDULE C

BENEFICIARY DESIGNATION

To: Secretary - Cronos Group Inc.

I,_____, being a Non-Executive Director under the Cronos Group Inc. Deferred Share Unit Plan for Non-Executive Directors (the "Plan"), hereby designate the following person as my Beneficiary for purposes of the Plan:

Name of Beneficiary:_____

Address of Beneficiary:_____

This designation revokes any previous beneficiary designation made by me under the Plan. Under the terms of the Plan, I reserve the right to revoke this designation and to designate another person as my Beneficiary.

Date:

Name:_____(please print)

Signature:_____

Exhibit 10.10

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and effective as of this 10th day of August, 2016 (the "**Effective Date**").

B E T W E E N :

PHARMACAN CAPITAL CORPORATION,
a corporation incorporated under the laws of Canada
(hereinafter referred to as "PharmaCan" or the Corporation")

-and-

MICHAEL GORENSTEIN,
an individual resident in the City of New York, in the State of New York
(hereinafter referred to as the "Executive")

WHEREAS the Executive is currently employed with the Corporation as Chief Executive Officer;

AND WHEREAS the Corporation and the Executive have determined that it would be mutually beneficial for them to enter into this Employment Agreement including, in particular, the provisions regarding termination of employment (the "**Agreement**");

AND WHEREAS within fifteen (15) calendar days following the execution of this Agreement, the Corporation shall provide the Executive with payment of an additional fee of $500.00, less applicable statutory deductions and withholdings, as a signing bonus (the "**Execution Fee**");

NOW THEREFORE, in consideration of the Executive's commitment to perform his duties and responsibilities in a professional and competent manner, the Executive's further commitment to devote his professional time to the business and operations of PharmaCan, the mutual covenants contained herein, the additional consideration provided by the Execution Fee and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PharmaCan and the Executive (collectively, the "**Parties**" and, individually, a "**Party**") hereby agree as follows:

1. Employment

1.1 **Employment -** The Executive shall continue to be employed with PharmaCan as Chief Executive Officer of the Corporation (the "**CEO**"), subject to the terms and conditions of this Agreement. The Executive shall report to the Board of Directors of the Corporation (the "**Board**").

1.2 **Responsibilities and Duties -** As CEO, the Executive shall perform the duties as are consistent with the Executive's role as CEO and such other duties reasonably assigned by the Board of PharmaCan from time to time.

1.3 **Loyalty -** The Executive agrees to act in the best interests of PharmaCan at all times and to faithfully discharge his duties and responsibilities hereunder. The Executive shall devote an appropriate amount of his time to the business and affairs of the Corporation having regard to the Executive's position and duties and the nature of the Corporation's operations. The Executive agrees that he will not undertake any additional business or occupation or become a director, officer, employee or agent of any other entity without obtaining prior written approval from the Corporation. The Executive hereby represents and warrants that he has disclosed to the Corporation any outside employment or consulting work or any other offices or directorships held by him on the Effective Date as outlined in Schedule "A" attached to this Agreement. The Corporation hereby approves the Executive's continued involvement in these roles. The Executive further agrees to comply with any employment policies or practices of PharmaCan that may be implemented and disclosed in writing to the Executive from time to time as such policies or practices may be subsequently amended by PharmaCan.

1.4 **Restrictive Covenant -** The Executive hereby agrees to execute the Confidentiality/Non Competition/Non-Solicitation Agreement attached to this Agreement as Schedule "B".

1.5 **Location of Work** - The Parties agree that the Executive shall perform his duties and responsibilities as CEO from both the Company's office in Toronto, Ontario, and from the Executive's home office in New York, New York. The Corporation agrees that the Executive shall not be required to be present in Canada for more than 165 days in any calendar year for purposes of his employment.

2. **Compensation and Benefits**

2.1 **Base Salary** - For his services, the Executive shall receive an annual gross base salary at the rate of USD $200,000.00 (the "Base Salary") per calendar year (to be calculated on a pro rata basis for partial years), less applicable statutory deductions and withholdings, which shall be payable by PharmaCan in accordance with its normal payroll practices. The Executive shall be eligible for future reviews or adjustments in his Base Salary as shall be determined by the Board in its sole and absolute discretion; provided, however, that in no event shall the Base Salary be decreased. Notwithstanding the Effective Date of this Agreement, the Executive shall be paid his Base Salary retroactive to the date he commenced providing his services to the Corporation on May 16, 2016.

2.2 **Bonus** - The Executive may also be eligible to receive an annual bonus (to be calculated on a pro rata basis for partial years) as a lump sum cash payment and/or annual options to purchase additional common shares, within 90 days following the end of each calendar year (the "Bonus"). The granting of this Bonus shall be conditional upon the Executive's performance and such factors as increase in share price, growth in net asset value, growth of the Corporation, balance sheet position, and such further an other considerations as the Compensation Committee may establish from time to time in its sole discretion. Subject to Section 3.4 of this Agreement, in order to be eligible for the Bonus, the Executive must be "Actively Employed" on the bonus payout date. For the purposes of this Agreement, "Actively Employed" means that the Executive must be employed by the Corporation and must not have resigned or given notice of intent to resign, and, in the event that the Executive's employment is terminated for any reason, "Actively Employed" shall include only the period up to the Executive's last day of work plus the period of statutory notice (if any) required by the *Employment Standards Act*, 2000 or any successor or amended legislation (the "**ESA**"). The Bonus is subject to required deductions and withholdings and is not considered to be vested or earned until granted.

2.3 **Group Benefits** - The Executive shall be eligible to participate in any group health or other insurance benefit plans that may be provided by PharmaCan to its employees (the "**Group Benefits**") in accordance with the terms and conditions of the applicable plans. The Parties acknowledge and agree that PharmaCan may amend or discontinue any group benefit plan for its employees, or change benefit carriers, from time to time in its sole and absolute discretion. ln the event the Executive is ineligible to participate in the Group Benefits, PharmaCan will reimburse the Executive for the premium cost of private plan coverage, to be obtained by him, to a maximum of $20,000 CAD per year.

2.4 **Vacation** - The Executive shall be eligible to earn four (4) weeks of paid vacation in each calendar year. Vacation shall be taken by the Executive in the year in which it is earned and may not be carried over into the following calendar year, subject only to any requirements under the ESA. The Executive shall take his vacation at a time or times reasonable for each of the Parties in the circumstances, taking into account the business requirements of the Corporation and the need for timely performance of the Executive's duties and responsibilities pursuant to this Agreement.

2.5 **Directors and Officers Liability Insurance** - The Executive shall receive coverage under the Corporation's liability insurance policy for directors and officers in accordance with the terms of such policy, as it may be amended by PharmaCan from time to time.

2.6 **Expenses** - The Executive shall also be reimbursed for reasonable expenses actually and properly incurred by him in connection with the performance of the Executive's duties and responsibilities hereunder, including business entertainment, travel and other similar items, and any pre-approved professional fees and professional courses. PharmaCan shall reimburse the Executive for any business expenses that are actually and properly incurred in accordance with the Corporation's normal expense policies and/or practices, as they are amended from time to time, and upon the Executive providing appropriate receipts or other vouchers to the Corporation in support of such expense claims.

2.7 **Professional Services** - The Executive shall be reimbursed for reasonable expenses actually incurred by him in respect of his employment with PharmaCan including, without limitation, legal fees incurred by him for the purpose of obtaining immigration advice, tax advice and accounting advice in respect of his employment with PharmaCan, and annual tax return services in Canada and the United States. The Executive shall provide appropriate receipts or other vouchers to the Corporation in support of such professional services expense claims before receiving reimbursement.

3. Termination of Employment

3.1 **Termination by Executive** - The Executive may voluntarily resign his employment at any time by giving PharmaCan three (3) months of prior written notice of his resignation. The Parties agree that this notice period is provided for the sole benefit of PharmaCan and, as such, the Corporation may waive the Executive's notice in whole or in part by providing the Executive with Base Salary in lieu of notice and continued Group Benefits coverage or reimbursement for benefits in accordance with section 2.4 above up to the effective date of his resignation. Upon his resignation, the Executive shall have no entitlement to further compensation, except for (i) unpaid Base Salary (or payment of Base Salary in lieu of notice, as applicable) and any unused vacation earned to the effective date of his resignation, and (ii) any other minimum rights, benefits or entitlements owing to the Executive under the ESA. All of the Executive's Group Benefits coverage or reimbursement for benefits in accordance with section 2.4 above shall immediately cease upon the effective date of the Executive's resignation and the Executive shall have no entitlement whatsoever to any Bonus or other payments, subject only to any further or other minimum requirements under the ESA. This section is subject to the terms of a resignation of a Change of Control set out below in section 3.5 of this Agreement.

3.2 **Termination by PharmaCan for Just Cause** - PharmaCan may terminate the Executive's employment for Just Cause at any time, immediately and without notice or compensation in lieu of notice, except for unpaid Base Salary and vacation earned and any other minimum rights, benefits or entitlements owing to the Executive under the ESA. All of the Executive's Group Benefits coverage or reimbursement for benefits in accordance with section 2.4 above shall cease immediately upon the effective date of the Executive's termination of employment for Just Cause and the Executive shall have no entitlement whatsoever to any Bonus or other payments, subject only to any further or other minimum requirements under the ESA.

For the purposes of this Agreement, "Just Cause" includes, without limitation:

3.2.1 the continued gross neglect or wilful failure by the Executive to substantially perform his duties as President (except by reason of any bona fide disability), which failure is not cured within fifteen (15) days of receipt of written notice from PharmaCan thereof;

3.2.2 the Executive's gross misconduct involving the property, business or affairs of PharmaCan;

3.2.3 any act of theft, fraud or material dishonesty by the Executive;

3.2.4 any material conflict of interest involving the Executive, unless fully disclosed to PharmaCan in advance and provided that any such conflict has been expressly waived and/or consented to in writing by PharmaCan;

3.2.5 the Executive's material breach of this Agreement, which breach, if curable, is not cured within fifteen (15) days of written notice from PharmaCan;

3.2.6 any material and repeated failure by the Executive to comply with the policies, rules and regulations of PharmaCan (which failure is not cured within fifteen (15) days of receipt of written notice from PharmaCan thereof); or

3.2.7 any other conduct that is determined by a court or administrative tribunal of competent jurisdiction to constitute just cause at law for the termination of the Executive's employment.

3.3 **Cessation of Employment upon Death or Disability** - The Parties agree that the Executive's employment shall cease and this Agreement shall terminate automatically upon the Executive's death or, at the discretion of PharmaCan, upon the Executive's Disability. In the event that the Executive's employment ceases pursuant to this Section 3.3, the Executive (or the Executive's estate, as applicable) shall be eligible to receive (i) any unpaid Base Salary and vacation earned to the date that his employment ceases, and (ii) any other minimum rights, benefits or entitlements owing to the Executive under the ESA. In the event that the Executive's employment ceases because of his death, all of the Executive's Group Benefits coverage or reimbursement for benefits in accordance with section 2.4 above shall immediately cease upon his death, subject only to any further or minimum requirements under the ESA.

For the purposes of this Agreement, "**Disability**" means the Executive's inability to substantially perform the duties and responsibilities of his position by reason of mental or physical illness, injury or disability for a period of more than 180 days, whether or not consecutive, in any period of 12 months with or without accommodation.

3.4 **Termination by PharmaCan Without Just Cause** - If the Executive's employment is terminated by PharmaCan without Just Cause, subject to section 3.5, the following provisions shall apply:

3.4.1 The Executive shall be eligible to receive (i) all unpaid Base Salary earned to the effective date of the Executive's termination without Just Cause, (ii) a pro-rated Bonus for the period worked in the year of the termination (calculated as described below); (iii) any unused vacation earned for the period up to the effective date of the Executive's termination without Just Cause or until

the end of the Executive's statutory notice period required by the ESA, whichever is later, and (iv) any other minimum rights, benefits or entitlements owing to the Executive under the ESA. The pro-rated Bonus payable pursuant to this section will be determined by the Corporation acting reasonably, after consulting with the Executive, taking into consideration the performance of the Corporation and the Executive in the year of the termination, determined on a pro-rated basis for the period of the year worked.

3.4.2 PharmaCan shall provide the Executive with a severance payment equal to twelve (12) months of his Base Salary and Bonus (calculated as described below), to the extent permitted by the ESA (which shall include and be in full satisfaction of his termination pay and severance pay under the ESA), which shall be payable within 30 days of the date of termination and shall be subject to applicable statutory deductions and withholdings. The Bonus payable pursuant to this section will be determined by the Corporation acting reasonably, after consulting with the Executive, taking into consideration the performance of the Corporation and the Executive in the year of the termination.

3.4.3 The Executive shall also remain eligible to participate in the Group Benefits plans provided to him by the Corporation or receive reimbursement for benefits in accordance with section 2.4 above for twelve (12) months from the date of termination, subject to plan terms and the agreement of the insurer. The Executive acknowledges that upon such date, all of his Group Benefits coverage shall immediately cease.

3.5 **Termination Following a Change of Control -** In the event that a Change of Control occurs, and (a) the termination of the Executive's employment without Just Cause by PharmaCan occurs within 4 months prior to the Change of Control or 12 months following the Change of Control or (b) the Executive provides written notice of his resignation for a resignation effective within 4 to 12 months following a Change of Control, then the Executive shall, in lieu of any other entitlement under this Article 3, receive (i) the entitlements set out in Section 3.4.1 above; (ii) the amount set out in Section 3.4.2 above but multiplied by a factor of two (2); and (iii) the entitlements set out in Section 3.4.3 above. Additionally, if the Executive's employment is terminated pursuant to this Section 3.5, the Parties agree that any options to purchase common shares of the Corporation that have been previously granted by the Corporation to the Executive that have not yet vested shall immediately vest and continue to be exercisable by the Executive in accordance with the terms and conditions of the Stock Options Plan. The Parties agree that the Executive shall have the benefit of this accelerated vesting provision and continued rights of exercise despite the termination of his employment, notwithstanding any term or condition to the contrary that is contained in the Stock Options Plan (or in the applicable grant of options) or in this Agreement.

3.6 For the purposes of this Agreement:

3.6.1 "**Change of Control**" means the occurrence of any of the following events:

(a) the closing of a transaction or a series of related transactions undertaken in any form whatsoever involving a share acquisition, merger, consolidation, combination, share issuance, share exchange, reorganization of the Corporation or other extraordinary transaction with respect to the Corporation pursuant to which a third party, or third parties who are acting as a group, acquire more than 50% of the total voting power represented by the outstanding securities to which are attached the right to vote at all meetings of shareholders (the "Voting Securities") of the Corporation, regardless of whether calculated on a fully diluted or an outstanding basis (provided that the same measure is used in both the numerator and denominator) or, if the outstanding Voting Securities are converted or exchanged in the transaction or series of related transactions into securities of a third party, more than 50% of the total voting power represented by the outstanding Voting Securities of the third party; or

(b) the closing of a direct or indirect acquisition by a third party, or third parties acting as a group, of substantially all of the Corporation's assets; or

(c) more than 50% of the members of the board of directors of the Corporation in office (i) were not directors of the Corporation on the same day in the immediately preceding calendar year and (ii) were not proposed by the directors of the Corporation existing prior to their appointment or election; or

(d) the board of directors of the Corporation by resolution deem that a Change of Control has occurred.

3.6.2 For purposes of this definition, a third party does not include any affiliate of the Corporation. The date of occurrence of (i) or (ii) is the effective date of the Change of Control.

3.7 **Full and Final Satisfaction -** The Executive agrees that any pay in lieu of notice paid to him pursuant to this Agreement shall, to the extent permitted by the ESA, count towards any severance pay owing to him under the ESA. The Parties agree that the termination entitlements set out in this Article 3 will be provided in full and final satisfaction of the Corporation's obligations

to the Executive upon the termination or cessation of his employment and that, in exchange for any entitlements in excess of the Executive's minimum entitlements under the ESA, the Executive shall sign and return a Full and Final Release in favour of PharmaCan in a form acceptable to PharmaCan, acting reasonably. Further, the Executive acknowledges and agrees that upon receipt of his termination entitlements under this Article 3, PharmaCan shall not have any further or other liability to the Executive whatsoever, except any liability pursuant to any indemnity agreement provided the Corporation to the Executive (subject only to any additional minimum entitlements as are required by the ESA or Section 2.5 of this Agreement), and the Executive hereby waives any right that he has, or may have, to receive reasonable notice at common law or pay in lieu of such notice. Notwithstanding anything to the contrary, the Executive will not be required to release any right the executive has to indemnity or to enforce any right of indemnity as a director or officer or a former director or officer of the Corporation or any of its subsidiaries or affiliates as such term is defined in the Ontario *Business Corporations Act*.

3.8 **Termination of Outstanding Options on Without Just Cause Termination** - In the event that the Executive's employment is terminated by PharmaCan without Just Cause or he is given notice of termination without Just Cause by PharmaCan (regardless of the reason for termination), the Executive's options will be treated in accordance with the Stock Option Plan, subject to any terms that are superseded by this Agreement, which terms prevail over any stock option plan, grant agreement or otherwise.

3.9 **Termination of Outstanding Options on Termination by Executive or Just Cause Termination** - In the event that the Executive gives notice of resignation or the Executive's employment is terminated by PharmaCan for Just Cause, the Executive's outstanding unvested options shall lapse and have no value, with no liability to the Executive in respect of such options, and vested options will terminate within ninety (90) days of the date the Executive gives notice of resignation or the Executive's employment is terminated by PharmaCan for Just Cause unless exercised, regardless of any notice period required by law. In the event of any conflict between this Agreement and any Stock Option Plan or otherwise, this Agreement prevails and supersedes.

3.10 **Return of Property and Confidential Information** - Upon the termination of the Executive's employment for any reason, or otherwise upon the request of PharmaCan, the Executive agrees to immediately surrender to PharmaCan any of the Corporation's property in his control or possession, including, without limitation, any access passes, equipment, corporate credit cards, cellular telephone/BlackBerry, laptop computer, keys, computer or voice mail passwords and any Confidential Information together with any copies or reproductions thereof. Further, the Executive undertakes that he shall also immediately transfer to PharmaCan or, upon request of the Corporation, to permanently delete and/or destroy (unless prohibited by law), any files on any computer system, retrieval system, database, electronic storage device, USB key, smartphone or Cloud account that is not in the possession or control of PharmaCan that may contain any Confidential Information, and that is not otherwise being returned to PharmaCan pursuant to this paragraph.

3.11 **Resignation of Offices and Directorships** - Upon the termination or cessation of the Executive's employment, the Executive shall immediately resign from any other offices or directorships that he may then hold in PharmaCan or any of its subsidiaries or affiliates. The Executive confirms that he shall provide any such resignation(s) in writing, and in a form to be provided to him by the Corporation.

3.12 **Co-operation and Assistance with Regulatory and Litigation Matters** - The Executive agrees that following the termination of the Executive's employment for any reason, the Executive will cooperate with and assist PharmaCan at its expense in connection with any investigation, regulatory matter, legal dispute, lawsuit or arbitration in which PharmaCan is a subject, target or party and as to which the Executive may have pertinent information. The Executive agrees to be reasonably available for preparation for hearings, proceedings or litigation and for attendance at any pre-trial discoveries and trials. PharmaCan agrees to make every reasonable effort to provide the Executive with reasonable notice in the event that the Executive's participation is required. PharmaCan agrees to reimburse reasonable out-of-pocket costs, including lost wages on a per-diem basis, incurred by the Executive as the direct result of the Executive's participation, provided that such out-of-pocket costs are supported by appropriate documentation and have prior authorization of PharmaCan. The Executive further agrees to perform all acts and execute any and all documents that may be necessary to carry out the provisions of this Section 3.11.

4. <u>Assignment of Work Product</u>

4.1 **Assignment of Work Product** - The Executive further undertakes that he will promptly make full written disclosure to the Corporation, will hold in trust for the sole right and benefit of the Corporation, and to the extent the Corporation is not the owner thereof, hereby assigns to the Corporation, or its designee, all of the Executive's right, title, and interest in and to any and all inventions, works of authorship (including without limitation, any artistic or literary works), developments, improvements, designs, discoveries, trademarks or trade secrets, or other business or technical information, whether or not patentable or registrable under patent, copyright or similar laws, that the Executive had previously solely or jointly conceived or developed or created or reduced to practice, or may solely or jointly conceive or develop or create or reduce to practice, or cause to be conceived or developed or created or reduced to practice, in the course of his employment with the Corporation, or with the use of the equipment, supplies, facilities, Confidential Information or intellectual property of the Corporation (collectively referred

to as "**Work Product**"). The Executive understands and agrees that the decision whether or not to commercialize or market any Work Product is within the Corporation's sole discretion and for the Corporation's sole benefit and that no royalty or other consideration will be due to the Executive as a result of the Corporation's efforts to commercialize or market any such Work Product. The Executive hereby irrevocably waives, in favour of the Corporation, all moral rights that the Executive may have now or in the future in the Work Product. The Work Product is deemed to be Confidential Information. The Executive further represents that his Work Product shall not infringe the intellectual property rights or other rights of any third party (provided always that the Executive makes no promise, representation or warranty about and have no liability for any materials provided by the Corporation to him or infringement that results from instructions that the Corporation gives to him). The Executive hereby represents and warrants that he has disclosed to the Corporation any prior developments and original works of authorship held by him on the Effective Date as outlined in Schedule "B" attached to this Agreement.

4.2 **Maintenance of Records** - The Executive agrees to keep and maintain adequate, current, accurate, and authentic written records of all Work Product. The records will be in the form of notes, sketches, drawings, electronic files, reports, or any other format that may be specified by the Corporation. Further, the Executive agrees that the records are and will be available to and remain the sole property of the Corporation at all times.

4.3 **Patent and Copyright Registrations** - The Executive further agrees to assist the Corporation, or its designee, at the Corporation's expense, in every proper way to secure the Corporation's rights in the Work Product and any rights relating thereto in any and all countries, including the disclosure to the Corporation of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Corporation shall deem proper or necessary in order to apply for, register, obtain, maintain, defend, and enforce such rights and in order to assign and convey to the Corporation, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Work Product and any rights relating thereto, and testifying in a suit or other proceeding relating to such Work Product and any rights relating thereto. The Executive further agrees that his obligation to execute or cause to be executed, when it is in his power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Corporation is unable because of the Executive's mental or physical incapacity or for any other reason to secure the Executive's signature with respect to any Work Product including, without limitation, to apply for or to pursue any application for any patents or copyright registrations covering such Work Product, then the Executive hereby irrevocably designates and appoints the Chairman of the Board of the Corporation (or such other Corporation representative as may be designated by the Corporation from time to time) as his agent and attorney in fact, to act for and in his behalf and stead to execute and file any papers, oaths and to do all other lawfully permitted acts with respect to such Work Product with the same legal force and effect as if executed by the Executive. The Executive confirms that this power of attorney, being coupled with an interest, is irrevocable.

5. Services Not Exclusive

5.1 The Parties agree that the Executive may act for and render executive and advisory services for and on behalf of third parties other than PharmaCan during the term of this Agreement, provided that:

5.1.1 the Executive must be available to perform his duties under this Agreement on behalf of PharmaCan for the minimum number of hours each week as may be required, or otherwise agreed as between the Parties;

5.1.2 the Executive represents and warrants that he shall not perform or provide any services competitive to the Company's Business, as such term is defined in the Confidentiality/Non-Competition/Non-Solicitation Agreement attached as Schedule "B" to this Agreement; and

5.1.3 the Executive shall not perform any services for and on behalf of the third party that would create a material conflict of interest in respect of his responsibilities and obligations to PharmaCan, irrespective of whether such responsibilities or obligations arise under this Agreement or at common law or otherwise.

6. Acknowledgment by Executive

6.1 The Executive specifically acknowledges and agrees that:

6.1.1 The Executive has had sufficient time to review this Agreement thoroughly;

6.1.2 The Executive has read and he understands the terms of this Agreement and the obligations contained herein;

6.1.3 The Executive received good and adequate consideration for entering into this Agreement, the receipt and sufficiency of which is hereby acknowledged; and

6.1.4 The Executive has obtained, or had the opportunity to obtain, independent legal advice prior to executing this Agreement.

7. Notices

7.1 **Notices** - Any demand, notice or other communication to be made or given in connection with this Agreement shall be made or given by (i) personal delivery, (ii) mailed by registered mail, postage prepaid with return receipt requested, (iii) delivered by overnight or same-day courier service, or (iv) facsimile or email transmission, to the address set forth below or at such other address as designated by notice by either Party to the other. Notices delivered personally or by overnight or same-day courier service are deemed to be given and received as of the date of actual receipt. Notices mailed by registered mail are deemed to be given and received three business days after mailing. Notices delivered by facsimile or email transmission are deemed to be given and received on the next business day following the date that the facsimile or email transmission is sent.

To the Corporation:

PharmaCan Capital Corporation
76 Stafford Street
Suite #302
Toronto, Ontario
M6J 2S1

Attention: Michael Krestell
Fax: Michael.krestell@pharmacancapital.com

To the Executive:

Mr. Michael Gorenstein
142 West Houston Street, Suite 1, New York, New York, 10012 USA

Email: mgorenstein@alphabetfunds.com

Any Party may change its address for service from time to time by providing written notice to the other Party in accordance with this Section 7.1, and any subsequent notice shall be sent to such Party at its amended address.

8. General Provisions

8.1 **Entire Agreement** - This Agreement constitutes the entire agreement between the Parties with respect to the Executive's employment and supersede all prior agreements, understandings, negotiations and discussions between them, whether oral or written. There are no conditions, warranties, representations or other agreements between the Parties (whether oral or written, express or implied, statutory or otherwise) except as specifically set out in this Agreement.

8.2 **Amendment and Waiver** - No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties. No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

8.3 **Severability** - Each article, section and paragraph of this Agreement is a separate and distinct covenant and is severable from all other separate and distinct covenants. If any covenant or provision herein contained is determined by a body of competent jurisdiction to make such a determination to be void or unenforceable in whole or in part, it shall be deemed severed from this Agreement and such determination will not impair or affect the validity or enforceability of any other covenant or provision contained in this Agreement. The remaining provisions of this Agreement will be valid, enforceable and remain in full force and effect.

8.4 **Employment Standards** - The Parties hereby express their intent to comply fully with the ESA. If any provision of this Agreement purports to waive or contract out of a minimum right, benefit or entitlement under the ESA, that provision shall instead be deemed to provide such minimum right, benefit or entitlement.

8.5 **Assignment** - This Agreement may be assigned by PharmaCan or to any third party in connection with any sale, merger, amalgamation or other corporate restructuring or reorganization of PharmaCan, provided that there is no material change in any of the terms and conditions of the Executive's employment and/or this Agreement and this Agreement is binding on the assignee. The Executive may not assign this Agreement or any of the Executive's rights and obligations hereunder.

8.6 **Governing Law** - This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

8.7 **Headings** - The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

8.8 **Independent Legal Advice** - The Executive acknowledges that he has obtained independent legal advice with respect to the execution of this Agreement, and that the Executive has read, understands, and agrees with all of the terms and conditions contained in this Agreement.

8.9 **Counterparts** - PharmaCan and the Executive agree that this Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original (including any counterpart that is executed by a Party and is transmitted to the other Party by facsimile or email transmission), and all of which when taken together constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

DATED AT New York City (city), NY (state/province), this 10th day of August, 2016.

SIGNED, SEALED AND DELIVERED in the presence of:

Witness

MICHAEL GORENSTEIN

DATED AT New York (city), New York (state/province), this 10th day of August, 2016.

PHARMACAN CAPITAL CORPORATION

Per:

Name: Alan Friedman

Director

SCHEDULE “A” - DISCLOSURE OF OTHER EMPLOYMENT, OR OFFICES OR DIRECTORSHIPS HELD

SCHEDULE "B" - CONFIDENTIALITY/NON-COMPETITION/NON-SOLICITATION AGREEMENT

THIS AGREEMENT is made and effective as of this 10th day of August, 2016.

BETWEEN:

NAME: **MICHAEL GORENSTEIN**
ADDRESS: 142 West Houston Street, Suite 1, New York, New York, 10012 USA

(hereinafter called the "Executive"),

OF THE FIRST PART,

- and -

PHARMACAN CAPITAL CORPORATION
a company incorporated under the federal laws of Canada,

(hereinafter called the "Company''),

OF THE SECOND PART.

WHEREAS the Executive is currently employed with the Company as Chief Executive Officer;

AND WHEREAS the Executive and the Company have both determined that it would be mutually beneficial for them to enter into this Agreement including, without restriction, the incentive, resignation and non-competition terms of this Agreement;

AND WHEREAS within fifteen (15) calendar days following the execution of this Agreement, the Corporation shall provide the Executive with payment of an additional fee of $500.00, less applicable statutory deductions and withholdings, as a signing bonus (the "**Execution Fee**");

AND WHEREAS it is acknowledged and agreed by the Parties that the Company's Business (as hereinafter defined) is part of a highly specialized industry, which is concentrated in the hands of a small group of competing companies and that Confidential Information (as hereinafter defined) has been and shall be acquired by the Executive and that the disclosure thereof by the Executive to any person or the use thereof directly or indirectly by the Executive or any other Person (as hereinafter defined) in a competing business would be seriously detrimental to the Company;

AND WHEREAS the Executive has therefore agreed to the restrictions placed on him in this Agreement;

NOW THEREFORE, in consideration of the Executive's employment or continued employment with the Company, the mutual covenants contained herein, the additional consideration provided by the Execution Fee and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PharmaCan and the Executive (collectively, the "**Parties**" and, individually, a "**Party**") hereby agree as follows:

1. INTERPRETATION

1.1 Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have these respective meanings:

(a) "**Affiliate**" shall have the meaning attributed thereto in the *Business Corporations Act* (Ontario) in force as at the date hereof;

(b) "**Associate**" shall have the meaning attributed thereto in the *Business Corporations Act* (Ontario) in force as at the date hereof;

(c) "**Business Day**" means a day other than a Saturday, Sunday or any day other than Saturday or Sunday on which the principal commercial banks located at Toronto, Ontario are not open for business during normal banking hours;

(d) "**Confidential Information**" means any and all confidential or proprietary information concerning the Company's Business and the property, business or affairs of the Company, including without limitation, all information relating to existing, contemplated and potential services, business plans or forecasts, marketing techniques, customers or potential customers, suppliers, packages, markets, contracts, products, strategies, financial information, costs, pricing practices, technology, trade secrets, intellectual property, systems, inventions, developments, applications, methodologies and know-how of the Company, whether reduced to written form, contained on disks or other media, or ascertained by inspection or verbal communication or demonstration, or otherwise made available, but excluding information that:

(i) is as of the date of this Agreement or subsequently becomes generally available to the public, other than through a breach of this Agreement; or

(ii) becomes available to me on a non-confidential basis from a source other than the Company or any of the Predecessors or any of their respective subsidiaries or affiliates, provided that such information is not subject to an existing confidentiality agreement between any third party and the Company or any of the Predecessors or any of their respective subsidiaries or affiliates; or

(iii) is required to be disclosed by operation of law or by the decision or order of a court or administrative tribunal of competent jurisdiction.

(e) "**Person**" means any individual, firm, corporation, unlimited liability company, partnership, limited liability partnership, joint venture, trust, unincorporated association, unincorporated syndicate, any governmental authority and any other legal or business entity;

1.2 Whenever used in this Agreement, words importing the singular number only shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender.

1.3 Time shall in all respects be of the essence of this Agreement.

1.4 The insertion of headings and the division of this Agreement into articles, sections, paragraphs, clauses or schedules are for convenience of reference only and shall not affect or be utilized in the construction or the interpretation hereof.

2. NON-DISCLOSURE

2.1 The Executive agrees that he will have access to and be entrusted with Confidential Information during his employment. The Executive further agrees that this Confidential Information is the exclusive property of the Company, and that it has the right to protect and maintain its Confidential Information. The Executive agrees that he shall not, without the prior written consent of the Company, at any time during the Executive's employment or following the termination of this Agreement for any reason, directly or indirectly communicate or disclose to any Person, or use for any purpose other than in furtherance of the Corporation's business, any Confidential Information.

The Executive agrees that in the event that he becomes legally compelled to disclose any Confidential Information, the Executive will immediately provide the Company with written notice of same, including appropriate particulars of the required disclosure, so that the Company may in its discretion seek a protective order or other appropriate remedy or waive compliance with this Section 2.1. The Executive further agrees that he shall co-operate with the Company, at the Company's sole expense, on a commercially reasonable basis in its efforts to obtain a protective order or other remedy. In the event that such protective order or other remedy is not obtained, or if the Company waives compliance with this Section 2.1, the Executive agrees to disclose only that portion of the Confidential Information that he is legally compelled to disclose, and the Executive shall exercise commercially reasonable efforts to obtain reliable assurances from any third party to whom such information is disclosed that any such Confidential Information shall be treated confidentially.

3. NON-COMPETITION

3.1 During the term of the Executive's employment with the Company and for a period of nine (9) months following the termination of his employment for any reason (whether by the Company or the Executive with or without Just Cause, or otherwise), the Executive will not, directly or indirectly, either individually or in partnership or jointly or in conjunction with any Person as employee, principal, agent, shareholder (other than as a holder of not more than five percent (5%) of the total stock of a publicly-traded company) or in any other manner whatsoever carry on, be engaged with, or lend his name to any entity that is a licensed producer or licensed dealer under

the *Marihuana for Medical Purposes Regulations*, SOR/2013-119 made under the *Controlled Drugs and Substances Act*, S.C., c. 19, or any successor or amended regulation or legislation, in Canada.

4. NON-SOLICITATION

4.1 The Executive hereby covenants and agrees that during his employment with the Company and for a period of nine (9) months following the termination of his employment for any reason (whether by the Company or the Executive with or without Just Cause, or otherwise), he will not, directly or indirectly, either individually or in partnership or jointly or in conjunction with any other Person, solicit or attempt to solicit

4.1.1 any Person known or who ought reasonably to be known by the Executive to be a current client or patient of the Company or another Person in which the Company (or any of its affiliates) has an investment in Canada, for the purpose of enticing, or which could be reasonably expected to entice, such client or patient to cease doing business with the Company or another Person in which the Company (or any of its affiliates) has an investment; or

4.1.2 any employee or consultant engaged by the Company or encourage any such person to leave or change his/her employment or engagement with the Company.

5. FIDUCIARY OBLIGATIONS

5.1 The Executive acknowledges that the restrictive covenants contained in this Agreement are in addition to any obligations which the Executive may now or may hereafter owe to the Company (including any fiduciary or other obligations at common law), and that the obligations contained in this Agreement do not replace any rights of the Company with respect to any such other common law duties owed to the Company by the Executive.

6. REMEDIES

6.1 The Executive acknowledges, covenants and agrees that in the event that there is breach or a threatened breach of any of the provisions hereof, immediate and irreparable harm (which will not be compensable by damages) will be caused to the Company and the Company shall, in addition to all other remedies the Company may have at law or in equity, be entitled to seek injunctive relief for any such breach or anticipated breach (including interim, interlocutory and/or permanent injunctive relief) and to seek such other relief that any court of competent jurisdiction may deem just and proper.

7. ACKNOWLEDGEMENT OF REASONABLENESS

7.1 The Executive acknowledges and agrees that the respective restrictions, covenants and agreements set forth in this Agreement have been considered by him and are, with respect to his interests, reasonable, fair, equitable and valid as to time, scope, areas and otherwise, having regard to all circumstances. The Executive further acknowledges and agrees that the covenants set forth herein are necessary to preserve the value of the Company's Business; and the limitations of time, geography and scope of the Company's Business agreed to in this Agreement are reasonable because, among other things: the Company is engaged in a highly competitive industry and the Executive has unique expertise and intimate knowledge of the Company.

8. GENERAL AGREEMENT PROVISIONS

8.1 Should any provision or portion of this Agreement be determined by a court or adjudicator of competent jurisdiction to be void, illegal or unenforceable in whole or in part, such provision or portion shall be deemed severed from this Agreement to the minimum extent possible, and the remainder of this Agreement shall remain in full force and effect.

8.2 The failure of the Company to require the performance of any term of this Agreement, or the waiver by the Company of any breach of this Agreement, by the Executive shall not prevent a subsequent exercise or enforcement of such terms or be deemed a waiver of any subsequent breach of the same or any other term of this Agreement.

8.3 This Agreement shall be binding upon the Executive, irrespective of the reason for the termination of his employment and whether or not such termination is for cause and whether or not any termination for cause is ultimately upheld by an adjudicator if challenged by the Executive.

8.4 The Executive acknowledges that he has had the time to review this Agreement and to obtain independent legal advice in connection with this Agreement and its execution. The Executive understands fully its contents and has signed it freely, voluntarily and without duress. The Executive acknowledges that the obligations listed in this Agreement are reasonable and understand that they are necessary to protect the legitimate interests of the Company.

8.5 The terms and conditions of this Agreement can only be modified by the written agreement of the Executive and the Company.

8.6 This Agreement shall be construed in accordance with, and governed by, the laws of the Province of Ontario and the laws of Canada applicable therein, without reference to conflict of laws.

8.7 This Agreement constitutes the entire agreement between the Executive and the Company with respect to the subject matter of this Agreement and replaces and supersedes any prior representations, agreements or warranties, whether written or oral, between the Executive and the Company with respect to the subject matter of this Agreement.

8.8 This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original (including any counterpart that is executed by a party and is transmitted to the other party by facsimile or email transmission), and all of which when taken together constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

Signed, sealed and delivered in the presence of)
)
)
)
)
)

Michael Gorenstein

PHARMACAN CAPITAL CORPORATION

Per: _____

Name: Alan Friedman

Director

SCHEDULE "C" - LIST OF PRIOR DEVELOPMENTS AND ORIGINAL WORKS OF AUTHORSHIP

Title	Date	Identifying Number or Brief Description

✓ No developments or original works of authorship

_____ Additional Sheets Attached

Signature: Michael Goranson

Print Name: Michael Goranson

Date: 8/12/16

Exhibit 10.11

DESCRIPTION OF ORAL AMENDMENT TO EMPLOYMENT AGREEMENT

Cronos Group Inc., f/k/a Pharmacan Capital Corporation ("*Cronos*"), and Michael Gorenstein ("*Executive*") orally agreed to amend the Employment Agreement between Cronos and Executive dated as of August 10, 2016 (the "*Employment Agreement*") to increase the Base Salary (as defined in the Employment Agreement) from USD200,000.00 to CAD520,000.00, effective in June 2019 and Cronos made a grant on May 11, 2019 to Executive of 1,097,791 stock options over shares of Cronos common stock and an equal number of share appreciation rights, each with an exercise price per share of CAD20.65, which vest in equal quarterly installments over four years.

Exhibit 10.12

EXECUTIVE EMPLOYMENT AGREEMENT

(this "**Agreement**")

BETWEEN:

HORTICAN INC.

(the "**Company**")

- and -

JERRY BARBATO

(the "**Executive**")

- and –

solely for the purposes specified herein,

CRONOS GROUP INC.

("**Cronos Group**")

WHEREAS the Company is a wholly-owned subsidiary of Cronos Group;

WHEREAS the Company wishes to engage the services of the Executive in a senior and specialized capacity and the Executive has extensive access to the customers, vendors, suppliers, distribution processes and other unique and valuable confidential information and trade secrets of the Company;

AND WHEREAS the Company and the Executive desire to enter into a written employment agreement, and the Executive acknowledges that this Agreement and, specifically, the proprietary rights, non-solicitation and non-competition provisions that form part of this Agreement are essential to protect the legitimate business interests of the Company;

NOW THEREFORE in consideration of the above, the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Executive, and solely for the purposes of Section 5.3 herein, Cronos Group, agree as follows.

1. Position

1.1 The Executive will be employed in the position of Chief Financial Officer, commencing on April 15, 2019 or such other date as agreed between the Executive and the Company.

2. Location

2.1 The Executive shall be based primarily in the Company's location in Toronto, Ontario, with business travel as reasonably required to perform the Executive's duties hereunder. The Company may at its discretion relocate the Executive's principal office or place of work at any time within 100 kilometres of its current location, and the Executive acknowledges and agrees that this shall not constitute a constructive termination of the Executive's employment or Good Reason (as defined below) and the Executive agrees not to make any claim or demand to the contrary.

3. Work Authorizations

3.1 It is a condition of this Agreement and the Executive's employment that the Executive shall be able to work in lawfully in Canada. However, it is understood and agreed that the Executive's position may require that the Executive work abroad, as needed by the Company. The Executive's employment with the Company is therefore also conditional upon the securing of all necessary visas, work permits and other authorizations that may be required to enter and/or to work in any of the countries in which the Executive may be assigned to work or visit during the term of employment. The Company shall provide reasonable assistance in respect of immigration matters. Despite such assistance, the Company cannot guarantee when or whether the Executive's application for a work permit, visa, permanent residence status or other immigration status or documents will be approved. Should the necessary authorizations that permit the Executive to legally work in Canada or in any other jurisdiction in which the Executive will be required to work not be obtained, this Agreement shall be null and void and of no force or effect. At any time, should necessary authorizations that permit the Executive to legally work in Canada or any other jurisdiction in which the Executive will be required to work or visit expire without the possibility of renewal, the Executive's employment shall come to an end and shall be treated by the Company as a termination without Just Cause (as defined below).

4. Employment Duties

4.1 The Executive shall perform such duties and exercise such powers as are normally associated with or incidental and ancillary to the Executive's position and as may be assigned to the Executive from time to time. In fulfilling his/her duties to the Company, the Executive shall be instructed by and shall regularly report to the CEO. The Executive's duties, hours of work, location of employment and reporting relationships may be adjusted from time to time by the Company to meet changing business and operational needs. Without limiting the foregoing, the Executive shall:

(a) devote his/her full working time and attention during normal business hours and such other times as may be reasonably required to the business and affairs of the Company and shall not, without the prior written consent of the CEO, undertake any other business or occupation or public office;

(b) perform those duties that may be assigned to the Executive diligently, honestly, and faithfully to the best of the Executive's ability and in the best interest of the Company;

(c) abide by all Company policies, as instituted and amended from time to time including but not limited to, the Cronos Group Employee Handbook;

(d) use best efforts to promote the interests and goodwill of the Company and not knowingly do, or permit to be done, anything which may be prejudicial to the Company's interests, it being understood and agreed that the Executive is a fiduciary of the Company and owes fiduciary obligations to the Company that are not extinguished by this Agreement; and

(e) identify and immediately report to the CEO any gross misrepresentations or violations of the Cronos Group Employee Handbook or applicable law by the Company or its management.

5. Compensation and Benefits

5.1 **Base Salary.** The Company shall pay the Executive an annual base salary of CAD300,000 less applicable deductions and withholdings ("**Base Salary**"). The Executive's base salary shall be paid by direct deposit on a bi-weekly basis (as may be amended from time to time), in accordance with the Company's payroll practices. Any changes to Base Salary shall be at the sole discretion of the Company.

5.2 **Annual Performance Bonus.** In addition to the Executive's annual Base Salary, the Executive shall be eligible to participate in the Company's annual cash bonus plan as may be in effect from time to time, and to receive an annual bonus, subject to the terms and conditions of that plan as determined by the Company at its sole discretion. The Executive's annual target bonus opportunity shall initially be 100% of Base Salary, provided that the actual bonus amount, if any, will be determined pursuant to the terms of the applicable annual bonus plan. Nothing in this Agreement guarantees that the Company will maintain an annual bonus plan, and the Company reserves the right to amend or terminate any annual bonus plan established or adopted at any time, without notice or further obligation (subject only to the minimum requirements of applicable employment standards legislation, if any). The Executive must be actively employed by the Company through the applicable payment date in order to be eligible for any annual bonus for that year, subject only to the minimum requirements of applicable employment standards legislation, unless provided otherwise pursuant to the applicable annual cash bonus plan. For certainty, if the Executive's employment is terminated by the Company with or without Just Cause, or the Executive resigns or otherwise terminates employment for any reason, regardless of any applicable notice period, pay in lieu of notice, severance payment or similar amount, the Executive shall be entitled to no annual bonus or any part thereof for the year in which the Executive ceases the Executive's active employment or thereafter, or damages in lieu thereof, subject only to the minimum requirements of applicable employment standards legislation or unless provided otherwise pursuant to the applicable annual cash bonus plan. There shall be no guarantee of a bonus in any given year.

5.3 **Long-Term Incentive Opportunity**. The Executive shall be eligible to receive annual grants of equity-based awards over shares of Cronos Group with an initial target incentive opportunity of CAD400,000 (based on the grant date fair value of such awards), provided that the actual amount, if any, of the grants shall be determined by the board of directors of Cronos Group (the "**Board**") at its sole discretion. Any such equity-based grants shall be governed by the terms and conditions of the equity award plan or any other applicable plan of Cronos Group and/or the applicable award agreement. Such plan or plans may be amended from time to time at Cronos Group's sole discretion. In the event of the cessation of the Executive's employment for any reason, the Executive's entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement. Subject to the express minimum requirements of applicable employment standards legislation, if any, the Executive shall not be eligible for any further grants of equity-based awards following the effective date of termination or damages in lieu thereof, regardless of any applicable notice period, pay in lieu of notice, severance payment or similar amount.

5.4 **Group Insured Benefits**. The Executive shall be eligible to participate in the Company's benefits programs for health and dental, life insurance, disability and other benefits as may be available to the employees of the Company from time to time, subject to the terms and conditions of the applicable plan document. The Company reserves the right to alter, amend or discontinue all

benefits, coverages, plans and programs referred to in this paragraph, without advance notice or other obligation, subject only to the minimum requirements of applicable employment standards legislation.

5.5 **Vacation**. The Executive shall be entitled accrue, on a pro-rata basis, four (4) weeks' paid vacation per year. The Executive shall take vacation time at such times as are approved in advance by the Company. Vacation time entitlement shall be prorated for the period of the Executive's active employment in the calendar year that the Executive commences and terminates employment, subject to the minimum requirements of applicable employment standards legislation. Vacation may be carried forward until March 31 of the following year after which time it shall be forfeited to the extent it exceeds the minimum vacation entitlement provided for under applicable employment standards legislation. Vacation shall be earned but shall not be taken during the first three (3) months of the Executive's employment.

5.6 **Business Expenses**. The Executive shall be reimbursed for all reasonable travel and other out-of-pocket expenses properly incurred by the Executive from time to time in connection with performance of the Executive's duties. The Executive shall furnish to the Company on a monthly basis and in accordance with any of the Company's policies or procedures for expense reimbursement all invoices or statements in respect of expenses for which the Executive seeks reimbursement.

5.7 **Deductions and Withholdings**. The Company shall make such deductions and withholdings from the Executive's remuneration and any other payments or benefits provided to the Executive pursuant to this Agreement as may be required by law.

6. Termination of Employment

6.1 **Termination by the Executive.** The Executive may terminate his/her employment with the Company at any time by providing the Company with at least three (3) months of notice in writing. If, upon receipt of the Executive's resignation (or any later date during such notice period), the Company terminates the Executive's employment before the date the resignation was to be effective, the Company shall, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the resignation was to be effective up to a maximum of three (3) months; (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are expressly required pursuant to applicable employment standards legislation, if any. In such circumstances the Executive shall be ineligible for any pro-rated bonus for the year of termination, and any entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement.

6.2 **Termination by the Company for Just Cause or on Death or Disability**. The Company may terminate the Executive's employment at any time for Just Cause without prior notice or in the event of the Executive's death or Disability (as defined below). On the termination of the Executive's employment for Just Cause or on the Executive's death or Disability, this Agreement and the Executive's employment shall terminate and the Company shall, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the Executive's employment ceases; (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are expressly required pursuant to applicable employment standards legislation, if any. In such circumstances the Executive shall be ineligible for any pro-rated bonus for the year of termination, and any entitlements in respect of equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement. For the purposes of this Agreement, (A) "**Just Cause**" means: (i) any act or omission constituting "just cause" for dismissal without notice under applicable law; (ii) the Executive's repeated failure or refusal to perform the Executive's principal duties and responsibilities after notice from the CEO or other officer of the Company; (iii) misappropriation of the funds or property of the Company; (iv) use of alcohol or drugs in violation of the Company's policies on such use or that interferes with the Executive's obligations under this Agreement, continuing after a single warning (subject to the Company's obligations under applicable human rights legislation); (v) the indictment, arrest or conviction in a court of law for, or the entering of a plea of guilty to, a summary or indictable offence or any crime involving moral turpitude, fraud, dishonesty or theft (subject to the Company's obligations under applicable human rights legislation); (vi) the misuse of Company computers or computer network systems for non-Company business; (vii) engaging in any act (including, without restriction, an act of sexual harassment as determined by the Company) which is a violation of any law, regulation or Company policy; or (viii) any wilful or intentional act which injures or could reasonably be expected to injure the reputation, business or business relationships of the Company, and (B) "Disability" means a physical or mental incapacity of the Executive that has prevented the Executive from performing the duties customarily assigned to the Executive for 180 calendar days, whether or not consecutive, out of any twelve (12) consecutive months and that in the opinion of the Company, acting on the basis of advice from a duly qualified medical practitioner, is likely to continue to a similar degree.

6.3 **Termination by the Company without Just Cause or Resignation for Good Reason on Change of Control**. The Company may terminate the Executive's employment at any time without Just Cause, on providing thirty (30) days' written notice to the Executive. The Executive may resign the Executive's employment for Good Reason (as defined below) within twenty-four (24) months of the occurrence of a Change in Control (as defined below), on providing thirty (30) days' written notice to the Company. If the Company terminates the Executive's employment without Just Cause or if the Executive resigns his employment for Good Reason within twenty-four (24) months of the occurrence of a Change of Control, and if the Executive signs and delivers and

does not revoke a release in favour of the Company to the Company in consideration of amounts in excess of the Executive's minimum entitlements under applicable employment standards legislation, the Company, shall, in full satisfaction of its obligations to the Executive:

(a) pay the Executive's Base Salary and accrued but unpaid vacation pay in accordance with applicable employment standards legislation;

(b) reimburse the Executive's expenses properly incurred until the date the Executive's employment ceases;

(c) in lieu of notice, pay the Executive the greater of (i) one (1) month of the Executive's annual base salary in effect at the time of termination for each completed year of service with the Company, to a maximum of twelve (12) months of base salary, payable by way of lump sum payment within sixty (60) days following such termination, and (ii) the minimum termination pay and severance pay entitlements of the Executive pursuant to applicable employment standards legislation.

(d) continue the Executive's group insured benefits, if any, until the end of the notice period calculated under (c) above or the date on which the Executive obtains alternate benefit coverage, whichever occurs first, subject to the terms and conditions of the benefit plans, as amended from time to time, and the minimum requirements of applicable employment standards legislation. If the Company is unable for any reason to continue its contributions to the benefit plans as set out in this Agreement, it shall pay the Executive an amount equal to the Company's required contributions to such benefit plans on behalf of the Executive for such period. The Executive agrees that he/she is required to notify the Company when he/she obtains alternate life, medical and dental benefit coverage; and

(e) determine the Executive's entitlements in respect of equity-based awards in accordance with the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement.

In this Agreement, "**Change of Control**" means:

(a) the consummation of any transaction or series of transactions including any reorganization, recapitalization, statutory share exchange, consolidation, amalgamation, arrangement, merger or issue of voting shares in the capital of Cronos Group, the result of which is that any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, association, joint-stock company, estate, trust, organization, governmental authority or other entity of any kind or nature ("**Person**") or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions becomes the beneficial owner, directly or indirectly, of more than 50% of the voting securities in the capital of the entity resulting from such transaction or series of transactions or the entity that acquired all or substantially all of the business or assets of Cronos Group in a transaction or series of transactions described in paragraph (ii) below (in each case, the "**Surviving Company**") or the ultimate parent entity that has beneficial ownership of sufficient voting power to elect a majority of the board of directors (or analogous governing body) of the Surviving Company (the "**Parent Company**"), measured by voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) rather than number of securities (but shall not include the creation of a holding company or other transaction that does not involve any substantial change in the proportion of direct or indirect beneficial ownership of the voting securities of Cronos Group prior to the consummation of the transaction or series of transactions), provided that the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant (as defined in the Subscription Agreement by and among Cronos Group Inc., Altria Summit LLC and Altria Group, Inc. dated as of December 7, 2018) shall not constitute a Change of Control pursuant to this clause (a);

(b) the direct or indirect sale, transfer or other disposition, in one or a series of transactions, of all or substantially all of the business or assets of Cronos Group, taken as a whole, to any person or group of persons acting jointly or in concert for purposes of such transaction or series of transactions (other than to any affiliates of Cronos Group); or

(c) Incumbent Directors during any consecutive twelve (12) month period ceasing to constitute a majority of the Board of Cronos Group (for the purposes of this paragraph, an "Incumbent Director" shall mean any member of the Board who is a member of the Board immediately prior to the occurrence of a contested election of directors of Cronos Group).

In this Agreement, "**Good Reason**" means the occurrence of any of the following events without the Executive's consent, except in each case for any isolated, immaterial or inadvertent action not taken in bad faith and which is remedied by the Company within thirty (30) days after a written notice thereof by the Executive (provided that such notice must be given to the Company within sixty (60) days of Executive becoming aware of such condition):

(a) the assignment to the Executive of duties materially different than the duties assigned to the Executive hereunder;

(b) a material diminution in the Executive's title, status, seniority, reporting relationship, responsibilities or authority;

(c) a material reduction in the Executive's Base Salary; or

(d) the relocation of the Executive's primary work location, except as permitted by Section 2.1.

6.4 **Resignation on Termination**. The Executive agrees that upon any termination of employment with the Company for any reason the Executive shall immediately tender resignation from any position the Executive may hold as an officer or director of the Company and take all steps necessary to remove Executive from any and all designated positions under any applicable laws, including without limitation, the *Cannabis Act* (Canada) and the regulations thereunder, as the same may be amended from time to time, or any subsidiary or affiliate of the Company. In the event that the Executive fails to comply with this obligation within three (3) days of the Executive's termination or resignation, the Executive hereby irrevocably authorizes the Company to appoint a Person in the Executive's name and on the Executive's behalf to sign or execute any documents and/or do all things necessary or requisite to give effect to such resignation.

6.5 **Compliance with Laws.** The Executive understands and agrees that the entitlements under this Section 6 are provided in full satisfaction of the Executive's entitlements to notice of termination, pay in lieu of notice, and severance pay, if any, under applicable employment standards legislation, this Agreement, any employee benefit plan sponsored or maintained by the Company or any of its affiliates, applicable law (including the common law) or otherwise.

7. Restrictive Covenants

7.1 **Non-Disclosure**. The Executive acknowledges and agrees that:

(a) during the term of the Executive's employment, the Executive may be given access to or may become acquainted with confidential and proprietary information of the Company and its affiliates and related entities and third parties to which the Company and its affiliates and related entities may have any obligations of non-disclosure or confidentiality, including but not limited to: trade secrets; know-how; Intellectual Property (as defined below); Employee Inventions (as defined below), Invention Records (as defined below), existing and contemplated work product resulting from or related to projects performed or to be performed by or for the Company; programs and program modules; processes; algorithms; design concepts; system designs; production data; test data; research and development information; information regarding the acquisition, protection, enforcement and licensing of proprietary rights; technology; joint ventures; business, accounting, engineering and financial information and data; marketing and development plans and methods of obtaining business; forecasts; future plans and strategies of the Company; pricing, cost, billing and fee arrangements and policies; quoting procedures; special methods and processes; lists and/or identities of customers, suppliers, vendors and contractors; the type, quantity and specifications of products and services purchased, leased, licensed or received by the Company and/or any of its customers, suppliers, or vendors; internal personnel and financial information; business and/or personal information about any senior staff members of the Company or any Person with which the Company enters a strategic alliance or any other partnering arrangements; vendor and supplier information; the manner and method of conducting the Company's business; the identity or nature of relationship of any persons or entities associated with or engaged as consultants, advisers, agents, distributors or sales representatives (the "**Confidential Information**") the disclosure of any of which to competitors of the Company or to the general public, or the use of same by the Executive or any competitor of the Company, would be highly detrimental to the interests of the Company;

(b) disclosure or use of Confidential Information, other than in connection with the Company's business or as specifically authorized by the Company, will be highly detrimental to the business and interests of the Company and could result in serious loss of business and damage to it. Accordingly, the Executive specifically agrees to hold all Confidential Information in strictest confidence, and the Executive agrees that the Executive shall not, without the Company's prior written consent, disclose, divulge or reveal to any person, or use for any purpose other than for the exclusive benefit of the Company, any Confidential Information, in whatever form contained; provided that the foregoing shall not apply to information (except for personal information about identifiable individuals) that: (i) was known to the public prior to its disclosure to the Executive; (ii) becomes generally known to the public subsequent to disclosure to the Executive other than by reason of the Executive's breach of this Section; (iii) becomes available to the Executive from a source independent of the Company; or (iv) the Executive is specifically required to disclose by applicable law or legal process (provided that the Executive provides the Company with prompt advance written notice of the contemplated disclosure and cooperates with the Company in seeking a protective order or other appropriate protection of such information); and

(c) the Executive shall deliver to the Company, immediately upon termination of employment (for any reason and regardless of whether the Executive or the Company terminate the employment) or at any time the Company so requests: (i) any and all documents, files, notes, memoranda, models, databases, computer files and/or other computer programs reflecting any Confidential Information whatsoever or otherwise relating to the Company's business; (ii) lists or other documents regarding customers, suppliers, or vendors of the Company or leads or referrals to prospective business deals; and (iii) any computer equipment, home office equipment, automobile or other business equipment belonging to the Company that the Executive may then possess or have under the Executive's control.

(d) For the avoidance of doubt, nothing in this Agreement limits, restricts or in any other way affects the Executive communicating with any governmental authority or entity concerning matters relevant to the governmental authority or entity. The Executive and the Company agree that no confidentiality or other obligation the Executive owes to the Company prohibits the Executive from reporting possible violations of law or regulation to any governmental authority or entity under any applicable whistleblower protection provision of applicable Canadian, U.S. Federal or U.S. State law or regulation (including Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002) or requires the Executive to notify the Company of any such report. The Executive is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (i) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (ii) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (iii) to the Executive's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

7.2 **Intellectual Property**

(a) In this section, the term "**Germplasm**" means any living or preserved biological tissue or material which may be used for the purpose of plant breeding and/or propagation, including but not limited to plants, cuttings, seeds, clones, cells, tissues, plant materials, and genetic materials (including but not limited to nucleic acids, genes, promoters, reading frames, regulatory sequences, terminators, chromosomes whether artificial or natural, and vectors).

(b) The Executive agrees to promptly disclose to the Company (including to the Executive's manager) all ideas, suggestions, discoveries, designs, works, developments, improvements, processes, formulas, data, techniques, know-how, confidential and proprietary information, trade secrets, inventions and improvements, and any other intellectual property rights, including with respect to, but not limited to, Germplasm, and whether or not any of the foregoing are registrable as patents, industrial designs, copyrights, trademarks or plant breeder rights (collectively, "**Intellectual Property**") which the Executive may author, make, conceive, develop, discover, or reduce to practice, solely, jointly or in common with other employees, during the Executive's employment with the Company and which relate to the business activities of the Company ("**Employee Inventions**"). The Executive agrees to maintain as confidential any Employee Inventions, and not to make application for registration of rights in respect of such unless it is at the request and direction of the Company. Intellectual Property coming within the scope of the business of the Company made and/or developed by the Executive while in the employ of the Company, whether or not conceived or made during regular working hours and whether or not the Executive is specifically instructed to make or develop the same, shall be for the benefit of the Company and shall be considered to have been made pursuant to this Agreement and shall be deemed Employee Inventions and shall immediately become exclusive property of the Company. The Executive must keep, maintain, and make available to the Company complete and up-to-date records relating to any such Intellectual Property, and agree that all such records are the sole and absolute property of the Company.

(c) The Executive hereby assigns and transfers, and shall assign and transfer, to the Company, the Executive's entire right, title and interest in and to any and all Employee Inventions, and the Executive agrees to execute and deliver to the Company any and all instruments necessary or desirable to accomplish the foregoing and, in addition, to do all lawful acts which may be necessary or desirable to assist the Company to obtain and enforce protection of Employee Inventions. The Executive shall, at the request and cost of the Company, and for no additional compensation or consideration from the Company, sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require: (i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) patents, letters patent, copyrights, plant breeders rights, or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; (ii) to perfect or evidence ownership by the Company or its designees of any and all Employee Inventions, in form suitable for recordation in the United States, Canada, and any other patent office; (iii) to defend any opposition proceedings of any type whatsoever in respect of such applications, and any opposition proceedings or petitions or applications of any type whatsoever for revocation of such patents, letters patent, copyright or other analogous protection, whether such proceedings are brought before a court or any administrative body; and (iv) to defend and/or assert the Company's rights in any Intellectual Property against any third party. For greater certainty, all materials related to Employee Inventions (including notes, records and correspondence, whether written or electronic) (collectively, "**Invention Records**") are the property of the Company, which the Executive shall provide to the Company upon request. Invention Records shall not be removed from Company premises without the prior written consent of the Company. The Executive further waives all moral rights in and to any Employee Inventions and all work the Executive produced during the course of the Executive's employment.

(e) In the course of performing duties pursuant to this Agreement, the Executive shall only use Germplasm provided by the Company, and the Executive agrees that any such Germplasm provided by the Company remains the sole property of the Company and that such Germplasm shall not be removed from Company premises without the prior written consent of the Company.

(e) The Executive represents and warrants that the Executive does not possess any Intellectual Property or Germplasm of any third party, including but not limited to any prior employer or competitor of the Company, and the Executive shall not acquire and/or use Intellectual Property or Germplasm of any third party in the course of performing duties pursuant to this Agreement and shall not bring any Germplasm of any third party onto Company premises.

7.3 **Non-Competition**. The Executive shall not at any time during the Executive's employment with the Company and for a period of one (1) year following the termination of this Agreement and the Executive's employment with the Company for any reason, either individually or in partnership or jointly or in conjunction with any Person as principal, agent, consultant, employee, partner, director, shareholder (other than an investment of less than five (5) per cent of the shares of a company traded on a registered stock exchange or traded in the over the counter market in Canada), or in any other capacity whatsoever:

(a) engage in employment or enter into a contract to do work related to the research into, development, cultivation, production, supply, sales or marketing of cannabis or cannabis derived products; or the development or provision of any services (including, but not limited to, technical and product support, or consultancy or customer services) which relate to cannabis or cannabis derived products (the "**Business**"); or

(b) have any financial or other interest (including by way of royalty or other compensation arrangements) in or in respect of the business of any Person which carries on the Business; or

(c) advise, lend money to or guarantee the debts or obligations of any Person which carries on the Business;

anywhere within Canada and/or the United States of America.

7.4 **Non-Solicitation of Customers**. The Executive shall not, during the Executive's employment and for the one (1) year period immediately following the termination of the Executive's employment for any reason, whether alone or for or in conjunction with any Person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or attempt to solicit any Customer or Prospective Customer for the purpose of obtaining the business of any Customer or Prospective Customer of the Company or persuading any such Customer or Prospective Customer to cease to do business with or reduce the amount of business it would otherwise provide to the Company or its affiliates. For the purpose of this Agreement, "**Customer**" means any Person which is a current customer or has been a customer of the Company or an affiliate of the Company during the term of the Executive's employment with the Company but in the event of the cessation of the Executive's employment "**Customer**" shall include only those current customers of the Company or an affiliate of the Company with whom the Executive had direct contact or access to Confidential Information by virtue of the Executive's role as an employee of the Company at any time during the twelve (12) month period preceding the date of the cessation of the Executive's employment; "**direct contact**" means direct communications with or by the Executive, whether in Person or otherwise, for purposes of servicing, selling, or marketing on behalf of the Company, but only if such communications are more than trivial in nature, and in any case excluding bulk or mass marketing communications directed to multiple customers; and, "**Prospective Customer**" means any organization, individual or entity which has been actively contacted and solicited for its business by representatives of the Company or affiliates of the Company, but in the event of the cessation of the Executive's employment within the twelve (12) month period immediately preceding the date of the cessation of the Executive's employment, with the involvement and knowledge of the Executive.

7.5 **Non-Solicitation of Employees**. The Executive shall not, during the Executive's employment and for two (2) years following the termination of the Executive's employment for any reason, whether alone or for or in conjunction with any Person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or assist in the solicitation of any employee of the Company or an affiliate of the Company to leave such employment.

7.6 **Disclosure**. During the Executive's employment with the Company, the Executive shall promptly disclose to the Board full information concerning any interest, direct or indirect, of the Executive (whether as owner, shareholder, partner, lender or other investor, director, officer, employee, consultant or otherwise) or any member of the Executive's immediate family, in any business which is reasonably known to the Executive to purchase or otherwise obtain services or products from, or to sell or otherwise provide services or products to the Company or to any of their respective suppliers or Customers.

7.7 **Other Employment.** During the Executive's employment with the Company, the Executive shall not, except as a representative of the Company or with the prior written approval of the Executive's manager, whether paid or unpaid, be directly or indirectly engaged, concerned or have any financial interest in any capacity in any other business, trade, professional or occupation (or the setting up of any business, trade, profession or occupation).

7.8 **Return of Materials**. All files, forms, brochures, books, materials, written correspondence (including email and instant messages), memoranda, documents, manuals, computer disks, software products and lists (including financial and other

information and lists of customers, suppliers, products and prices) pertaining to the Company or its affiliates which may come into the Executive's possession or control shall at all times remain the property of the Company or its affiliates as applicable. Upon termination of the Executive's employment for any reason, the Executive agrees to immediately deliver to the Company all such property in the Executive's possession or directly or indirectly under the Executive's control. The Executive agrees not to make, for the Executive's personal or business use or that of any other person, reproductions or copies of any such property or other property of the Company or its affiliates.

8. General

8.1 **Reasonableness of Restrictions and Covenants**. The Executive hereby confirms and agrees that the covenants and restrictions contained in this Agreement, including, without limitation, those contained in Section 7, are reasonable and valid the Executive further acknowledges and agrees that the Company may suffer irreparable injury in the event of any breach by the Executive of the obligations under any such covenant or restriction. Accordingly, the Executive hereby acknowledges and agrees that damages would be an inadequate remedy at law in connection with any such breach and that the Company shall therefore be entitled, in addition to any other right or remedy which it may have at law, in equity or otherwise, to temporary and permanent injunctive relief enjoining and restraining the Executive from any such breach.

8.2 **Survival.** Section 7 and this Section survive the termination of this Agreement and the Executive's employment for any reason whatsoever.

8.3 **Entire Agreement**. This is the entire agreement between the Company and the Executive on the subject matters addressed herein. There are no representations, warranties or collateral agreements, whether written or oral, outside of this written Agreement. This Agreement and the terms and conditions of employment contained herein supersede and replace any prior understandings or discussions between the Executive and the Company regarding the Executive's employment.

8.4 **Withholding Taxes**. The Company may withhold from any amounts or benefits payable under this Agreement income taxes and payroll taxes that are required to be withheld pursuant to any applicable law or regulation.

8.5 **Section 409A Compliance**. To the extent applicable, this Agreement is intended to comply with the requirements of Section 409A of the United States Internal Revenue Code of 1986, as amended (together with the applicable regulations thereunder, "**Section 409A**"). To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A or to the extent any provision in this Agreement must be modified to comply with Section 409A (including, without limitation, Treasury Regulation 1.409A-3(c)), such provision shall be read, or shall be modified (with the mutual consent of the parties, which consent shall not be unreasonably withheld), as the case may be, in such a manner so that all payments due under this Agreement shall comply with Section 409A. For purposes of Section 409A, each payment made under this Agreement shall be treated as a separate payment. In no event may Executive, directly or indirectly, designate the calendar year of payment. Notwithstanding any provision of this Agreement to the contrary, if necessary to comply with the restriction in Section 409A(a)(2)(B) concerning payments to "specified employees" (as defined in Section 409A) any payment on account of the Executive's separation from service that would otherwise be due hereunder within six months after such separation shall nonetheless be delayed until the first business day of the seventh month following the Executive's date of termination and the first such payment shall include the cumulative amount of any payments that would have been paid prior to such date if not for such restriction. Notwithstanding anything contained herein to the contrary, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement unless he would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

8.6 **Amendments.** This Agreement may only be amended by written agreement executed by the Company and the Executive. However, changes to the Executive's position, duties, vacation, benefits and compensation, over time in the normal course, do not affect the validity or enforceability of the Agreement.

8.7 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario. The Company and the Executive each irrevocably consent to the exclusive jurisdiction of the courts of Ontario and the courts of Ontario shall have the sole and exclusive jurisdiction to entertain any action arising under this Agreement.

8.8 **Severability**. If any provision in this Agreement is determined to be invalid or unenforceable, such provision shall be severed from this Agreement, and the remaining provisions shall continue in full force and effect. If for any reason any court of competent jurisdiction will find any provisions of this Agreement unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein will be effective to the fullest extent allowed under applicable law in such jurisdiction.

8.9 **Assignment**. The Company may assign this Agreement to an affiliate or subsidiary, and it enures to the benefit of the Company, its successors or assigns.

8.10 **Independent Legal Advice**. The Executive acknowledges that the Executive has been encouraged to obtain independent legal advice regarding the execution of this Agreement, and that the Executive has either obtained such advice or voluntarily chosen

not to do so, and hereby waives any objections or claims the Executive may make resulting from any failure on the Executive's part to obtain such advice.

8.11 **Waiver.** No waiver of any of the provisions of this Agreement shall be effective or binding, unless made in writing and signed by the party purporting to give the same. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall such waiver constitute a continuing waiver, unless expressly stated otherwise.

8.12 **Conditions**. This Agreement and the Executive's continued employment hereunder is conditional on the Company's satisfaction (determined in the Company's sole discretion) that the Executive has met the legal requirements to perform the Executive's role, including but not limited to satisfactory results of Health Canada or any other applicable security clearance checks and criminal record checks and other reference checks that the Company performs. The Executive acknowledges and agrees that in signing this Agreement, and providing the Company with the necessary documentation to perform the checks required for the Executive's role and with references, the Executive is providing consent to the Company or its agent, to performs such checks and contact the references the Executive provided to the Company.

8.13 **Prior Restrictions**. By signing below, the Executive represents that the Executive is not bound by the terms of any agreement with any Person which restricts in any way the Executive's hiring by the Company and the performance of the Executive's expected job duties; the Executive also represents that, during the Executive's employment with the Company, the Executive shall not disclose or make use of any confidential information of any other persons or entities in violation of any of their applicable policies or agreements and/or applicable law.

8.14 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission, including in portable document format (.pdf), shall be deemed as effective as delivery of an original executed counterpart of this Agreement.

IN WITNESS WHEREOF this Agreement has been executed by the Company and the Executive on the dates below.

HORTICAN INC.

By: /s/ Michael Gorenstein

Name: Michael Gorenstein

Title: Chief Executive Officer

CRONOS GROUP INC.

By: /s/ Michael Gorenstein

Name: Michael Gorenstein

Title: Chief Executive Officer

EXECUTIVE

/s/ Jerry Barbato

Name: Jerry Barbato

Exhibit 10.13

EMPLOYMENT AGREEMENT

BETWEEN:

HORTICAN INC.

(the "Company")

-and-

XIUMING SHUM

(the "Employee")

WHEREAS the Company and the Employee have agreed that the Employee shall be employed by the Company under the terms and conditions set out herein;

In consideration of the respective covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions

For the purposes of this Agreement:

(1) "Board" means the board of directors of the Company;

(2) "Date of Termination" means the last date upon which the Employee provides active service to the Company as a result of the termination of his or her employment.

1.2 Sections and Headings

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Unless otherwise specified, references herein to sections are to the specified section of this Agreement.

SECTION 2 – EMPLOYMENT

2.1 Employment

The Company hereby agrees to employ the Employee and the Employee hereby accepts such employment commencing effective August 21, 2017, or such date as agreed upon by the parties in writing in accordance with to the terms and conditions hereof. The Employee shall serve the Company in the capacity of General Counsel or such other position to which the Employee may reasonably be assigned by the Company.

2.2 Location

The Employee will work out of the Company's location at Toronto, Ontario, with occasional travel to Stayner, ON. The Company may at its discretion relocate the Employee's office or place of work at any time within 100 kilometres of its current location without the Employee's consent.

SECTION 3 – DUTIES

3.1 Employment Duties

The Employee shall perform such duties and exercise such powers as are normally associated with or incidental and ancillary to the Employee's position. Without limiting the foregoing, the Employee shall:

(a) devote the Employee's full time and attention and best efforts during normal business hours and such other times as may be reasonably required to the business and affairs of the Company and shall not, without the prior written consent of the Board, undertake any other business or occupation or public office which may detract from the proper and timely performance of his duties hereunder;

(b) perform those duties that may be assigned to the Employee diligently and faithfully to the best of his abilities and in the best interest of the Company;

(c) use his best efforts to promote the interests and goodwill of the Company and not knowingly do, or permit to be done, anything which may be prejudicial to the Company's interests; and

(d) identify and immediately report to the Board and the Chairman of the Board any gross misrepresentations by the Company or its management.

3.2 Variation of Duties

The Company may vary any powers and duties assigned to the Employee. However, the Employee will not be assigned duties nor required to perform services that he cannot reasonably perform, or which are inconsistent with his senior Employee status.

3.3 Reporting

The Employee shall report to Mike Gorenstein, CEO. The individual to whom the Employee reports may change from time to time.

SECTION 4 – COMPENSATION

4.1 Base Salary

The annual base salary payable to the Employee for his services hereunder shall be $175,000 CDN per annum or such higher amount as the Board, in its sole discretion, may determine from time to time. Such annual base salary shall be payable in equal instalments in accordance with the usual payroll practices of the Company and will be subject to statutory deductions. The Employee's base salary will be reviewed annually.

4.2 Performance Bonus

In addition to the Employee's annual base salary, the Employee will be eligible to receive an annual bonus determined by the Company at its sole discretion. There will be no guarantee of a bonus in any given year. The Employee will not be eligible to receive any payment of bonus after the Date of Termination.

4.3 Stock Options

The Employee will be eligible to receive grants of options to purchase shares in the Company or affiliated companies. The amount of the grants will be determined by the Board at its sole discretion. The grants of such options will be governed by the Company's stock option plan or any other applicable plan. Such plan or plans may be amended from time to time. The Employee will not be eligible for any further grants of options or vesting of options following the Date of Termination unless otherwise provided further under the Company's stock option plan.

4.4 Group Insured Benefits

The Employee will not receive group insurance benefits. The Employee will be entitled to participate in any group insured benefits programs established for the benefit of its Employees in the manner and to the extent authorized by the Board. Such benefits will be governed by the Company's contract with its insurer in place from time to time, including requirements for medical information before coverage commences.

4.5 Vacation

The Employee will be entitled to three (3) weeks' paid vacation per year. Vacation pay will be calculated on the Employee's base salary. The Employee shall take vacation time at such times as are approved in advance by the Company. Vacation time entitlement will be prorated for the period of the Employee's active employment in the calendar year that the Employee commences and terminates employment. Vacation may be carried forward until March 31 of the following year after which time it is forfeited to the extent it exceeds the minimum vacation entitlement provided for under the Ontario Employment Standards Act, 2000 (the "ESA"). Vacation will not be taken during the first three (3) months of the Employee's employment.

4.6 Signing Bonus

In addition to the Employee's annual base salary, the Employee will receive a one-time cash payment of £8,200 GBP. Such payment shall be payable in one installment, in accordance with the usual payroll practices of the Company, and will be subject to statutory deductions.

4.7 Business Expenses

The Employee shall be reimbursed for all reasonable travel and other out-of-pocket expenses properly incurred by the Employee from time to time in connection with performance of the Employee's duties. The Employee shall furnish to the Company on a monthly basis all invoices or statements in respect of which the Employee seeks reimbursement. Corporate credit cards shall be used only for expenses incurred in the course of carrying out the Employee's duties.

4.8 Deductions and Withholdings

The Company shall make such deductions and withholdings from the Employee's remuneration and any other payments or benefits provided to the Employee pursuant to this Agreement as may be required by law.

SECTION 5 – TERMINATION OF EMPLOYMENT

5.1 Termination by the Company

The Company may terminate the employment of the Employee at a time. The Employee's entitlements upon termination of employment will be limited to those provided for by the ESA or other applicable legislation including, but not limited to, any applicable requirements for the Company to provide notice of termination or pay in lieu of notice of termination, benefits continuation following termination of employment, vacation pay or severance pay. The Employee will not be entitled to any further notice or pay in lieu of notice under the common law. This provision will continue to apply throughout the entire period of the Employee's employment and will survive any promotions the Employee may receive unless the Employee and the Company explicitly agree otherwise in writing. The Employee will not receive credit for any service with any prior employer unless otherwise required by the ESA.

5.2 Termination by the Employee

The Employee may terminate employment by giving thirty (30) days' prior written notice to the Company. The Company may waive this period or a portion thereof, in writing, in which case the Employee's employment will terminate on the date of the waiver, but the Employee will continue to be paid salary until the end of the thirty (30) day notice period. No bonus will be paid in the event of termination by the Employee for the year during which notice is given.

5.3 Resignation on Termination

The Employee agrees that upon any termination of employment with the Company for any reason the Employee shall immediately tender resignation from any position the Employee may hold as an officer or director of the Company, or any associated company. In the event of the Employee failing within three days to comply with his obligation hereunder, the Employee hereby irrevocably authorizes the Company to appoint a person in the Employee's name and on the Employee's behalf to sign or execute any documents and/or do all things necessary or requisite to give effect to such resignation.

5.4 Termination Where Employee Disabled

If at any time the Employee is unable to perform the duties of the Employee's position because of illness, injury, disability or otherwise for a period 12 consecutive calendar months, the Employee acknowledges that this would impose an undue hardship

on the Company given the nature of the Employee's position and the Company may terminate the Employee's employment in accordance with this Agreement.

SECTION 6 – RESTRICTIVE COVENANTS

6.1 Non-Disclosure

The Employee acknowledges and agrees that:

(a) in the course of performing the Employee's duties and responsibilities hereunder, the Employee will have access to and will be entrusted with detailed confidential information and trade secrets (printed or otherwise) concerning past, present, future and contemplated plans, products, services, operations and procedures of the Company, including without limitation, information relating to preferences, needs and requirements of past, present and prospective clients, customers, suppliers and employees of the Company (collectively, "Trade Secrets"), the disclosure of any of which to competitors of the Company or to the general public, or the use of same by the Employee or any competitor of the Company, would be highly detrimental to the interests of the Company;

(b) in the course of performing his or her duties and responsibilities hereunder, the Employee will be a representative of the Company to its and their customers, clients and suppliers and as such will have significant responsibility for maintaining and enhancing the goodwill of the Company with such customers, clients and suppliers and would not have, except by virtue of employment with the Company, developed a close and direct relationship with the customers, clients and suppliers of the Company; and

(c) the right to maintain the confidentiality of the Trade Secrets, the right to preserve the goodwill of the Company and the right to the benefit of any relationship that has developed between the Employee and the customers, clients and suppliers of the Company because of the Employee's employment with the Company constitute proprietary rights of the Company which the Company is entitled to protect.

In acknowledgment of the matters described above and in consideration of the payments and other benefits to be received by the Employee pursuant to this Agreement, the Employee will not, except with prior written consent of the Board, either during the Employee's employment or at any time thereafter, directly or indirectly, disclose to any person or in any way make use of (other than for the sole benefit of the Company), in any manner, any of the Trade Secrets except to the extent such Trade Secrets include information which is or becomes generally available to the public other than as a result of disclosure by the Employee.

6.2 Intellectual Property

(a) The Employee shall disclose to the Company all ideas, suggestions, discoveries, inventions and improvements (collectively, "Intellectual Property") which the Employee may make solely, jointly or in common with other employees, during the Employee's employment with the Company and which relate to the business activities of the Company. Intellectual Property corning within the scope of the business of the Company made and/or developed by the Employee while in the employ of the Company, whether or not conceived or made during regular working hours and whether or not the Employee is specifically instructed to make or develop the same, shall be for the benefit of the Company and shall be considered to have been made pursuant to this Agreement and shall immediately become exclusive property of the Company;

(b) The Employee shall assign and transfer to the Company the Employee's entire right, title and interest in and to any and all Intellectual Property and the Employee agrees to execute and deliver to the Company any and all instruments necessary or desirable to accomplish the foregoing and, in addition, to do all lawful acts which may be necessary or desirable to assist the Company to obtain and enforce protection of Intellectual Property; and

(c) The Employee waives all moral rights over any Intellectual Property and all work produced by the Employee during the course of the Employee's employment.

6.3 Non-Competition

The Employee will not (except with the prior written consent of the Board), during the Employee's employment and for nine (9) months following the termination of the Employee's employment for any reason, perform services anywhere within Canada, whether alone or for or in conjunction with any person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, that are similar to those performed by the Employee in the course of the Employee's employment and that relate to: a) the research into, development, supply, sales or marketing of Cannabis or Cannabis derived products; or b) the development or provision of any services (including, but not limited to, technical and product support, or consultancy or customer services) which relate to Cannabis or Cannabis derived products.

The foregoing provision shall not prohibit the Employee from owning or controlling in the aggregate up to 5% of the issued shares as a passive investment or in any Company carrying on such business or activity whose shares are listed and posted for trading on a recognized stock exchange.

6.4 Non-Solicitation of Customers

The Employee will not (except with the prior written consent of the Board), during the Employee's employment and for one (1) year following the termination of the Employee's employment for any reason, whether alone or for or in conjunction with any person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or assist in the solicitation of any customer or prospective customer of the Company.

6.5 Non-Solicitation of Employees

The Employee will not (except with the prior written consent of the Board), during the Employee's employment and for one (1) year following the termination of the Employee's employment for any reason, whether alone or for or in conjunction with any person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or assist in the solicitation of any employee of the Company to leave such employment.

6.6 Disclosure

During the Employee's employment with the Company, the Employee shall promptly disclose to the Board full information concerning any interest, direct or indirect, of the Employee (whether as owner, shareholder, partner, lender or other investor, director, officer, employee, consultant or otherwise) or any member of the Employee's immediate family, in any business which is reasonably known to the Employee to purchase or otherwise obtain services or products from, or to sell or otherwise provide services or products to the Company or to any of their respective suppliers or Customers.

6.7 Return of Materials

All files, forms, brochures, books, materials, written correspondence, memoranda, documents, manuals, computer disks, software products and lists (including financial and other information and lists of customers, suppliers, products and prices) pertaining to the Company which may come into the possession or control of the Employee shall at all times remain the property of the Company. Upon termination of the Employee's employment for any reason, the Employee agrees to immediately deliver to the Company all such property of the Company in the possession of the Employee or directly or indirectly under the control of the Employee. The Employee agrees not to make, for his or her personal or business use or that of any other person, reproductions or copies of any such property or other property of the Company.

SECTION 7 – GENERAL

7.1 Reasonableness of Restrictions and Covenants

The Employee hereby confirm and agrees that the covenants and restrictions pertaining to the Employee contained in this Agreement, including, without limitation, those contained in Section 6, are reasonable and valid and hereby further acknowledges and agrees that the Company may suffer irreparable injury in the event of any breach by the Employee of the obligations under any such covenant or restriction. Accordingly, the Employee hereby acknowledges and agrees that damages would be an inadequate remedy at law in connection with any such breach and that the Company shall therefore be entitled, in addition to any other right or remedy which it may have at law, in equity or otherwise, to temporary and permanent injunctive relief enjoining and restraining the Employee from any such breach. Notwithstanding the termination of this Agreement for any reason by either party, the aforementioned restrictive covenants and restrictions contained in this Agreement shall survive and continue in force to the extent set out in this Agreement.

7.2 Waiver

A waiver of any term or condition of this Agreement by either party shall not be construed as a waiver of a subsequent breach or failure of the same or any other term and condition.

7.3 Benefit of Agreement

This Agreement shall ensure to the benefit of and be binding upon the heirs, executors, administrators and legal personal representatives of the Employee and the successors and assignees of the Company. This Agreement may not be assigned by the Employee.

7.4 Notices

Any notice or other communication to be given in connection with this Agreement shall be in writing and may be given by personal delivery, email, facsimile or registered mail addressed to the recipient as follows:

(a) If to the Employee:

To the last address of the Employee in the records of the Company.

(b) If to the Company:

Peace Naturals Project Inc.
Attn: [William Hilson]
4491 Concession 12 Sunnidale
Stayner, ON L0M 1S0
[William.Hilson@TheCronosGroup.com]

or such other address as may be designated by notice by either party to the other. Any notice or other communication given by personal delivery, email or facsimile shall be conclusively deemed go have been given on the day of actual delivery or transmission thereof, and if made or given by registered mail, on the firth day, excluding Saturdays, Sundays and statutory holidays in Ontario, following the deposit thereof in the mail. If the party giving any notice or other communications knows or ought reasonably to know of any difficulties with the postal system in Canada that might affect the delivery of mail, any such notice or other communication shall not be mailed, but shall be give by personal delivery, email or facsimile.

7.5 Severability

If any provision of this Agreement shall be held by an arbitrator or court of competent jurisdiction to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining provisions, or part thereof, of this Agreement and such remaining provisions, or part thereof, shall remain enforceable and binding.

7.6 Entire Agreement

This Agreement constitutes the entire employment agreement between the parties. This Agreement supersedes any prior employment agreements which are hereby cancelled and supersedes all previous understandings, negotiations and representations with respect to the subject matter thereof, whether oral or written. The Company and the Employee may, at any time, by agreement in writing, amend, modify, extend or termination this Agreement or any of the terms and conditions of this Agreement. To the extent, if any, that this Agreement constitutes an amendment of any prior agreement or contract relating to the employment of the Employee, it is an amendment supported by sufficient consideration between the parties, the receipt and sufficiency of which is acknowledged by them.

7.7 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario.

7.8 Acknowledgments

The Employee acknowledges that:

(a) the Employee has had sufficient time to review and consider this Agreement thoroughly;

(b) the Employee has read and understands the terms of this Agreement and the Employee's obligations hereunder,

(c) the Employee has obtained independent legal advice concerning the interpretation and defect of this Agreement; and

(d) this Agreement is entered into voluntarily and without any duress.

7.9 Assignment

The Company may assign the Employee's employment and this Agreement to another affiliated or related person or entity.

7.10 Resolution of Disputes by Arbitration

The parties agree that any disputes arising between them that cannot be resolved, including but not limited to any issues arising out of the termination of the Employee's employment, shall be resolved exclusively by arbitration to be conducted in Toronto, Ontario in accordance with the Ontario Arbitration Act, 1991 or any successor legislation (the "Act"). The arbitration shall be conducted by a single arbitrator. The party that wishes to refer a dispute to arbitration must provide notice to the other party in writing together with a statement summarizing the issue in dispute and the remedy and/or damages sought.

The Company will submit to the Employee a list of three (3) individuals experienced in dispute resolution to act as arbitrator. If the Employee does not agree to have one of these individuals act as arbitrator, the Employee will propose a list of three (3) other individuals experienced in dispute resolution for the Company's consideration. If the parties are then unable to agree on an arbitrator, the arbitrator shall be selected by a judge of the Ontario Superior Court of Justice from the lists submitted by each of the parties.

Unless the parties otherwise agree, the arbitration shall commence within 30 days following the appointment of the arbitrator. The arbitrator will have jurisdiction to award the successful party its legal costs from the other party.

Despite the foregoing, the Company may at its option apply to the Courts for equitable or injunctive relief to enforce the restrictive covenants provided for under this Agreement or seek such relief from an arbitrator.

IN WITNESS WHEREOF the parties have executed this Agreement, this _____ day of May, 2017.

Witness:

/s/ Michele Yeo

Print Name: Michele Yeo

/s/ Xiuming Shum
Xiuming Shum

HORTICAN INC.

Per: /s/ Michael Gorenstein

(I have the authority to bind the Company)

Exhibit 10.14

EXECUTIVE EMPLOYMENT AGREEMENT

(this "**Agreement**")

BETWEEN:

HORTICAN INC.

(the "**Company**")

- and -

Xiuming Shum

(the "**Executive**")

- and –

solely for the purposes specified herein,

CRONOS GROUP INC.

("**Cronos Group**")

WHEREAS the Company is a wholly-owned subsidiary of Cronos Group;

WHEREAS the Company wishes to continue to engage the services of the Executive in a senior and specialized capacity and the Executive has extensive access to the customers, vendors, suppliers, distribution processes and other unique and valuable confidential information and trade secrets of the Company;

AND WHEREAS the Company and the Executive desire to enter into a written employment agreement, and the Executive acknowledges that this Agreement and, specifically, the proprietary rights, non-solicitation and non-competition provisions that form part of this Agreement are essential to protect the legitimate business interests of the Company;

NOW THEREFORE in consideration of the above, the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Executive, and solely for the purposes of Section 5.3 herein, Cronos Group, agree as follows.

1. Position

1.1 The Executive will be employed in the position of Executive Vice President Legal and Regulatory Affairs, commencing on May 21, 2019 or such other date as agreed between the Executive and the Company and the Executive's original start date with the Company will continue to be recognized for all employment-related purposes.

2. Location

2.1 The Executive shall be based primarily in the Company's location in Toronto, Ontario, with business travel as reasonably required to perform the Executive's duties hereunder. The Company may at its discretion relocate the Executive's principal office or place of work at any time within 100 kilometres of its current location, and the Executive acknowledges and agrees that this shall not constitute a constructive termination of the Executive's employment or Good Reason (as defined below) and the Executive agrees not to make any claim or demand to the contrary.

3. Work Authorizations

3.1 It is a condition of this Agreement and the Executive's employment that the Executive shall be able to work in lawfully in Canada. However, it is understood and agreed that the Executive's position may require that the Executive work abroad, as needed by the Company. The Executive's employment with the Company is therefore also conditional upon the securing of all necessary visas, work permits and other authorizations that may be required to enter and/or to work in any of the countries in which the Executive may be assigned to work or visit during the term of employment. The Company shall provide reasonable assistance in respect of immigration matters. Despite such assistance, the Company cannot guarantee when or whether the Executive's application for a work permit, visa, permanent residence status or other immigration status or documents will be approved. Should the necessary authorizations that permit the Executive to legally work in Canada or in any other jurisdiction in which the Executive will be required to work not be obtained, this Agreement shall be null and void and of no force or effect. At any time, should necessary authorizations that permit the Executive to legally work in Canada or any other jurisdiction in which the

Executive will be required to work or visit expire without the possibility of renewal, the Executive's employment shall come to an end and shall be treated by the Company as a termination without Just Cause (as defined below).

4. Employment Duties

4.1 The Executive shall perform such duties and exercise such powers as are normally associated with or incidental and ancillary to the Executive's position and as may be assigned to the Executive from time to time. In fulfilling his/her duties to the Company, the Executive shall be instructed by and shall regularly report to the CEO. The Executive's duties, hours of work, location of employment and reporting relationships may be adjusted from time to time by the Company to meet changing business and operational needs. Without limiting the foregoing, the Executive shall:

(a) devote his/her full working time and attention during normal business hours and such other times as may be reasonably required to the business and affairs of the Company and shall not, without the prior written consent of the CEO, undertake any other business or occupation or public office;

(b) perform those duties that may be assigned to the Executive diligently, honestly, and faithfully to the best of the Executive's ability and in the best interest of the Company;

(c) abide by all Company policies, as instituted and amended from time to time including but not limited to, the Cronos Group Employee Handbook;

(d) use best efforts to promote the interests and goodwill of the Company and not knowingly do, or permit to be done, anything which may be prejudicial to the Company's interests, it being understood and agreed that the Executive is a fiduciary of the Company and owes fiduciary obligations to the Company that are not extinguished by this Agreement; and

(e) identify and immediately report to the CEO any gross misrepresentations or violations of the Cronos Group Employee Handbook or applicable law by the Company or its management.

5. Compensation and Benefits

5.1 **Base Salary.** The Company shall pay the Executive an annual base salary of CAD300,000 less applicable deductions and withholdings ("**Base Salary**"). The Executive's base salary shall be paid by direct deposit on a bi-weekly basis (as may be amended from time to time), in accordance with the Company's payroll practices. Any changes to Base Salary shall be at the sole discretion of the Company.

5.2 **Annual Performance Bonus.** In addition to the Executive's annual Base Salary, the Executive shall be eligible to participate in the Company's annual cash bonus plan as may be in effect from time to time, and to receive an annual bonus, subject to the terms and conditions of that plan as determined by the Company at its sole discretion. The Executive's annual target bonus opportunity shall initially be 100% of Base Salary, provided that the actual bonus amount, if any, will be determined pursuant to the terms of the applicable annual bonus plan. Nothing in this Agreement guarantees that the Company will maintain an annual bonus plan, and the Company reserves the right to amend or terminate any annual bonus plan established or adopted at any time, without notice or further obligation (subject only to the minimum requirements of applicable employment standards legislation, if any). The Executive must be actively employed by the Company through the applicable payment date in order to be eligible for any annual bonus for that year, subject only to the minimum requirements of applicable employment standards legislation, unless provided otherwise pursuant to the applicable annual cash bonus plan. For certainty, if the Executive's employment is terminated by the Company with or without Just Cause, or the Executive resigns or otherwise terminates employment for any reason, regardless of any applicable notice period, pay in lieu of notice, severance payment or similar amount, the Executive shall be entitled to no annual bonus or any part thereof for the year in which the Executive ceases the Executive's active employment or thereafter, or damages in lieu thereof, subject only to the minimum requirements of applicable employment standards legislation or unless provided otherwise pursuant to the applicable annual cash bonus plan. There shall be no guarantee of a bonus in any given year.

5.3 **Long-Term Incentive Opportunity**. The Executive shall be eligible to receive annual grants of equity-based awards over shares of Cronos Group with an initial target incentive opportunity of CAD400,000 (based on the grant date fair value of such awards), provided that the actual amount, if any, of the grants shall be determined by the board of directors of Cronos Group (the "**Board**") at its sole discretion. Any such equity-based grants shall be governed by the terms and conditions of the equity award plan or any other applicable plan of Cronos Group and/or the applicable award agreement. Such plan or plans may be amended from time to time at Cronos Group's sole discretion. In the event of the cessation of the Executive's employment for any reason, the Executive's entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement. Subject to the express minimum requirements of applicable employment standards legislation, if any, the Executive shall not be eligible for any further grants of options following the effective date of termination or damages in lieu thereof, regardless of any applicable notice period, pay in lieu of notice, severance payment or similar amount.

5.4 **Group Insured Benefits**. The Executive shall be eligible to participate in the Company's benefits programs for health and dental, life insurance, disability and other benefits as may be available to the employees of the Company from time to time, subject to the terms and conditions of the applicable plan document. The Company reserves the right to alter, amend or discontinue all benefits, coverages, plans and programs referred to in this paragraph, without advance notice or other obligation, subject only to the minimum requirements of applicable employment standards legislation.

5.5 **Vacation**. The Executive shall be entitled accrue, on a pro-rata basis, four (4) weeks' paid vacation per year. The Executive shall take vacation time at such times as are approved in advance by the Company. Vacation time entitlement shall be prorated for the period of the Executive's active employment in the calendar year that the Executive commences and terminates employment, subject to the minimum requirements of applicable employment standards legislation. Vacation may be carried forward until March 31 of the following year after which time it shall be forfeited to the extent it exceeds the minimum vacation entitlement provided for under applicable employment standards legislation. Vacation shall be earned but shall not be taken during the first three (3) months of the Executive's employment.

5.6 **Business Expenses**. The Executive shall be reimbursed for all reasonable travel and other out-of-pocket expenses properly incurred by the Executive from time to time in connection with performance of the Executive's duties. The Executive shall furnish to the Company on a monthly basis and in accordance with any of the Company's policies or procedures for expense reimbursement all invoices or statements in respect of expenses for which the Executive seeks reimbursement.

5.7 **Deductions and Withholdings**. The Company shall make such deductions and withholdings from the Executive's remuneration and any other payments or benefits provided to the Executive pursuant to this Agreement as may be required by law.

6. <u>Termination of Employment</u>

6.1 **Termination by the Executive.** The Executive may terminate his/her employment with the Company at any time by providing the Company with at least three (3) months of notice in writing. If, upon receipt of the Executive's resignation (or any later date during such notice period), the Company terminates the Executive's employment before the date the resignation was to be effective, the Company shall, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the resignation was to be effective up to a maximum of three (3) months; (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are expressly required pursuant to applicable employment standards legislation, if any. In such circumstances the Executive shall be ineligible for any pro-rated bonus for the year of termination, and any entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement.

6.2 **Termination by the Company for Just Cause or on Death or Disability**. The Company may terminate the Executive's employment at any time for Just Cause without prior notice or in the event of the Executive's death or Disability (as defined below). On the termination of the Executive's employment for Just Cause or on the Executive's death or Disability, this Agreement and the Executive's employment shall terminate and the Company shall, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the Executive's employment ceases; (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are expressly required pursuant to applicable employment standards legislation, if any. In such circumstances the Executive shall be ineligible for any pro-rated bonus for the year of termination, and any entitlements in respect of equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement. For the purposes of this Agreement, (A) "**Just Cause**" means: (i) any act or omission constituting "just cause" for dismissal without notice under applicable law; (ii) the Executive's repeated failure or refusal to perform the Executive's principal duties and responsibilities after notice from the CEO or other officer of the Company; (iii) misappropriation of the funds or property of the Company; (iv) use of alcohol or drugs in violation of the Company's policies on such use or that interferes with the Executive's obligations under this Agreement, continuing after a single warning (subject to the Company's obligations under applicable human rights legislation); (v) the indictment, arrest or conviction in a court of law for, or the entering of a plea of guilty to, a summary or indictable offence or any crime involving moral turpitude, fraud, dishonesty or theft (subject to the Company's obligations under applicable human rights legislation); (vi) the misuse of Company computers or computer network systems for non-Company business; (vii) engaging in any act (including, without restriction, an act of sexual harassment as determined by the Company) which is a violation of any law, regulation or Company policy; or (viii) any wilful or intentional act which injures or could reasonably be expected to injure the reputation, business or business relationships of the Company, and (B) "Disability" means a physical or mental incapacity of the Executive that has prevented the Executive from performing the duties customarily assigned to the Executive for 180 calendar days, whether or not consecutive, out of any twelve (12) consecutive months and that in the opinion of the Company, acting on the basis of advice from a duly qualified medical practitioner, is likely to continue to a similar degree.

6.3 **Termination by the Company without Just Cause or Resignation for Good Reason on Change of Control**. The Company may terminate the Executive's employment at any time without Just Cause, on providing thirty (30) days' written notice to the Executive. The Executive may resign the Executive's employment for Good Reason (as defined below) within twenty-four (24)

months of the occurrence of a Change in Control (as defined below), on providing thirty (30) days' written notice to the Company. If the Company terminates the Executive's employment without Just Cause or if the Executive resigns his employment for Good Reason within twenty-four (24) months of the occurrence of a Change of Control, and if the Executive signs and delivers and does not revoke a release in favour of the Company to the Company in consideration of amounts in excess of the Executive's minimum entitlements under applicable employment standards legislation, the Company, shall, in full satisfaction of its obligations to the Executive:

(a) pay the Executive's Base Salary and accrued but unpaid vacation pay in accordance with applicable employment standards legislation;

(b) reimburse the Executive's expenses properly incurred until the date the Executive's employment ceases;

(c) in lieu of notice, pay the Executive the greater of (i) one (1) month of the Executive's annual base salary in effect at the time of termination for each completed year of service with the Company, to a maximum of twelve (12) months of base salary, payable by way of lump sum payment within sixty (60) days following such termination, and (ii) the minimum termination pay and severance pay entitlements of the Executive pursuant to applicable employment standards legislation.

(d) continue the Executive's group insured benefits, if any, until the end of the notice period calculated under (c) above or the date on which the Executive obtains alternate benefit coverage, whichever occurs first, subject to the terms and conditions of the benefit plans, as amended from time to time, and the minimum requirements of applicable employment standards legislation. If the Company is unable for any reason to continue its contributions to the benefit plans as set out in this Agreement, it shall pay the Executive an amount equal to the Company's required contributions to such benefit plans on behalf of the Executive for such period. The Executive agrees that he/she is required to notify the Company when he/she obtains alternate life, medical and dental benefit coverage; and

(e) determine the Executive's entitlements in respect of equity-based awards in accordance with the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement.

In this Agreement, "**Change of Control**" means:

a. the consummation of any transaction or series of transactions including any reorganization, recapitalization, statutory share exchange, consolidation, amalgamation, arrangement, merger or issue of voting shares in the capital of Cronos Group, the result of which is that any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, association, joint-stock company, estate, trust, organization, governmental authority or other entity of any kind or nature ("**Person**") or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions becomes the beneficial owner, directly or indirectly, of more than 50% of the voting securities in the capital of the entity resulting from such transaction or series of transactions or the entity that acquired all or substantially all of the business or assets of Cronos Group in a transaction or series of transactions described in paragraph (ii) below (in each case, the "**Surviving Company**") or the ultimate parent entity that has beneficial ownership of sufficient voting power to elect a majority of the board of directors (or analogous governing body) of the Surviving Company (the "**Parent Company**"), measured by voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) rather than number of securities (but shall not include the creation of a holding company or other transaction that does not involve any substantial change in the proportion of direct or indirect beneficial ownership of the voting securities of Cronos Group prior to the consummation of the transaction or series of transactions), provided that the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant (as defined in the Subscription Agreement by and among Cronos Group Inc., Altria Summit LLC and Altria Group, Inc. dated as of December 7, 2018) shall not constitute a Change of Control pursuant to this clause (a);

b. the direct or indirect sale, transfer or other disposition, in one or a series of transactions, of all or substantially all of the business or assets of Cronos Group, taken as a whole, to any person or group of persons acting jointly or in concert for purposes of such transaction or series of transactions (other than to any affiliates of Cronos Group); or

c. Incumbent Directors during any consecutive twelve (12) month period ceasing to constitute a majority of the Board of Cronos Group (for the purposes of this paragraph, an "Incumbent Director" shall mean any member of the Board who is a member of the Board immediately prior to the occurrence of a contested election of directors of Cronos Group).

In this Agreement, "**Good Reason**" means the occurrence of any of the following events without the Executive's consent, except in each case for any isolated, immaterial or inadvertent action not taken in bad faith and which is remedied by the Company within thirty (30) days after a written notice thereof by the Executive (provided that such notice must be given to the Company within sixty (60) days of Executive becoming aware of such condition):

(a) the assignment to the Executive of duties materially different than the duties assigned to the Executive hereunder;

(b) a material diminution in the Executive's title, status, seniority, reporting relationship, responsibilities or authority;

(c) a material reduction in the Executive's Base Salary; or

(d) the relocation of the Executive's primary work location, except as permitted by Section 2.1.

6.4 **Resignation on Termination**. The Executive agrees that upon any termination of employment with the Company for any reason the Executive shall immediately tender resignation from any position the Executive may hold as an officer or director of the Company and take all steps necessary to remove Executive from any and all designated positions under any applicable laws, including without limitation, the *Cannabis Act* (Canada) and the regulations thereunder, as the same may be amended from time to time, or any subsidiary or affiliate of the Company. In the event that the Executive fails to comply with this obligation within three (3) days of the Executive's termination or resignation, the Executive hereby irrevocably authorizes the Company to appoint a Person in the Executive's name and on the Executive's behalf to sign or execute any documents and/or do all things necessary or requisite to give effect to such resignation.

6.5 **Compliance with Laws.** The Executive understands and agrees that the entitlements under this Section 6 are provided in full satisfaction of the Executive's entitlements to notice of termination, pay in lieu of notice, and severance pay, if any, under applicable employment standards legislation, this Agreement, any employee benefit plan sponsored or maintained by the Company or any of its affiliates, applicable law (including the common law) or otherwise.

7. <u>Restrictive Covenants</u>

7.1 **Non-Disclosure**. The Executive acknowledges and agrees that:

(a) during the term of the Executive's employment, the Executive may be given access to or may become acquainted with confidential and proprietary information of the Company and its affiliates and related entities and third parties to which the Company and its affiliates and related entities may have any obligations of non-disclosure or confidentiality, including but not limited to: trade secrets; know-how; Intellectual Property (as defined below); Employee Inventions (as defined below), Invention Records (as defined below), existing and contemplated work product resulting from or related to projects performed or to be performed by or for the Company; programs and program modules; processes; algorithms; design concepts; system designs; production data; test data; research and development information; information regarding the acquisition, protection, enforcement and licensing of proprietary rights; technology; joint ventures; business, accounting, engineering and financial information and data; marketing and development plans and methods of obtaining business; forecasts; future plans and strategies of the Company; pricing, cost, billing and fee arrangements and policies; quoting procedures; special methods and processes; lists and/or identities of customers, suppliers, vendors and contractors; the type, quantity and specifications of products and services purchased, leased, licensed or received by the Company and/or any of its customers, suppliers, or vendors; internal personnel and financial information; business and/or personal information about any senior staff members of the Company or any Person with which the Company enters a strategic alliance or any other partnering arrangements; vendor and supplier information; the manner and method of conducting the Company's business; the identity or nature of relationship of any persons or entities associated with or engaged as consultants, advisers, agents, distributors or sales representatives (the "**Confidential Information**") the disclosure of any of which to competitors of the Company or to the general public, or the use of same by the Executive or any competitor of the Company, would be highly detrimental to the interests of the Company;

(b) disclosure or use of Confidential Information, other than in connection with the Company's business or as specifically authorized by the Company, will be highly detrimental to the business and interests of the Company and could result in serious loss of business and damage to it. Accordingly, the Executive specifically agrees to hold all Confidential Information in strictest confidence, and the Executive agrees that the Executive shall not, without the Company's prior written consent, disclose, divulge or reveal to any person, or use for any purpose other than for the exclusive benefit of the Company, any Confidential Information, in whatever form contained; provided that the foregoing shall not apply to information (except for personal information about identifiable individuals) that: (i) was known to the public prior to its disclosure to the Executive; (ii) becomes generally known to the public subsequent to disclosure to the Executive other than by reason of the Executive's breach of this Section; (iii) becomes available to the Executive from a source independent of the Company; or (iv) the Executive is specifically required to disclose by applicable law or legal process (provided that the Executive provides the Company with prompt advance written notice of the contemplated disclosure and cooperates with the Company in seeking a protective order or other appropriate protection of such information); and

(c) the Executive shall deliver to the Company, immediately upon termination of employment (for any reason and regardless of whether the Executive or the Company terminate the employment) or at any time the Company so requests: (i) any and all documents, files, notes, memoranda, models, databases, computer files and/or other computer programs reflecting any Confidential Information whatsoever or otherwise relating to the Company's business; (ii) lists or other documents regarding customers, suppliers, or vendors of the Company or leads or referrals to prospective business deals; and (iii) any computer equipment, home office equipment, automobile or other business equipment belonging to the Company that the Executive may then possess or have under the Executive's control.

(d) For the avoidance of doubt, nothing in this Agreement limits, restricts or in any other way affects the Executive communicating with any governmental authority or entity concerning matters relevant to the governmental authority or entity. The Executive and the Company agree that no confidentiality or other obligation the Executive owes to the Company prohibits the Executive from reporting possible violations of law or regulation to any governmental authority or entity under any applicable whistleblower protection provision of applicable Canadian, U.S. Federal or U.S. State law or regulation (including Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002) or requires the Executive to notify the Company of any such report. The Executive is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (i) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (ii) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (iii) to the Executive's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

7.2 **Intellectual Property**

(a) In this section, the term "**Germplasm**" means any living or preserved biological tissue or material which may be used for the purpose of plant breeding and/or propagation, including but not limited to plants, cuttings, seeds, clones, cells, tissues, plant materials, and genetic materials (including but not limited to nucleic acids, genes, promoters, reading frames, regulatory sequences, terminators, chromosomes whether artificial or natural, and vectors).

(b) The Executive agrees to promptly disclose to the Company (including to the Executive's manager) all ideas, suggestions, discoveries, designs, works, developments, improvements, processes, formulas, data, techniques, know-how, confidential and proprietary information, trade secrets, inventions and improvements, and any other intellectual property rights, including with respect to, but not limited to, Germplasm, and whether or not any of the foregoing are registrable as patents, industrial designs, copyrights, trademarks or plant breeder rights (collectively, "**Intellectual Property**") which the Executive may author, make, conceive, develop, discover, or reduce to practice, solely, jointly or in common with other employees, during the Executive's employment with the Company and which relate to the business activities of the Company ("**Employee Inventions**"). The Executive agrees to maintain as confidential any Employee Inventions, and not to make application for registration of rights in respect of such unless it is at the request and direction of the Company. Intellectual Property coming within the scope of the business of the Company made and/or developed by the Executive while in the employ of the Company, whether or not conceived or made during regular working hours and whether or not the Executive is specifically instructed to make or develop the same, shall be for the benefit of the Company and shall be considered to have been made pursuant to this Agreement and shall be deemed Employee Inventions and shall immediately become exclusive property of the Company. The Executive must keep, maintain, and make available to the Company complete and up-to-date records relating to any such Intellectual Property, and agree that all such records are the sole and absolute property of the Company.

(c) The Executive hereby assigns and transfers, and shall assign and transfer, to the Company, the Executive's entire right, title and interest in and to any and all Employee Inventions, and the Executive agrees to execute and deliver to the Company any and all instruments necessary or desirable to accomplish the foregoing and, in addition, to do all lawful acts which may be necessary or desirable to assist the Company to obtain and enforce protection of Employee Inventions. The Executive shall, at the request and cost of the Company, and for no additional compensation or consideration from the Company, sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require: (i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) patents, letters patent, copyrights, plant breeders rights, or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; (ii) to perfect or evidence ownership by the Company or its designees of any and all Employee Inventions, in form suitable for recordation in the United States, Canada, and any other patent office; (iii) to defend any opposition proceedings of any type whatsoever in respect of such applications, and any opposition proceedings or petitions or applications of any type whatsoever for revocation of such patents, letters patent, copyright or other analogous protection, whether such proceedings are brought before a court or any administrative body; and (iv) to defend and/or assert the Company's rights in any Intellectual Property against any third party. For greater certainty, all materials related to Employee Inventions (including notes, records and correspondence, whether written or electronic) (collectively, "**Invention Records**") are the property of the Company, which the Executive shall provide to the Company upon request. Invention Records shall not be removed from Company premises without the prior written consent of the Company. The Executive further waives all moral rights in and to any Employee Inventions and all work the Executive produced during the course of the Executive's employment.

(e) In the course of performing duties pursuant to this Agreement, the Executive shall only use Germplasm provided by the Company, and the Executive agrees that any such Germplasm provided by the Company remains the sole property of the Company and that such Germplasm shall not be removed from Company premises without the prior written consent of the Company.

(e) The Executive represents and warrants that the Executive does not possess any Intellectual Property or Germplasm of any third party, including but not limited to any prior employer or competitor of the Company, and the Executive shall not acquire and/or use Intellectual Property or Germplasm of any third party in the course of performing duties pursuant to this Agreement and shall not bring any Germplasm of any third party onto Company premises.

7.3 **Non-Competition**. The Executive shall not at any time during the Executive's employment with the Company and for a period of one (1) year following the termination of this Agreement and the Executive's employment with the Company for any reason, either individually or in partnership or jointly or in conjunction with any Person as principal, agent, consultant, employee, partner, director, shareholder (other than an investment of less than five (5) per cent of the shares of a company traded on a registered stock exchange or traded in the over the counter market in Canada), or in any other capacity whatsoever:

(a) engage in employment or enter into a contract to do work related to the research into, development, cultivation, production, supply, sales or marketing of cannabis or cannabis derived products; or the development or provision of any services (including, but not limited to, technical and product support, or consultancy or customer services) which relate to cannabis or cannabis derived products (the "**Business**"); or

(b) have any financial or other interest (including by way of royalty or other compensation arrangements) in or in respect of the business of any Person which carries on the Business; or

(c) advise, lend money to or guarantee the debts or obligations of any Person which carries on the Business;

anywhere within Canada and/or the United States of America.

7.4 **Non-Solicitation of Customers**. The Executive shall not, during the Executive's employment and for the one (1) year period immediately following the termination of the Executive's employment for any reason, whether alone or for or in conjunction with any Person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or attempt to solicit any Customer or Prospective Customer for the purpose of obtaining the business of any Customer or Prospective Customer of the Company or persuading any such Customer or Prospective Customer to cease to do business with or reduce the amount of business it would otherwise provide to the Company or its affiliates. For the purpose of this Agreement, "**Customer**" means any Person which is a current customer or has been a customer of the Company or an affiliate of the Company during the term of the Executive's employment with the Company but in the event of the cessation of the Executive's employment "**Customer**" shall include only those current customers of the Company or an affiliate of the Company with whom the Executive had direct contact or access to Confidential Information by virtue of the Executive's role as an employee of the Company at any time during the twelve (12) month period preceding the date of the cessation of the Executive's employment; "**direct contact**" means direct communications with or by the Executive, whether in Person or otherwise, for purposes of servicing, selling, or marketing on behalf of the Company, but only if such communications are more than trivial in nature, and in any case excluding bulk or mass marketing communications directed to multiple customers; and, "**Prospective Customer**" means any organization, individual or entity which has been actively contacted and solicited for its business by representatives of the Company or affiliates of the Company, but in the event of the cessation of the Executive's employment within the twelve (12) month period immediately preceding the date of the cessation of the Executive's employment, with the involvement and knowledge of the Executive.

7.5 **Non-Solicitation of Employees**. The Executive shall not, during the Executive's employment and for two (2) years following the termination of the Executive's employment for any reason, whether alone or for or in conjunction with any Person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or assist in the solicitation of any employee of the Company or an affiliate of the Company to leave such employment.

7.6 **Disclosure**. During the Executive's employment with the Company, the Executive shall promptly disclose to the Board full information concerning any interest, direct or indirect, of the Executive (whether as owner, shareholder, partner, lender or other investor, director, officer, employee, consultant or otherwise) or any member of the Executive's immediate family, in any business which is reasonably known to the Executive to purchase or otherwise obtain services or products from, or to sell or otherwise provide services or products to the Company or to any of their respective suppliers or Customers.

7.7 **Other Employment.** During the Executive's employment with the Company, the Executive shall not, except as a representative of the Company or with the prior written approval of the Executive's manager, whether paid or unpaid, be directly or indirectly engaged, concerned or have any financial interest in any capacity in any other business, trade, professional or occupation (or the setting up of any business, trade, profession or occupation).

7.8 **Return of Materials**. All files, forms, brochures, books, materials, written correspondence (including email and instant messages), memoranda, documents, manuals, computer disks, software products and lists (including financial and other

information and lists of customers, suppliers, products and prices) pertaining to the Company or its affiliates which may come into the Executive's possession or control shall at all times remain the property of the Company or its affiliates as applicable. Upon termination of the Executive's employment for any reason, the Executive agrees to immediately deliver to the Company all such property in the Executive's possession or directly or indirectly under the Executive's control. The Executive agrees not to make, for the Executive's personal or business use or that of any other person, reproductions or copies of any such property or other property of the Company or its affiliates.

8. General

8.1 **Reasonableness of Restrictions and Covenants**. The Executive hereby confirms and agrees that the covenants and restrictions contained in this Agreement, including, without limitation, those contained in Section 7, are reasonable and valid the Executive further acknowledges and agrees that the Company may suffer irreparable injury in the event of any breach by the Executive of the obligations under any such covenant or restriction. Accordingly, the Executive hereby acknowledges and agrees that damages would be an inadequate remedy at law in connection with any such breach and that the Company shall therefore be entitled, in addition to any other right or remedy which it may have at law, in equity or otherwise, to temporary and permanent injunctive relief enjoining and restraining the Executive from any such breach.

8.2 **Survival.** Section 7 and this Section survive the termination of this Agreement and the Executive's employment for any reason whatsoever.

8.3 **Entire Agreement**. This is the entire agreement between the Company and the Executive on the subject matters addressed herein. There are no representations, warranties or collateral agreements, whether written or oral, outside of this written Agreement. This Agreement and the terms and conditions of employment contained herein supersede and replace any prior understandings or discussions between the Executive and the Company regarding the Executive's employment.

8.4 **Withholding Taxes**. The Company may withhold from any amounts or benefits payable under this Agreement income taxes and payroll taxes that are required to be withheld pursuant to any applicable law or regulation.

8.5 **Section 409A Compliance**. To the extent applicable, this Agreement is intended to comply with the requirements of Section 409A of the United States Internal Revenue Code of 1986, as amended (together with the applicable regulations thereunder, "**Section 409A**"). To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A or to the extent any provision in this Agreement must be modified to comply with Section 409A (including, without limitation, Treasury Regulation 1.409A-3(c)), such provision shall be read, or shall be modified (with the mutual consent of the parties, which consent shall not be unreasonably withheld), as the case may be, in such a manner so that all payments due under this Agreement shall comply with Section 409A. For purposes of Section 409A, each payment made under this Agreement shall be treated as a separate payment. In no event may Executive, directly or indirectly, designate the calendar year of payment. Notwithstanding any provision of this Agreement to the contrary, if necessary to comply with the restriction in Section 409A(a)(2)(B) concerning payments to "specified employees" (as defined in Section 409A) any payment on account of the Executive's separation from service that would otherwise be due hereunder within six months after such separation shall nonetheless be delayed until the first business day of the seventh month following the Executive's date of termination and the first such payment shall include the cumulative amount of any payments that would have been paid prior to such date if not for such restriction. Notwithstanding anything contained herein to the contrary, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement unless he would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

8.6 **Amendments.** This Agreement may only be amended by written agreement executed by the Company and the Executive. However, changes to the Executive's position, duties, vacation, benefits and compensation, over time in the normal course, do not affect the validity or enforceability of the Agreement.

8.7 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario. The Company and the Executive each irrevocably consent to the exclusive jurisdiction of the courts of Ontario and the courts of Ontario shall have the sole and exclusive jurisdiction to entertain any action arising under this Agreement.

8.8 **Severability**. If any provision in this Agreement is determined to be invalid or unenforceable, such provision shall be severed from this Agreement, and the remaining provisions shall continue in full force and effect. If for any reason any court of competent jurisdiction will find any provisions of this Agreement unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein will be effective to the fullest extent allowed under applicable law in such jurisdiction.

8.9 **Assignment**. The Company may assign this Agreement to an affiliate or subsidiary, and it enures to the benefit of the Company, its successors or assigns.

8.10 **Independent Legal Advice**. The Executive acknowledges that the Executive has been encouraged to obtain independent legal advice regarding the execution of this Agreement, and that the Executive has either obtained such advice or voluntarily chosen

not to do so, and hereby waives any objections or claims the Executive may make resulting from any failure on the Executive's part to obtain such advice.

8.11 **Waiver.** No waiver of any of the provisions of this Agreement shall be effective or binding, unless made in writing and signed by the party purporting to give the same. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall such waiver constitute a continuing waiver, unless expressly stated otherwise.

8.12 **Conditions**. This Agreement and the Executive's continued employment hereunder is conditional on the Company's satisfaction (determined in the Company's sole discretion) that the Executive has met the legal requirements to perform the Executive's role, including but not limited to satisfactory results of Health Canada or any other applicable security clearance checks and criminal record checks and other reference checks that the Company performs. The Executive acknowledges and agrees that in signing this Agreement, and providing the Company with the necessary documentation to perform the checks required for the Executive's role and with references, the Executive is providing consent to the Company or its agent, to performs such checks and contact the references the Executive provided to the Company.

8.13 **Prior Restrictions**. By signing below, the Executive represents that the Executive is not bound by the terms of any agreement with any Person which restricts in any way the Executive's hiring by the Company and the performance of the Executive's expected job duties; the Executive also represents that, during the Executive's employment with the Company, the Executive shall not disclose or make use of any confidential information of any other persons or entities in violation of any of their applicable policies or agreements and/or applicable law.

8.14 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission, including in portable document format (.pdf), shall be deemed as effective as delivery of an original executed counterpart of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Company and the Executive on the dates below.

HORTICAN INC.

By: /s/ Michael Gorenstein

Name: Michael Gorenstein

Title: Chief Executive Officer

CRONOS GROUP INC.

By: /s/ Michael Gorenstein

Name: Michael Gorenstein

Title: Chief Executive Officer

EXECUTIVE

/s/ Xiuming Shum

Name: Xiuming Shum

Exhibit 10.15

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this "Agreement") is entered into by and between **REDWOOD WELLNESS, LLC,** a Delaware limited liability company (the "Company"), **Robert Rosenheck** (the "Executive"), and, solely for the purposes specified herein, **CRONOS GROUP INC.**, a corporation organized under the laws of the Province of Ontario ("Cronos Group").

RECITALS

WHEREAS, Cronos Group, Redwood Holding Group, LLC, a Delaware limited liability company doing business as "Lord Jones" ("Lord Jones"), and, solely for certain limited purposes, the Executive and Cynthia Capobianco, each individual residents of California, have entered into that certain Membership Interest Purchase Agreement, dated as of the date hereof (as may be amended or otherwise modified from time to time in accordance with its terms, the "Purchase Agreement"), which provides for, among other things, the sale, assignment, transfer, conveyance and delivery by Lord Jones to Zeus Cannabinoids LLC, a Delaware limited liability company and Wholly Owned Subsidiary of Cronos Group, of all the issued and outstanding (a) units of limited liability company interests of Redwood Wellness, LLC, a Delaware limited liability company, (b) units of limited liability company interests of Redwood IP Holding, LLC, a Delaware limited liability company, (c) membership interests of Redwood Retail, LLC, a California limited liability company, and (d) membership interests of Redwood Operations CA, LLC, a California limited liability company in exchange for a number of Buyer Common Shares and an aggregate amount in cash, as more fully described in, and pursuant to the terms of, the Purchase Agreement (the "Transaction");

WHEREAS, following the Transaction, the Company will be an indirect wholly owned subsidiary of Cronos Group;

WHEREAS, Cronos Group, the Executive and Cynthia Capobianco have entered into that certain Confidentiality, Non-Competition and Non-Solicitation Agreement, dated as of the date hereof, but only effective as of, and conditioned upon the occurrence of, the Closing pursuant to the terms thereof (as may be amended or otherwise modified from time to time in accordance with its terms, the "Confidentiality, Non-Competition and Non-Solicitation Agreement");

WHEREAS, Cronos Group and the Executive have entered into that certain Lockup Agreement, dated as of the date hereof, but only effective as of, and conditioned upon the occurrence of, the Closing pursuant to the terms thereof (as may be amended or otherwise modified from time to time in accordance with its terms, the "Lockup Agreement");

WHEREAS, commencing as of the Closing (the "Effective Time"), the Company wishes to engage the services of the Executive in a senior and specialized capacity;

WHEREAS, as of the Effective Time, the Executive will have access to the customers, vendors, suppliers, distribution processes and other unique and valuable confidential information and trade secrets of the Company and its affiliates;

WHEREAS, the Company and the Executive desire to enter into a written employment agreement, and the Executive acknowledges that this Agreement and, specifically, the proprietary rights, confidentiality, non-solicitation and non-competition provisions that form part of this Agreement and the Confidentiality, Non-Competition and Non-Solicitation Agreement, respectively, are essential to protect the legitimate business interests of the Company, Cronos Group and their respective affiliates; and

WHEREAS, unless context otherwise requires or as otherwise specified herein, capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and of the representations, warranties, covenants and agreements set forth in this Agreement, the Company and the Executive, and solely for the purposes of Section 4.2 of this Agreement, Sections 7.1 through 7.3 of this Agreement and Sections 7.6 through 7.14 of this Agreement, Cronos Group, intending to be legally bound, agree as follows:

1. Position

1.1 The Executive will be employed in the position of Chief Executive Officer of the Company, as of the Effective Time or such other date as agreed between the Executive and the Company.

1.2 Subject to Section 7.2 of this Agreement, in the event that: (a) the Executive's employment with Laurel Canyon Associates, LLC, a California limited liability company ("LCA") terminates or that certain Agreement for Provisions of Services between

Lord Jones, together with its subsidiaries and affiliates, and LCA, dated as of September 4, 2018 (as may be amended or otherwise modified from time to time in accordance with its terms, the "Services Agreement") is terminated, in each case for any reason prior to the Effective Time, unless pursuant to the Purchase Agreement or in connection with the transactions contemplated thereby; or (b) the Purchase Agreement is terminated in accordance with its terms prior to the Closing, this Agreement will be void *ab initio* and will have no further force or effect and none of the parties hereto will have any obligations hereunder.

2. Location

2.1 The Executive shall be based primarily in the Company's location in Los Angeles, California, with business travel as reasonably required to perform the Executive's duties hereunder. The Company may at its discretion relocate the Executive's principal office or place of work at any time within 20 miles of its current location, and the Executive acknowledges and agrees that this shall not constitute a constructive termination of the Executive's employment for Good Reason (as defined below) and the Executive agrees not to make any claim or demand to the contrary.

3. Employment Duties

3.1 The Executive shall perform such duties and exercise such powers as are normally associated with the Executive's position and as may be assigned to the Executive from time to time. In fulfilling his duties to the Company, the Executive shall be instructed by and shall regularly report to the Chief Executive Officer of Cronos Group (the "CEO"). The Executive's duties, hours of work, location of employment and reporting relationships may not be materially adjusted except as mutually agreed to by the Company and the Executive. Without limiting the foregoing, the Executive shall:

(a) devote all of his working time and attention during normal business hours and such other times as may be reasonably necessary to the business and affairs of the Company and shall not, without the prior written consent of the CEO, undertake any other business or occupation or public office; provided however, that the Executive may, with the prior written consent of the CEO (such consent not to be unreasonably withheld), serve on the board(s) of directors of non-profit organizations that provide services outside the scope of the Company's business or businesses similar or ancillary thereto;

(b) perform those duties that are consistent with the Executive's position that may be reasonably and lawfully assigned to the Executive diligently, honestly and faithfully to the best of the Executive's ability and in the best interest of the Company and Cronos Group;

(c) abide by all Company and Cronos Group policies made available to the Executive, as instituted and amended from time to time including, without limitation, the Cronos Group Employee Handbook, the current copy of which has been provided to the Executive in tandem with this Agreement; and

(d) use reasonable best efforts to promote the interests and goodwill of the Company and not knowingly do anything which may materially harm the Company's and Cronos Group's interests, it being understood that the Executive is a fiduciary of the Company and Cronos Group and owes fiduciary obligations to the Company and Cronos Group that are not extinguished by this Agreement.

4. Compensation and Benefits

4.1 **Base Salary**. The Company shall pay the Executive an annual base salary of US $250,000 less applicable required deductions and withholdings (the "Base Salary"). The Base Salary shall be paid by direct deposit on a bi-weekly basis (as may be amended from time to time), in accordance with the Company's payroll practices. The Base Salary shall be subject to increases, but not decreases, and the Company shall review the Executive's Base Salary from time to time to determine the amount, if any, of such increases.

4.2 **Long-Term Incentive Opportunity**. As soon as practicable after the Effective Time, the Board shall grant the Executive a one-time grant of equity-based awards of US $4,250,000 (based on the grant date fair value of such award), which will be comprised of restricted share units, vesting on the third anniversary of the grant date, as set forth in the applicable award agreement. Any such equity-based grants shall be governed by the terms and conditions of the Employment Inducement Award Plan and/or the applicable award agreement. In the event of the cessation of the Executive's employment for any reason, the Executive's entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable Employment Inducement Award Plan and the applicable award agreement. Subject to the express minimum requirements of applicable employment standards legislation, if any, and the terms and conditions of the awards, the Executive shall not be eligible for any further grants of equity-based awards following the effective date of termination or damages in lieu thereof, regardless of any applicable notice period, pay in lieu of notice, severance payment or similar amount.

4.3 **Group Insured Benefits**. The Executive shall be eligible to participate in the benefits programs for health and dental, life insurance, disability and other benefits on a basis that is no less favorable than similarly situated members of senior management of the Company from time to time, subject to the terms and conditions of the applicable plan document. The Company reserves the right to alter, amend or discontinue all benefits, coverages, plans, and programs referred to in this paragraph, without advance notice, subject to the requirements of applicable employment standards legislation.

4.4 **Vacation**. The Executive shall be entitled to accrue, on a pro-rata basis, four weeks' paid vacation per year. The Executive shall take vacation time at such times as are approved in advance by the Company (such approval not to be unreasonably withheld). Vacation time entitlement shall be pro-rated for the period of the Executive's active employment in the calendar year that the Executive commences and terminates employment, subject to the minimum requirements of applicable employment standards legislation.

4.5 **Business Expenses**. The Executive shall be reimbursed for all reasonable travel and other out-of-pocket expenses properly incurred by the Executive from time to time in connection with performance of the Executive's duties in accordance with Cronos Group's travel policy applicable to similarly situated members of management. The Executive shall furnish to the Company on a monthly basis and in accordance with any of the Company's policies or procedures for expense reimbursement all invoices or statements in respect of expenses for which the Executive seeks reimbursement.

4.6 **Deductions and Withholdings**. The Company shall make such deductions and withholdings from the Executive's remuneration and any other payments or benefits provided to the Executive pursuant to this Agreement as required by Law.

5. Termination of Employment

5.1 **Termination by the Executive**. The Executive may terminate his employment with the Company at any time by providing the Company with at least sixty days' written notice. If, upon receipt of the Executive's resignation (or any later date during such notice period), the Company terminates the Executive's employment before the date the resignation was to be effective, the Company shall, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the resignation was to be effective up to a maximum of three months; (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are expressly required pursuant to applicable employment standards legislation, if any. In such circumstances, any entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable Employment Inducement Award Plan and the applicable award agreement.

5.2 **Termination by the Company for Just Cause or on Death or Disability**. The Company may terminate the Executive's employment at any time for Just Cause upon written notice or in the event of the Executive's death or Disability (as defined below). On the termination of the Executive's employment for Just Cause or on the Executive's death or Disability, this Agreement and the Executive's employment shall terminate and the Company shall, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the Executive's employment ceases; (b) reimburse the outstanding and documented expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are required pursuant to applicable employment standards legislation, if any. In such circumstances, any entitlements in respect of equity-based awards shall be governed by the terms and conditions of the applicable Employment Inducement Award Plan and the applicable award agreement. For the purposes of this Agreement, (A) "Just Cause" means: (i) any act or omission constituting "just cause" for dismissal without notice under Law, if applicable; (ii) the Executive's repeated failure or refusal to perform the Executive's principal duties and responsibilities after notice from the CEO or other officer of Cronos Group; (iii) misappropriation of the funds or property of the Company; (iv) the use of alcohol or drugs in violation of the Company's or Cronos Group's policies on such use or that interferes with the Executive's obligations under this Agreement, continuing after a single warning (subject to the Company's obligations under applicable human rights legislation); (v) the indictment, arrest or conviction in a court of law for, or the entering of a plea of guilty to, a summary or indictable offence or any crime involving moral turpitude, fraud, dishonesty or theft (subject to the Company's obligations under applicable human rights legislation); (vi) engaging in any act (including, without limitation, an act of sexual harassment as determined by Cronos Group) which is a violation of any Law or Company or Cronos Group policy; (vii) any wilful or intentional act which injures or could reasonably be expected to injure the reputation, business or business relationships of the Company, Cronos Group or their respective affiliates; or (viii) the Executive's breach of this Agreement or the Confidentiality, Non-Competition and Non-Solicitation Agreement, and (B) "Disability" means a physical or mental incapacity of the Executive that has prevented the Executive from performing the duties customarily assigned to the Executive for 180 calendar days, whether or not consecutive, out of any twelve consecutive months and that in the opinion of a duly qualified medical practitioner selected by Cronos Group and the Executive (or the Executive's representative), is likely to continue to a similar degree.

5.3 **Termination by the Company without Just Cause or Resignation for Good Reason**.

(a) The Company may terminate the Executive's employment at any time without Just Cause, on providing sixty days' written notice to the Executive. The Executive may resign the Executive's employment for Good Reason (as defined below), on providing written notice to the Company. If the Company terminates the Executive's employment without Just Cause, or if the Executive resigns his employment for Good Reason, and if the Executive signs and delivers and does not revoke a release in favor of the Company in the form attached as Exhibit A to this Agreement to the Company in consideration of amounts in excess of the Executive's minimum entitlements under applicable employment standards legislation, the Company, shall, in full satisfaction of its obligations to the Executive:

(i) pay the Executive's Base Salary and accrued but unpaid vacation pay in accordance with applicable employment standards legislation;

(ii) reimburse the Executive's documented expenses properly incurred until the date the Executive's employment ceases;

(iii) pay the Executive the greater of (A) one month of the Executive's annual base salary in effect at the time of termination for each completed year of service with the Company or any of its then-current or prior Subsidiaries or Affiliates, to a maximum of twelve months of base salary, (such length of time the "Severance Period") payable by way of lump sum payment within sixty days following such termination, and (B) the minimum termination pay and severance pay entitlements of the Executive pursuant to applicable employment standards legislation;

(iv) continue the Executive's group insured benefits, if any, for the longer of the Severance Period or the date on which the Executive obtains alternate benefit coverage, whichever occurs first, subject to the terms and conditions of the benefit plans, as amended from time to time, and the minimum requirements of applicable employment standards legislation. If the Company is unable for any reason to continue its contributions to the benefit plans as set out in this Agreement, it shall pay the Executive an amount equal to the Company's required contributions to such benefit plans on behalf of the Executive for such period. The Executive agrees that he is required to notify the Company when he obtains alternate life, medical and dental benefit coverage; and

(v) determine the Executive's entitlements in respect of equity-based awards in accordance with the terms and conditions of the applicable Employment Inducement Award Plan and the applicable award agreement.

(b) In this Agreement, "Good Reason" means the occurrence of any of the following events without the Executive's consent, except in each case for any isolated, immaterial and inadvertent action not taken in bad faith and which is remedied by the Company within thirty days after a written notice thereof by the Executive (provided that such notice must be given to the Company within ninety days of the Executive becoming aware of such condition):

(i) the assignment to the Executive of duties materially different than the duties assigned to the Executive hereunder;

(ii) a material diminution in the Executive's title, status, seniority, reporting relationship, responsibilities or authority;

(iii) a reduction in the Executive's Base Salary;

(iv) the failure of the Company to timely provide the benefit described in Section 4.2 of this Agreement; and

(v) the relocation of the Executive's primary work location except as permitted by Section 2.1 of this Agreement.

5.4 **Resignation on Termination**. The Executive agrees that upon any termination of employment with the Company for any reason the Executive shall promptly tender resignation from any position the Executive may hold as an officer or director of the Company, Cronos Group or any subsidiary thereof and take all steps reasonably necessary to remove the Executive from any and all designated positions under any applicable Laws. In the event that the Executive fails to comply with this obligation within ten days of the Executive's termination or resignation, the Executive hereby authorizes the Company to appoint a Person in the Executive's name and on the Executive's behalf to sign or execute any documents necessary or requisite to give effect to such resignation.

5.5 **Compliance with Laws**. The Executive understands and agrees that the entitlements under this Section 5 are provided in satisfaction of the Executive's entitlements to notice of termination, pay in lieu of notice and severance pay, if any, under applicable employment standards legislation, this Agreement, any employee benefit plan sponsored by the Company or any of its affiliates, applicable Law or otherwise.

6. Restrictive Covenants

6.1 Nothing contained herein shall adversely affect or impair the Company's or Cronos Group's right to enforce any of the restrictive covenants or other post-employment obligations contained in the Confidentiality, Non-Competition and Non-Solicitation Agreement, or any other agreement to which the Executive is a party or otherwise bound. The Executive agrees that the restrictive covenants and other post-employment obligations under the Confidentiality, Non-Competition and Non-Solicitation Agreement are and shall remain in effect and enforceable in accordance with the terms of the Confidentiality, Non-Competition and Non-Solicitation Agreement, and the Executive hereby reaffirms the existence and reasonableness of those obligations. The Executive agrees that his obligations under this Agreement are in addition to, and shall not supersede, modify or otherwise affect, his obligations under the Confidentiality, Non-Competition and Non-Solicitation Agreement, if any.

6.2 **Intellectual Property**.

(a) In this Section 6.2, the term "Germplasm" means any living or preserved biological tissue or material which may be used for the purpose of plant breeding and/or propagation, including, without limitation, plants, cuttings, seeds, clones, cells, tissues, plant materials and genetic materials (including, without limitation, nucleic acids, genes, promoters, reading frames, regulatory sequences, terminators, chromosomes whether artificial or natural and vectors). For the purposes of this Agreement, "Intellectual Property" means any and all intellectual property and proprietary rights existing in any jurisdiction throughout the world, including any rights in: (i) patents, patent applications of any kind, patent rights, industrial designs, industrial design applications, industrial design rights, inventions, discoveries and invention disclosures (whether or not patented), and any divisionals, continuations, continuations-in-part, reissues, renewals, reexaminations and extensions of any of the foregoing; (ii) trademarks, service marks, trade names, trade dress, logos, packaging designs, slogans and other indicia of source, and registrations and applications for registration of any of the foregoing and any renewals thereof, together with any goodwill symbolized thereby (iii) Internet domain names and URLs, and registrations and applications for registration of any of the foregoing and any renewals thereof; (iv) social media profiles, accounts and handles, and services related thereto, including those made available through Facebook, Twitter, Instagram, SnapChat and other similar platforms; (v) copyrightable works (including with respect to software and compilations of data), whether published or unpublished, including all copyrights, copyright registrations and applications; (vi) know-how, trade secrets, confidential or proprietary information and data or database rights, including with respect to any formulae, recipes, processes, techniques or designs; (vii) plant varieties and applications and registrations for plant varietals issued by or pending before any Governmental Authority, including under the Plant Variety Protection Act (United States) or the Plant Breeders' Rights Act (Canada); and (viii) circuit topographies, database rights and software.

(b) The Executive agrees to promptly disclose to the Company (including, without limitation, to the Executive's manager) all Intellectual Property, including with respect to, but without limitation, Germplasm, and whether or not any of the foregoing are registrable, which the Executive authors, makes, conceives, develops, discovers or reduces to practice, solely, jointly or in common with other employees, during the Executive's employment with the Company, and which directly relate to the business activities of the Company, Cronos Group or any of their respective affiliates ("Employee Inventions"). The Executive agrees to maintain as confidential any Employee Inventions unless and until made generally public by the Company or Cronos Group, and not to make application for registration of rights in respect of any Employee Inventions unless it is at the request and direction of the Company or Cronos Group. Intellectual Property coming within the scope of the business of the Company, Cronos Group or any of their respective affiliates made and/or developed by the Executive while in the employ of the Company, whether or not conceived or made during regular working hours and whether or not the Executive is specifically instructed to make or develop the same, shall be for the benefit of the Company, Cronos Group or any of their respective affiliates and shall be considered to have been made pursuant to this Agreement and shall be deemed Employee Inventions and shall immediately become exclusive property of the Company.

(c) The Executive further acknowledges that all Employee Inventions are "work made for hire" (to the extent permitted by applicable Law) owned exclusively by the Company and that the Executive has been compensated for such Employee Inventions by the Executive's salary, commissions and other benefits, unless regulated otherwise by Law. To the extent such Employee Inventions are not "work made for hire" or otherwise not owned automatically and exclusively by the Company or Cronos Group any of their respective affiliates as a matter of Law, then to the extent permitted under by applicable Law, the Executive hereby irrevocably assigns and transfers, and shall assign and transfer, to the Company, the Executive's entire right, title and interest in and to any and all Employee Inventions, and the Executive agrees to execute and deliver to the Company any and all instruments necessary or reasonably desirable to accomplish the foregoing and, in addition, to do all lawful acts which may be necessary or reasonably desirable to assist the Company to obtain and enforce protection of Employee Inventions. If and to the extent the foregoing assignment cannot be effected as a matter of law with respect to any Employee Inventions, the Executive hereby grants to the Company an exclusive, perpetual, fully-paid, royalty-free, irrevocable, worldwide, fully-transferable, fully sublicensable (on multiple levels) license to use, modify, display, perform, make, have made, copy, make derivative works, import, export, distribute and otherwise exploit such Employee Inventions for any purpose. The Executive shall, at the written request and cost of the Company, and for no additional compensation or consideration from the Company, Cronos Group or any of their respective affiliates, sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require: (i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) registered rights in any Employee Inventions, including any patents, industrial designs, letters patent, copyrights, plant breeders' rights, trademarks, service marks or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; (ii) to perfect or evidence ownership by the Company or its designees of any and all Employee Inventions, in form suitable for recordation in the United States, Canada and any other intellectual property office anywhere in the world; (iii) to defend any opposition proceedings of any type whatsoever in respect of such applications, and any opposition proceedings or petitions or applications of any type whatsoever for revocation of such Employee Inventions, whether such proceedings are brought before a court or any administrative body; (iv) to defend and/or assert the Company's,

Cronos Group's, or any of their respective affiliates' rights in any Intellectual Property against any third party; and (v) to assert the Executive's moral rights in any Intellectual Property against any third party. For greater certainty, all materials related to Employee Inventions (including, without limitation, notes, records and correspondence, whether written or electronic) (collectively, "Invention Records") are the property of the Company, which the Executive shall provide to the Company upon request. Invention Records shall not be removed from the premises of the Company, Cronos Group, or any of their respective affiliates without the prior written consent of the Company. The Executive further waives all moral rights in and to any Employee Inventions and all work the Executive produced during the course of the Executive's employment in favor of the Company, its licensees, successors and assigns, and transferees of the Employee Inventions and such work.

(d) In the course of performing duties pursuant to this Agreement, the Executive shall only use Germplasm provided by or approved by the Company, and the Executive agrees that any such Germplasm provided by the Company remains the sole property of the Company and that such Germplasm shall not be removed from Company premises without the prior written consent of the Company.

(e) The Executive represents and warrants that the Executive does not possess any Intellectual Property or Germplasm of any third party, including, without limitation, any prior employer or competitor of the Company, Cronos Group, or any of their respective affiliates (other than Intellectual Property of a prior employer now owned or controlled by the Company, Cronos Group, or an affiliate of Cronos Group), and the Executive shall not acquire and/or use Intellectual Property or Germplasm of any third party in the course of performing duties pursuant to this Agreement and shall not bring any Germplasm of any third party onto premises of the Company, Cronos Group or any of their respective affiliates.

6.3 **Disclosure**. During the Executive's employment with the Company, the Executive shall promptly disclose to the Board full information concerning any interest, direct or indirect, of the Executive (whether as owner, shareholder, partner, lender or other investor, director, officer, employee, consultant or otherwise) or any member of the Executive's immediate family, in any business which is reasonably known to the Executive to purchase or otherwise obtain services or products from, or to sell or otherwise provide services or products to the Company or to any of its suppliers or customers.

6.4 **Return of Materials**. The Executive reaffirms and acknowledges his obligations to comply with the provisions set forth in Section 2(b) of the Confidentiality, Non-Competition and Non-Solicitation Agreement.

7. General

7.1 **Reasonableness of Restrictions and Covenants**. The Executive hereby confirms and agrees that the covenants and restrictions contained in this Agreement, including, without limitation, those contained in Section 6 of this Agreement and those set forth in the Confidentiality, Non-Competition and Non-Solicitation Agreement, are reasonable and valid. The Executive further acknowledges and agrees that the Company or Cronos Group or their respective affiliates may suffer irreparable injury in the event of any breach by the Executive of the obligations under any such covenant or restriction. Accordingly, the Executive hereby acknowledges and agrees that damages would be an inadequate remedy at law in connection with any such breach and that the Company or Cronos Group shall therefore be entitled, in addition to any other right or remedy which it may have at law, in equity or otherwise, to temporary and permanent injunctive relief enjoining and restraining the Executive from any such breach.

7.2 **Survival**. Section 6 of this Agreement and this Section 7 shall survive the termination of this Agreement and the Executive's employment for any reason whatsoever.

7.3 **Entire Agreement**. Along with the Confidentiality, Non-Competition and Non-Solicitation Agreement and the Lockup Agreement, this is the entire agreement between the Company, Cronos Group and the Executive on the subject matters addressed herein. There are no representations, warranties or collateral agreements, whether written or oral, outside of this written Agreement or the Confidentiality, Non-Competition and Non-Solicitation Agreement and the Lockup Agreement. This Agreement, the Confidentiality, Non-Competition and Non-Solicitation Agreement and the Lockup Agreement and the terms and conditions of employment contained herein supersede and replace any prior understandings or discussions between the Executive, and LCA or the Company, respectively, regarding the Executive's employment with LCA, or services to the Company pursuant to the Services Agreement.

7.4 **Withholding Taxes**. The Company may withhold from any amounts or benefits payable under this Agreement income taxes and payroll taxes that are required to be withheld pursuant to any applicable Law.

7.5 **Section 409A Compliance**. To the extent applicable, this Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder ("Section 409A"). To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A or to the extent any provision in this Agreement must be modified to comply with Section 409A (including, without limitation, Treasury Regulation 1.409A-3(c)), such provision shall be read, or shall be modified (with the mutual consent of the parties hereto, which consent shall not be unreasonably withheld), as the case may be, in such a manner so that all payments due under this Agreement shall comply with Section 409A. For purposes of Section 409A, each payment made under this Agreement shall be treated as a

separate payment. In no event may the Executive, directly or indirectly, designate the calendar year of payment. Notwithstanding any provision of this Agreement to the contrary, if necessary to comply with the restriction in Section 409A(a)(2)(B) concerning payments to "specified employees" (as defined in Section 409A) any payment on account of the Executive's separation from service that would otherwise be due hereunder within six months after such separation shall nonetheless be delayed until the first business day of the seventh month following the Executive's date of termination and the first such payment shall include the cumulative amount of any payments that would have been paid prior to such date if not for such restriction. Notwithstanding anything contained herein to the contrary, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement unless he would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

7.6 **Amendments**. This Agreement may only be amended by written agreement executed by the Company, Cronos Group and the Executive. However, changes to the Executive's position, duties, vacation, benefits and compensation, over time in the normal course in accordance with, and subject to the terms and conditions set forth in, this Agreement, do not affect the validity or enforceability of the Agreement.

7.7 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of California and the laws of the United States applicable in the State of California. The Company and the Executive each irrevocably consent to the exclusive jurisdiction of the courts of California and the courts of California shall have the sole and exclusive jurisdiction to entertain any action arising under this Agreement.

7.8 **Severability**. If any provision in this Agreement is determined to be invalid or unenforceable, such provision shall be severed from this Agreement, and the remaining provisions shall continue in full force and effect. If for any reason any court of competent jurisdiction will find any provisions of this Agreement unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein will be effective to the fullest extent allowed under applicable Law in such jurisdiction.

7.9 **Assignment**. The Company and Cronos Group may assign this Agreement to an affiliate or subsidiary thereof with the consent of the Executive (such consent not to be unreasonably withheld), and it enures to the benefit of the Company, Cronos Group, and their respective successors or assigns.

7.10 **Independent Legal Advice**. The Executive acknowledges that the Executive has been encouraged to obtain independent legal advice regarding the execution of this Agreement, and that the Executive has either obtained such advice or voluntarily chosen not to do so, and hereby waives any objections or claims the Executive may make resulting from any failure on the Executive's part to obtain such advice.

7.11 **Waiver**. No waiver of any of the provisions of this Agreement shall be effective or binding, unless made in writing and signed by the party hereto purporting to give the same. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall such waiver constitute a continuing waiver, unless expressly stated otherwise.

7.12 **Conditions**. This Agreement and the Executive's continued employment hereunder is conditional on the Executive meeting the legal requirements to perform the Executive's role, including, without limitation, the Executive's reasonably satisfactory results of any applicable security clearance checks or criminal record checks. For the avoidance of doubt, in the event that (a) the Executive no longer meets the legal requirements to perform his or her duties under this Agreement pursuant to applicable Law (not including any legal requirements set forth in the definition of Just Cause contained herein), and (b) the Company terminates the Executive's employment in connection with such legal requirement deficiency, then such termination will not constitute a termination for Just Cause under this Agreement.

7.13 **Prior Restrictions**. By signing below, the Executive represents that the Executive is not bound by the terms of any agreement with any Person which restricts in any way the Executive's hiring by the Company and the performance of the Executive's expected job duties.

7.14 **Counterparts**. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission, including in portable document format (.pdf), shall be deemed as effective as delivery of an original executed counterpart of this Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the Company, Cronos Group and the Executive as of the date below.

REDWOOD WELLNESS, LLC

By: /s/ Cynthia Capobianco

Name: Cynthia Capobianco

Title: Vice President

CRONOS GROUP INC.

By: /s/ Michael Gorenstein

EXECUTIVE

Robert Rosenheck

CRONOS GROUP INC.

RESTRICTED SHARE UNIT AGREEMENT

This Restricted Share Unit Agreement (hereinafter referred to as the "**Agreement**") is made and entered into this 5th day of September, 2019 (the "**Grant Date**") by and between Cronos Group Inc. (hereinafter referred to as the "**Company**") and Robert Rosenheck (hereinafter referred to as the "**Participant**"), pursuant to the **Cronos Group Inc. Employment Inducement Award Plan #1** (hereinafter referred to as the "**Plan**"). All terms and provisions of the Plan are hereby incorporated into and shall govern the Agreement except where general provisions of the Plan are superseded by particular provisions of the Agreement. All capitalized terms used in the Agreement shall have the same meaning given the terms in the Plan.

1. Grant of Restricted Share Units. The Company hereby grants the Participant 366,486 Restricted Share Units (hereinafter referred to as the "**RSUs**"), which are subject to restrictions set forth below.

2. Vesting of Restricted Share Units. Subject to the terms and conditions of this Agreement and the Plan, the RSUs shall vest on the third (3rd) anniversary of the Grant Date (the "**Vesting Date**"), provided, that the Participant remains employed at the Company or an Affiliate through such date. Upon the Vesting Date, the RSUs shall promptly (but not later than thirty (30) calendar days thereafter) be paid out in Shares. Prior to the vesting, expiration, or other termination of these RSUs, the Participant shall have the right to receive dividend equivalent payments based on the regular cash dividends paid or distributed on the underlying Shares, which dividend equivalents shall be paid to the Participant in cash upon the date that regular cash dividends are paid to shareholders.

3. Termination of Employment. In the event that prior to the Vesting Date, the Participant's employment terminates because of death or Disability (as defined in the Participant's Employment Agreement), by the Company or its Affiliate without Just Cause or by the Participant for Good Reason, the RSUs shall vest and promptly (but not later than thirty (30) calendar days thereafter) be paid out in Shares. Except as set forth in paragraph 4 below, in the event that a Participant's employment with the Company is terminated for any reason other than death, Disability, without Just Cause or for Good Reason prior to the Vesting Date, then the RSUs shall be forfeited for no consideration.

4. Change in Control. In the event of a Change in Control, the provisions set forth in Section 9 of the Plan will apply.

5. Employment. Nothing in the Agreement shall interfere with or limit in any way the right of the Company to terminate the Participant's employment in accordance with the terms of the Participant's applicable Employment Agreement nor confer upon any Participant any right to continue in the employ of the Company.

6. Withholding Taxes. The Participant acknowledges and agrees that the Company has the right to deduct from any payments due to the Participant any Federal, state, or local taxes required by law to be withheld with respect to the RSUs.

7. Compliance with Securities Laws. The Participant acknowledges that the rights of the Participant to transfer Shares shall be subject to compliance with the requirement of federal and state securities laws, including, but not limited to, Rule 144 under the United States Securities Act of 1933, as amended.

8. Governing Law. The Plan and this Agreement, and all matter which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Participant.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement is executed by the Company and by Participant as of this 5th day of September, 2019.

Cronos Group Inc.

/s/ Xiuming Shum

By: Authorized Signatory

PARTICIPANT

/s/ Robert Rosenheck

Robert Rosenheck

Exhibit 10.17

EXECUTIVE EMPLOYMENT AGREEMENT

(this "**Agreement**")

BETWEEN:

HORTICAN INC.

(the "**Company**")

- and -

DAVID HSU

(the "**Executive**")

WHEREAS the Company is a wholly-owned subsidiary of Cronos Group Inc. ("**Cronos Group**");

WHEREAS the Company wishes to engage the services of the Executive in a senior and specialized capacity and the Executive will have extensive access to the customers, vendors, suppliers, distribution processes and other unique and valuable confidential information and trade secrets of the Company;

AND WHEREAS the Company and the Executive desire to enter into a written employment agreement, and the Executive acknowledges that this Agreement and, specifically, the proprietary rights, non-solicitation and non-competition provisions that form part of this Agreement are essential to protect the legitimate business interests of the Company;

NOW THEREFORE in consideration of the above, the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Executive agree as follows.

1. Position

1.1 The Executive will be employed in the position of Chief Operating Officer commencing on June 12, 2018 or such other start date as agreed between the Executive and the Company.

2. Location

2.1 The Executive will generally work out of the Company's locations in Toronto and Stayner, Ontario, with business travel as reasonably required to perform the Executive's duties hereunder. The Company may at its discretion relocate the Executive's principal office or place of work at any time within 100 kilometres of its current location, and the Executive acknowledges and agrees that this shall not constitute a constructive termination of the Executive's employment and the Executive agrees not to make any claim or demand to the contrary.

3. Work Authorizations

3.1 The Executive will be based primarily in the Company's Toronto and Stayner locations, and it is a condition of this Agreement and the Executive's employment that the Executive shall be able to work in lawfully in Canada. However, it is understood and agreed that the Executive's position may require that the Executive work abroad, as needed by the Company. The Executive's employment with the Company is therefore also conditional upon the securing of all necessary visas, work permits and other authorizations that may be required to enter and/or to work in any of the countries in which the Executive may be assigned to work or visit during the term of employment. The Company will provide reasonable assistance in respect of immigration matters. Despite such assistance, the Company cannot guarantee when or whether the Executive's application for a work permit, visa, permanent residence status or other immigration documents will be approved. Should the necessary authorizations that permit the Executive to legally work in Canada or in any other jurisdiction in which the Executive will be required to work not be obtained, this Agreement will be null and void and of no force or effect. At any time, should necessary authorizations that permit the Executive to legally work in Canada or any other jurisdiction in which the Executive will be required to work, or visit expire without the possibility of renewal, the Executive's employment will come to an end and shall be treated by the Company as a termination without just cause pursuant to Section 6.3 of this Agreement.

4. Employment Duties

4.1 The Executive shall perform such duties and exercise such powers as are normally associated with or incidental and ancillary to the Executive's position and as may be assigned to the Executive from time to time. In fulfilling his/her duties to the Company, the Executive will be instructed by and will regularly report to the Chief Executive Officer (the "**CEO**"). The Executive's duties, hours of work, location of employment and reporting relationships may be adjusted from time to time by the Company to meet changing business and operational needs. Without limiting the foregoing, the Executive shall:

(a) devote his/her full working time and attention during normal business hours and such other times as may be reasonably required to the business and affairs of the Company and shall not, without the prior written consent of the CEO, undertake any other business or occupation or public office;

(b) perform those duties that may be assigned to the Executive diligently, honestly, and faithfully to the best of the Executive's ability and in the best interest of the Company;

(c) abide by all Company policies, as instituted and amended from time to time including but not limited to, the Code of Business Conduct and Ethics (the "**Code**"), the Insider Trading Policy, the Anti-Fraud Policy, the Equal Employment Opportunity Policy, the Disclosure Policy, the Harassment and Violence in the Workplace Policy and the Substance Use Policy;

(d) use best efforts to promote the interests and goodwill of the Company and not knowingly do, or permit to be done, anything which may be prejudicial to the Company's interests, it being understood and agreed that the Executive is a fiduciary of the Company and owes fiduciary obligations to the Company that are not extinguished by this Agreement; and

(e) identify and immediately report to the CEO any gross misrepresentations or violations of the Code or applicable law by the Company or its management.

5. Compensation and Benefits

5.1 **Base Salary**. The Company will pay the Executive an annual base salary of CAD $225,000 less applicable deductions and withholdings ("**Base Salary**"). The Executive's base salary will be paid by direct deposit on a bi-weekly basis (as may be amended from time to time), in accordance with the Company's payroll practices. The Company may review the Executive's Base Salary from time to time. Any changes to Base Salary will be at the sole discretion of the Company.

5.2 **Performance Bonus**. In addition to the Executive's annual Base Salary, the Executive will be eligible to participate in the Company's annual bonus plan if and when such plan is established or adopted by the Company, and to receive an annual bonus, subject to the terms and conditions of that plan as determined by the Company at its sole discretion. Nothing in this Agreement guarantees that the Company will establish or adopt an annual bonus plan, and the Company reserves the right to amend or terminate any annual bonus plan established or adopted at any time, without notice or further obligation (subject only to the minimum requirements of applicable employment standards legislation, if any). The Executive must be actively employed by the Company through to the end of the calendar or fiscal year for which it is awarded in order to be eligible for any annual bonus for that year, subject only to the minimum requirements of applicable employment standards legislation. For certainty, if the Executive's employment is terminated by the Company for just cause, or the Executive resigns, or the Executive's employment terminates on any other basis (including without just cause), the Executive will be entitled to no annual bonus or any part thereof for the year in which the Executive ceases the Executive's active employment or thereafter, subject only to the minimum requirements of applicable employment standards legislation. There will be no guarantee of a bonus in any given year.

5.3 **Stock Options**. The Executive may be eligible to receive grants of options to purchase shares in the Company or affiliated companies, which may include grants of options to purchase shares in Cronos Group. The amount of the grants will be determined by the board of directors of Cronos Group (the "**Board**") at its sole discretion. The grants of such options will be governed by the terms and conditions of the Cronos Group stock option plan or any other applicable plan and/or the applicable award agreement. Such plan or plans may be amended from time to time at the Company's sole discretion. In the event of the cessation of the Executive's employment for any reason, the Executive's entitlements in respect of stock options shall be governed by the terms and conditions of the Cronos Group stock option plan, any other applicable plan and the applicable award agreement. The Executive will not be eligible for any further grants of options following the effective date of termination.

5.4 **Group Insured Benefits**. The Executive acknowledges and agrees that the Executive shall not be eligible to participate in any Company benefits programs for health and dental, life insurance, disability and similar benefits. In lieu of such participation,

the Executive shall receive a monthly lump sum payment to be determined with the Executive in order to purchase such benefit coverages as the Executive may choose in the Executive's sole discretion.

5.5 **Vacation**. The Executive will be entitled accrue, on a pro-rata basis, 3 weeks' paid vacation per year. The Executive shall take vacation time at such times as are approved in advance by the Company. Vacation time entitlement will be prorated for the period of the Executive's active employment in the calendar year that the Executive commences and terminates employment, subject to the minimum requirements of applicable employment standards legislation. Vacation may be carried forward until March 31 of the following year after which time it will be forfeited to the extent it exceeds the minimum vacation entitlement provided for under applicable employment standards legislation. Vacation will be earned but will not be taken during the first three (3) months of the Executive's employment.

5.6 **Perquisites**. The Executive will receive the following perquisites: tax preparation assistance from an accounting firm designated by the Company.

5.7 **Business Expenses**. The Executive shall be reimbursed for all reasonable travel and other out-of-pocket expenses properly incurred by the Executive from time to time in connection with performance of the Executive's duties. The Executive shall furnish to the Company on a monthly basis and in accordance with any of the Company's policies or procedures for expenses reimbursement all invoices or statements in respect of expenses for which the Executive seeks reimbursement.

5.8 **Deductions and Withholdings**. The Company shall make such deductions and withholdings from the Executive's remuneration and any other payments or benefits provided to the Executive pursuant to this Agreement as may be required by law.

6. <u>Termination of Employment</u>

6.1 **Termination by the Executive**. The Executive may terminate his/her employment with the Company at any time by providing the Company with at least three (3) months of notice in writing. If, upon receipt of the Executive's resignation, the Company terminates the Executive's employment before the date the resignation was to be effective, the Company will, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the resignation was to be effective up to a maximum of three months; and (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases. In such circumstances the Executive will be ineligible for any prorated bonus for the year of termination, and any entitlements in respect of stock options shall be governed by the terms and conditions of the Company's stock option plan, any other applicable plan and the applicable award agreement.

6.2 **Termination by the Company for Just Cause or on Death or Disability**. The Company may terminate the Executive's employment at any time for just cause without prior notice or in the event of the Executive's death or disability. On the termination of the Executive's employment for just cause or on the Executive's death or disability, this Agreement and the Executive's employment shall terminate and the Company will, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the Executive's employment ceases; (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are expressly required pursuant to applicable employment standards legislation, if any. In such circumstances the Executive will be ineligible for any pro-rated bonus for the year of termination, and any entitlements in respect of stock options shall be governed by the terms and conditions of the Company's stock option plan, any other applicable plan and the applicable award agreement. For the purposes of this Agreement, (A) "**just cause**" means: (i) any act or omission constituting "just cause" for dismissal without notice under the common law; (ii) the Executive's repeated failure or refusal to perform the Executive's principal duties and responsibilities after notice from the CEO; (iii) misappropriation of the funds or property of the Company; (iv) use of alcohol or drugs in violation of the Company's policies on such use or that interferes with the Executive's obligations under this Agreement, continuing after a single warning (subject to the Company's obligations under human rights legislation); (v) the indictment or conviction in a court of law for, or the entering of a plea of guilty to, a summary or indictable offence or any crime involving -fraud, dishonesty or theft (subject to the Company's obligations under human rights legislation); (vi) the misuse of Company computers or computer network systems for non Company business; (vii) engaging in any act (including, without restriction, an act of sexual harassment as determined by the Company) which is a violation of any law, regulation or Company policy; or (viii) any wilful or intentional act which injures or could reasonably be expected to injure the reputation, business or business relationships of the Company, and (B) "disability" means a physical or mental incapacity of the Executive that has prevented the Executive from performing the duties customarily assigned to the Executive for 180 calendar days, whether or not consecutive, out of any twelve (12) consecutive months and that in the opinion of the Company, acting on the basis of advice from a duly qualified medical practitioner, is likely to continue to a similar degree.

6.3 **Termination by the Company without Just Cause or Resignation for Good Reason on Change of Control**. The Company may terminate the Executive's employment at any time without just cause, on providing written notice to the Executive. The Executive may resign the Executive's employment for Good Reason (as defined below) within twenty-four (24) months of the

occurrence of a Change in Control (as defined below), on providing written notice to the Company. If the Company terminates the Executive's employment without just cause or if the Executive resigns his employment for Good Reason within twenty-four (24) months of the occurrence of a Change of Control, and if the Executive signs and delivers a release in favour of the Company to the Company for amounts in excess of the Executive's minimum entitlements under applicable employment standards legislation, the Company, will, in full satisfaction of its obligations to the Executive:

(a) pay the Executive's base salary and accrued but unpaid vacation pay in accordance with applicable employment standards legislation;

(b) reimburse the Executive's expenses properly incurred until the date the Executive's employment ceases;

(c) in lieu of notice, pay the Executive the greater of (i) twelve (12) months of the Executive's Base Salary, payable by way of lump sum payment or salary continuance at the Company's option, and (ii) the minimum termination pay and severance pay entitlements of the Executive pursuant to applicable employment standards legislation, provided, however, that if the notice period for which pay in lieu is provided to the Executive under this Section 6.3(c) is less than the non-competition period set out in Section 7.3 hereof, the notice period will be extended to be equal to the non-competition period and the Executive shall receive the Executive's annual base salary in effect at the time of termination for the balance of the non-competition period.

(d) continue the Executive's group insured benefits, if any, until the end of the notice period calculated under (c) above or the date on which the Executive obtains alternate benefit coverage, whichever occurs first, subject to the terms and conditions of the benefit plans, as amended from time to time. If the Company is unable for any reason to continue its contributions to the benefit plans as set out in this Agreement, it will pay the Executive an amount equal to the Company's required contributions to such benefit plans on behalf of the Executive for such period. The Executive agrees that he/she is required to notify the Company when he/she obtains alternate life, medical and dental benefit coverage; and

(e) determine the Executive's entitlements in respect of stock options in accordance with the terms and conditions of the Company's stock option plan, any other applicable plan and the applicable award agreement.

In this Agreement, "**Change of Control**" means:

(a) the consummation of any transaction or series of transactions including any reorganization, recapitalization, statutory share exchange, consolidation, amalgamation, arrangement, merger or issue of voting shares in the capital of the Company, the result of which is that any Person or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions becomes the beneficial owner, directly or indirectly, of more than 50% of the voting securities in the capital of the entity resulting from such transaction or series of transactions or the entity that acquired all or substantially all of the business or assets of the Company in a transaction or series of transactions described in paragraph (ii) below (in each case, the "**Surviving Company**") or the ultimate parent entity that has beneficial ownership of sufficient voting power to elect a majority of the board of directors (or analogous governing body) of the Surviving Company (the "**Parent Company**"), measured by voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) rather than number of securities (but shall not include the creation of a holding company or other transaction that does not involve any substantial change in the proportion of direct or indirect beneficial ownership of the voting securities of the Company prior to the consummation of the transaction or series of transactions);

(b) the direct or indirect sale, transfer or other disposition, in one or a series of transactions, of all or substantially all of the business or assets of the Company, taken as a whole, to any Person or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions (other than to any Affiliates of the Company); or

(c) Incumbent Directors during any consecutive 12-month period ceasing to constitute a majority of the Board of the Company (for the purposes of this paragraph, an "Incumbent Director" shall mean any member of the Board who is a member of the Board immediately prior to the occurrence of a contested election of directors of the Company).

In this Agreement, "**Good Reason**" means the occurrence of any of the following events without the Executive's consent, except in each case for any isolated, immaterial or inadvertent action not taken in bad faith and which is remedied by the Company within thirty (30) days after a written notice thereof by the Executive:

(a) the assignment to the Executive of duties materially different than the duties assigned to the Executive hereunder;

(b) a material diminution in the Executive's title, status, seniority, reporting relationship, responsibilities or authority;

(c) any reduction in the Executive's Base Salary or any material reduction in any other forms of the Executive's compensation; or

(d) the relocation of the Executive's primary work location, except as permitted by Section 2.1.

6.4 **Resignation on Termination**. The Executive agrees that upon any termination of employment with the Company for any reason the Executive shall immediately tender resignation from any position the Executive may hold as an officer or director of the Company, or any subsidiary or affiliate of the Company. In the event that the Executive fails to comply with this obligation within three (3) days of the Executive's termination or resignation, the Executive hereby irrevocably authorizes the Company to appoint a person in the Executive's name and on the Executive's behalf to sign or execute any documents and/or do all things necessary or requisite to give effect to such resignation.

6.5 **Compliance with Laws**. The Executive's entitlements under this Section 6 are provided in full satisfaction of the Executive's entitlements to notice of termination, pay in lieu of notice, and severance pay, if any, under applicable employment standards legislation, this Agreement, the common law or otherwise.

7. Restrictive Covenants

7.1 **Non-Disclosure**. The Executive acknowledges and agrees that:

(a) during the term of the Executive's employment, the Executive may be given access to or may become acquainted with confidential and proprietary information of the Company and its affiliates and related entities, including but not limited to: trade secrets; know-how; Intellectual Property (as defined below); Employee Inventions (as defined below), Invention Records (as defined below), existing and contemplated work product resulting from or related to projects performed or to be performed by or for the Company; programs and program modules; processes; algorithms; design concepts; system designs; production data; test data; research and development information; information regarding the acquisition, protection, enforcement and licensing of proprietary rights; technology; joint ventures; business, accounting, engineering and financial information and data; marketing and development plans and methods of obtaining business; forecasts; future plans and strategies of the Company; pricing, cost, billing and fee arrangements and policies; quoting procedures; special methods and processes; lists and/or identities of customers, suppliers, vendors and contractors; the type, quantity and specifications of products and services purchased, leased, licensed or received by the Company and/or any of its customers, suppliers, or vendors; internal personnel and financial information; business and/or personal information about any senior staff members of the Company or any person or company with which the Company enters a strategic alliance or any other partnering arrangements; vendor and supplier information; the manner and method of conducting the Company's business; the identity or nature of relationship of any persons or entities associated with or engaged as consultants, advisers, agents, distributors or sales representatives (the "**Confidential Information**") the disclosure of any of which to competitors of the Company or to the general public, or the use of same by the Executive or any competitor of the Company, would be highly detrimental to the interests of the Company;

(b) disclosure or use of Confidential Information, other than in connection with the Company's business or as specifically authorized by the Company, will be highly detrimental to the business and interests of the Company and could result in serious loss of business and damage to it. Accordingly, the Executive specifically agrees to hold all Confidential Information in strictest confidence, and the Executive agrees that the Executive will not, without the Company's prior written consent, disclose, divulge or reveal to any person, or use for any purpose other than for the exclusive benefit of the Company, any Confidential Information, in whatever form contained; provided that the foregoing shall not apply to information (except for personal information about identifiable individuals) that: (i) was known to the public prior to its disclosure to the Executive; (ii) becomes generally known to the public subsequent to disclosure to the Executive other than by reason of the Executive's breach of this Section; (iii) becomes available to the Executive from a source independent of the Company; or (iv) the Executive is specifically required to disclose by applicable law or legal process (provided that the Executive provides the Company with prompt advance written notice of the contemplated disclosure and cooperates with the Company in seeking a protective order or other appropriate protection of such information).

(c) the Executive will deliver to the Company, immediately upon termination of employment (for any reason and regardless of whether the Executive or the Company terminate the employment) or at any time the Company so requests: (i) any and all documents, files, notes, memoranda, models, databases, computer files and/or other computer programs reflecting any Confidential Information whatsoever or otherwise relating to the Company's business; (ii) lists or other documents regarding customers, suppliers, or vendors of the Company or leads or referrals to prospective business deals; and (iii) any computer equipment, home office equipment, automobile or other business equipment belonging to the Company that the Executive may then possess or have under the Executive's control.

7.2 Intellectual Property

(a) In this section, the term "**Germplasm**" means any living or preserved biological tissue or material which may be used for the purpose of plant breeding and/or propagation, including but not limited to plants, cuttings, seeds, clones, cells, tissues, plant materials, and genetic materials (including but not limited to nucleic acids, genes, promoters, reading frames, regulatory sequences, terminators, chromosomes whether artificial or natural, and vectors).

(b) The Executive agrees to promptly disclose to the Company (including to the Executive's manager) all ideas, suggestions, discoveries, designs, works, developments, improvements, processes, formulas, data, techniques, know-how, confidential and proprietary information, trade secrets, inventions and improvements, including with respect to, but not limited to, Germplasm, and whether or not any of the foregoing are registrable as patents, industrial designs, copyrights, trademarks or plant breeder rights (collectively, "**Intellectual Property**") which the Executive may author, make, conceive, develop, discover, or reduce to practice, solely, jointly or in common with other employees, during the Executive's employment with the Company and which relate to the business activities of the Company ("**Employee Inventions**"). The Executive agrees to maintain as confidential any Employee Inventions, and not to make application for registration of rights in respect of such unless it is at the request and direction of the Company. Intellectual Property coming within the scope of the business of the Company made and/or developed by the Executive while in the employ of the Company, whether or not conceived or made during regular working hours and whether or not the Executive is specifically instructed to make or develop the same, shall be for the benefit of the Company and shall be considered to have been made pursuant to this Agreement and shall be deemed Employee Inventions and shall immediately become exclusive property of the Company. The Executive must keep, maintain, and make available to the Company complete and up-to-date records relating to any such Intellectual Property, and agree that all such records are the sole and absolute property of the Company.

(c) The Executive shall assign and transfer to the Company the Executive's entire right, title and interest in and to any and all Intellectual Property and the Executive agrees to execute and deliver to the Company any and all instruments necessary or desirable to accomplish the foregoing and, in addition, to do all lawful acts which may be necessary or desirable to assist the Company to obtain and enforce protection of Intellectual Property. The Executive shall, at the request and cost of the Company, and for no additional compensation or consideration from the Company, sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require: (i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights, plant breeders rights, or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; (ii) to perfect or evidence ownership by the Company or its designees of any and all Employee Inventions, in form suitable for recordation in the United States, Canada, and any other patent office; (iii) to defend any opposition proceedings of any type whatsoever in respect of such applications, and any opposition proceedings or petitions or applications of any type whatsoever for revocation of such letters patent, copyright or other analogous protection, whether such proceedings are brought before a court or any administrative body; and (iv) to defend and/or assert the Company's rights in any Intellectual Property against any third party. For greater certainty, all materials related to Employee Inventions (including notes, records and correspondence, whether written or electronic) (collectively, "**Invention Records**") are the property of the Company, which the Executive shall provide to the Company upon request. Invention Records shall not be removed from Company premises without the prior written consent of the Company;

(d) By the Executive's signature below, the Executive hereby assigns and transfers to the Company all Employee Inventions (including all associated Intellectual Property), and the Executive further waives all moral rights over any Intellectual Property and all work the Executive produced during the course of the Executive's employment;

(e) In the course of performing duties pursuant to this Agreement, the Executive shall only use Germplasm provided by the Company, and the Executive agrees that any such Germplasm provided by the Company remains the sole property of the Company and that such Germplasm shall not be removed from Company premises without the prior written consent of the Company;

(f) The Executive represents and warrants that the Executive does not possess any Intellectual Property or Germplasm of any third party, including but not limited to any prior employer or competitor of the Company, and the Executive shall not acquire and/or use Intellectual Property or Germplasm of any third party in the course of performing duties pursuant to this Agreement and shall not bring any Germplasm of any third party onto Company premises.

7.3 **Non-Competition**. The Executive shall not at any time during the Executive's employment with the Company and for a period of twelve (12) months following the termination of this Agreement and the Executive's employment with the Company for any reason, either individually or in partnership or jointly or in conjunction with any person as principal, agent, consultant, employee,

partner, director, shareholder (other than an investment of less than five (5) per cent of the shares of a company traded on a registered stock exchange or traded in the over the counter market in Canada), or in any other capacity whatsoever:

(a) engage in employment or enter into a contract to do work related to the research into, development, cultivation, production, supply, sales or marketing of cannabis or cannabis derived products; or the development or provision of any services (including, but not limited to, technical and product support, or consultancy or customer services) which relate to cannabis or cannabis derived products (the "**Business**"); or

(b) have any financial or other interest (including by way of royalty or other compensation arrangements) in or in respect of the business of any person which carries on the Business; or

(c) advise, lend money to or guarantee the debts or obligations of any person which carries on the Business;

anywhere within Canada, and/or the United States of America. The inclusion of the United States of America within the geographic area of restricted employment described in this Section 7.3 following termination of the Executive's employment shall only apply to the extent the Company has the first operations facility or other physical office presence in the United States of America prior to the Executive's termination.

7.4 **Non-Solicitation of Customers**. The Executive will not, during the Executive's employment and for the one (1) year period immediately following the termination of the Executive's employment for any reason, whether alone or for or in conjunction with any person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or attempt to solicit any Customer or Prospective Customer of the Company for the purpose of obtaining the business of any Customer or Prospective Customer of the Company or persuading any such Customer or Prospective Customer to cease to do business with or reduce the amount of business it would otherwise provide to the Company. For the purpose of this Agreement, "**Customer**" means any organization, individual or entity which is a current customer or has been a customer of the Company during the term of the Executive's employment with the Company but in the event of the cessation of the Executive's employment "**Customer**" shall include only those current customers of the Company with whom the Executive had direct contact or access to Confidential Information by virtue of the Executive's role as an employee of the Company at any time during the twelve-month period preceding the date of the cessation of the Executive's employment; "**direct contact**" means direct communications with or by the Executive, whether in person or otherwise, for purposes of servicing, selling, or marketing on behalf of the Company, but only if such communications are more than trivial in nature, and in any case excluding bulk or mass marketing communications directed to multiple customers; and, "**Prospective Customer**" means any organization, individual or entity which has been actively contacted and solicited for its business by representatives of the Company, in the event of the cessation of the Executive's employment within the twelve-month period immediately preceding the date of the cessation of the Executive's employment, with the involvement and knowledge of the Executive.

7.5 **Non-Solicitation of Employees**. The Executive will not (except with the prior written consent of the Board), during the Executive's employment and for one (1) year following the termination of the Executive's employment for any reason, whether alone or for or in conjunction with any person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or assist in the solicitation of any employee of the Company to leave such employment.

7.6 **Disclosure**. During the Executive's employment with the Company, the Executive shall promptly disclose to the Board full information concerning any interest, direct or indirect, of the Executive (whether as owner, shareholder, partner, lender or other investor, director, officer, employee, consultant or otherwise) or any member of the Executive's immediate family, in any business which is reasonably known to the Executive to purchase or otherwise obtain services or products from, or to sell or otherwise provide services or products to the Company or to any of their respective suppliers or Customers.

7.7 **Other Employment**. During the Executive's employment with the Company, the Executive shall not, except as a representative of the Company or with the prior written approval of the Executive's manager, whether paid or unpaid, be directly or indirectly engaged, concerned or have any financial interest in any capacity in any other business, trade, professional or occupation (or the setting up of any business, trade, profession or occupation).

7.8 **Return of Materials**. All files, forms, brochures, books, materials, written correspondence (including email and instant messages), memoranda, documents, manuals, computer disks, software products and lists (including financial and other information and lists of customers, suppliers, products and prices) pertaining to the Company which may come into the Executive's possession or control shall at all times remain the property of the Company. Upon termination of the Executive's employment for any reason, the Executive agrees to immediately deliver to the Company all such property of the Company in the Executive's possession or directly or indirectly under the Executive's control. The Executive agrees not to make, for the Executive's personal or business use or that of any other person, reproductions or copies of any such property or other property of the Company.

8. General

8.1 **Reasonableness** of **Restrictions and Covenants**. The Executive hereby confirms and agrees that the covenants and restrictions contained in this Agreement, including, without limitation, those contained in Section 7, are reasonable and valid the Executive further acknowledges and agrees that the Company may suffer irreparable injury in the event of any breach by the Executive of the obligations under any such covenant or restriction. Accordingly, the Executive hereby acknowledges and agrees that damages would be an inadequate remedy at law in connection with any such breach and that the Company shall therefore be entitled, in addition to any other right or remedy which it may have at law, in equity or otherwise, to temporary and permanent injunctive relief enjoining and restraining the Executive from any such breach.

8.2 **Survival**. Section 7 and this Section survive the termination of this Agreement and the Executive's employment for any reason whatsoever.

8.3 **Entire Agreement**. This is the entire agreement between the Company and the Executive on the subject matters addressed herein. There are no representations, warranties or collateral agreements, whether written or oral, outside of this written Agreement. This Agreement and the terms and conditions of employment contained herein supersede and replace any prior understandings or discussions between the Executive and the Company regarding the Executive's employment.

8.4 **Amendments**. This Agreement may only be amended by written agreement executed by the Company and the Executive. However, changes to the Executive's position, duties, vacation, benefits and compensation, over time in the normal course, do not affect the validity or enforceability of the Agreement.

8.5 **Governing Law**. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario. The Company and the Executive each irrevocably attorn to the exclusive jurisdiction of the courts of Ontario and the courts of Ontario shall have the sole and exclusive jurisdiction to entertain any action arising under this Agreement.

8.6 **Severability**. If any provision in this Agreement is determined to be invalid or unenforceable, such provision will be severed from this Agreement, and the remaining provisions will continue in full force and effect.

8.7 **Assignment**. The Company may assign this Agreement to an affiliate or subsidiary, and it enures to the benefit of the Company, its successors or assigns.

8.8 **Independent Legal Advice**. The Executive acknowledge that the Executive has been encouraged to obtain independent legal advice regarding the execution of this Agreement, and that the Executive has either obtained such advice or voluntarily chosen not to do so, and hereby waives any objections or claims the Executive may make resulting from any failure on the Executive's part to obtain such advice.

8.9 **Waiver**. No waiver of any of the provisions of this Agreement shall be effective or binding, unless made in writing and signed by the party purporting to give the same. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall such waiver constitute a continuing waiver, unless expressly stated otherwise.

8.10 **Conditions**. This Agreement and the Executive's employment hereunder is conditional on the Company's satisfaction (determined in the Company's sole discretion) that the Executive has met the legal requirements to perform the Executive's role, including but not limited to satisfactory results of Health Canada security clearance checks and criminal record checks and other reference checks that the Company performs. The Executive acknowledges and agrees that in signing this Agreement, and providing the Company with the necessary documentation to perform the checks required for the Executive's role and with references, the Executive is providing consent to the Company or its agent, to performs such checks and contact the references the Executive provided to the Company.

8.11 **Prior Restrictions**. By signing below, the Executive represents that the Executive is not bound by the terms of any agreement with any person or entity which restricts in any way the Executive's hiring by the Company and the performance of the Executive's expected job duties; the Executive also represents that, during the Executive's employment with the Company, the Executive will not disclose or make use of any Confidential Information of any other persons or entities in violation of any of their applicable policies or agreements and/or applicable law.

IN WITNESS WHEREOF this Agreement has been executed by the Company and the Executive on the dates below.

HORTICAN INC.

By /s/ Michael Gorenstein

Name: Michael Gorenstein

Title: Authorized Signatory

SIGNED AND DELIVERED
in the presence of

	/s/ David Hsu
Witness Signature	Name
	June 6, 2018
Witness Print Name	Date

Exhibit 10.18

EXECUTIVE EMPLOYMENT AGREEMENT

(this "**Agreement**")

BETWEEN:

HORTICAN INC.

(the "**Company**")

- and -

David Hsu

(the "**Executive**")

- and –

solely for the purposes specified herein,

CRONOS GROUP INC.

("**Cronos Group**")

WHEREAS the Company is a wholly-owned subsidiary of Cronos Group;

WHEREAS the Company wishes to continue to engage the services of the Executive in a senior and specialized capacity and the Executive has extensive access to the customers, vendors, suppliers, distribution processes and other unique and valuable confidential information and trade secrets of the Company;

AND WHEREAS the Company and the Executive desire to enter into a written employment agreement, and the Executive acknowledges that this Agreement and, specifically, the proprietary rights, non-solicitation and non-competition provisions that form part of this Agreement are essential to protect the legitimate business interests of the Company;

NOW THEREFORE in consideration of the above, the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Executive, and solely for the purposes of Section 5.3 herein, Cronos Group, agree as follows.

1. Position

1.1 The Executive will continue to be employed in the position of Chief Operating Officer and the Executive's original start date with the Company will continue to be recognized for all employment-related purposes.

2. Location

2.1 The Executive shall be based primarily in the Company's location in Toronto, Ontario, with business travel as reasonably required to perform the Executive's duties hereunder. The Company may at its discretion relocate the Executive's principal office or place of work at any time within 100 kilometres of its current location, and the Executive acknowledges and agrees that this shall not constitute a constructive termination of the Executive's employment or Good Reason (as defined below) and the Executive agrees not to make any claim or demand to the contrary.

3. Work Authorizations

3.1 It is a condition of this Agreement and the Executive's employment that the Executive shall be able to work in lawfully in Canada. However, it is understood and agreed that the Executive's position may require that the Executive work abroad, as needed by the Company. The Executive's employment with the Company is therefore also conditional upon the securing of all necessary visas, work permits and other authorizations that may be required to enter and/or to work in any of the countries in which the Executive may be assigned to work or visit during the term of employment. The Company shall provide reasonable assistance in respect of immigration matters. Despite such assistance, the Company cannot guarantee when or whether the Executive's application for a work permit, visa, permanent residence status or other immigration status or documents will be approved. Should the necessary authorizations that permit the Executive to legally work in Canada or in any other jurisdiction in which the Executive will be required to work not be obtained, this Agreement shall be null and void and of no force or effect. At any time, should necessary authorizations that permit the Executive to legally work in Canada or any other jurisdiction in which the

Executive will be required to work or visit expire without the possibility of renewal, the Executive's employment shall come to an end and shall be treated by the Company as a termination without Just Cause (as defined below).

4. Employment Duties

4.1 The Executive shall perform such duties and exercise such powers as are normally associated with or incidental and ancillary to the Executive's position and as may be assigned to the Executive from time to time. In fulfilling his/her duties to the Company, the Executive shall be instructed by and shall regularly report to the CEO. The Executive's duties, hours of work, location of employment and reporting relationships may be adjusted from time to time by the Company to meet changing business and operational needs. Without limiting the foregoing, the Executive shall:

(a) devote his/her full working time and attention during normal business hours and such other times as may be reasonably required to the business and affairs of the Company and shall not, without the prior written consent of the CEO, undertake any other business or occupation or public office;

(b) perform those duties that may be assigned to the Executive diligently, honestly, and faithfully to the best of the Executive's ability and in the best interest of the Company;

(c) abide by all Company policies, as instituted and amended from time to time including but not limited to, the Cronos Group Employee Handbook;

(d) use best efforts to promote the interests and goodwill of the Company and not knowingly do, or permit to be done, anything which may be prejudicial to the Company's interests, it being understood and agreed that the Executive is a fiduciary of the Company and owes fiduciary obligations to the Company that are not extinguished by this Agreement; and

(e) identify and immediately report to the CEO any gross misrepresentations or violations of the Cronos Group Employee Handbook or applicable law by the Company or its management.

5. Compensation and Benefits

5.1 **Base Salary.** The Company shall pay the Executive an annual base salary of CAD390,000 less applicable deductions and withholdings ("**Base Salary**"). The Executive's base salary shall be paid by direct deposit on a bi-weekly basis (as may be amended from time to time), in accordance with the Company's payroll practices. Any changes to Base Salary shall be at the sole discretion of the Company. Effective 13th May 2019.

5.2 **Annual Performance Bonus.** In addition to the Executive's annual Base Salary, the Executive shall be eligible to participate in the Company's annual cash bonus plan as may be in effect from time to time, and to receive an annual bonus, subject to the terms and conditions of that plan as determined by the Company at its sole discretion. The Executive's annual target bonus opportunity shall initially be 100% of Base Salary, provided that the actual bonus amount, if any, will be determined pursuant to the terms of the applicable annual bonus plan. Nothing in this Agreement guarantees that the Company will maintain an annual bonus plan, and the Company reserves the right to amend or terminate any annual bonus plan established or adopted at any time, without notice or further obligation (subject only to the minimum requirements of applicable employment standards legislation, if any). The Executive must be actively employed by the Company through the applicable payment date in order to be eligible for any annual bonus for that year, subject only to the minimum requirements of applicable employment standards legislation, unless provided otherwise pursuant to the applicable annual cash bonus plan. For certainty, if the Executive's employment is terminated by the Company with or without Just Cause, or the Executive resigns or otherwise terminates employment for any reason, regardless of any applicable notice period, pay in lieu of notice, severance payment or similar amount, the Executive shall be entitled to no annual bonus or any part thereof for the year in which the Executive ceases the Executive's active employment or thereafter, or damages in lieu thereof, subject only to the minimum requirements of applicable employment standards legislation or unless provided otherwise pursuant to the applicable annual cash bonus plan. There shall be no guarantee of a bonus in any given year.

5.3 **Long-Term Incentive Opportunity**. The Executive shall be eligible to receive annual grants of equity-based awards over shares of Cronos Group with an initial target incentive opportunity of CAD520,000 (based on the grant date fair value of such awards), provided that the actual amount, if any, of the grants shall be determined by the board of directors of Cronos Group (the "**Board**") at its sole discretion. Any such equity-based grants shall be governed by the terms and conditions of the equity award plan or any other applicable plan of Cronos Group and/or the applicable award agreement. Such plan or plans may be amended from time to time at Cronos Group's sole discretion. In the event of the cessation of the Executive's employment for any reason, the Executive's entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement. Subject to the express minimum requirements of applicable employment standards legislation, if any, the Executive shall not be eligible for any further grants of options following the effective date of termination or damages in lieu thereof, regardless of any applicable notice period, pay in lieu of notice, severance payment or similar amount.

5.4 **Group Insured Benefits**. The Executive shall be eligible to participate in the Company's benefits programs for health and dental, life insurance, disability and other benefits as may be available to the employees of the Company from time to time, subject to the terms and conditions of the applicable plan document. The Company reserves the right to alter, amend or discontinue all benefits, coverages, plans and programs referred to in this paragraph, without advance notice or other obligation, subject only to the minimum requirements of applicable employment standards legislation.

5.5 **Vacation**. The Executive shall be entitled accrue, on a pro-rata basis, four (4) weeks' paid vacation per year. The Executive shall take vacation time at such times as are approved in advance by the Company. Vacation time entitlement shall be prorated for the period of the Executive's active employment in the calendar year that the Executive commences and terminates employment, subject to the minimum requirements of applicable employment standards legislation. Vacation may be carried forward until March 31 of the following year after which time it shall be forfeited to the extent it exceeds the minimum vacation entitlement provided for under applicable employment standards legislation. Vacation shall be earned but shall not be taken during the first three (3) months of the Executive's employment.

5.6 **Business Expenses**. The Executive shall be reimbursed for all reasonable travel and other out-of-pocket expenses properly incurred by the Executive from time to time in connection with performance of the Executive's duties. The Executive shall furnish to the Company on a monthly basis and in accordance with any of the Company's policies or procedures for expense reimbursement all invoices or statements in respect of expenses for which the Executive seeks reimbursement.

5.7 **Deductions and Withholdings**. The Company shall make such deductions and withholdings from the Executive's remuneration and any other payments or benefits provided to the Executive pursuant to this Agreement as may be required by law.

6. <u>Termination of Employment</u>

6.1 **Termination by the Executive.** The Executive may terminate his/her employment with the Company at any time by providing the Company with at least three (3) months of notice in writing. If, upon receipt of the Executive's resignation (or any later date during such notice period), the Company terminates the Executive's employment before the date the resignation was to be effective, the Company shall, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the resignation was to be effective up to a maximum of three (3) months; (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are expressly required pursuant to applicable employment standards legislation, if any. In such circumstances the Executive shall be ineligible for any pro-rated bonus for the year of termination, and any entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement.

6.2 **Termination by the Company for Just Cause or on Death or Disability**. The Company may terminate the Executive's employment at any time for Just Cause without prior notice or in the event of the Executive's death or Disability (as defined below). On the termination of the Executive's employment for Just Cause or on the Executive's death or Disability, this Agreement and the Executive's employment shall terminate and the Company shall, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the Executive's employment ceases; (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are expressly required pursuant to applicable employment standards legislation, if any. In such circumstances the Executive shall be ineligible for any pro-rated bonus for the year of termination, and any entitlements in respect of equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement. For the purposes of this Agreement, (A) "**Just Cause**" means: (i) any act or omission constituting "just cause" for dismissal without notice under applicable law; (ii) the Executive's repeated failure or refusal to perform the Executive's principal duties and responsibilities after notice from the CEO or other officer of the Company; (iii) misappropriation of the funds or property of the Company; (iv) use of alcohol or drugs in violation of the Company's policies on such use or that interferes with the Executive's obligations under this Agreement, continuing after a single warning (subject to the Company's obligations under applicable human rights legislation); (v) the indictment, arrest or conviction in a court of law for, or the entering of a plea of guilty to, a summary or indictable offence or any crime involving moral turpitude, fraud, dishonesty or theft (subject to the Company's obligations under applicable human rights legislation); (vi) the misuse of Company computers or computer network systems for non-Company business; (vii) engaging in any act (including, without restriction, an act of sexual harassment as determined by the Company) which is a violation of any law, regulation or Company policy; or (viii) any wilful or intentional act which injures or could reasonably be expected to injure the reputation, business or business relationships of the Company, and (B) "Disability" means a physical or mental incapacity of the Executive that has prevented the Executive from performing the duties customarily assigned to the Executive for 180 calendar days, whether or not consecutive, out of any twelve (12) consecutive months and that in the opinion of the Company, acting on the basis of advice from a duly qualified medical practitioner, is likely to continue to a similar degree.

6.3 **Termination by the Company without Just Cause or Resignation for Good Reason on Change of Control**. The Company may terminate the Executive's employment at any time without Just Cause, on providing thirty (30) days' written notice to the Executive. The Executive may resign the Executive's employment for Good Reason (as defined below) within twenty-four (24)

months of the occurrence of a Change in Control (as defined below), on providing thirty (30) days' written notice to the Company. If the Company terminates the Executive's employment without Just Cause or if the Executive resigns his employment for Good Reason within twenty-four (24) months of the occurrence of a Change of Control, and if the Executive signs and delivers and does not revoke a release in favour of the Company to the Company in consideration of amounts in excess of the Executive's minimum entitlements under applicable employment standards legislation, the Company, shall, in full satisfaction of its obligations to the Executive:

(a) pay the Executive's Base Salary and accrued but unpaid vacation pay in accordance with applicable employment standards legislation;

(b) reimburse the Executive's expenses properly incurred until the date the Executive's employment ceases;

(c) in lieu of notice, pay the Executive the greater of (i) one (1) month of the Executive's annual base salary in effect at the time of termination for each completed year of service with the Company, to a maximum of twelve (12) months of base salary, payable by way of lump sum payment within sixty (60) days following such termination, and (ii) the minimum termination pay and severance pay entitlements of the Executive pursuant to applicable employment standards legislation.

(d) continue the Executive's group insured benefits, if any, until the end of the notice period calculated under (c) above or the date on which the Executive obtains alternate benefit coverage, whichever occurs first, subject to the terms and conditions of the benefit plans, as amended from time to time, and the minimum requirements of applicable employment standards legislation. If the Company is unable for any reason to continue its contributions to the benefit plans as set out in this Agreement, it shall pay the Executive an amount equal to the Company's required contributions to such benefit plans on behalf of the Executive for such period. The Executive agrees that he/she is required to notify the Company when he/she obtains alternate life, medical and dental benefit coverage; and

(e) determine the Executive's entitlements in respect of equity-based awards in accordance with the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement.

In this Agreement, "**Change of Control**" means:

a. the consummation of any transaction or series of transactions including any reorganization, recapitalization, statutory share exchange, consolidation, amalgamation, arrangement, merger or issue of voting shares in the capital of Cronos Group, the result of which is that any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, association, joint-stock company, estate, trust, organization, governmental authority or other entity of any kind or nature ("**Person**") or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions becomes the beneficial owner, directly or indirectly, of more than 50% of the voting securities in the capital of the entity resulting from such transaction or series of transactions or the entity that acquired all or substantially all of the business or assets of Cronos Group in a transaction or series of transactions described in paragraph (ii) below (in each case, the "**Surviving Company**") or the ultimate parent entity that has beneficial ownership of sufficient voting power to elect a majority of the board of directors (or analogous governing body) of the Surviving Company (the "**Parent Company**"), measured by voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) rather than number of securities (but shall not include the creation of a holding company or other transaction that does not involve any substantial change in the proportion of direct or indirect beneficial ownership of the voting securities of Cronos Group prior to the consummation of the transaction or series of transactions), provided that the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant (as defined in the Subscription Agreement by and among Cronos Group Inc., Altria Summit LLC and Altria Group, Inc. dated as of December 7, 2018) shall not constitute a Change of Control pursuant to this clause (a);

b. the direct or indirect sale, transfer or other disposition, in one or a series of transactions, of all or substantially all of the business or assets of Cronos Group, taken as a whole, to any person or group of persons acting jointly or in concert for purposes of such transaction or series of transactions (other than to any affiliates of Cronos Group); or

c. Incumbent Directors during any consecutive twelve (12) month period ceasing to constitute a majority of the Board of Cronos Group (for the purposes of this paragraph, an "Incumbent Director" shall mean any member of the Board who is a member of the Board immediately prior to the occurrence of a contested election of directors of Cronos Group).

In this Agreement, "**Good Reason**" means the occurrence of any of the following events without the Executive's consent, except in each case for any isolated, immaterial or inadvertent action not taken in bad faith and which is remedied by the Company within thirty (30) days after a written notice thereof by the Executive (provided that such notice must be given to the Company within sixty (60) days of Executive becoming aware of such condition):

(a) the assignment to the Executive of duties materially different than the duties assigned to the Executive hereunder;

(b) a material diminution in the Executive's title, status, seniority, reporting relationship, responsibilities or authority;

(c) a material reduction in the Executive's Base Salary; or

(d) the relocation of the Executive's primary work location, except as permitted by Section 2.1.

6.4 **Resignation on Termination**. The Executive agrees that upon any termination of employment with the Company for any reason the Executive shall immediately tender resignation from any position the Executive may hold as an officer or director of the Company and take all steps necessary to remove Executive from any and all designated positions under any applicable laws, including without limitation, the *Cannabis Act* (Canada) and the regulations thereunder, as the same may be amended from time to time, or any subsidiary or affiliate of the Company. In the event that the Executive fails to comply with this obligation within three (3) days of the Executive's termination or resignation, the Executive hereby irrevocably authorizes the Company to appoint a Person in the Executive's name and on the Executive's behalf to sign or execute any documents and/or do all things necessary or requisite to give effect to such resignation.

6.5 **Compliance with Laws.** The Executive understands and agrees that the entitlements under this Section 6 are provided in full satisfaction of the Executive's entitlements to notice of termination, pay in lieu of notice, and severance pay, if any, under applicable employment standards legislation, this Agreement, any employee benefit plan sponsored or maintained by the Company or any of its affiliates, applicable law (including the common law) or otherwise.

7. <u>Restrictive Covenants</u>

7.1 **Non-Disclosure**. The Executive acknowledges and agrees that:

(a) during the term of the Executive's employment, the Executive may be given access to or may become acquainted with confidential and proprietary information of the Company and its affiliates and related entities and third parties to which the Company and its affiliates and related entities may have any obligations of non-disclosure or confidentiality, including but not limited to: trade secrets; know-how; Intellectual Property (as defined below); Employee Inventions (as defined below), Invention Records (as defined below), existing and contemplated work product resulting from or related to projects performed or to be performed by or for the Company; programs and program modules; processes; algorithms; design concepts; system designs; production data; test data; research and development information; information regarding the acquisition, protection, enforcement and licensing of proprietary rights; technology; joint ventures; business, accounting, engineering and financial information and data; marketing and development plans and methods of obtaining business; forecasts; future plans and strategies of the Company; pricing, cost, billing and fee arrangements and policies; quoting procedures; special methods and processes; lists and/or identities of customers, suppliers, vendors and contractors; the type, quantity and specifications of products and services purchased, leased, licensed or received by the Company and/or any of its customers, suppliers, or vendors; internal personnel and financial information; business and/or personal information about any senior staff members of the Company or any Person with which the Company enters a strategic alliance or any other partnering arrangements; vendor and supplier information; the manner and method of conducting the Company's business; the identity or nature of relationship of any persons or entities associated with or engaged as consultants, advisers, agents, distributors or sales representatives (the "**Confidential Information**") the disclosure of any of which to competitors of the Company or to the general public, or the use of same by the Executive or any competitor of the Company, would be highly detrimental to the interests of the Company;

(b) disclosure or use of Confidential Information, other than in connection with the Company's business or as specifically authorized by the Company, will be highly detrimental to the business and interests of the Company and could result in serious loss of business and damage to it. Accordingly, the Executive specifically agrees to hold all Confidential Information in strictest confidence, and the Executive agrees that the Executive shall not, without the Company's prior written consent, disclose, divulge or reveal to any person, or use for any purpose other than for the exclusive benefit of the Company, any Confidential Information, in whatever form contained; provided that the foregoing shall not apply to information (except for personal information about identifiable individuals) that: (i) was known to the public prior to its disclosure to the Executive; (ii) becomes generally known to the public subsequent to disclosure to the Executive other than by reason of the Executive's breach of this Section; (iii) becomes available to the Executive from a source independent of the Company; or (iv) the Executive is specifically required to disclose by applicable law or legal process (provided that the Executive provides the Company with prompt advance written notice of the contemplated disclosure and cooperates with the Company in seeking a protective order or other appropriate protection of such information); and

(c) the Executive shall deliver to the Company, immediately upon termination of employment (for any reason and regardless of whether the Executive or the Company terminate the employment) or at any time the Company so requests: (i) any and all documents, files, notes, memoranda, models, databases, computer files and/or other computer programs reflecting any Confidential Information whatsoever or otherwise relating to the Company's business; (ii) lists or other documents regarding customers, suppliers, or vendors of the Company or leads or referrals to prospective business deals; and (iii) any computer equipment, home office equipment, automobile or other business equipment belonging to the Company that the Executive may then possess or have under the Executive's control.

(d) For the avoidance of doubt, nothing in this Agreement limits, restricts or in any other way affects the Executive communicating with any governmental authority or entity concerning matters relevant to the governmental authority or entity. The Executive and the Company agree that no confidentiality or other obligation the Executive owes to the Company prohibits the Executive from reporting possible violations of law or regulation to any governmental authority or entity under any applicable whistleblower protection provision of applicable Canadian, U.S. Federal or U.S. State law or regulation (including Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002) or requires the Executive to notify the Company of any such report. The Executive is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (i) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (ii) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (iii) to the Executive's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

7.2 **Intellectual Property**

(a) In this section, the term "**Germplasm**" means any living or preserved biological tissue or material which may be used for the purpose of plant breeding and/or propagation, including but not limited to plants, cuttings, seeds, clones, cells, tissues, plant materials, and genetic materials (including but not limited to nucleic acids, genes, promoters, reading frames, regulatory sequences, terminators, chromosomes whether artificial or natural, and vectors).

(b) The Executive agrees to promptly disclose to the Company (including to the Executive's manager) all ideas, suggestions, discoveries, designs, works, developments, improvements, processes, formulas, data, techniques, know-how, confidential and proprietary information, trade secrets, inventions and improvements, and any other intellectual property rights, including with respect to, but not limited to, Germplasm, and whether or not any of the foregoing are registrable as patents, industrial designs, copyrights, trademarks or plant breeder rights (collectively, "**Intellectual Property**") which the Executive may author, make, conceive, develop, discover, or reduce to practice, solely, jointly or in common with other employees, during the Executive's employment with the Company and which relate to the business activities of the Company ("**Employee Inventions**"). The Executive agrees to maintain as confidential any Employee Inventions, and not to make application for registration of rights in respect of such unless it is at the request and direction of the Company. Intellectual Property coming within the scope of the business of the Company made and/or developed by the Executive while in the employ of the Company, whether or not conceived or made during regular working hours and whether or not the Executive is specifically instructed to make or develop the same, shall be for the benefit of the Company and shall be considered to have been made pursuant to this Agreement and shall be deemed Employee Inventions and shall immediately become exclusive property of the Company. The Executive must keep, maintain, and make available to the Company complete and up-to-date records relating to any such Intellectual Property, and agree that all such records are the sole and absolute property of the Company.

(c) The Executive hereby assigns and transfers, and shall assign and transfer, to the Company, the Executive's entire right, title and interest in and to any and all Employee Inventions, and the Executive agrees to execute and deliver to the Company any and all instruments necessary or desirable to accomplish the foregoing and, in addition, to do all lawful acts which may be necessary or desirable to assist the Company to obtain and enforce protection of Employee Inventions. The Executive shall, at the request and cost of the Company, and for no additional compensation or consideration from the Company, sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require: (i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) patents, letters patent, copyrights, plant breeders rights, or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; (ii) to perfect or evidence ownership by the Company or its designees of any and all Employee Inventions, in form suitable for recordation in the United States, Canada, and any other patent office; (iii) to defend any opposition proceedings of any type whatsoever in respect of such applications, and any opposition proceedings or petitions or applications of any type whatsoever for revocation of such patents, letters patent, copyright or other analogous protection, whether such proceedings are brought before a court or any administrative body; and (iv) to defend and/or assert the Company's rights in any Intellectual Property against any third party. For greater certainty, all materials related to Employee Inventions (including notes, records and correspondence, whether written or electronic) (collectively, "**Invention Records**") are the property of the Company, which the Executive shall provide to the Company upon request. Invention Records shall not be removed from Company premises without the prior written consent of the Company. The Executive further waives all moral rights in and to any Employee Inventions and all work the Executive produced during the course of the Executive's employment.

(e) In the course of performing duties pursuant to this Agreement, the Executive shall only use Germplasm provided by the Company, and the Executive agrees that any such Germplasm provided by the Company remains the sole property of the Company and that such Germplasm shall not be removed from Company premises without the prior written consent of the Company.

(e) The Executive represents and warrants that the Executive does not possess any Intellectual Property or Germplasm of any third party, including but not limited to any prior employer or competitor of the Company, and the Executive shall not acquire and/or use Intellectual Property or Germplasm of any third party in the course of performing duties pursuant to this Agreement and shall not bring any Germplasm of any third party onto Company premises.

7.3 **Non-Competition**. The Executive shall not at any time during the Executive's employment with the Company and for a period of one (1) year following the termination of this Agreement and the Executive's employment with the Company for any reason, either individually or in partnership or jointly or in conjunction with any Person as principal, agent, consultant, employee, partner, director, shareholder (other than an investment of less than five (5) per cent of the shares of a company traded on a registered stock exchange or traded in the over the counter market in Canada), or in any other capacity whatsoever:

(a) engage in employment or enter into a contract to do work related to the research into, development, cultivation, production, supply, sales or marketing of cannabis or cannabis derived products; or the development or provision of any services (including, but not limited to, technical and product support, or consultancy or customer services) which relate to cannabis or cannabis derived products (the "**Business**"); or

(b) have any financial or other interest (including by way of royalty or other compensation arrangements) in or in respect of the business of any Person which carries on the Business; or

(c) advise, lend money to or guarantee the debts or obligations of any Person which carries on the Business;

anywhere within Canada and/or the United States of America.

7.4 **Non-Solicitation of Customers**. The Executive shall not, during the Executive's employment and for the one (1) year period immediately following the termination of the Executive's employment for any reason, whether alone or for or in conjunction with any Person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or attempt to solicit any Customer or Prospective Customer for the purpose of obtaining the business of any Customer or Prospective Customer of the Company or persuading any such Customer or Prospective Customer to cease to do business with or reduce the amount of business it would otherwise provide to the Company or its affiliates. For the purpose of this Agreement, "**Customer**" means any Person which is a current customer or has been a customer of the Company or an affiliate of the Company during the term of the Executive's employment with the Company but in the event of the cessation of the Executive's employment "**Customer**" shall include only those current customers of the Company or an affiliate of the Company with whom the Executive had direct contact or access to Confidential Information by virtue of the Executive's role as an employee of the Company at any time during the twelve (12) month period preceding the date of the cessation of the Executive's employment; "**direct contact**" means direct communications with or by the Executive, whether in Person or otherwise, for purposes of servicing, selling, or marketing on behalf of the Company, but only if such communications are more than trivial in nature, and in any case excluding bulk or mass marketing communications directed to multiple customers; and, "**Prospective Customer**" means any organization, individual or entity which has been actively contacted and solicited for its business by representatives of the Company or affiliates of the Company, but in the event of the cessation of the Executive's employment within the twelve (12) month period immediately preceding the date of the cessation of the Executive's employment, with the involvement and knowledge of the Executive.

7.5 **Non-Solicitation of Employees**. The Executive shall not, during the Executive's employment and for two (2) years following the termination of the Executive's employment for any reason, whether alone or for or in conjunction with any Person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or assist in the solicitation of any employee of the Company or an affiliate of the Company to leave such employment.

7.6 **Disclosure**. During the Executive's employment with the Company, the Executive shall promptly disclose to the Board full information concerning any interest, direct or indirect, of the Executive (whether as owner, shareholder, partner, lender or other investor, director, officer, employee, consultant or otherwise) or any member of the Executive's immediate family, in any business which is reasonably known to the Executive to purchase or otherwise obtain services or products from, or to sell or otherwise provide services or products to the Company or to any of their respective suppliers or Customers.

7.7 **Other Employment.** During the Executive's employment with the Company, the Executive shall not, except as a representative of the Company or with the prior written approval of the Executive's manager, whether paid or unpaid, be directly or indirectly engaged, concerned or have any financial interest in any capacity in any other business, trade, professional or occupation (or the setting up of any business, trade, profession or occupation).

7.8 **Return of Materials**. All files, forms, brochures, books, materials, written correspondence (including email and instant messages), memoranda, documents, manuals, computer disks, software products and lists (including financial and other

information and lists of customers, suppliers, products and prices) pertaining to the Company or its affiliates which may come into the Executive's possession or control shall at all times remain the property of the Company or its affiliates as applicable. Upon termination of the Executive's employment for any reason, the Executive agrees to immediately deliver to the Company all such property in the Executive's possession or directly or indirectly under the Executive's control. The Executive agrees not to make, for the Executive's personal or business use or that of any other person, reproductions or copies of any such property or other property of the Company or its affiliates.

8. General

8.1 **Reasonableness of Restrictions and Covenants**. The Executive hereby confirms and agrees that the covenants and restrictions contained in this Agreement, including, without limitation, those contained in Section 7, are reasonable and valid the Executive further acknowledges and agrees that the Company may suffer irreparable injury in the event of any breach by the Executive of the obligations under any such covenant or restriction. Accordingly, the Executive hereby acknowledges and agrees that damages would be an inadequate remedy at law in connection with any such breach and that the Company shall therefore be entitled, in addition to any other right or remedy which it may have at law, in equity or otherwise, to temporary and permanent injunctive relief enjoining and restraining the Executive from any such breach.

8.2 **Survival.** Section 7 and this Section survive the termination of this Agreement and the Executive's employment for any reason whatsoever.

8.3 **Entire Agreement**. This is the entire agreement between the Company and the Executive on the subject matters addressed herein. There are no representations, warranties or collateral agreements, whether written or oral, outside of this written Agreement. This Agreement and the terms and conditions of employment contained herein supersede and replace any prior understandings or discussions between the Executive and the Company regarding the Executive's employment.

8.4 **Withholding Taxes**. The Company may withhold from any amounts or benefits payable under this Agreement income taxes and payroll taxes that are required to be withheld pursuant to any applicable law or regulation.

8.5 **Section 409A Compliance**. To the extent applicable, this Agreement is intended to comply with the requirements of Section 409A of the United States Internal Revenue Code of 1986, as amended (together with the applicable regulations thereunder, "**Section 409A**"). To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A or to the extent any provision in this Agreement must be modified to comply with Section 409A (including, without limitation, Treasury Regulation 1.409A-3(c)), such provision shall be read, or shall be modified (with the mutual consent of the parties, which consent shall not be unreasonably withheld), as the case may be, in such a manner so that all payments due under this Agreement shall comply with Section 409A. For purposes of Section 409A, each payment made under this Agreement shall be treated as a separate payment. In no event may Executive, directly or indirectly, designate the calendar year of payment. Notwithstanding any provision of this Agreement to the contrary, if necessary to comply with the restriction in Section 409A(a)(2)(B) concerning payments to "specified employees" (as defined in Section 409A) any payment on account of the Executive's separation from service that would otherwise be due hereunder within six months after such separation shall nonetheless be delayed until the first business day of the seventh month following the Executive's date of termination and the first such payment shall include the cumulative amount of any payments that would have been paid prior to such date if not for such restriction. Notwithstanding anything contained herein to the contrary, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement unless he would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

8.6 **Amendments.** This Agreement may only be amended by written agreement executed by the Company and the Executive. However, changes to the Executive's position, duties, vacation, benefits and compensation, over time in the normal course, do not affect the validity or enforceability of the Agreement.

8.7 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario. The Company and the Executive each irrevocably consent to the exclusive jurisdiction of the courts of Ontario and the courts of Ontario shall have the sole and exclusive jurisdiction to entertain any action arising under this Agreement.

8.8 **Severability**. If any provision in this Agreement is determined to be invalid or unenforceable, such provision shall be severed from this Agreement, and the remaining provisions shall continue in full force and effect. If for any reason any court of competent jurisdiction will find any provisions of this Agreement unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein will be effective to the fullest extent allowed under applicable law in such jurisdiction.

8.9 **Assignment**. The Company may assign this Agreement to an affiliate or subsidiary, and it enures to the benefit of the Company, its successors or assigns.

8.10 **Independent Legal Advice**. The Executive acknowledges that the Executive has been encouraged to obtain independent legal advice regarding the execution of this Agreement, and that the Executive has either obtained such advice or voluntarily chosen

not to do so, and hereby waives any objections or claims the Executive may make resulting from any failure on the Executive's part to obtain such advice.

8.11 **Waiver.** No waiver of any of the provisions of this Agreement shall be effective or binding, unless made in writing and signed by the party purporting to give the same. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall such waiver constitute a continuing waiver, unless expressly stated otherwise.

8.12 **Conditions**. This Agreement and the Executive's continued employment hereunder is conditional on the Company's satisfaction (determined in the Company's sole discretion) that the Executive has met the legal requirements to perform the Executive's role, including but not limited to satisfactory results of Health Canada or any other applicable security clearance checks and criminal record checks and other reference checks that the Company performs. The Executive acknowledges and agrees that in signing this Agreement, and providing the Company with the necessary documentation to perform the checks required for the Executive's role and with references, the Executive is providing consent to the Company or its agent, to performs such checks and contact the references the Executive provided to the Company.

8.13 **Prior Restrictions**. By signing below, the Executive represents that the Executive is not bound by the terms of any agreement with any Person which restricts in any way the Executive's hiring by the Company and the performance of the Executive's expected job duties; the Executive also represents that, during the Executive's employment with the Company, the Executive shall not disclose or make use of any confidential information of any other persons or entities in violation of any of their applicable policies or agreements and/or applicable law.

8.14 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission, including in portable document format (.pdf), shall be deemed as effective as delivery of an original executed counterpart of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Company and the Executive on the dates below.

HORTICAN INC.

By: /s/ Michael Gorenstein

Name: Michael Gorenstein

Title: Chief Executive Officer

CRONOS GROUP INC.

By: /s/ Michael Gorenstein

Name: Michael Gorenstein

Title: Chief Executive Officer

EXECUTIVE

/s/ David Hsu

Name: David Hsu

Exhibit 10.19

EXECUTIVE EMPLOYMENT AGREEMENT

(this "**Agreement**")

BETWEEN:

HORTICAN INC.

(the "**Company**")

- and -

William Lawrence Hilson

(the "**Executive**")

- and –

solely for the purposes specified herein,

CRONOS GROUP INC.

("**Cronos Group**")

WHEREAS the Company is a wholly-owned subsidiary of Cronos Group;

WHEREAS the Company wishes to engage the services of the Executive in a senior and specialized capacity and the Executive has extensive access to the customers, vendors, suppliers, distribution processes and other unique and valuable confidential information and trade secrets of the Company;

AND WHEREAS the Company and the Executive desire to enter into a written employment agreement, and the Executive acknowledges that this Agreement and, specifically, the proprietary rights, non-solicitation and non-competition provisions that form part of this Agreement are essential to protect the legitimate business interests of the Company;

NOW THEREFORE in consideration of the above, the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Executive, and solely for the purposes of Section 5.3 herein, Cronos Group, agree as follows.

1. Position

1.1 The Executive will be employed in the position of Chief Commercial Officer, commencing on May 15, 2019 or such other date as agreed between the Executive and the Company.

2. Location

2.1 The Executive shall be based primarily in the Company's location in Toronto, Ontario, with business travel as reasonably required to perform the Executive's duties hereunder. The Company may at its discretion relocate the Executive's principal office or place of work at any time within 100 kilometres of its current location, and the Executive acknowledges and agrees that this shall not constitute a constructive termination of the Executive's employment or Good Reason (as defined below) and the Executive agrees not to make any claim or demand to the contrary.

3. Work Authorizations

3.1 It is a condition of this Agreement and the Executive's employment that the Executive shall be able to work in lawfully in Canada. However, it is understood and agreed that the Executive's position may require that the Executive work abroad, as needed by the Company. The Executive's employment with the Company is therefore also conditional upon the securing of all necessary visas, work permits and other authorizations that may be required to enter and/or to work in any of the countries in which the Executive may be assigned to work or visit during the term of employment. The Company shall provide reasonable assistance in respect of immigration matters. Despite such assistance, the Company cannot guarantee when or whether the Executive's application for a work permit, visa, permanent residence status or other immigration status or documents will be approved. Should the necessary authorizations that permit the Executive to legally work in Canada or in any other jurisdiction in which the Executive will be required to work not be obtained, this Agreement shall be null and void and of no force or effect. At any time, should necessary authorizations that permit the Executive to legally work in Canada or any other jurisdiction in which the Executive will be required to work or visit expire without the possibility of renewal, the Executive's employment shall come to an end and shall be treated by the Company as a termination without Just Cause (as defined below).

4. Employment Duties

4.1 The Executive shall perform such duties and exercise such powers as are normally associated with or incidental and ancillary to the Executive's position and as may be assigned to the Executive from time to time. In fulfilling his/her duties to the Company, the Executive shall be instructed by and shall regularly report to the CEO. The Executive's duties, hours of work, location of employment and reporting relationships may be adjusted from time to time by the Company to meet changing business and operational needs. Without limiting the foregoing, the Executive shall:

(a) devote his/her full working time and attention during normal business hours and such other times as may be reasonably required to the business and affairs of the Company and shall not, without the prior written consent of the CEO, undertake any other business or occupation or public office;

(b) perform those duties that may be assigned to the Executive diligently, honestly, and faithfully to the best of the Executive's ability and in the best interest of the Company;

(c) abide by all Company policies, as instituted and amended from time to time including but not limited to, the Cronos Group Employee Handbook;

(d) use best efforts to promote the interests and goodwill of the Company and not knowingly do, or permit to be done, anything which may be prejudicial to the Company's interests, it being understood and agreed that the Executive is a fiduciary of the Company and owes fiduciary obligations to the Company that are not extinguished by this Agreement; and

(e) identify and immediately report to the CEO any gross misrepresentations or violations of the Cronos Group Employee Handbook or applicable law by the Company or its management.

5. Compensation and Benefits

5.1 **Base Salary.** The Company shall pay the Executive an annual base salary of CAD175,000 less applicable deductions and withholdings ("**Base Salary**"). The Executive's base salary shall be paid by direct deposit on a bi-weekly basis (as may be amended from time to time), in accordance with the Company's payroll practices. Any changes to Base Salary shall be at the sole discretion of the Company. This is effective 13th May 2019.

5.2 **Annual Performance Bonus.** In addition to the Executive's annual Base Salary, the Executive shall be eligible to participate in the Company's annual cash bonus plan as may be in effect from time to time, and to receive an annual bonus, subject to the terms and conditions of that plan as determined by the Company at its sole discretion. The Executive's annual target bonus opportunity shall initially be 86% of Base Salary, provided that the actual bonus amount, if any, will be determined pursuant to the terms of the applicable annual bonus plan. Nothing in this Agreement guarantees that the Company will maintain an annual bonus plan, and the Company reserves the right to amend or terminate any annual bonus plan established or adopted at any time, without notice or further obligation (subject only to the minimum requirements of applicable employment standards legislation, if any). The Executive must be actively employed by the Company through the applicable payment date in order to be eligible for any annual bonus for that year, subject only to the minimum requirements of applicable employment standards legislation, unless provided otherwise pursuant to the applicable annual cash bonus plan. For certainty, if the Executive's employment is terminated by the Company with or without Just Cause, or the Executive resigns or otherwise terminates employment for any reason, regardless of any applicable notice period, pay in lieu of notice, severance payment or similar amount, the Executive shall be entitled to no annual bonus or any part thereof for the year in which the Executive ceases the Executive's active employment or thereafter, or damages in lieu thereof, subject only to the minimum requirements of applicable employment standards legislation or unless provided otherwise pursuant to the applicable annual cash bonus plan. There shall be no guarantee of a bonus in any given year.

5.3 **Long-Term Incentive Opportunity**. The Executive shall be eligible to receive annual grants of equity-based awards over shares of Cronos Group with an initial target incentive opportunity of CAD175,000 (based on the grant date fair value of such awards), provided that the actual amount, if any, of the grants shall be determined by the board of directors of Cronos Group (the "**Board**") at its sole discretion. Any such equity-based grants shall be governed by the terms and conditions of the equity award plan or any other applicable plan of Cronos Group and/or the applicable award agreement. Such plan or plans may be amended from time to time at Cronos Group's sole discretion. In the event of the cessation of the Executive's employment for any reason, the Executive's entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement. Subject to the express minimum requirements of applicable employment standards legislation, if any, the Executive shall not be eligible for any further grants of options following the effective date of termination or damages in lieu thereof, regardless of any applicable notice period, pay in lieu of notice, severance payment or similar amount.

5.4 **Group Insured Benefits**. The Executive shall be eligible to participate in the Company's benefits programs for health and dental, life insurance, disability and other benefits as may be available to the employees of the Company from time to time, subject to the terms and conditions of the applicable plan document. The Company reserves the right to alter, amend or discontinue all

benefits, coverages, plans and programs referred to in this paragraph, without advance notice or other obligation, subject only to the minimum requirements of applicable employment standards legislation.

5.5 **Vacation**. The Executive shall be entitled accrue, on a pro-rata basis, four (4) weeks' paid vacation per year. The Executive shall take vacation time at such times as are approved in advance by the Company. Vacation time entitlement shall be prorated for the period of the Executive's active employment in the calendar year that the Executive commences and terminates employment, subject to the minimum requirements of applicable employment standards legislation. Vacation may be carried forward until March 31 of the following year after which time it shall be forfeited to the extent it exceeds the minimum vacation entitlement provided for under applicable employment standards legislation. Vacation shall be earned but shall not be taken during the first three (3) months of the Executive's employment.

5.6 **Business Expenses**. The Executive shall be reimbursed for all reasonable travel and other out-of-pocket expenses properly incurred by the Executive from time to time in connection with performance of the Executive's duties. The Executive shall furnish to the Company on a monthly basis and in accordance with any of the Company's policies or procedures for expense reimbursement all invoices or statements in respect of expenses for which the Executive seeks reimbursement.

5.7 **Deductions and Withholdings**. The Company shall make such deductions and withholdings from the Executive's remuneration and any other payments or benefits provided to the Executive pursuant to this Agreement as may be required by law.

6. Termination of Employment

6.1 **Termination by the Executive.** The Executive may terminate his/her employment with the Company at any time by providing the Company with at least three (3) months of notice in writing. If, upon receipt of the Executive's resignation (or any later date during such notice period), the Company terminates the Executive's employment before the date the resignation was to be effective, the Company shall, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the resignation was to be effective up to a maximum of three (3) months; (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are expressly required pursuant to applicable employment standards legislation, if any. In such circumstances the Executive shall be ineligible for any pro-rated bonus for the year of termination, and any entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement.

6.2 **Termination by the Company for Just Cause or on Death or Disability**. The Company may terminate the Executive's employment at any time for Just Cause without prior notice or in the event of the Executive's death or Disability (as defined below). On the termination of the Executive's employment for Just Cause or on the Executive's death or Disability, this Agreement and the Executive's employment shall terminate and the Company shall, in full satisfaction of its obligations to the Executive: (a) pay the Executive's Base Salary and vacation pay accrued until the date the Executive's employment ceases; (b) reimburse the outstanding expenses properly incurred by the Executive until the date the Executive's employment ceases; and (c) provide the Executive with such other compensation and benefits that are expressly required pursuant to applicable employment standards legislation, if any. In such circumstances the Executive shall be ineligible for any pro-rated bonus for the year of termination, and any entitlements in respect of equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement. For the purposes of this Agreement, (A) "**Just Cause**" means: (i) any act or omission constituting "just cause" for dismissal without notice under applicable law; (ii) the Executive's repeated failure or refusal to perform the Executive's principal duties and responsibilities after notice from the CEO or other officer of the Company; (iii) misappropriation of the funds or property of the Company; (iv) use of alcohol or drugs in violation of the Company's policies on such use or that interferes with the Executive's obligations under this Agreement, continuing after a single warning (subject to the Company's obligations under applicable human rights legislation); (v) the indictment, arrest or conviction in a court of law for, or the entering of a plea of guilty to, a summary or indictable offence or any crime involving moral turpitude, fraud, dishonesty or theft (subject to the Company's obligations under applicable human rights legislation); (vi) the misuse of Company computers or computer network systems for non-Company business; (vii) engaging in any act (including, without restriction, an act of sexual harassment as determined by the Company) which is a violation of any law, regulation or Company policy; or (viii) any wilful or intentional act which injures or could reasonably be expected to injure the reputation, business or business relationships of the Company, and (B) "Disability" means a physical or mental incapacity of the Executive that has prevented the Executive from performing the duties customarily assigned to the Executive for 180 calendar days, whether or not consecutive, out of any twelve (12) consecutive months and that in the opinion of the Company, acting on the basis of advice from a duly qualified medical practitioner, is likely to continue to a similar degree.

6.3 **Termination by the Company without Just Cause or Resignation for Good Reason on Change of Control**. The Company may terminate the Executive's employment at any time without Just Cause, on providing thirty (30) days' written notice to the Executive. The Executive may resign the Executive's employment for Good Reason (as defined below) within twenty-four (24) months of the occurrence of a Change in Control (as defined below), on providing thirty (30) days' written notice to the Company. If the Company terminates the Executive's employment without Just Cause or if the Executive resigns his employment for Good Reason within twenty-four (24) months of the occurrence of a Change of Control, and if the Executive signs and delivers and

does not revoke a release in favour of the Company to the Company in consideration of amounts in excess of the Executive's minimum entitlements under applicable employment standards legislation, the Company, shall, in full satisfaction of its obligations to the Executive:

(a) pay the Executive's Base Salary and accrued but unpaid vacation pay in accordance with applicable employment standards legislation;

(b) reimburse the Executive's expenses properly incurred until the date the Executive's employment ceases;

(c) in lieu of notice, pay the Executive the greater of (i) one (1) month of the Executive's annual base salary in effect at the time of termination for each completed year of service with the Company, to a maximum of twelve (12) months of base salary, payable by way of lump sum payment within sixty (60) days following such termination, and (ii) the minimum termination pay and severance pay entitlements of the Executive pursuant to applicable employment standards legislation.

(d) continue the Executive's group insured benefits, if any, until the end of the notice period calculated under (c) above or the date on which the Executive obtains alternate benefit coverage, whichever occurs first, subject to the terms and conditions of the benefit plans, as amended from time to time, and the minimum requirements of applicable employment standards legislation. If the Company is unable for any reason to continue its contributions to the benefit plans as set out in this Agreement, it shall pay the Executive an amount equal to the Company's required contributions to such benefit plans on behalf of the Executive for such period. The Executive agrees that he/she is required to notify the Company when he/she obtains alternate life, medical and dental benefit coverage; and

(e) determine the Executive's entitlements in respect of equity-based awards in accordance with the terms and conditions of the applicable equity award plan, any other applicable plan and the applicable award agreement.

In this Agreement, "**Change of Control**" means:

a. the consummation of any transaction or series of transactions including any reorganization, recapitalization, statutory share exchange, consolidation, amalgamation, arrangement, merger or issue of voting shares in the capital of Cronos Group, the result of which is that any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, association, joint-stock company, estate, trust, organization, governmental authority or other entity of any kind or nature ("**Person**") or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions becomes the beneficial owner, directly or indirectly, of more than 50% of the voting securities in the capital of the entity resulting from such transaction or series of transactions or the entity that acquired all or substantially all of the business or assets of Cronos Group in a transaction or series of transactions described in paragraph (ii) below (in each case, the "**Surviving Company**") or the ultimate parent entity that has beneficial ownership of sufficient voting power to elect a majority of the board of directors (or analogous governing body) of the Surviving Company (the "**Parent Company**"), measured by voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) rather than number of securities (but shall not include the creation of a holding company or other transaction that does not involve any substantial change in the proportion of direct or indirect beneficial ownership of the voting securities of Cronos Group prior to the consummation of the transaction or series of transactions), provided that the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant (as defined in the Subscription Agreement by and among Cronos Group Inc., Altria Summit LLC and Altria Group, Inc. dated as of December 7, 2018) shall not constitute a Change of Control pursuant to this clause (a);

b. the direct or indirect sale, transfer or other disposition, in one or a series of transactions, of all or substantially all of the business or assets of Cronos Group, taken as a whole, to any person or group of persons acting jointly or in concert for purposes of such transaction or series of transactions (other than to any affiliates of Cronos Group); or

c. Incumbent Directors during any consecutive twelve (12) month period ceasing to constitute a majority of the Board of Cronos Group (for the purposes of this paragraph, an "Incumbent Director" shall mean any member of the Board who is a member of the Board immediately prior to the occurrence of a contested election of directors of Cronos Group).

In this Agreement, "**Good Reason**" means the occurrence of any of the following events without the Executive's consent, except in each case for any isolated, immaterial or inadvertent action not taken in bad faith and which is remedied by the Company within thirty (30) days after a written notice thereof by the Executive (provided that such notice must be given to the Company within sixty (60) days of Executive becoming aware of such condition):

(a) the assignment to the Executive of duties materially different than the duties assigned to the Executive hereunder;

(b) a material diminution in the Executive's title, status, seniority, reporting relationship, responsibilities or authority;

(c) a material reduction in the Executive's Base Salary; or

(d) the relocation of the Executive's primary work location, except as permitted by Section 2.1.

6.4 **Resignation on Termination**. The Executive agrees that upon any termination of employment with the Company for any reason the Executive shall immediately tender resignation from any position the Executive may hold as an officer or director of the Company and take all steps necessary to remove Executive from any and all designated positions under any applicable laws, including without limitation, the *Cannabis Act* (Canada) and the regulations thereunder, as the same may be amended from time to time, or any subsidiary or affiliate of the Company. In the event that the Executive fails to comply with this obligation within three (3) days of the Executive's termination or resignation, the Executive hereby irrevocably authorizes the Company to appoint a Person in the Executive's name and on the Executive's behalf to sign or execute any documents and/or do all things necessary or requisite to give effect to such resignation.

6.5 **Compliance with Laws.** The Executive understands and agrees that the entitlements under this Section 6 are provided in full satisfaction of the Executive's entitlements to notice of termination, pay in lieu of notice, and severance pay, if any, under applicable employment standards legislation, this Agreement, any employee benefit plan sponsored or maintained by the Company or any of its affiliates, applicable law (including the common law) or otherwise.

7. Restrictive Covenants

7.1 **Non-Disclosure**. The Executive acknowledges and agrees that:

(a) during the term of the Executive's employment, the Executive may be given access to or may become acquainted with confidential and proprietary information of the Company and its affiliates and related entities and third parties to which the Company and its affiliates and related entities may have any obligations of non-disclosure or confidentiality, including but not limited to: trade secrets; know-how; Intellectual Property (as defined below); Employee Inventions (as defined below), Invention Records (as defined below), existing and contemplated work product resulting from or related to projects performed or to be performed by or for the Company; programs and program modules; processes; algorithms; design concepts; system designs; production data; test data; research and development information; information regarding the acquisition, protection, enforcement and licensing of proprietary rights; technology; joint ventures; business, accounting, engineering and financial information and data; marketing and development plans and methods of obtaining business; forecasts; future plans and strategies of the Company; pricing, cost, billing and fee arrangements and policies; quoting procedures; special methods and processes; lists and/or identities of customers, suppliers, vendors and contractors; the type, quantity and specifications of products and services purchased, leased, licensed or received by the Company and/or any of its customers, suppliers, or vendors; internal personnel and financial information; business and/or personal information about any senior staff members of the Company or any Person with which the Company enters a strategic alliance or any other partnering arrangements; vendor and supplier information; the manner and method of conducting the Company's business; the identity or nature of relationship of any persons or entities associated with or engaged as consultants, advisers, agents, distributors or sales representatives (the "**Confidential Information**") the disclosure of any of which to competitors of the Company or to the general public, or the use of same by the Executive or any competitor of the Company, would be highly detrimental to the interests of the Company;

(b) disclosure or use of Confidential Information, other than in connection with the Company's business or as specifically authorized by the Company, will be highly detrimental to the business and interests of the Company and could result in serious loss of business and damage to it. Accordingly, the Executive specifically agrees to hold all Confidential Information in strictest confidence, and the Executive agrees that the Executive shall not, without the Company's prior written consent, disclose, divulge or reveal to any person, or use for any purpose other than for the exclusive benefit of the Company, any Confidential Information, in whatever form contained; provided that the foregoing shall not apply to information (except for personal information about identifiable individuals) that: (i) was known to the public prior to its disclosure to the Executive; (ii) becomes generally known to the public subsequent to disclosure to the Executive other than by reason of the Executive's breach of this Section; (iii) becomes available to the Executive from a source independent of the Company; or (iv) the Executive is specifically required to disclose by applicable law or legal process (provided that the Executive provides the Company with prompt advance written notice of the contemplated disclosure and cooperates with the Company in seeking a protective order or other appropriate protection of such information); and

(c) the Executive shall deliver to the Company, immediately upon termination of employment (for any reason and regardless of whether the Executive or the Company terminate the employment) or at any time the Company so requests: (i) any and all documents, files, notes, memoranda, models, databases, computer files and/or other computer programs reflecting any Confidential Information whatsoever or otherwise relating to the Company's business; (ii) lists or other documents regarding customers, suppliers, or vendors of the Company or leads or referrals to prospective business deals; and (iii) any computer equipment, home office equipment, automobile or other business equipment belonging to the Company that the Executive may then possess or have under the Executive's control.

(d) For the avoidance of doubt, nothing in this Agreement limits, restricts or in any other way affects the Executive communicating with any governmental authority or entity concerning matters relevant to the governmental authority or entity. The Executive and the Company agree that no confidentiality or other obligation the Executive owes to the Company prohibits the Executive from reporting possible violations of law or regulation to any governmental authority or entity under any applicable whistleblower protection provision of applicable Canadian, U.S. Federal or U.S. State law or regulation (including Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002) or requires the Executive to notify the Company of any such report. The Executive is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (i) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (ii) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (iii) to the Executive's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

7.2 **Intellectual Property**

(a) In this section, the term "**Germplasm**" means any living or preserved biological tissue or material which may be used for the purpose of plant breeding and/or propagation, including but not limited to plants, cuttings, seeds, clones, cells, tissues, plant materials, and genetic materials (including but not limited to nucleic acids, genes, promoters, reading frames, regulatory sequences, terminators, chromosomes whether artificial or natural, and vectors).

(b) The Executive agrees to promptly disclose to the Company (including to the Executive's manager) all ideas, suggestions, discoveries, designs, works, developments, improvements, processes, formulas, data, techniques, know-how, confidential and proprietary information, trade secrets, inventions and improvements, and any other intellectual property rights, including with respect to, but not limited to, Germplasm, and whether or not any of the foregoing are registrable as patents, industrial designs, copyrights, trademarks or plant breeder rights (collectively, "**Intellectual Property**") which the Executive may author, make, conceive, develop, discover, or reduce to practice, solely, jointly or in common with other employees, during the Executive's employment with the Company and which relate to the business activities of the Company ("**Employee Inventions**"). The Executive agrees to maintain as confidential any Employee Inventions, and not to make application for registration of rights in respect of such unless it is at the request and direction of the Company. Intellectual Property coming within the scope of the business of the Company made and/or developed by the Executive while in the employ of the Company, whether or not conceived or made during regular working hours and whether or not the Executive is specifically instructed to make or develop the same, shall be for the benefit of the Company and shall be considered to have been made pursuant to this Agreement and shall be deemed Employee Inventions and shall immediately become exclusive property of the Company. The Executive must keep, maintain, and make available to the Company complete and up-to-date records relating to any such Intellectual Property, and agree that all such records are the sole and absolute property of the Company.

(c) The Executive hereby assigns and transfers, and shall assign and transfer, to the Company, the Executive's entire right, title and interest in and to any and all Employee Inventions, and the Executive agrees to execute and deliver to the Company any and all instruments necessary or desirable to accomplish the foregoing and, in addition, to do all lawful acts which may be necessary or desirable to assist the Company to obtain and enforce protection of Employee Inventions. The Executive shall, at the request and cost of the Company, and for no additional compensation or consideration from the Company, sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require: (i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) patents, letters patent, copyrights, plant breeders rights, or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; (ii) to perfect or evidence ownership by the Company or its designees of any and all Employee Inventions, in form suitable for recordation in the United States, Canada, and any other patent office; (iii) to defend any opposition proceedings of any type whatsoever in respect of such applications, and any opposition proceedings or petitions or applications of any type whatsoever for revocation of such patents, letters patent, copyright or other analogous protection, whether such proceedings are brought before a court or any administrative body; and (iv) to defend and/or assert the Company's rights in any Intellectual Property against any third party. For greater certainty, all materials related to Employee Inventions (including notes, records and correspondence, whether written or electronic) (collectively, "**Invention Records**") are the property of the Company, which the Executive shall provide to the Company upon request. Invention Records shall not be removed from Company premises without the prior written consent of the Company. The Executive further waives all moral rights in and to any Employee Inventions and all work the Executive produced during the course of the Executive's employment.

(e) In the course of performing duties pursuant to this Agreement, the Executive shall only use Germplasm provided by the Company, and the Executive agrees that any such Germplasm provided by the Company remains the sole property of the Company and that such Germplasm shall not be removed from Company premises without the prior written consent of the Company.

(e) The Executive represents and warrants that the Executive does not possess any Intellectual Property or Germplasm of any third party, including but not limited to any prior employer or competitor of the Company, and the Executive shall not acquire and/or use Intellectual Property or Germplasm of any third party in the course of performing duties pursuant to this Agreement and shall not bring any Germplasm of any third party onto Company premises.

7.3 **Non-Competition**. The Executive shall not at any time during the Executive's employment with the Company and for a period of one (1) year following the termination of this Agreement and the Executive's employment with the Company for any reason, either individually or in partnership or jointly or in conjunction with any Person as principal, agent, consultant, employee, partner, director, shareholder (other than an investment of less than five (5) per cent of the shares of a company traded on a registered stock exchange or traded in the over the counter market in Canada), or in any other capacity whatsoever:

(a) engage in employment or enter into a contract to do work related to the research into, development, cultivation, production, supply, sales or marketing of cannabis or cannabis derived products; or the development or provision of any services (including, but not limited to, technical and product support, or consultancy or customer services) which relate to cannabis or cannabis derived products (the "**Business**"); or

(b) have any financial or other interest (including by way of royalty or other compensation arrangements) in or in respect of the business of any Person which carries on the Business; or

(c) advise, lend money to or guarantee the debts or obligations of any Person which carries on the Business;

anywhere within Canada and/or the United States of America.

7.4 **Non-Solicitation of Customers**. The Executive shall not, during the Executive's employment and for the one (1) year period immediately following the termination of the Executive's employment for any reason, whether alone or for or in conjunction with any Person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or attempt to solicit any Customer or Prospective Customer for the purpose of obtaining the business of any Customer or Prospective Customer of the Company or persuading any such Customer or Prospective Customer to cease to do business with or reduce the amount of business it would otherwise provide to the Company or its affiliates. For the purpose of this Agreement, "**Customer**" means any Person which is a current customer or has been a customer of the Company or an affiliate of the Company during the term of the Executive's employment with the Company but in the event of the cessation of the Executive's employment "**Customer**" shall include only those current customers of the Company or an affiliate of the Company with whom the Executive had direct contact or access to Confidential Information by virtue of the Executive's role as an employee of the Company at any time during the twelve (12) month period preceding the date of the cessation of the Executive's employment; "**direct contact**" means direct communications with or by the Executive, whether in Person or otherwise, for purposes of servicing, selling, or marketing on behalf of the Company, but only if such communications are more than trivial in nature, and in any case excluding bulk or mass marketing communications directed to multiple customers; and, "**Prospective Customer**" means any organization, individual or entity which has been actively contacted and solicited for its business by representatives of the Company or affiliates of the Company, but in the event of the cessation of the Executive's employment within the twelve (12) month period immediately preceding the date of the cessation of the Executive's employment, with the involvement and knowledge of the Executive.

7.5 **Non-Solicitation of Employees**. The Executive shall not, during the Executive's employment and for two (2) years following the termination of the Executive's employment for any reason, whether alone or for or in conjunction with any Person or entity, whether as an employee, partner, director, principal, agent, consultant or in any other capacity whatsoever, directly or indirectly solicit or assist in the solicitation of any employee of the Company or an affiliate of the Company to leave such employment.

7.6 **Disclosure**. During the Executive's employment with the Company, the Executive shall promptly disclose to the Board full information concerning any interest, direct or indirect, of the Executive (whether as owner, shareholder, partner, lender or other investor, director, officer, employee, consultant or otherwise) or any member of the Executive's immediate family, in any business which is reasonably known to the Executive to purchase or otherwise obtain services or products from, or to sell or otherwise provide services or products to the Company or to any of their respective suppliers or Customers.

7.7 **Other Employment.** During the Executive's employment with the Company, the Executive shall not, except as a representative of the Company or with the prior written approval of the Executive's manager, whether paid or unpaid, be directly or indirectly engaged, concerned or have any financial interest in any capacity in any other business, trade, professional or occupation (or the setting up of any business, trade, profession or occupation).

7.8 **Return of Materials**. All files, forms, brochures, books, materials, written correspondence (including email and instant messages), memoranda, documents, manuals, computer disks, software products and lists (including financial and other

information and lists of customers, suppliers, products and prices) pertaining to the Company or its affiliates which may come into the Executive's possession or control shall at all times remain the property of the Company or its affiliates as applicable. Upon termination of the Executive's employment for any reason, the Executive agrees to immediately deliver to the Company all such property in the Executive's possession or directly or indirectly under the Executive's control. The Executive agrees not to make, for the Executive's personal or business use or that of any other person, reproductions or copies of any such property or other property of the Company or its affiliates.

8. General

8.1 **Reasonableness of Restrictions and Covenants**. The Executive hereby confirms and agrees that the covenants and restrictions contained in this Agreement, including, without limitation, those contained in Section 7, are reasonable and valid the Executive further acknowledges and agrees that the Company may suffer irreparable injury in the event of any breach by the Executive of the obligations under any such covenant or restriction. Accordingly, the Executive hereby acknowledges and agrees that damages would be an inadequate remedy at law in connection with any such breach and that the Company shall therefore be entitled, in addition to any other right or remedy which it may have at law, in equity or otherwise, to temporary and permanent injunctive relief enjoining and restraining the Executive from any such breach.

8.2 **Survival.** Section 7 and this Section survive the termination of this Agreement and the Executive's employment for any reason whatsoever.

8.3 **Entire Agreement**. This is the entire agreement between the Company and the Executive on the subject matters addressed herein. There are no representations, warranties or collateral agreements, whether written or oral, outside of this written Agreement. This Agreement and the terms and conditions of employment contained herein supersede and replace any prior understandings or discussions between the Executive and the Company regarding the Executive's employment.

8.4 **Withholding Taxes**. The Company may withhold from any amounts or benefits payable under this Agreement income taxes and payroll taxes that are required to be withheld pursuant to any applicable law or regulation.

8.5 **Section 409A Compliance**. To the extent applicable, this Agreement is intended to comply with the requirements of Section 409A of the United States Internal Revenue Code of 1986, as amended (together with the applicable regulations thereunder, "**Section 409A**"). To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A or to the extent any provision in this Agreement must be modified to comply with Section 409A (including, without limitation, Treasury Regulation 1.409A-3(c)), such provision shall be read, or shall be modified (with the mutual consent of the parties, which consent shall not be unreasonably withheld), as the case may be, in such a manner so that all payments due under this Agreement shall comply with Section 409A. For purposes of Section 409A, each payment made under this Agreement shall be treated as a separate payment. In no event may Executive, directly or indirectly, designate the calendar year of payment. Notwithstanding any provision of this Agreement to the contrary, if necessary to comply with the restriction in Section 409A(a)(2)(B) concerning payments to "specified employees" (as defined in Section 409A) any payment on account of the Executive's separation from service that would otherwise be due hereunder within six months after such separation shall nonetheless be delayed until the first business day of the seventh month following the Executive's date of termination and the first such payment shall include the cumulative amount of any payments that would have been paid prior to such date if not for such restriction. Notwithstanding anything contained herein to the contrary, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement unless he would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

8.6 **Amendments.** This Agreement may only be amended by written agreement executed by the Company and the Executive. However, changes to the Executive's position, duties, vacation, benefits and compensation, over time in the normal course, do not affect the validity or enforceability of the Agreement.

8.7 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario. The Company and the Executive each irrevocably consent to the exclusive jurisdiction of the courts of Ontario and the courts of Ontario shall have the sole and exclusive jurisdiction to entertain any action arising under this Agreement.

8.8 **Severability**. If any provision in this Agreement is determined to be invalid or unenforceable, such provision shall be severed from this Agreement, and the remaining provisions shall continue in full force and effect. If for any reason any court of competent jurisdiction will find any provisions of this Agreement unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein will be effective to the fullest extent allowed under applicable law in such jurisdiction.

8.9 **Assignment**. The Company may assign this Agreement to an affiliate or subsidiary, and it enures to the benefit of the Company, its successors or assigns.

8.10 **Independent Legal Advice**. The Executive acknowledges that the Executive has been encouraged to obtain independent legal advice regarding the execution of this Agreement, and that the Executive has either obtained such advice or voluntarily chosen

not to do so, and hereby waives any objections or claims the Executive may make resulting from any failure on the Executive's part to obtain such advice.

8.11 **Waiver.** No waiver of any of the provisions of this Agreement shall be effective or binding, unless made in writing and signed by the party purporting to give the same. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall such waiver constitute a continuing waiver, unless expressly stated otherwise.

8.12 **Conditions**. This Agreement and the Executive's continued employment hereunder is conditional on the Company's satisfaction (determined in the Company's sole discretion) that the Executive has met the legal requirements to perform the Executive's role, including but not limited to satisfactory results of Health Canada or any other applicable security clearance checks and criminal record checks and other reference checks that the Company performs. The Executive acknowledges and agrees that in signing this Agreement, and providing the Company with the necessary documentation to perform the checks required for the Executive's role and with references, the Executive is providing consent to the Company or its agent, to performs such checks and contact the references the Executive provided to the Company.

8.13 **Prior Restrictions**. By signing below, the Executive represents that the Executive is not bound by the terms of any agreement with any Person which restricts in any way the Executive's hiring by the Company and the performance of the Executive's expected job duties; the Executive also represents that, during the Executive's employment with the Company, the Executive shall not disclose or make use of any confidential information of any other persons or entities in violation of any of their applicable policies or agreements and/or applicable law.

8.14 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission, including in portable document format (.pdf), shall be deemed as effective as delivery of an original executed counterpart of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Company and the Executive on the dates below.

HORTICAN INC.

By: /s/ Michael Gorenstein

Name: Michael Gorenstein

Title: Chief Executive Officer

CRONOS GROUP INC.

By: /s/ Michael Gorenstein

Name: Michael Gorenstein

Title: Chief Executive Officer

EXECUTIVE

/s/ William Lawrence Hilson

Name: William Lawrence Hilson

Exhibit 10.20

SERVICE AGREEMENT

This Service Agreement (this "Agreement") is entered into as of October 1, 2015 (the "Effective Date"), by and between The Peace Naturals Project Inc. (the "Company"), and Hillhurst Management Inc. (the "Vendor"). The Company and the Vendor are collectively referred to herein as the "Parties."

RECITAL

WHEREAS, the Vendor has specialized financial skills, experience and knowledge;

WHEREAS, the Company wishes to engage the Vendor as an independent contractor for the Company for the purpose of providing business advisory services from and after the Effective Date on the terms and conditions set forth below; and

WHEREAS, the Vendor wishes to provide the Services (as defined below) in accordance with the terms of this Agreement; and

WHEREAS, each Party is duly authorized and capable of entering into this Agreement.

NOW, THEREFORE, in consideration of the above recitals and the mutual promises and benefits contained herein, the Parties hereby agree as follows:

1 SERVICES AND RESPONSIBILITIES

(a) The Vendor agrees to do each of the following (collectively, the "Services"):

(i) The Vendor will provide advisory services in support of due diligence activities relating to potential share purchase agreements;

(ii) Prepare support schedules and documents such as interim financial reporting, forecasts, valuation modelling of biological assets, pricing strategies, recommend employee grading, salary bands, remuneration support, and recommend share option plans for employees;

(b) The Company agrees to do each of the following:

(i) Engage the Vendor as an independent contractor to perform the Services;

(ii) Provide relevant information and tools, to assist the Vendor with the performance of the Services; and

(iii) Satisfy all of the Vendor's reasonable requests for assistance in its performance of the Services.

2 NATURE OF RELATIONSHIP

(a) The Vendor agrees to perform the Services hereunder solely as an independent contractor. The Parties agree that nothing in this Agreement shall be construed as creating a joint venture, partnership, franchise, agency, employer/employee, or similar relationship between the Parties. The Vendor is and will remain an independent contractor in its relationship to the Company and shall not be considered or deemed to be an employee of the Company for any purpose, including without limitation, for purposes of any pension, bonus, equity or other benefit plan which the Company makes available to its employees. The Company shall not be responsible for withholding taxes with respect to the Vendor's compensation hereunder. The Vendor shall have no claim against the Company hereunder or otherwise for any form or type of benefits, including, without limitation, vacation pay, sick leave, retirement benefits, disability, social security, worker's compensation, or employment insurance benefits. Nothing in this Agreement shall create any obligation between either Party and a third party.

(b) The Company has entered into this Agreement in reliance on information provided by the Vendor, including the Vendor's express representation that it is an independent contractor and in compliance with all applicable laws related to work as an independent contractor.

3 TERM

The term of this Agreement shall be for a period of one (1) year commencing as of the Effective Date and shall thereafter continue until such time as this Agreement is terminated in accordance with the provisions of this Agreement.

4 CONFIDENTIAL INFORMATION

(a) The Vendor agrees to treat as strictly confidential and not divulge any Confidential Information (as defined below) received during the term of this Agreement or thereafter. Except as may be necessary and appropriate to provide your services in the context of the Agreement, the Vendor shall not divulge any Confidential Information to any person, firm, corporation or entity without the express written consent of the Company. Nothing in this policy is intended to prohibit the Vendor from sharing such Confidential Information as is required to provide your services in the context of this Agreement with the Company, on the condition that such Confidential Information is shared in a manner consistent with the consent policies or procedures of the Company and in compliance with the *Personal Health Information Protection Act*.

(b) The Vendor agrees at all times during the Term and indefinitely thereafter, to hold in the strictest confidence, and not to use, except for the benefit of the Company solely to the extent necessary to perform your obligations to the Company in the course and context of this Agreement, or to disclose to any person, firm, corporation or other entity without written authorization of the Company (via an agreement to permit disclosure signed by a member of the board of directors or a senior corporate officer in each instance), and Confidential Information of the Company which the Vendor obtain or create.

(c) The Vendor understands that "Confidential Information" means any Company proprietary information, technical data, trade secrets or know-how, including but not limited to research, product plans, products, services, suppliers, customer lists and customers (including, but not limited to, customers of the Company on whom the Vendor called or which became acquainted during the course of providing the Services of this Agreement with the Company), prices and costs, markets, software, developments, inventions, laboratory notebooks, processes formulas, technology, biotechnology, biological or non-biological products (including strains, substrains, and/or variations of plants or other biological material), designs, drawings, engineering, hardware configuration information, marketing, licenses, finances, budgets or other business information disclosed to the Vendor by the Company either directly or indirectly in writing, orally or by drawings or observation of parts or equipment or created by the Vendor during the term of this Agreement with the Company, whether or not during working hours, and including Inventions (as such term is defined in the Intellectual Property Standard). The Vendor understands the Confidential Information includes, but is not limited to, information pertaining to any aspect of the Company's business, which is either information not known by actual or potential competitors of the Company or other third parties not under confidentiality obligations to the Company, or is otherwise proprietary information of the Company or its customers or suppliers whether of a technical nature or otherwise. The Vendor further understand that Confidential Information does not include any of the foregoing items which have become publicly and widely known and which have been made generally available through no wrongful act of the Vendor or others who were under confidentiality obligations as to the item or items involved.

5 INTELLECTUAL PROPERTY

(a) The Vendor agrees that all research and intellectual property developed in relation to providing the Services during the term of this Agreement is the property of the Company. Any research may only be published with the express written consent of the Company. Any research published by the Vendor must provide acknowledgement of the Company. The Company must provide acknowledgement and if appropriate authorship to the Vendor for any research primarily conducted or written by the Vendor.

6 INDEMNIFICATION OF THE VENDOR

(a) The Company shall indemnify and save the Vendor (including their respective heirs and legal representatives) harmless from and against any and all liability, damages, cost (including reasonable counsel fees and disbursements), charges and expenses arising out of or related to any act or omission done or permitted by the Vendor in connection with the delivering of the Services, provided such indemnity shall not extend to liabilities, damages, costs, charges, or expenses attributable to the deliberate misconduct or reckless disregard by the Vendor while providing the Services. These rights are in addition to and not in substitution for any and all other indemnities to which the Vendor may be entitled.

7 REPRESENTATIONS AND WARRANTIES

(a) The Parties each represent and warrant as follows:

(i) Each Party has full power, authority, and right to perform its obligations under the Agreement;

(ii) This Agreement is a legal, valid, and binding obligation of each Party, enforceable against it in accordance with its terms (except as may be limited by bankruptcy, insolvency, moratorium, or similar laws affecting creditors' rights generally and equitable remedies); and

(iii) Entering into this Agreement will not violate the charter or bylaws of either Party or any material contract to which that Party is also a party.

(b) The Vendor hereby represents and warrants as follows:

(i) The Vendor has the sole right to control and direct the means, details, manner, and method by which the Services required by this Agreement will be performed;

(ii) The Services shall be performed in accordance with standards prevailing in the Company's industry, and shall further be performed in accordance with and shall not violate any applicable laws, rules, or regulations, and the Vendor will act competently, loyally and in a trustworthy manner in accordance with the Company's best interests and the Company's code of business conduct.

(c) The Company hereby represents and warrants as follows:

(i) The Company will make timely payments of amounts earned by the Vendor under this Agreement;

(ii) The Company shall notify the Vendor of any changes to its procedures affecting the Vendor's obligations under this Agreement at least 30 days prior to implementing such changes; and

(iii) The Company shall provide such other assistance to the Vendor as the Company deems reasonable and appropriate.

8 FEE FOR SERVICES

(a) Terms and Conditions. The Company shall pay the Vendor a monthly fee of $12,500 for five (5) days a week commitment of time.

(b) Timing of Payment. Payments for Services shall be made to the Vendor on a semi-monthly basis within one week after the receipt of an invoice from the Vendor.

(c) Expenses. Any reasonable expenses incurred by the Vendor in the performance of this Agreement shall be the Company's responsibility, which are reimbursable by the Company in accordance with the Company's standard expense reimbursement procedures, in addition the Vendor will be reimbursed for mileage to and from the Company offices in Stayner, Ontario at the current allowable per km rate of $0.55 established by Canada Revenue Agency.

(d) Taxes. The Vendor is solely responsible for the payment of all income, social security, employment-related, or other taxes incurred as a result of the performance of the Services by the Vendor under this Agreement and for all obligations, reports, and timely notifications relating to such taxes. The Company shall have no obligation to pay or withhold any sums for such taxes.

(e) Project Success Fee. The Vendor will be paid a success fee of $30,000 upon the closing of any Share Purchase Agreement between the Barnes Family Trust and any third party during the term of this Agreement.

(f) Stock Options. In addition to the cash payment in section 7(a) and Project Success Fee 7(e), the Company will also award to the Vendor 30,000 options to acquire 30,000 common shares at a strike price of $7.25 per share vesting upon signing of this Agreement. The options will have a five (5) year term prior to expiration.

9 NO CONFLICT OF INTEREST; OTHER ACTIVITIES

The Vendor hereby represents and warrants to the Company, and covenants to the Company, that the Vendor is not and will not be, obliged under any contract, obligation or other duty that conflicts with or is inconsistent with this Agreement. During the Term, the Vendor is free to engage in other independent contracting activities; provided, however, the Vendor shall not accept work, enter into contracts, or accept obligations inconsistent or incompatible with the Vendor's obligations or the scope of Services to be rendered for the Company pursuant to this Agreement without the prior written consent of the Company.

10 SECURITY COMPLIANCE

The Vendor acknowledges that both in connection with this Agreement the Company may conduct the necessary criminal, security and other clearances and background checks as are mandated by law, or which the Company in its reasonable discretion may determine are necessary and advisable, including permitting the company to apply for Health Canada security clearance.

11 TERMINATION

This Agreement may be terminated:

(a) by either party on provision of thirty (30) days written notice to the other Party, with or without cause;

(b) by either Party for a material breach of any provision of this Agreement by the other Party, if the other Party's material breach is not cured within fifteen (15) days of receipt of written notice thereof; or

(c) by the Company at any time and without prior notice, if the Vendor (i) is convicted of any felony, (ii) is convicted of any crime involving moral turpitude, fraud or misrepresentation, (iii) fails or refuses to comply with the written policies or reasonable directives of the Company, (iv) is guilty of serious misconduct in connection with performance under this Agreement, (v) Health Canada security clearance is not obtained, contract can be cancelled; or (vi) breaches any provision of Paragraph 4 above;

(d) in the event of a change of control in ownership of the Company or sale of common shares of the Company by the Barnes Family Trust, and this Agreement is terminated early in accordance with the provisions of this Agreement, an Early Termination Fee of $30,000 (equal to three (3) months of service fees) will be due upon early termination of this Agreement.

The Term shall end upon the termination of this Agreement. Following the termination of this Agreement for any reason, the Company shall promptly pay the Vendor any outstanding amounts for Services rendered before the effective date of the termination and any Project Success Fees or Early Termination Fees. Termination of this Agreement shall constitute the Vendor's resignation from any director or officer position the Vendor has with any of the Company's parent and subsidiaries entities and from all fiduciary positions the Vendor holds with respect to any employee benefit plans or trusts established by the Company. The Vendor agrees that this Agreement shall serve as written notice of resignation in the foregoing circumstances.

12 RETURN OF PROPERTY

Immediately upon termination of this Agreement or other request by the Company, the Vendor agrees to return to the Company all Confidential Information and all other Company products, samples, models, or other property and all documents, retaining no copies or notes, relating to the Company's business including, but not limited to, reports, abstracts, lists, correspondence, information, computer files, computer disks, and all other materials and all copies of such material obtained by the Vendor during and in connection with his performance of Services hereunder. All Confidential Information and all other files, records, documents, blueprints, specifications, information, letters, notes, media lists, original artwork/creative, notebooks, and similar items relating to the Company's business, whether prepared by the Vendor or otherwise coming into its possession, shall remain the Company's exclusive property.

13 MODIFICATION

No amendment, change, or modification of this Agreement shall be valid unless in writing and signed by both Parties.

14 ASSIGNMENT

The Company shall have the right to assign its rights and delegate its duties under this Agreement in whole or in part without the consent of the Vendor. The Vendor may not, without the written consent of the Company, assign, subcontract, or delegate its obligations under this Agreement, except that the Vendor may transfer the right to receive any amounts that may be payable to him for his services under this Agreement, which transfer will be effective only after receipt by the Company of written notice of such assignment or transfer.

15 SUCCESSORS AND ASSIGNS

All references in this Agreement to the Parties shall be deemed to include, as applicable, a reference to their respective permitted successors and assigns. The provisions of this Agreement shall be binding on and shall inure to the benefit of the permitted successors and assigns of the Parties.

16 FORCE MAJEURE

A Party shall be not be considered in breach of or in default under this Agreement on account of, and shall not be liable to the other Party for, any delay or failure to perform its obligations hereunder by reason of fire, earthquake, flood, explosion, strike, riot, war, terrorism, or similar event beyond that Party's reasonable control (each a "Force Majeure Event"); provided , however, if a Force Majeure Event occurs, the affected Party shall, as soon as practicable:

(a) notify the other Party of the Force Majeure Event and its impact on performance under this Agreement; and

(b) use reasonable efforts to resolve any issues resulting from the Force Majeure Event and perform its obligations hereunder.

17 NO IMPLIED WAIVER

The failure of either Party to insist on strict performance of any covenant or obligation under this Agreement, regardless of the length of time for which such failure continues, shall not be deemed a waiver of such Party's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under this Agreement shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

18 NOTICE

Any notice or other communication provided for herein or given hereunder to a Party hereto shall be in writing and shall be given in person, by overnight courier, or by mail (registered or certified mail, postage prepaid, return-receipt requested) to such Party as follows (or to such other address as such Party may designated from time to time for purposes of this Paragraph 17 by notice to the other Party):

If to the Company:

Mr. Mark Gobuty
Peace Naturals Project Inc.
4491 Concession 12
Stayner, Ontario, Canada L0M 1SO

If to the Vendor:

Mr. William Hilson
Hillhurst Management Inc.
53 Hillhurst Blvd
Toronto, Ontario, Canada M5N 1N5

19 GOVERNING LAW

This Agreement shall be governed by the laws of the province of Ontario.

20 COUNTERPARTS/ELECTRONIC SIGNATURES

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. For purposes of this Agreement, use of a facsimile, e-mail, or other electronic medium shall have the same force and effect as an original signature.

21 SEVERABILITY

Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed, and enforced in such jurisdiction as if such invalid, illegal, or unenforceable provisions had never been contained herein.

22 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Parties as to the matters discussed herein and supersede any prior or contemporaneous negotiations, representations, promises, agreements and/or understandings of the Parties with respect to such matters, whether written or oral, except as specifically set forth in this Agreement.

23 HEADINGS

Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or intent.

[SIGNATURE PAGEFOLLOWS]

IN WITNESS WHEREOF, the Parties have signed this Agreement as of the date first set forth above.

COMPANY: The Peace Naturals Project Inc.

By:
Name: Mark Gobuty
Title: Chief Executive Officer

VENDOR: Hillhurst Management Inc.

By:
Name: William Hilson
Consultant

Exhibit 10.21

CRONOS GROUP INC.
EMPLOYMENT INDUCEMENT AWARD PLAN #1

1. INTERPRETATION: As used in the Plan, the following terms shall have the meanings set forth below. To the extent any such term is defined in an applicable Award Agreement, the definition in such Award Agreement shall control.

(a) "**Affiliate**" means any entity directly or indirectly controlling, controlled by or under common control with the Company.

2. "**Award**" means any Restricted Share Unit or Performance Award granted under the Plan.

(a) "**Award Agreement**" means any written (including electronic) agreement, contract or other instrument or document evidencing any Award granted under the Plan.

(b) "**Board**" means the board of directors of the Company.

(c) "**Just Cause**" has the definition set forth in the Participant's Employment Agreement with the Company or a subsidiary of the Company.

(d) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

(e) "**Change in Control**" means (i) the consummation of any transaction or series of transactions including, without limitation, any reorganization, recapitalization, statutory share exchange, consolidation, amalgamation, arrangement, merger or issue of voting shares in the capital of the Company, the result of which is that any individual, corporation (including, without limitation, not-for-profit), general or limited partnership, limited liability company, joint venture, association, joint-stock company, estate, trust, organization, governmental authority or other entity of any kind or nature ("**Person**") or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions becomes the beneficial owner, directly or indirectly, of more than 50% of the voting securities in the capital of the entity resulting from such transaction or series of transactions or the entity that acquired all or substantially all of the business or assets of the Company in a transaction or series of transactions described in clause (ii) (in each case, the "**Surviving Company**") or the ultimate parent entity that has beneficial ownership of sufficient voting power to elect a majority of the board of directors (or analogous governing body) of the Surviving Company (the "**Parent Company**"), measured by voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) rather than number of securities (but shall not include the creation of a holding company or other transaction that does not involve any substantial change in the proportion of direct or indirect beneficial ownership of the voting securities of the Company prior to the consummation of the transaction or series of transactions), provided that the exercise by Altria Summit LLC (or any of its affiliates) of the Purchased Warrant (as defined in the Subscription Agreement, by and among the Company, Altria Summit LLC and Altria Group, Inc., dated as of December 7, 2018 as may be amended or otherwise modified from time to time in accordance with its terms) shall not constitute a Change of Control pursuant to this clause (i); (ii) the direct or indirect sale, transfer or other disposition, in one or a series of transactions, of all or substantially all of the business or assets of the Company, taken as a whole, to any Person or group of Persons acting jointly or in concert for purposes of such transaction or series of transactions (other than to any affiliates of the Company); or (iii) Incumbent Directors during any consecutive twelve month period ceasing to constitute a majority of the Board of the Company (for the purposes of this paragraph, an "**Incumbent Director**" shall mean any member of the Board who is a member of the Board immediately prior to the occurrence of a contested election of directors of the Company).

(f) "**Committee**" means a committee of Directors designated by the Board to administer the Plan, which initially shall be the Compensation Committee of the Board.

(g) "**Company**" means Cronos Group Inc., a corporation organized under the laws of the Province of Ontario.

(h) "**Director**" means a member of the Board.

(i) "**Effective Date**" means September 5, 2019.

(j) "**Eligible Individual**" means each of Mr. Robert Rosenheck and Ms. Cindy Capobianco, each of 2030 Laurel Canyon Boulevard, Los Angeles, California 90046, United States of America.

(k) "**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

(l) "**Fair Market Value**" means, with respect to a particular date, (i) if the Shares are traded on the Toronto Stock Exchange, the closing price as reported by the Toronto Stock Exchange on the immediately preceding trading day and (ii) if the Shares are not traded on the Toronto Stock Exchange, the value as determined by the Committee in good faith taking into account applicable legal and tax requirements. For Participants primarily located in the United States, the Fair Market Value shall be converted from Canadian to U.S. dollars based on the exchange rate customarily used by the Company for such purposes, as selected by the Committee in its sole discretion.

(m) "**Good Reason**" has the definition set forth in the Participant's Employment Agreement with the Company or a subsidiary of the Company.

(n) "**Insider**" has the meaning given to the term "reporting insider" in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*, as such instrument may be amended, supplemented or replaced from time to time.

(o) "**NASDAQ**" means the Nasdaq Stock Market or any successor stock exchange on which Shares are listed or traded.

(p) "**Participant**" means an Eligible Individual designated to be granted an Award under the Plan.

(q) "**Performance Award**" means any unit granted to an Eligible Individual under Section 7(d) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date, for which the grant, vesting, exercisability, lapse of restrictions and/or settlement in cash or Shares of such Award is subject to the achievement of one or more Performance Goals specified by the Committee.

(r) "**Performance Goals**" means any performance goals established by the Committee in connection with the grant of an Award.

(s) "**Plan**" means this Cronos Group Inc. Employment Inducement Award Plan #1, as set forth herein and as hereinafter amended from time to time.

(t) "**Restricted Share Unit**" means any unit granted to an Eligible Individual under Section 7 of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date.

(u) "**Rule 16b-3**" means Rule 16b-3, as promulgated by the Securities and Exchange Commission under Section 16(b) of the Exchange Act, as amended from time to time.

(v) "**Security Based Compensation Arrangements**" means a stock option, stock appreciation right, stock option plan, employee stock purchase plan, share unit plan, deferred share unit plan or any other compensation or incentive mechanism, in each case, involving the issuance or potential issuance of Shares to any employee or Insider of the Company or its Affiliates, or one or more service providers, including a share purchase from treasury which is financially assisted by the Company or any of its Affiliates by way of a loan, guaranty or otherwise.

(w) "**Share**" or "**Shares**" means any common shares in the capital of the Company, no par value.

3. **PURPOSE:** The purpose of the Plan is to promote the interests of the Company and its shareholders by giving the Company a competitive advantage in attracting personnel capable of assuring the future success of the Company and to provide such personnel with an appropriate and material inducement to become employees of the Company (including in connection with a corporate transaction). Awards under the Plan are intended to qualify as (i) Security Based Compensation arrangements that are exempt from the requirement for security holder approval in reliance on Section 611(f) of the TSX Company Manual or any successor provisions and (ii) employment inducement awards within the meaning of NASDAQ Listing Rule 5635(c)(4) or any successor provisions.

4. **ADMINISTRATION:**

(a) The Plan shall be administered by the Committee. Subject to the limitations of the Plan and of applicable law, the Committee shall have full power and authority to:

(i) designate Participants;

(ii) determine whether and to what extent any type (or types) of Award is to be granted hereunder;

(iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be determined in connection with) each Award;

(iv) determine the terms, limitations, restrictions and conditions of any Award or Award Agreement;

(v) subject to Section 11 hereof, amend the terms and conditions of any Award or Award Agreement and accelerate the vesting or waive any restrictions relating to any Award;

(vi) determine whether, to what extent and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee;

(vii) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan;

(viii) adopt, alter, suspend, waive or repeal such rules, guidelines and practices and appoint such agents as it shall deem advisable or appropriate for the proper administration of the Plan; and

(ix) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons, including without limitation, the Company, its Affiliates, shareholders, Eligible Individuals and any holder or beneficiary of any Award.

(b) *Delegation*. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may delegate all or any part of its duties and powers under the Plan to one or more persons, including Directors or a committee of Directors, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion; provided, however, that the Committee shall not delegate its powers and duties under the Plan with regard to officers or directors of the Company or any Affiliate who are subject to Section 16 of the Exchange Act and provided, further, that any such delegation may be revoked by the Committee at any time.

(c) *Power and Authority of the Board*. Notwithstanding anything to the contrary contained herein, the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control.

5. **SHARES AVAILABLE FOR AWARDS:**

(a) *Shares Available.* Subject to adjustment as provided in Section 5(c) of the Plan, and subject further to the limitations set out in Section 3 of the Plan, the aggregate number of Shares that may be issued from treasury pursuant to Awards issued under the Plan shall not exceed 732,972. Shares deliverable to the holder of an Award under the Plan may be (i) authorized but unissued Shares or (ii) Shares acquired by a trustee appointed by the Company for this purpose or by a broker designated by the Company who is independent in accordance with the rules of the Toronto Stock Exchange or, if the Shares are not then listed on the Toronto Stock Exchange, the rules of any other stock exchange on which the Shares are then listed.

(b) *Accounting for Awards.* For purposes of this Section 5, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan. Any Shares that are used by a Participant as full or partial payment to the Company of the purchase price relating to an Award, or to satisfy applicable tax obligations relating to an Award, shall again be available for granting Awards under the Plan. In addition, if any Shares covered by an Award or to which an Award relates are not purchased or are forfeited, or if an Award otherwise terminates without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such failure to purchase, forfeiture or termination, shall again be available for granting Awards under the Plan.

(c) *Adjustments in Shares Subject to the Plan.*

(i) *Subdivisions and Redivisions*. In the event of any subdivision or redivision or subdivisions or redivisions of the Shares at any time while any Award is outstanding into a greater number of Shares, the Company shall thereafter deliver such greater number of Shares as would result from said subdivision or redivision or subdivisions or redivisions had such Award vested before such subdivision or redivision or subdivisions or redivisions without the Participant making any additional payment or giving any other consideration therefor.

(ii) *Consolidations*. In the event of any consolidation or consolidations of the Shares at any time while any Award is outstanding into a lesser number of Shares, the Company shall thereafter deliver, and the Participant shall accept, such lesser number of Shares as would result from such consolidation or consolidations had such Award vested before such consolidation or consolidations.

(iii) *Reclassifications/Changes*. In the event of any reclassification or change or reclassifications or changes of the Shares at any time while any Award is outstanding, the Company shall thereafter deliver the number of securities of the Company of the appropriate class or classes resulting from said reclassification or change or reclassifications or changes as the Participant would have been entitled to receive in respect of the number of Shares in respect of such Award had such Award vested before such reclassification or change or reclassifications or changes.

(iv) *Other Capital Reorganizations*. In the event of any capital reorganization of the Company at any time while any Award is outstanding, not otherwise covered in this Section 5(c) or a consolidation, amalgamation or merger with or into any other entity or the sale of the properties and assets as or substantially as an entirety to any other entity, the Participant if his or her Award has not vested prior to the effective date of such reorganization, consolidation, amalgamation, merger or sale, upon the vesting date of such Award thereafter, shall be entitled to receive and shall accept in lieu of the number of Shares then subscribed for by him, the number of other securities or property or of the entity resulting from such merger, amalgamation or consolidation or to which such sale may be made, as the case may be, that the Participant would have been entitled to receive on such capital reorganization, consolidation, amalgamation, merger or sale if, on the record date or the effective date thereof, he had been the registered holder of the number of Shares so subscribed for.

(v) *No Fractional Shares*. The Company shall not be obligated to issue fractional Shares in satisfaction of its obligations under the Plan or any Award and the Participant will not be entitled to receive any form of compensation in lieu thereof.

(vi) *Rights Offerings*. If at any time the Company grants to its shareholders the right to subscribe for and purchase pro rata additional securities or of any other corporation or entity, there shall be no adjustments made to the number of Shares or other securities subject to the Awards in consequence thereof and the Awards shall remain unaffected.

(vii) *Adjustments Cumulative*. The adjustment in the number of Shares issuable pursuant to Awards provided for in this Section 5(c) shall be cumulative.

(viii) *Plan Deemed Amended*. On the happening of each and every of the foregoing events, the applicable provisions of the Plan and each of them shall, ipso facto, be deemed to be amended accordingly and the Committee shall take all necessary action so as to make all necessary adjustments in the number and kind of securities subject to any outstanding Awards (and the Plan) and the exercise price thereof.

(d) *Certain Limitations*. Notwithstanding any other provision of this Plan or any agreement relating to Awards, no Awards shall be granted under this Plan if together with any other Security Based Compensation Arrangements established or maintained by the Company or its Affiliates, such grant of Awards could result, at any time, in the aggregate number of Shares (i) issued to Insiders within any one-year period or (ii) issuable to Insiders at any time exceeding 10% of the issued and outstanding Shares (on a non-diluted basis).

6. **ELIGIBILITY:** Any Eligible Individual shall be eligible to be designated a Participant. In determining which Eligible Individuals shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services to be rendered by the respective Eligible Individuals, their potential contributions to the success of the Company or such other factors as the Committee, in its discretion, shall deem relevant. Awards will only be granted to an Eligible Individual as a material inducement to such Eligible Individual to become an employee of the Company or one of its Affiliates (including in connection with a corporate transaction) or to be rehired by the Company or one of its Affiliates following a bona fide interruption of employment. Any grant of an Award shall not become effective unless and until the Eligible Individual actually becomes an employee of the Company or one of its Affiliates.

7. **AWARDS:** The Committee is hereby authorized to grant Restricted Share Units and Performance Awards to Eligible Individuals with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine or as otherwise set forth in the Award Agreement:

(a) *Restrictions.* Restricted Share Units shall be subject to such restrictions as the Committee may impose (including, without limitation, limitations on transfer, forfeiture conditions or limitations on the right to receive any dividend equivalent or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate.

(b) *Share Certificates; Delivery of Shares*. In the case of Restricted Share Units, no Shares or other property shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Share Units (or at such later time as may be determined by the Committee), Shares or other cash or property shall be issued to the holder of the Restricted Share Units, and any Shares issued shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more share certificates.

(c) *Forfeiture*. Except as otherwise determined by the Committee or provided in an Award Agreement, upon a Participant's termination of employment (as determined under criteria established by the Committee) during the applicable restriction period, all applicable Awards at such time subject to restriction shall be forfeited and reacquired by the Company; provided, however, that the Committee may, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to any applicable Awards.

(d) *Performance Awards.* Any Award may be granted as a Performance Award if the Committee establishes one or more measures of corporate, business unit or individual performance which must be attained, and the performance period over which the specified performance is to be attained, as a condition to the grant, vesting, exercisability, lapse of restrictions and/or settlement in cash or Shares of such Award. Subject to the terms of the Plan, the Performance Goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee.

8. **GENERAL:**

(a) *Consideration for Awards.* Awards may be granted for no cash consideration or for any cash or other consideration as determined by the Committee and required by applicable law.

(b) *Awards May Be Granted Separately or Together*. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under any such other plan of the Company or any Affiliate may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(c) *Limits on Transfer of Awards*. No Award and no right under any such Award shall be transferable by a Participant otherwise than by will or by the laws of descent and distribution and the Company shall not be required to recognize any attempted

assignment of such rights by any Participant; provided, however, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant and receive any property distributable with respect to any Award upon the death of the Participant. Except as otherwise determined by the Committee, each Award or right under any such Award shall be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. Except as otherwise determined by the Committee, no Award or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or other encumbrance thereof shall be void and unenforceable against the Company or any Affiliate.

(d) *Restrictions*. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may direct appropriate stop transfer orders and cause other legends to be placed on the certificates for such Shares or other securities to reflect such restrictions.

9. **CHANGE IN CONTROL:** Notwithstanding any other provision of the Plan to the contrary, unless otherwise provided by the Committee in any Award Agreement, in the event of a Change in Control, the following provisions shall apply:

(a) *Continuation, Assumption or Replacement of Awards.* In the event of a Change in Control, if the corporation resulting from the Change in Control (referred to as the "**Surviving Entity**") agrees to continue, assume or replace Awards outstanding as of the date of the Change in Control (with such adjustments as may be required by Section 5(c) above), then such Awards or replacements therefor shall remain outstanding and be governed by their respective terms, subject to Section 9(d) below. The Surviving Entity may elect to continue, assume or replace only some Awards or portions of Awards. For purposes of this Section 9(a), an Award shall be considered assumed or replaced if, in connection with the Change in Control and in a manner consistent with Code Section 409A, either (A) the contractual obligations represented by the Award are expressly assumed by the Surviving Entity with appropriate adjustments to the number and type of securities subject to the Award, or (B) the Participant has received a comparable equity-based award that preserves the intrinsic value of the Award existing at the time of the Change in Control and is subject to substantially similar terms and conditions as the Award, in the case of each of clauses (A) and (B), with such assumed or replaced award continuing to be in respect of publicly traded common shares.

(b) *Acceleration.* If and to the extent that outstanding Awards under the Plan are not continued, assumed or replaced in connection with a Change in Control, then all forms of Awards then outstanding shall fully vest immediately prior to the effective time of the Change in Control, with any Performance Awards deemed earned at the target level of performance.

(c) *Payment for Awards.* If and to the extent that outstanding Awards under the Plan are not continued, assumed or replaced consistent with Section 9(a) in connection with a Change in Control, then the Committee may terminate some or all of such outstanding Awards, in whole or in part, at or immediately prior to the effective time of the Change in Control in exchange for payments to the holders as provided in this Section 9(c). The Committee will not be required to treat all Awards similarly for purposes of this Section 9(c). The payment for any Award or portion thereof terminated shall be in an amount equal to the fair market value (as determined in good faith by the Committee) of the consideration that would otherwise be received in the Change in Control for the number of Shares subject to the Award or portion thereof being terminated.

(d) *Termination After a Change in Control.* If, within 24 months after a Change in Control and in connection with which outstanding Awards are continued, assumed or replaced as described in Section 9(a), a Participant experiences an involuntary termination of employment for reasons other than Just Cause, or the Participant resigns his or her employment for Good Reason, then outstanding Awards issued to the Participant will become immediately fully vested and non-forfeitable, with any Performance Awards deemed earned at the target level of performance. The protections on termination in this Section 9(d) shall be in addition to any termination protections set forth in the applicable Award Agreement, which shall continue to apply after a Change in Control.

10. **INCOME TAX WITHHOLDING:** No later than the date as of which an amount first becomes includible in the gross income of a Participant for federal or foreign income tax purposes with respect to any Award under the Plan, the Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Affiliates shall, to the extent permitted by law, be entitled to take such action and establish such procedures as it deems appropriate to withhold or collect all applicable payroll, withholding, income or other taxes from such Participant, including without limitation withholding applicable tax from Participant's cash compensation paid by the Company or an Affiliate. In order to assist a Participant in paying all or a portion of the federal, state, local and foreign taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares or other property otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes or (b) delivering to the Company Shares or other property other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. Any such election must be made on or before the date that the amount of tax to be withheld is determined.

11. **AMENDMENT AND TERMINATION:**

(a) *Amendments to the Plan.* The Board may amend, alter, suspend, discontinue or terminate the Plan at any time; provided, however, that, notwithstanding any other provision of the Plan or any Award Agreement, without the approval of the shareholders of the Company, no amendment, alteration, suspension, discontinuation or termination shall be made that requires shareholder approval under the rules or regulations of the Toronto Stock Exchange, NASDAQ or any other securities exchange that are applicable to the Company.

(b) *Amendments to Awards.* The Committee may waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively. Except as otherwise provided herein or in an Award Agreement, the Committee may not amend, alter, suspend, discontinue or terminate any outstanding Award, prospectively or retroactively, if such action would adversely affect the rights of the holder of such Award, without the consent of the Participant or holder or beneficiary thereof.

(c) *Correction of Defects, Omissions and Inconsistencies.* The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

12. **GENERAL PROVISIONS:**

(a) *No Rights to Awards.* No Eligible Individual or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Individuals or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) *Award Agreements.* No Participant will have rights under an Award granted to such Participant unless and until an Award Agreement shall have been duly executed on behalf of the Company and, if requested by the Company, signed by the Participant. Unless otherwise provided in the Award Agreement, in the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(c) *No Limit on Other Compensation Plans or Arrangements.* Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) *No Right to Employment.* The Plan shall not constitute a contract of employment, and adoption of the Plan or the grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or an Affiliate, nor shall it affect in any way the right of the Company or an Affiliate to terminate such employment at any time, with or without cause. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement.

(e) *Governing Law.* This Plan and all matter which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

(f) *Severability.* If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(g) *No Trust or Fund Created.* Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and an Eligible Individual or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h) *Other Benefits.* No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation under any compensation-based retirement, disability, or similar plan of the Company unless required by law or otherwise provided by such other plan.

(i) *No Fractional Shares.* No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(j) *Headings.* Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(k) *Section 16 Compliance.* The Plan is intended to comply in all respects with Rule 16b-3 or any successor provision, as in effect from time to time, and in all events the Plan shall be construed in accordance with the requirements of Rule 16b-3. If any Plan provision does not comply with Rule 16b-3 as hereafter amended or interpreted, the provision shall be deemed inoperative. The Board, in its absolute discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan with respect to persons who are officers or directors subject to Section 16 of the Exchange Act without so restricting, limiting or conditioning the Plan with respect to other Eligible Individuals.

13. **EFFECTIVE DATE AND DURATION OF PLAN:** The Plan becomes effective on the Effective Date, and will terminate on the **tenth** anniversary of the Effective Date or any earlier date of discontinuation or termination established pursuant to Section 11 of the Plan. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Board provided for hereunder with respect to the Plan and any Awards shall extend beyond the termination of the Plan.

Exhibit 10.22

November 15, 2019

David Hsu

c/o Cronos Group

Dear David:

This letter confirms our recent discussions. As we advised, your employment with Hortican Inc. (the "Company") will terminate on a without cause basis effective as of close of business on December 31, 2019 (the "Separation Date").

The Company will pay you all outstanding salary and accrued but unused vacation pay owing up to the Separation Date, and will comply with all requirements under applicable employment standards legislation, including the Ontario *Employment Standards Act, 2000* (all such legislation referred to as the "ESA"), in respect of the termination of your employment.

As you know, your entitlements upon the termination of your employment are as set out in your employment agreement, which you accepted on July 19, 2019 (the "Agreement"). However, to assist you in your transition to new employment, and on a without prejudice basis, we are prepared to offer you the following enhanced severance package, which exceeds your entitlements under the Agreement, conditional on your performance of the obligations set out in this letter and execution of the attached Full and Final Release:

1. *Transition Period.* For the period from today until the Separation Date, you will assist with the transition of your duties and responsibilities as may reasonably be requested by the Company. You will continue to receive your current compensation and benefits during this period.

2. *Payments*.

   (a) *Severance*. The Company will provide you with a lump sum payment of $200,000.00, less applicable statutory deductions and withholdings, representing six (6) months of your base salary.

   (b) *Short-Term Incentive Compensation.* Under the terms and conditions of the Agreement, you are not eligible for a bonus in respect of the 2019 fiscal year. Notwithstanding the foregoing, the Company will provide you with a lump sum payment of $200,000.00, less applicable statutory deductions and withholdings, in lieu of your eligibility for a 2019 bonus.

   (c) *Expenses.* The Company will reimburse you for any expenses properly incurred up to Separation Date, subject to the terms and conditions of the Cronos Group Employee Travel and Expense Policy.

   The foregoing going payments will be provided to you within sixty (60) days after the Separation Date.

3. *Benefits*. The Company will continue to make contributions on your behalf toward life insurance, medical and dental benefits until June 30, 2020, or the date on which you obtain alternate benefit coverage, whichever occurs first, subject to the terms and conditions of the benefit plans, as amended from time to time, and the minimum requirements of the ESA. You will be required to notify the Company when you obtain alternate benefit coverage. All other benefit coverage, including disability benefit coverage, will end on the Separation Date. The Company strongly recommends that you take whatever steps you feel appropriate to obtain replacement coverage when your existing coverage ceases.

4. *Equity.* In accordance with the terms and conditions of the Agreement, your entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan, and the applicable award agreement(s). Notwithstanding the foregoing, any options that have been issued to you and are unvested as of the Separation Date shall vest on an accelerated basis on the Separation Date. Subject to the requirements of the ESA, you will not be eligible for any further grants of equity-based awards. Options may be exercised in accordance with the terms and conditions of the applicable equity award plan, any other applicable plan, and the applicable award agreement(s), by the earlier of: (i) the date on which each such option's original exercise term expires, and (ii) June 30, 2020.

5. *Tax Return Filing Services*. At your request, the Company will make arrangements for you to access tax return preparation services to be provided by a provider, as selected by the Company in its sole discretion, up to a maximum cost to the Company of $5,000.00. These services will be available to you for six (6) months following the Separation Date. Please contact Claire Silvester if you would like to access these services.

6. *Outplacement Services.* At your request, the Company will make arrangements for you to access the services of an outplacement consulting company, as selected by the Company in its sole discretion, up to a maximum cost to the Company of $1,500.00. These services will be available to you for six (6) months following the Separation Date. Please contact Claire Silvester if you would like to access these services.

7. *Return of property*. You are required to immediately return to the Company all of the Company's property in your possession or in the possession of your family or agents including, without limitation, the Company's computers, smartphones, files, client files, customer lists, sales material, credit cards, access cards, office keys, equipment and all other property belonging to or provided to you by the Company that is in your possession. To the extent any Company property resides on your personal computer hardware or software, including on any hard-drives, discs or other electronic storage media, you agree to make a copy of such property and deliver it to the Company, and immediately thereafter permanently destroy such property so that it is irretrievable. You agree to provide the Company with all passwords to any electronic systems or data you deliver to the Company.

8. *Non-Disclosure*. This offer is confidential. You agree not to disclose the existence or terms of this offer to any party other than as required by law or to your solicitor, tax or financial advisor or immediate family on the condition that they keep this offer confidential.

9. *Post-Employment Obligations.* You acknowledge your continuing obligations under the Agreement, which obligations survive the termination of your employment with the Company. These obligations include your commitments not to: (i) disclose or use any confidential information relating to the business or affairs of the Company; and (ii) not to solicit the Company's customers and employees in accordance with the terms and conditions of the Agreement. If you wish to engage in any activities prohibited under section 7.3 of the Agreement, you must submit a written request to Claire Silvester with a detailed description of the proposed activities, and respond to any follow up questions that the Company may have in respect of the activities. The Company will consider any such request and determine, in its sole discretion, whether to approve the request. Any such approval will be provided in writing.

10. *Non-Disparagement*. You agree not to speak or act in a manner that would be reasonably expected to disparage or defame or damage the goodwill of the Company or its affiliates, or the business or personal reputations of any of its officers, directors, partners, agents, employees, clients or suppliers, and further agree not to engage in any other depreciating conduct or communications with respect to Company or its affiliates including, without limitation, on social media.

11. *Cooperation with Investigations and Litigation.* You agree, upon the Company's reasonable request, to reasonably cooperate with the Company in any investigation, litigation, arbitration or regulatory proceeding regarding events that occurred during your tenure with the Company or its affiliates, including by making yourself reasonably available to consult with the Company's counsel, to provide information and to give testimony. The Company will reimburse you for reasonable out-of-pocket expenses that you incur in extending such cooperation, so long as you provide satisfactory documentation of the expenses.

12. *Release*. In addition to the above conditions, all payments referenced in this letter are conditional upon you signing, in the presence of a witness and no earlier than close of business on the Separation Date, the attached Full and Final Release, and returning an original signed copy of the same to Claire Silvester by no later than close of business on January 3, 2020.

13. *Currency and Withholdings.* All payments referenced in this letter will be paid in Canadian dollars, and subject to withholding taxes required by applicable law and statutory and authorized deductions.

14. *Ongoing Compliance.* The obligation to pay the payments referenced in this letter is conditional upon your ongoing compliance with your obligations in this letter. If you breach any of your obligations to the Company, the terms of this enhanced severance package and the attached Full and Final Release will continue to be binding, however, all payments referenced in this letter will cease, the Company will be under no obligation to make any further payments, and the Company will be entitled to repayment of all payments made under this enhanced severance package, except as required by the ESA.

15. *Severability.* If any provision of this enhanced severance package or its application in any circumstance is restricted, prohibited or unenforceable, the provision shall be ineffective only to the extent of the restriction, prohibition or unenforceability, without invalidating the remaining provisions of this enhanced severance package and without affecting its application to other circumstances.

16. *Enurement.* The agreement, which includes the attached Full and Final Release, shall enure to the benefit of and be binding upon you and the Company and our respective successors and assigns, including, without limitation, your heirs, executors, administrators and personal representatives.

17. *Entire Agreement.* This letter, together with the attached Full and Final Release, sets forth the entire agreement between you and the Company regarding the terms of your enhanced severance package and you are not relying upon any representations or promises that are not expressly included in this letter.

18. *Governing Law.* This letter and the attached Full and Final Release will be governed by and construed in accordance with the laws of the Province of Ontario, and laws of Canada applicable in the Province of Ontario.

The arrangements set out in this letter are inclusive of and in full satisfaction of any and all entitlements you may have to notice of termination, pay in lieu of notice, termination pay, severance pay, vacation, benefits and any other payments as may be required under the Agreement, the ESA, common law, and any other applicable law.

Please indicate your acceptance of and agreement to the terms of this letter by signing and completing the acknowledgement below, and returning an original signed copy of this letter to Claire Silvester by the close of business on November 22, 2019. As noted above, the attached Full and Final Release must be signed after close of business on the Separation Date, and returned to Claire Silvester by close of business on January 3, 2020.

Thank you for your contribution to the Company. Please accept our best wishes for your future endeavours.

Yours very truly,

/s/ Michael Gorenstein

MichaelGorenstein
Chief Executive Officer

ACKNOWLEDGEMENT

I acknowledge having had an opportunity to read and consider this letter and the attached Full and Final Release and to obtain such independent legal and other advice in regard to them as I consider advisable. I confirm by my signature that I understand this letter and the attached Full and Final Release and consent to their terms.

/s/ David Hsu
DAVID HSU

Dated this 15th day of January, 2020.

FULL AND FINAL RELEASE

THE UNDERSIGNED (hereinafter called the "**Releasor**", which term includes successors, heirs, executors, estate trustees, administrators and assigns) in consideration of the payment to the Releasor described in the letter dated November 15, 2019, and other good and valuable consideration, the receipt of which is hereby acknowledged, hereby remises, releases and forever discharges Hortican Inc. (hereinafter referred to as the "**Employer**") and all of its predecessor, subsidiary, parent, related, affiliated and successor corporations and entities (including without limiting the generality of the foregoing, any person directly or indirectly controlling, controlled by, or under common control with the Employer, with control meaning the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise), and each of their respective present and former directors, officers, members, agents, and employees (hereinafter called the "**Releasees**", which term includes successors, heirs, executors, estate trustees, administrators and assigns) of and from all actions (including class actions), causes of action, suits, debts, dues, accounts, bonds, covenants, agreements, claims, applications, complaints and demands whatsoever, whether presently known or unknown, which the Releasor ever had, now has or may hereafter have against the Releasees, or any of them, for or by reason of any cause, matter or thing whatsoever existing up to the present time, including, without restricting the generality of the foregoing, in respect of the Releasor's employment with the Employer, whether arising by agreement or contract (express or implied), at common law, in equity or pursuant to any statute or regulation of Canada or any province, including without limiting the generality of the foregoing, all claims or entitlements to or in respect of salary, vacation pay, overtime pay, leave, health benefits, short-term disability and long-term disability benefits, life insurance benefits, pension, expenses, car allowance, association fees or dues, bonuses, short-term or long-term incentive plan compensation, commissions, stock options, shares, equity-related compensation, notice of termination, pay in lieu of notice of termination, termination pay or severance pay, general, special, exemplary, consequential, punitive, aggravated, mental distress, pain and suffering or wrongful dismissal damages, and specifically including any claim under any and all applicable legislation, including any claim under the Ontario *Employment Standards Act, 2000*, the Ontario *Human Rights Code*, the Ontario *Pay Equity Act*, the Ontario *Occupational Health and Safety Act*, and the Ontario *Workplace Safety and Insurance Act, 1997* (collectively, the "**Employment Legislation**")

THE RELEASOR hereby specifically covenants, represents and warrants to the Releasees that the Releasor has no further claims against the Releasees arising out of the Releasor's employment with the Employer or the termination of such employment, including without limiting the generality of the foregoing, any claims for pay, notice of termination, pay in lieu of such notice, severance pay, expenses, bonus, commission, equity or equity-related compensation, overtime pay, interest, benefits and/or vacation pay and specifically including any claim under the Employment Legislation. In the event that the Releasor should make hereafter any claim or demand or commence or threaten to commence any action, proceeding or make any complaint against the Releasees or anyone for or by reason of any cause, matter or thing, this document may be raised as an estoppel and complete bar to any such claim, demand, action, proceeding or complaint.

THE RELEASOR specifically acknowledges having had the opportunity to discuss or otherwise canvass with the Releasor's legal counsel any and all human rights complaints, concerns, issues or potential applications arising out of or in respect of the Releasor's employment and the termination of such employment, and the Releasor further represents and acknowledges that the Releasees have complied with the *Human Rights Code* (Ontario) in respect of the Releasor's employment and the termination of such employment.

AND IT IS FURTHER AGREED AND UNDERSTOOD that the Releasees do not by the payment made or otherwise admit any liabilities or obligations of any kind whatsoever to the Releasor and such liabilities and obligations are, in fact, denied.

AND IT IS FURTHER AGREED that for the consideration aforesaid, the Releasor will not make any claim or commence or maintain any action or proceeding against any person, corporation or other entity in which any claim could arise against the Releasees, or any of them, for contribution or indemnity or any other relief over.

AND IT IS FURTHER AGREED that for the consideration aforesaid, the Releasor will indemnify and save harmless the Releasees in respect of all taxes and insurance payments and repayments and all interest, fines, penalties and other charges of any kind whatsoever, and all related costs and expenses that may be claimed from or payable by any of the Releasees in respect of the settlement or the payment thereof. Without limiting the generality of the foregoing, the Releasor agrees to repay any overpayment of benefit received by the Releasor pursuant to the terms of the *Employment Insurance Act*, R.S.C. 1996, c. 23 as amended from time to time. The Releasor also undertakes to pay all sums, if any, which the Releasees may be required to pay pursuant to the *Employment Insurance Act.* In addition, the Releasor undertakes to indemnify and hold harmless the Releasees against any and all loss, claims, actions, causes of action, demands and/or costs and expenses that may be incurred by the Releasees in relation to claims made under the *Employment Insurance Act* and regulations thereto.

AND IT IS FURTHER AGREED that for the consideration aforesaid, the Releasor agrees to keep the fact and terms of this settlement and this Full and Final Release strictly confidential and not to disclose this information, other than to the Releasor's immediate family or legal and financial advisors on the condition that they maintain this information in confidence, or except as otherwise required by law. The Releasor further agrees that should the Releasor have occasion to comment on the Releasor's time with or departure from the Employer, the Releasor will only do so in a manner that reflects a high level of respect and agrees not to, directly or indirectly, disparage or slander the Releasees, or any of them, at any time.

AND THE UNDERSIGNED ACKNOWLEDGES having had an adequate opportunity to read and consider this Full and Final Release and to obtain such independent legal or other advice in regard to it as the undersigned considered advisable.

[Remainder of page left intentionally blank.]

IN WITNESS WHEREOF I have hereunder set my hand this 15th day of January, 2020.

SIGNED AND DELIVERED
in the presence of:

/s/ Lillian Du
Witness' Signature

Lillian Du
Print Name of Witness

6280 W. 3rd Street, 90036 USA
Address of Witness

/s/ David Hsu
DAVID HSU

Exhibit 10.23

November 15, 2019

William Hilson
c/o Cronos Group

Dear Billy:

This letter confirms our recent discussions. As we advised, your employment with Hortican Inc. (the "Company") will terminate on a without cause basis effective as of close of business on December 31, 2019 (the "Separation Date").

The Company will pay you all outstanding salary and accrued but unused vacation pay owing up to the Separation Date, and will comply with all requirements under applicable employment standards legislation, including the Ontario *Employment Standards Act, 2000* (all such legislation referred to as the "ESA"), in respect of the termination of your employment.

As you know, your entitlements upon the termination of your employment are as set out in your employment agreement, which you accepted on August 13, 2019 (the "Agreement"). However, to assist you in your transition to new employment, and on a without prejudice basis, we are prepared to offer you the following enhanced severance package, which exceeds your entitlements under the Agreement, conditional on your performance of the obligations set out in this letter and execution of the attached Full and Final Release:

1. *Transition Period.* For the period from today until the Separation Date, you will assist with the transition of your duties and responsibilities as may reasonably be requested by the Company. You will continue to receive your current compensation and benefits during this period.

2. *Payments*.

   (a) *Severance*. The Company will provide you with a lump sum payment of $87,500.00, less applicable statutory deductions and withholdings, representing six (6) months of your base salary.

   (b) *Short-Term Incentive Compensation.* Under the terms and conditions of the Agreement, you are not eligible for a bonus in respect of the 2019 fiscal year. Notwithstanding the foregoing, the Company will provide you with a lump sum payment of $80,000.00, less applicable statutory deductions and withholdings, in lieu of your eligibility for a 2019 bonus.

   (c) *Expenses.* The Company will reimburse you for any expenses properly incurred up to Separation Date, subject to the terms and conditions of the Cronos Group Employee Travel and Expense Policy.

   The foregoing going payments will be provided to you within sixty (60) days after the Separation Date.

3. *Benefits*. The Company will continue to make contributions on your behalf toward life insurance, medical and dental benefits until June 30, 2020, or the date on which you obtain alternate benefit coverage, whichever occurs first, subject to the terms and conditions of the benefit plans, as amended from time to time, and the minimum requirements of the ESA. You will be required to notify the Company when you obtain alternate benefit coverage. All other benefit coverage, including disability benefit coverage, will end on the Separation Date. The Company strongly recommends that you take whatever steps you feel appropriate to obtain replacement coverage when your existing coverage ceases.

4. *Equity.* In accordance with the terms and conditions of the Agreement, your entitlements in respect of any equity-based awards shall be governed by the terms and conditions of the applicable equity award plan, any other applicable plan, and the applicable award agreement(s). Notwithstanding the foregoing, any options that have been issued to you and are unvested as of the Separation Date shall vest on an accelerated basis on the Separation Date. Subject to the requirements of the ESA, you will not be eligible for any further grants of equity-based awards. Options may be exercised in accordance with the terms and conditions of the applicable equity award plan, any other applicable plan, and the applicable award agreement(s), by the earlier of: (i) the date on which each such option's original exercise term expires, and (ii) June 30, 2020.

5. *Outplacement Services.* At your request, the Company will make arrangements for you to access the services of an outplacement consulting company, as selected by the Company in its sole discretion, up to a maximum cost to the Company of $1,500.00. These services will be available to you for six (6) months following the Separation Date. Please contact Claire Silvester if you would like to access these services.

6. *Return of property*. You are required to immediately return to the Company all of the Company's property in your possession or in the possession of your family or agents including, without limitation, the Company's computers, smartphones, files, client files, customer lists, sales material, credit cards, access cards, office keys, equipment and all other property belonging to or provided to you by the Company that is in your possession. To the extent any Company property resides on your personal computer hardware or software, including on any hard-drives, discs or other electronic storage media, you agree to make a copy of such property and deliver it to the Company, and immediately thereafter permanently destroy such property so that it is irretrievable. You agree to provide the Company with all passwords to any electronic systems or data you deliver to the Company.

7. *Non-Disclosure*. This offer is confidential. You agree not to disclose the existence or terms of this offer to any party other than as required by law or to your solicitor, tax or financial advisor or immediate family on the condition that they keep this offer confidential.

8. *Post-Employment Obligations.* You acknowledge your continuing obligations under the Agreement, which obligations survive the termination of your employment with the Company. These obligations include your commitments not to: (i) disclose or use any confidential information relating to the business or affairs of the Company; and (ii) not to solicit the Company's customers and employees in accordance with the terms and conditions of the Agreement. If you wish to engage in any activities prohibited under section 7.3 of the Agreement, you must submit a written request to Claire Silvester with a detailed description of the proposed activities, and respond to any follow up questions that the Company may have in respect of the activities. The Company will consider any such request and determine, in its sole discretion, whether to approve the request. Any such approval will be provided in writing.

9. *Non-Disparagement*. You agree not to speak or act in a manner that would be reasonably expected to disparage or defame or damage the goodwill of the Company or its affiliates, or the business or personal reputations of any of its officers, directors, partners, agents, employees, clients or suppliers, and further agree not to engage in any other depreciating conduct or communications with respect to Company or its affiliates including, without limitation, on social media.

10. *Cooperation with Investigations and Litigation.* You agree, upon the Company's reasonable request, to reasonably cooperate with the Company in any investigation, litigation, arbitration or regulatory proceeding regarding events that occurred during your tenure with the Company or its affiliates, including by making yourself reasonably available to consult with the Company's counsel, to provide information and to give testimony. The Company will reimburse you for reasonable out-of-pocket expenses that you incur in extending such cooperation, so long as you provide satisfactory documentation of the expenses.

11. *Release*. In addition to the above conditions, all payments referenced in this letter are conditional upon you signing, in the presence of a witness and no earlier than close of business on the Separation Date, the attached Full and Final Release, and returning an original signed copy of the same to Claire Silvester by no later than close of business on January 3, 2020.

12. *Currency and Withholdings.* All payments referenced in this letter will be paid in Canadian dollars, and subject to withholding taxes required by applicable law and statutory and authorized deductions.

13. *Ongoing Compliance.* The obligation to pay the payments referenced in this letter is conditional upon your ongoing compliance with your obligations in this letter. If you breach any of your obligations to the Company, the terms of this enhanced severance package and the attached Full and Final Release will continue to be binding, however, all payments referenced in this letter will cease, the Company will be under no obligation to make any further payments, and the Company will be entitled to repayment of all payments made under this enhanced severance package, except as required by the ESA.

14. *Severability.* If any provision of this enhanced severance package or its application in any circumstance is restricted, prohibited or unenforceable, the provision shall be ineffective only to the extent of the restriction, prohibition or unenforceability, without invalidating the remaining provisions of this enhanced severance package and without affecting its application to other circumstances.

15. *Enurement.* The agreement, which includes the attached Full and Final Release, shall enure to the benefit of and be binding upon you and the Company and our respective successors and assigns, including, without limitation, your heirs, executors, administrators and personal representatives.

16. *Entire Agreement.* This letter, together with the attached Full and Final Release, sets forth the entire agreement between you and the Company regarding the terms of your enhanced severance package and you are not relying upon any representations or promises that are not expressly included in this letter.

17. *Governing Law.* This letter and the attached Full and Final Release will be governed by and construed in accordance with the laws of the Province of Ontario, and laws of Canada applicable in the Province of Ontario.

The arrangements set out in this letter are inclusive of and in full satisfaction of any and all entitlements you may have to notice of termination, pay in lieu of notice, termination pay, severance pay, vacation, benefits and any other payments as may be required under the Agreement, the ESA, common law, and any other applicable law.

Please indicate your acceptance of and agreement to the terms of this letter by signing and completing the acknowledgement below, and returning an original signed copy of this letter to Claire Silvester by the close of business on November 22, 2019. As noted above, the attached Full and Final Release must be signed after close of business on the Separation Date, and returned to Claire Silvester by close of business on January 3, 2020.

Thank you for your contribution to the Company. Please accept our best wishes for your future endeavours.

Yours very truly,

/s/ Michael Gorenstein

Michael Gorenstein
Chief Executive Officer

ACKNOWLEDGEMENT

I acknowledge having had an opportunity to read and consider this letter and the attached Full and Final Release and to obtain such independent legal and other advice in regard to them as I consider advisable. I confirm by my signature that I understand this letter and the attached Full and Final Release and consent to their terms.

/s/ William Hilson
WILLIAM HILSON

Dated this 17th day of January, 2020.

FULL AND FINAL RELEASE

THE UNDERSIGNED (hereinafter called the "**Releasor**", which term includes successors, heirs, executors, estate trustees, administrators and assigns) in consideration of the payment to the Releasor described in the letter dated November 15, 2019, and other good and valuable consideration, the receipt of which is hereby acknowledged, hereby remises, releases and forever discharges Hortican Inc. (hereinafter referred to as the "**Employer**") and all of its predecessor, subsidiary, parent, related, affiliated and successor corporations and entities (including without limiting the generality of the foregoing, any person directly or indirectly controlling, controlled by, or under common control with the Employer, with control meaning the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise), and each of their respective present and former directors, officers, members, agents, and employees (hereinafter called the "**Releasees**", which term includes successors, heirs, executors, estate trustees, administrators and assigns) of and from all actions (including class actions), causes of action, suits, debts, dues, accounts, bonds, covenants, agreements, claims, applications, complaints and demands whatsoever, whether presently known or unknown, which the Releasor ever had, now has or may hereafter have against the Releasees, or any of them, for or by reason of any cause, matter or thing whatsoever existing up to the present time, including, without restricting the generality of the foregoing, in respect of the Releasor's employment with the Employer, whether arising by agreement or contract (express or implied), at common law, in equity or pursuant to any statute or regulation of Canada or any province, including without limiting the generality of the foregoing, all claims or entitlements to or in respect of salary, vacation pay, overtime pay, leave, health benefits, short-term disability and long-term disability benefits, life insurance benefits, pension, expenses, car allowance, association fees or dues, bonuses, short-term or long-term incentive plan compensation, commissions, stock options, shares, equity-related compensation, notice of termination, pay in lieu of notice of termination, termination pay or severance pay, general, special, exemplary, consequential, punitive, aggravated, mental distress, pain and suffering or wrongful dismissal damages, and specifically including any claim under any and all applicable legislation, including any claim under the Ontario *Employment Standards Act, 2000*, the Ontario *Human Rights Code*, the Ontario *Pay Equity Act*, the Ontario *Occupational Health and Safety Act*, and the Ontario *Workplace Safety and Insurance Act, 1997* (collectively, the "**Employment Legislation**")

THE RELEASOR hereby specifically covenants, represents and warrants to the Releasees that the Releasor has no further claims against the Releasees arising out of the Releasor's employment with the Employer or the termination of such employment, including without limiting the generality of the foregoing, any claims for pay, notice of termination, pay in lieu of such notice, severance pay, expenses, bonus, commission, equity or equity-related compensation, overtime pay, interest, benefits and/or vacation pay and specifically including any claim under the Employment Legislation. In the event that the Releasor should make hereafter any claim or demand or commence or threaten to commence any action, proceeding or make any complaint against the Releasees or anyone for or by reason of any cause, matter or thing, this document may be raised as an estoppel and complete bar to any such claim, demand, action, proceeding or complaint.

THE RELEASOR specifically acknowledges having had the opportunity to discuss or otherwise canvass with the Releasor's legal counsel any and all human rights complaints, concerns, issues or potential applications arising out of or in respect of the Releasor's employment and the termination of such employment, and the Releasor further represents and acknowledges that the Releasees have complied with the *Human Rights Code* (Ontario) in respect of the Releasor's employment and the termination of such employment.

AND IT IS FURTHER AGREED AND UNDERSTOOD that the Releasees do not by the payment made or otherwise admit any liabilities or obligations of any kind whatsoever to the Releasor and such liabilities and obligations are, in fact, denied.

AND IT IS FURTHER AGREED that for the consideration aforesaid, the Releasor will not make any claim or commence or maintain any action or proceeding against any person, corporation or other entity in which any claim could arise against the Releasees, or any of them, for contribution or indemnity or any other relief over.

AND IT IS FURTHER AGREED that for the consideration aforesaid, the Releasor will indemnify and save harmless the Releasees in respect of all taxes and insurance payments and repayments and all interest, fines, penalties and other charges of any kind whatsoever, and all related costs and expenses that may be claimed from or payable by any of the Releasees in respect of the settlement or the payment thereof. Without limiting the generality of the foregoing, the Releasor agrees to repay any overpayment of benefit received by the Releasor pursuant to the terms of the *Employment Insurance Act*, R.S.C. 1996, c. 23 as amended from time to time. The Releasor also undertakes to pay all sums, if any, which the Releasees may be required to pay pursuant to the *Employment Insurance Act.* In addition, the Releasor undertakes to indemnify and hold harmless the Releasees against any and all loss, claims, actions, causes of action, demands and/or costs and expenses that may be incurred by the Releasees in relation to claims made under the *Employment Insurance Act* and regulations thereto.

AND IT IS FURTHER AGREED that for the consideration aforesaid, the Releasor agrees to keep the fact and terms of this settlement and this Full and Final Release strictly confidential and not to disclose this information, other than to the Releasor's immediate family or legal and financial advisors on the condition that they maintain this information in confidence, or except as otherwise required by law. The Releasor further agrees that should the Releasor have occasion to comment on the Releasor's time with or departure from the Employer, the Releasor will only do so in a manner that reflects a high level of respect and agrees not to, directly or indirectly, disparage or slander the Releasees, or any of them, at any time.

AND THE UNDERSIGNED ACKNOWLEDGES having had an adequate opportunity to read and consider this Full and Final Release and to obtain such independent legal or other advice in regard to it as the undersigned considered advisable.

[Remainder of page left intentionally blank.]

IN WITNESS WHEREOF I have hereunder set my hand this 17th day of January, 2020.

SIGNED AND DELIVERED
in the presence of:

/s/ Shira Wood
Witness' Signature

Shira Wood
Print Name of Witness

49 Hawarden, Toronto
Address of Witness

/s/ William Hilson
WILLIAM HILSON

Exhibit 10.24

Indemnity Agreement

This Indemnity Agreement (this "**Agreement**") is made as of the **[ ]** day of **[ ]**, 20[ ], between Cronos Group Inc., a body corporate incorporated under the laws of Ontario (the "**Corporation**"), and **[ ]** (the "**Indemnified Party**"), an individual resident in the **[Province/State]** of **[●]**.

RECITALS:

A. The Indemnified Party is or was a director and/or an officer of the Corporation or an Other Entity (as defined below), or serves or served in a capacity similar thereto for the Corporation or an Other Entity.

B. The Corporation considers it desirable and in its best interests to enter into this Agreement to set out the circumstances and manner in which the Indemnified Party may be indemnified in respect of liabilities or expenses which the Indemnified Party may incur as a result of the Indemnified Party serving or having served as a director or an officer of the Corporation or an Other Entity, or in a capacity similar thereto in respect of the Corporation or an Other Entity, or because of that association with the Corporation or other Entity.

NOW THEREFORE, in consideration of the Indemnified Party's services as a director and/or officer of the Corporation or an Other Entity, or in a capacity similar thereto for the Corporation or an Other Entity, the parties hereto covenant and agree as follows:

1. **Definitions**. In this Agreement:

"**Act**" means the *Business Corporations Act* (Ontario), as the same exists on the date hereof or may hereafter be amended.

"**Claim**" includes any demand, suit, action, application, litigation, claim, charge, complaint, prosecution, assessment, reassessment, investigation, inquiry, hearing, arbitration, mediation or proceeding of any nature or kind whatsoever, whether threatened, anticipated, pending, commenced, continuing, completed, and any appeals thereof, and whether civil, criminal, administrative, investigative, arbitral or otherwise, in which the Indemnified Party is involved as a result of the Indemnified Party serving or having served as a director or officer of the Corporation or an Other Entity, or in a capacity similar thereto in respect of the Corporation or an Other Entity or because of that association, as well as any other circumstances or situation in respect of which an Indemnified Party reasonably requires legal advice or representation concerning actual, possible or anticipated Losses by reason of the Indemnified Party's association with the Corporation or Other Entity.

"**Control Transaction**" means any merger, amalgamation, take-over bid, arrangement, recapitalization, consolidation, liquidation, wind-up, dissolution, share exchange, material sale of assets or similar transaction in respect of the Corporation.

"**Costs**" includes any and all costs, charges and expenses actually and reasonably incurred by the Indemnified Party in respect of any Claim (including any and all costs, charges and expenses which the Indemnified Party may reasonably incur, suffer, sustain or be required to pay in connection with investigating, initiating, preparing for, defending, serving as or being a witness, providing evidence in connection with, attending any meeting, discovery, trial or hearing, instructing or receiving advice of the Indemnified Party's own or other legal counsel or other professional advisors in relation to, preparing to prosecute, defend or settle, appealing or otherwise participating in or otherwise being involved in (including in each case, on appeal), any Claim, whether or not any suit, action, litigation, claim, prosecution, investigation, inquiry, hearing or other proceeding is commenced, including all legal and other professional fees, charges and disbursements and includes all costs, charges and expenses actually and reasonably incurred by the Indemnified Party in connection with the interpretation, enforcement or defence of the Indemnified Party's rights under this Agreement).

"**Cost Advance**" means an advance of moneys to the Indemnified Party of Costs before the final disposition of any Claim.

"**Policy**" means the directors' and officers' insurance policy listed on Schedule A, which has been authorized by the board of directors of the Corporation and any successor to such policy entered into by the Corporation (and any renewals or replacements thereof).

"**Losses**" includes all actual costs, charges, expenses, losses, damages (including punitive and exemplary), fees (including any legal, professional or advisory fees or disbursements), liabilities, amounts paid to settle or dispose of any Claim or satisfy any judgment, fines, penalties or liabilities, whether domestic or foreign, including any interest thereon, and including any arising at common law or by operation of statute (including all statutory obligations to creditors, employees, suppliers, contractors, subcontractors and any governmental authority), and whether incurred alone or jointly with others, including any amounts which the Indemnified Party may suffer, sustain, incur or be required to pay as a result of, or in connection with the investigation, defence, settlement or appeal of or preparation for any Claim or in connection with any suit, action, litigation, claim, prosecution, investigation, inquiry, hearing or other proceeding to establish a right to indemnification or hold harmless obligations under this Agreement, including all costs, charges

and expenses incidental thereto, including all taxes (including income taxes), interest, penalties and related outlays of the Indemnified Party therefrom, as well as all reasonable travel, lodging and accommodation expenses.

"**Other Entity**" means any corporation, partnership, joint venture, trust, unincorporated association, unincorporated organization, unincorporated syndicate or other enterprise or entity for which the Indemnified Party serves or served as a director or officer, or in a capacity similar thereto, at the request of the Corporation.

2. **Indemnity**. Except as prohibited by applicable law, including the Act, and subject to Section 4 of this Agreement, the Corporation hereby agrees to indemnify and hold harmless the Indemnified Party, as well as his or her heirs and legal representatives, to the fullest extent permitted by applicable law, including the Act, from and against any and all Losses which the Indemnified Party may suffer, sustain, incur or be required to pay as a result of, or in connection with any Claim, provided that:

   a) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Corporation or Other Entity, as the case may be;

   b) in the case of a Claim that involves a criminal or administrative suit, action, litigation, claim, prosecution, investigation, inquiry, hearing or other proceeding that is enforced by monetary penalty, the Indemnified Party had reasonable grounds for believing that the Indemnified Party's conduct was lawful; and

   c) if the Claim involves a suit, action, litigation, claim, prosecution, investigation, inquiry, hearing or other proceeding by or on behalf of the Corporation or Other Entity, as the case may be, to procure a judgment in its favour against the Indemnified Party, a court of competent jurisdiction shall have approved the Indemnified Party's indemnification or hold harmless obligations, the application for such approval to be made by the Corporation at its expense and as soon as reasonably practicable (or, following any delay (as determined by the Indemnified Party), by the Indemnified Party, at the expense of the Corporation).

   It is the intent of the parties hereto that (i) in the event of any change, after the date of this Agreement, in any applicable law which expands the right of the Corporation to indemnify, hold harmless or make Cost Advances to a director or officer to a greater degree than would be afforded currently under this Agreement, the Indemnified Party shall receive the greater benefits afforded by such change, and (ii) this Agreement shall be interpreted and enforced so as to provide obligatory indemnification, hold harmless obligations and Cost Advances under such circumstances as set forth in this Agreement, if any, in which the providing of indemnification, hold harmless obligations or Cost Advances would otherwise be discretionary. It is acknowledged that the Corporation may enter into indemnity agreements with other directors and officers of the Corporation. In the event that the terms or conditions of any other indemnity agreement include or are amended to include protections which are not provided under this Agreement, the Indemnified Party shall be notified promptly of such change and he/she shall have at his/her option, the opportunity to have this Agreement amended so as to ensure that this Agreement, as amended, includes such broader protections, in each case to the extent permitted by applicable law.

3. **Indemnity for Costs in Enforcing Rights.** To the fullest extent allowable under applicable law, the Corporation shall also indemnify against, and shall make any Cost Advance requested by the Indemnified Party subject to and in accordance with Section 5 of this Agreement, any Costs actually and reasonably paid or incurred by the Indemnified Party in connection with any action or proceeding by the Indemnified Party for (i) indemnification or reimbursement of any Costs, or payment of any Cost Advance, by the Corporation under any provision of this Agreement, or under any other agreement or provision of the Corporation's constating documents now or hereafter in effect relating to or in connection with a Claim or other matter for which the Indemnified Party may be entitled to indemnification or hold harmless obligations hereunder and (ii) recovery under any directors' and officers' liability insurance policies maintained by the Corporation (including the Policy), regardless of whether the Indemnified Party ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. The Indemnified Party shall be required to reimburse the Corporation if a court of competent jurisdiction determines that such action brought by the Indemnified Party was frivolous or not made in good faith. For the avoidance of doubt, the Indemnified Party shall be required to reimburse the Corporation for any amounts received under this Section 3 related to the matters contemplated by Section 4 of this Agreement or any Claim that is not entitled to indemnification under Section 2 of this Agreement.

4. **Indemnity Limitations**. Notwithstanding anything to the contrary set forth in this Agreement, under no circumstances shall the Corporation be liable or have an obligation to indemnify or hold harmless the Indemnified Party under this Agreement: (a) if and to the extent applicable, for the Indemnified Party's reimbursement to the Corporation of any bonus or other incentive-based or equity-based compensation previously received by the Indemnified Party or payment of any profits realized by the Indemnified Party from the sale of securities of the Corporation, as required in each case under the Securities Exchange Act of 1934 (as amended) (the "**Exchange Act**") (including any such reimbursements under Section 304 of the Sarbanes-Oxley Act of 2002 ("**Sarbanes-Oxley**") (as amended) in connection with an accounting restatement of the Corporation or the payment to the Corporation of profits arising from the purchase or sale by the Indemnified Party of securities in violation of Section 306 of Sarbanes-Oxley); (b) for any amounts

paid in settlement of any threatened or pending Claim effected by the Indemnified Party without the Corporation's prior written consent, which shall not be unreasonably withheld; or (c) if and to the extent applicable, with respect to the disgorgement of any profits arising from the purchase or sale of securities of the Corporation by any Indemnified Party in violation of Section 16(b) of the Exchange Act.

5. **Cost Advances**. The Corporation shall at the request of the Indemnified Party make all Cost Advances to the Indemnified Party promptly following receipt of such request, to the fullest extent permitted by applicable law. Each such request for Cost Advances by the Indemnified Party shall be in writing and shall include: (i) a written affirmation of the Indemnified Party's good faith belief that the Indemnified Party is entitled to indemnification or hold harmless obligations hereunder, together with particulars of the Costs to be covered by the proposed Cost Advance (for greater certainty, the Indemnified Party shall not be required to provide any documentation or information to the extent that the provision thereof would undermine or otherwise jeopardize solicitor-client or litigation privilege, provided that the Indemnified Party shall cooperate with the Corporation in good faith to facilitate the sharing of such information and/or documentation that would not jeopardize solicitor-client and/or litigation privilege); and (ii) a written undertaking by the Indemnified Party to repay all Cost Advances if and to the extent that it is determined by a court of competent jurisdiction that the Indemnified Party is not entitled to indemnification or hold harmless obligations hereunder or that the payment of such Costs is prohibited by applicable law. Such written undertaking to repay Cost Advances shall be accepted without reference to the Indemnified Party's ability to repay the Cost Advances, shall be unsecured and no interest shall be charged thereon. For the avoidance of doubt, the Indemnified Party shall be required to repay all Cost Advances to the extent any are made in connection with any Claim related to the matters contemplated by Section 4 of this Agreement.

   Notwithstanding any other provision of this Agreement, to the extent that the Indemnified Party is, by reason of the fact that the Indemnified Party is or was a director or officer of the Corporation or of an Other Entity, or serves or served in a similar capacity thereto at the Corporation's request, a witness or participant, other than as a named party, in an investigation or proceeding, the Corporation shall pay to the Indemnified Party on behalf of the Corporation all out-of-pocket expenses actually and reasonably incurred by the Indemnified Party or on the Indemnified Party's behalf in connection therewith.

6. **Taxes**. For greater certainty, a Claim subject to indemnification or hold harmless obligations hereunder shall include any taxes, including any assessment, reassessment, claim or other amount for taxes, charges, duties, levies, imposts or similar amounts, including any interest and penalties in respect thereof, to which the Indemnified Party may be subject or which the Indemnified Party may suffer or incur as a result of, in respect of, arising out of or referable to any indemnification or hold harmless obligations of the Indemnified Party by the Corporation pursuant to this Agreement, including, if applicable, the payment of insurance premiums or any payment made by an insurer under an insurance policy, if such payment is deemed to constitute a taxable benefit or otherwise be or become subject to any tax or levy.

7. **Partial Indemnification**. If the Indemnified Party is entitled to indemnification or hold harmless obligations by the Corporation under the provisions of this Agreement or as determined by a court of competent jurisdiction for a portion of the Losses incurred in respect of a Claim but not for the total amount thereof, the Corporation shall indemnify and hold harmless the Indemnified Party for the portion thereof to which the Indemnified Party is so entitled.

8. **Notice of Claim**. The Indemnified Party shall notify the Corporation, and likewise the Corporation shall notify the Indemnified Party, in writing as soon as practicable upon receiving or being served with any demand, statement of claim, writ, assessment, reassessment, notice of motion, application, information, charges, indictment, subpoena, summons, investigation order or other document or communication commencing, threatening or continuing any Claim against which the Indemnified Party may be indemnified and held harmless or seek Cost Advances under this Agreement. Such notice shall include a copy of the document or communication initiating or threatening the Claim, a description of the Claim or threatened Claim, a summary of the facts giving rise to the Claim or threatened Claim and, if possible, an estimate of any potential liability arising under the Claim or threatened Claim. Failure by the Indemnified Party to so notify the Corporation shall not relieve the Corporation from liability under this Agreement except and only to the extent that such failure actually prejudices the Corporation.

9. **Legal Counsel**. Except in respect of an suit, action, litigation, claim, investigation, inquiry, hearing or proceeding by or on behalf of the Corporation or Other Entity, as the case may be, to procure a judgment in its favour against the Indemnified Party, the Corporation may, and upon the written request of the Indemnified Party shall, promptly after receiving from or delivering to the Indemnified Party written notice of any Claim or threatened Claim as required by Section 8 of this Agreement, assume conduct of the defence thereof in a timely manner and retain legal counsel on behalf of the Indemnified Party, provided that such legal counsel is satisfactory to the Indemnified Party, acting reasonably, to represent the Indemnified Party in respect of the Claim. In the event the Corporation assumes conduct of the defence on behalf of the Indemnified Party as contemplated by this Section 9, the Indemnified Party hereby

consents to the conduct thereof and to any action taken by the Corporation, in good faith, in connection therewith, and the Indemnified Party shall fully cooperate in such defence including the provision of documents, attending examinations for discovery, making affidavits, meeting with counsel, testifying and divulging to the Corporation and, where applicable, to its insurers, all information reasonably required to investigate, defend or prosecute the Claim.

10. **Additional Legal Counsel**. The Indemnified Party shall have the right to employ separate legal counsel of the Indemnified Party's choosing in addition to or instead of, as the case may be, the legal counsel retained by the Corporation as provided by Section 9 of this Agreement in connection with any Claim or other matter for which the Indemnified Party may be entitled to indemnification or hold harmless obligations hereunder and to participate in the defence thereof provided the fees and disbursements of such additional counsel shall be at the Indemnified Party's expense unless, in respect of such Claim or other matter, any of the following applies, in which case the legal fees and disbursements of such additional counsel shall be paid by the Corporation on behalf of the Indemnified Party: (i) the Corporation has agreed in writing to pay the fees for such additional counsel; (ii) the Corporation has not appointed counsel to assume the conduct of the defence of such Claim or other matter in a timely manner; (iii) the Corporation has appointed counsel that is not satisfactory to the Indemnified Party, acting reasonably; or (iv) the Indemnified Party has reasonably determined that there may be a conflict of interest between the Indemnified Party and the Corporation in the defence of such Claim or other matter.

11. **No Presumption as to Absence of Good Faith**. Unless a court of competent jurisdiction otherwise decided that the Indemnified Party is not entitled to be fully or partially indemnified or held harmless hereunder, the determination of any Claim by judgment, order, settlement or conviction (whether with or without court approval), or upon a plea of *nolo contendere* or its equivalent, shall not, in and of itself, create any presumption for the purposes of this Agreement that the Indemnified Party is not entitled to indemnity hereunder.

12. **Settlement of Claim**. No admission of liability and no settlement of any Claim in a manner adverse to the Indemnified Party shall be made without the consent of the Indemnified Party, unless, in the case of a settlement by the Corporation, such settlement: (i) includes an unconditional release of the Indemnified Party from all liability arising out of such Claim; and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the Indemnified Party.

13. **Other Rights and Remedies Unaffected**. The rights to indemnification or hold harmless obligations and payment provided in this Agreement shall not derogate from or exclude or be diminished by any other rights to which the Indemnified Party may be entitled under any provision of the Act or otherwise under applicable law, the articles of the Corporation (as amended or otherwise modified from time to time pursuant to its terms and applicable law) or the by-laws of the Corporation (as amended or otherwise modified from time to time pursuant to its terms and applicable law), the constating documents of an Other Entity, any applicable policy of insurance (including but not limited to any directors' and officers' liability insurance policy, including the Policy), guarantee or third-party indemnity, any vote of securityholders of the Corporation or an Other Entity, or otherwise, both as to matters arising out of the Indemnified Party's capacity as a director or officer of the Corporation or Other Entity, or in a capacity similar thereto for the Corporation or an Other Entity, or as to matters arising out of any other capacity in which the Indemnified Party may act for or on behalf of the Corporation; provided, however, that, notwithstanding anything to the contrary set forth in this Agreement, the Corporation shall not be liable or have any obligation under this Agreement to the Indemnified Party in respect of any Losses or Cost Advances to the extent the Indemnified Party has otherwise received any payments under any insurance policy (including the Policy), the articles of the Corporation (as amended or otherwise modified from time to time pursuant to its terms and applicable law) or the by-laws of the Corporation (as amended or otherwise modified from time to time pursuant to its terms and applicable law), pursuant to any other contractual or legal indemnification or similar rights the Indemnified Party may be entitled to or otherwise of the amounts otherwise indemnifiable by the Corporation under this Agreement.

14. **Insurance Policy.**

a) The Policy. The Corporation will ensure that its liabilities under this Agreement, and the potential liabilities of the Indemnified Party that are subject to indemnification by the Corporation pursuant to this Agreement, are at all times supported by the Policy. The Corporation shall pay all premiums payable under the Policy and, provided that such insurance is, in the Corporation's reasonable and good faith opinion, available on commercially reasonable terms, take all steps necessary to maintain the coverage provided under the Policy. As may be required by the Policy, the Corporation will immediately notify the Policy's insurers of any occurrences or situations that could potentially trigger a claim under the Policy and will promptly advise the Indemnified Party that the insurers have been notified of the potential claim. If, for any reason whatsoever, any directors', and officers' liability insurer asserts that the Indemnified Party is subject to a deductible under any existing or future directors' and officers' liability insurance purchased and maintained by the Corporation for the benefit of the Indemnified Party and the Indemnified Party's heirs and legal representatives, the Corporation shall pay the deductible for and on behalf of the Indemnified Party. If any payments made by an insurer under a

Policy are deemed to constitute a taxable benefit or otherwise become subject to any tax payable by the Indemnified Party, the Corporation agrees to pay any amount as may be necessary to ensure that the amount received by or on behalf of the Indemnified Party after the payment of, or withholding for, such tax, fully reimburses the Indemnified Party for the actual cost, expense or liability incurred by or on behalf of the Indemnified Party.

b) Variation of Policies. So long as the Indemnified Party is a director, advisor or officer or holder of a similar office of the Corporation or an Other Entity and provided that such insurance is, in the Corporation's reasonable and good faith opinion, available on commercially reasonable terms, the Corporation shall not seek to amend adversely or discontinue the Policy or allow the Policy to lapse (without entering into a renewal or replacement thereof on similar terms) without the Indemnified Party's prior written consent, acting reasonably. Should the Indemnified Party cease being a director, officer or advisor of the Corporation, for any reason whatsoever, the Corporation shall continue to purchase and maintain directors' and officers' liability insurance for the benefit of the Indemnified Party and the Indemnified Party's heirs and legal representatives, such that the Indemnified Party's insurance coverage is, at all times, the same as any insurance coverage the Corporation purchases and maintains for the benefit of its then current directors, officers and advisors, from time to time.

c) Run-Off Coverage. In the event the Policy is discontinued for any reason, or in the event of a consummation of a Control Transaction, the Corporation shall purchase, maintain and administer, or cause to be purchased, maintained and administered for a period of six years after such discontinuance or the effective time of the Control Transaction, insurance for the benefit of the Indemnified Party (the "**Run-Off Coverage**"), on similar terms to the extent permitted by law and provided such Run-Off Coverage is available on commercially acceptable terms and premiums (as determined by the board of directors in its reasonable and good faith opinion), provided that the premiums for the Run-Off Coverage will be deemed to be commercially acceptable if the total premiums for such Run-Off Coverage do not exceed 300% of annual premiums under the Policy at the time they are discontinued). The Run-Off Coverage shall provide coverage only in respect of events occurring prior to the discontinuance of the Policy or the effective time of the Control Transaction. The Corporation will provide to the Indemnified Party a copy of each policy of insurance providing the coverages contemplated by this subsection 14(c) promptly after coverage is obtained and evidence of each annual renewal thereof and will promptly notify the Indemnified Party if the insurer cancels, makes material changes to coverage, or refuses to renew coverage (or any part of the coverage).

15. **Retroactive Effect**. The right to be indemnified and held harmless or to the reimbursement or advancement of expenses pursuant to this Agreement is intended to be retroactive and shall be available with respect to events occurring prior to the execution hereof. For greater certainty, the rights of the Indemnified Party hereunder shall vest irrevocably at the time of his or her appointment as a director or officer or in any capacity similar thereto of the Corporation or an Other Entity.

16. **Cooperation**. The Corporation and the Indemnified Party shall, from time to time, provide such information and cooperate with the other, as the other may reasonably request, in respect of all matters under this Agreement. The Indemnified Party shall cooperate fully with the Corporation and its insurers and provide any required information with respect to any matters relevant to or arising under any claims by the Corporation under any policy of directors' and officers' liability insurance in respect of or related to a Claim under this Agreement. Without limiting the foregoing, the Indemnified Party and his or her advisors shall at all times be entitled to review during regular business hours all documents, records and other information with respect to the Corporation which are under the Corporation's control and which may be reasonably necessary in order for the Indemnified Party to defend against any Claim that relates to, arises from or is based on the Indemnified Party having acted in his or her capacity as a director or officer of the Corporation or an Other Entity or by reason of that association with the Corporation or an Other Entity, provided that the Indemnified Party shall maintain all such information in strictest confidence except to the extent necessary for the Indemnified Party's defence. Nothing contained herein shall abrogate any legal privilege (solicitor/client, litigation or otherwise) that may be asserted by the Corporation in respect of such documents, records or information to object to disclosure to the Indemnified Party.

17. **Effective Time**. This Agreement shall be deemed to have effect as and from the first date that the Indemnified Party became a director or officer of the Corporation or an Other Entity, or began serving in a capacity similar thereto for the Corporation or an Other Entity.

18. **Insolvency**. The liability of the Corporation under this Agreement shall not be affected, discharged, impaired, mitigated or released by reason of the discharge or release of the Indemnified Party in any bankruptcy, insolvency, receivership or other similar proceeding of creditors. The rights of the Indemnified Party under this Agreement shall not be prejudiced or impaired by permitting or consenting to any assignment in bankruptcy, receivership, insolvency or any other creditor's proceedings of or against the Corporation or by the winding-up or dissolution of the Corporation.

19. **Subrogation**. In the event of payment to the Indemnified Party under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnified Party. Without limiting the generality of Section 16 of this Agreement, the Indemnified Party shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Corporation to effectively bring suit to enforce such rights.

20. **Multiple Proceedings**. No suit, action, litigation, claim, prosecution, investigation, inquiry, hearing or other proceeding brought or instituted under this Agreement and no recovery pursuant thereto shall be a bar or defence to any further suit, action, litigation, claim, prosecution, investigation, inquiry, hearing or other proceeding which may be brought under this Agreement.

21. **Term**. This Agreement shall survive and continue indefinitely after the Indemnified Party has ceased to act as a director or officer of the Corporation and all Other Entities, and in all capacities similar thereto for the Corporation and all Other Entities.

22. **Deeming Provision**. The Indemnified Party shall be deemed to have acted or be acting at the specific request of the Corporation upon the Indemnified Party's being appointed or elected as a director or officer of the Corporation or an Other Entity, or into a capacity similar thereto for the Corporation or an Other Entity.

23. **Miscellaneous**.

a) Assignment. No party hereto may assign this Agreement or any rights or obligations under this Agreement without the prior written consent of the other parties hereto and any attempted or purported assignment in violation of this Section 23(a) shall be null and void. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their successors (including any successor by reason of amalgamation or other Control Transaction, as applicable), heirs, legal representatives and permitted assigns.

b) Amendments and Waivers. No supplement, modification, amendment or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party hereto, shall be binding unless executed in writing by the party to be bound thereby.

c) Notices. Any notice, consent or approval required or permitted to be given in connection with this Agreement (for the purposes of this Section 23.c), a "**Notice**") shall be in writing and shall be sufficiently given if delivered, whether in person, by courier service or other personal method of delivery, or if transmitted by e-mail:

(a) in the case of a Notice to the Indemnified Party at:

[NAME]

[ADDRESS]

Telephone: **[●]**

E-mail: **[●]**

(b) in the case of a Notice to the Corporation at:

Cronos Group Inc.
720 King Street West, Suite 320

Toronto, Ontario M5V 2T3
Telephone: 416-504-0004

Attention: General Counsel

E-mail: legal@thecronosgroup.com

Any Notice delivered or transmitted to a party hereto as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a day during which banks are open for business in the City of Toronto, Ontario, then the Notice shall be deemed to have been given and received on the next day during which banks are open for business in the City of Toronto, Ontario. Either party hereto may, from time to time, change its address by giving Notice to the other party in accordance with the provisions of this Section 23.c).

d) Severability. If any part of this Agreement or the application of such part to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such part to any other or person or circumstance, shall not be affected thereby and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by applicable law.

e) Further Assurances. The Corporation and the Indemnified Party shall, with reasonable diligence, do all such further acts, deeds or things and execute and deliver all such further documents as may be necessary or advisable for the purpose of assuring and conferring on the Indemnified Party the rights hereby created or intended, and of giving effect to and carrying out the intention or facilitating the performance of the terms of this Agreement.

f) Governing Law. This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties hereto hereby irrevocably submit and attorn to the jurisdiction of the courts of the Province of Ontario with respect to all matters arising out of or relating to this Agreement and all matters, agreements or documents contemplated by this Agreement. The parties hereto hereby irrevocably waive any objections they may have to the venue being in such courts including any claim that any such venue is in an inconvenient forum and appoint, to the extent such party is not otherwise subject to service of process in the Province of Ontario, **[AGENT FOR SERVICE OF PROCESS]**, **[ADDRESS]**, **[CITY]**, Ontario, **[POSTAL CODE]** as its agent in the Province of Ontario for acceptance of legal process in connection with any such action or proceeding against any such party with the same legal force and validity as if served upon such party personally within the Province of Ontario.

g) Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all other prior and contemporaneous agreements, negotiations, understandings, representations and warranties, whether oral or written, with respect to such matters.

h) Interpretation. The headings in this Agreement are for reference only and shall not affect the meaning or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders and the words “including” and “includes” are meant to be illustrative and not limiting.

i) Execution and Delivery. This Agreement may be executed by the parties hereto in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles together shall constitute one and the same agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF each of the parties hereto and the witness hereto has duly executed this Agreement.

CRONOS GROUP INC.

By: _____
Name:
Title:

_____ _____

Witness **[Individual]**

SCHEDULE A

Insurance Policy

Code of Business Conduct and Ethics

Cronos Group Inc.
Effective as of November 1, 2018

Department:	Legal
Policy Owner:	Xiuming Shum, General Counsel
Policy Validator:	Board of Directors of Cronos Group Inc.

For updates or additions, please contact the Legal Department at corporate.secretary@thecronosgroup.com

This document is uncontrolled when printed. For the current, official copy of this policy, please refer to the Legal Department at corporate.secretary@thecronosgroup.com

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Section 1: Overview and Standards

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Scope

This Code applies to all Employees of Cronos Group Inc. and its subsidiaries and affiliates controlled by, or under common control of, Cronos Group Inc. ("**Cronos Group**" or the "**Company**"). This Code applies to Cronos Group, together with its subsidiaries and affiliates, every Cronos Group employee, including the Chief Executive Officer, other senior executives and financial officers, and members of the Board of Directors (the "**Board**"). This Code also applies to all Cronos Group contractors and suppliers, and third-party vendors also are expected to meet the standards contained in this Code.

This Code may be amended from time to time to reflect changing circumstances and supersedes all prior versions.

Purpose

The Board of Cronos Group has adopted this Code of Business Conduct and Ethics (this "**Code**") which embodies the Company's commitment to conduct its business in accordance with all applicable laws, rules and regulations and the highest ethical standards.

What does the Code encompass?

Being a responsible company means upholding the highest ethical standards and complying with all applicable laws and regulations, industry practices and international norms, as well as this Code and all other Cronos Group policies or requirements.

If you have questions about the Code, contact the Legal Department at corporate.secretary@thecronosgroup.com .

What are my responsibilities as an employee or contractor?

Everyone at Cronos Group has a responsibility to act ethically. As employees, we have a duty to understand and follow the Code and all laws, regulations and company policies that apply to our jobs. We are all expected to conduct business according to the highest ethical standards, and report issues and concerns that we may have. Contractors have a similar expectation when they perform work for Cronos Group.

While the Code forms a strong foundation for ethical business conduct, it is not a substitute for common sense and good judgment, nor does it address every situation we encounter. If you are ever unsure about what to do in a particular situation, ask yourself:

- Does the action comply with the Code and other Cronos Group policies?
- Is the action legal?
- Does it feel right and am I comfortable with the decision?
- Am I confident that I don't need to consult anyone else?
- Would the person I respect most support this decision?
- Have I applied the "newspaper test" (e.g., how would it look on the front page)?
- Am I confident our shareholders and external partners would react positively?

If you have any doubts about what's right or what you should do, ask questions and voice your concerns. If you think an actual or potential violation has occurred, it's important to come forward and report your concerns immediately. The end of this Code describes how to report a concern.

Misconduct cannot be justified by saying it was ordered by someone else, even in management. Nobody has the authority to require you to act in a way that is illegal or violates Cronos Group's policies.

You should also be alert to potential improper conduct, including fraudulent or unlawful activities. That obligation extends to your own functional unit and others, as we all have an obligation to prevent improper conduct from occurring and report it when it does.

What are my responsibilities as a manager?

Managers must act as leaders. You are expected to demonstrate a personal commitment to Cronos Group standards and foster an environment where employees feel comfortable asking questions and reporting issues. Managers must also make direct reports aware of their obligations under the Code and the policies and procedures that apply to them.

You are expected to be open to questions about the Code and our policies, and to identify the right resource for employees who have good faith questions or concerns. We advise employees to seek guidance from your manager on the best course of action if they have concerns over potential violations of the Code, our policies, or the law. When you are approached, be ready to give honest, ethical and appropriate answers; if you do not have the answer, refer the employee to the Legal Department.

What happens when a report is made?

When we receive a report of a potential violation of the Code, we investigate it promptly and take corrective action as appropriate based on the findings. We expect all employees to cooperate in investigations fully and candidly. Obstructing an investigation, providing false or misleading information, or failing to cooperate may lead to disciplinary action up to and including immediate termination.

The Legal Department will promptly address all Code allegations and recommending corrective actions to local or head office management, as appropriate. The General Counsel is responsible for allegations that raise the most serious violations of the Code. The General Counsel reports regularly to the Audit Committee of the Board on serious Code violations and suspected Code violations.

Which employees have a significant role in Cronos Group internal controls?

Members of the Executive Committee, heads of departments, employees who work in the internal audit, finance and accounting or legal functions, and other employees who are designated as holding positions of trust.

What kind of discipline is there for Code violations?

If employees, contractors, or third-party vendors are found to violate the Code, they will be subject to disciplinary action or contractual remedies. The nature of the discipline is determined by several factors, including the seriousness and frequency of the violation, past misconduct, relevant knowledge or intent, and prior training. Common disciplinary actions for employees are:

- mentoring or counseling
- verbal warning
- suspension
- focused training
- written warning or reprimand
- termination

In appropriate cases (for example, reports of serious human rights violations), referrals may be made to law enforcement, and/or repayment or restitution may be sought.

We do not tolerate retaliation and encourage good faith reporting.

We will not tolerate retaliation by anyone, regardless of their level or position, against an employee, contractor or other third-party vendor for raising concerns or questions regarding ethics, or for reporting suspected Code violations in good faith. We take claims of retaliation very seriously and investigate them in the same manner as allegations of Code breaches. Anyone found to be engaging in any form of retaliation or reprisal may be subject to disciplinary action up to and including termination of employment.

To be clear, we encourage employees to raise concerns, and try to protect those that do. An employee or contractor who in good faith seeks advice, asks a question or reports known or suspected misconduct is doing the right thing. We encourage and expect our workforce to voice concerns and questions. The Company’s policy on whistleblowers provides employees with a means to report any wrong-doing and means for the Company to investigate and follow-through with any allegations. Employees will have

an avenue to report any wrong-doing and/or unethical behavior about fellow Cronos Group employees or Cronos Group management or members of the Board and ensure their legitimate concerns are followed up on. Moreover, whistleblowers will be confident that they will be protected from any retaliation. However vexatious allegations made in bad faith will not be subject to such protection.

In addition, reasonable efforts will be made to keep any allegations about suspected Code violations confidential throughout the investigation process, taking into account the need to obtain sufficient information to conduct a thorough investigation. If you prefer to report an allegation anonymously through the Compliance Hotline, please provide enough details and information about the incident or situation to allow Cronos Group to investigate properly. Information about the hotline is included at the end of this Code.

STANDARDS OF CONDUCT

Responsibilities to Our Shareholders

Conflicts of Interest

Advancing together means we put the interests of Cronos Group before our own. We avoid conflicts of interest where someone might question whether we are acting for Cronos Group's benefit or for personal gain. Conflict situations arise when an employee or director takes actions or has private interests that may make it difficult to perform his or her company work objectively and effectively. These types of situations may cause us to make decisions based on personal gain rather than the best interests of Cronos Group. They make it appear that we are using our positions at Cronos Group to obtain an improper personal benefit for ourselves. Where Cronos Group employees believe they or others may face circumstances that create, or could be seen as creating, a conflict of interest, they should raise the issue with their manager, their manager's manager or the Legal Department.

It is important to remember, we respect the right of employees and directors to take part in activities outside of their jobs. These might be financial activities, business activities, or charitable or social activities. When these activities are pursued, they must be free of conflict with responsibilities as Cronos Group employees and directors. In addition, where employees wish to serve as directors, officers, employees or consultants of a competitor, business partner or potential business partner, they must obtain prior approval of the relevant head of Department and the Legal Department. For Cronos Group directors in particular, serving as directors or officers of a competitor or business partner, or otherwise professionally engaging with a competitor or business partner, requires prior approval of the Board.

Similar conflict situations can also arise when employees and directors invest or trade in shares of a competitor, or an actual or potential business partner. These kinds of investments may also run afoul of relevant laws. Under our policies, employees and directors generally may not make investments in competitors or actual or potential partners, except for shares of a publicly traded company involving less than five percent of a company's issued shares.

Gifts

At heart, our business is a partnership. By always looking for ways to create mutual prosperity, we become the trusted partner. This means conducting our business based on sound decisions and fair dealings. The ethical conduct of our suppliers and contractors, as with our employees, is vital to our success. Business gifts and entertainment can build goodwill, but they can also make it harder to be objective about the person who provides them. We must not either ask for or accept any gifts or other benefits from actual or potential business partners, where doing so might impair or be seen to impair our ability to perform our duties in a fair and unbiased manner. Gifts of cash or cash equivalent, such as vouchers, must never be accepted.

Public Disclosure

As we work together to create mutual value with our partners, we also must respect the information our shareholders need to make informed investments in our company. We are committed to providing timely, factual and accurate disclosure of material information about the company to our shareholders, the financial community and the public at large, including in filings with government authorities. Employees and directors are not permitted to make any disclosure of material, non-public information about the company to anyone outside of the company unless it is permitted by our Disclosure Policy, which contains our requirements surrounding public disclosure. If an employee or director believes that the Disclosure Policy has been violated, he or she must notify their head of Department.

Financial Controls and Records

It is vital that we maintain accurate financial records and a system of financial controls. Our financial records serve as a basis for managing our business and helping to fulfill our responsibilities to our shareholders, employees and other partners. The integrity of our financial records is also important to our compliance with accounting, tax, public disclosure laws and regulations and other requirements.

We all have a responsibility to help maintain appropriate accounting and financial records and follow our system of internal financial controls and relevant legal requirements. Whether we are creating company records or receiving documents from third parties, documents should be created in a timely manner, be accurate, be complete, and have reasonable detail of the transaction. This applies to all company records, whether it is an expense report we create or an invoice we receive. Employees with control over company assets and transactions must establish and/or maintain a system of internal controls in their area of responsibility that is designed to (a) prevent unauthorized, unrecorded or inaccurately recorded transactions; and (b) permit the preparation of financial statements according to generally accepted accounting principles or the International Financial Reporting Standards, as appropriate.

Anti-Money Laundering

We are directly or indirectly subject to a variety of anti-money laundering laws that apply to our operations, including Canada's Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the Criminal Code of Canada, the U.S. Bank Secrecy Act (including the amendments thereto in the USA PATRIOT Act) and others in the jurisdictions where we operate. Money laundering is the process of transforming the proceeds of illegal activity into apparently legitimate assets. Any act or attempt to disguise the source of money or assets derived from criminal activity, or to deal in such money or assets or their proceeds, can be considering money laundering. These crimes include illegal drug trafficking, illegal arms sales, smuggling, prostitution, human trafficking, illegal immigration, embezzlement, insider trading, bribery, fraud, and any other criminal act. Money laundering is illegal and can result in significant penalties even if the person or business concealing the proceeds had no involvement in the underlying crimes. We will not provide financial support or assistance to anyone engaged in criminal activity, nor will we be involved in or support any process by which individuals or entities try to conceal the proceeds of criminal activity or otherwise try to make these funds look legitimate.

Insider Trading

Trading on inside information is strictly prohibited and a criminal offense. Inside information is information important enough to potentially affect a company's stock price, but which is not yet public. Examples of inside information include: financial results, earnings projections, changes in senior management, or information about acquisitions, divestments, option agreements or partnership agreements. Inside information may relate to Cronos Group, as well as other companies, including our contractors and business partners. Consequently, if we have access to inside information about Cronos Group or one of our business partners, we may not trade in that company's stock (including equity securities, convertible securities, options, bonds and any stock index containing the security), until after the information is made public. Nor may we "tip" others to do so. Trading on inside information, or "tipping" others, is known as insider trading and is a violation of U.S., Canadian, and other laws. We have an Insider Trading Policy to help make sure we comply with these requirements. If you have any questions about the policy or the law, contact the Legal Department.

Business Opportunities

Advancing together means protecting and advancing the company's legitimate interests. None of us should compete with the company. We may not take improper advantage of business opportunities discovered through the use of company property, information or position. We are also prohibited from using company property, information or position for personal gain.

Examples of business opportunities include:

- marketing or selling a process you developed at Cronos Group; and
- investing in the technology of a third party you meet because of your position at Cronos Group, in which Cronos Group also may have an interest in investing.

Protection and Proper Use of Company Assets

Advancing together means protecting company property. Our assets can be physical, such as equipment and vehicles, computers and software, and reports and records. Assets can also be non-physical, such as the company name, trade secrets, banking information, strategies and even our time at work. Protecting our assets from loss, damage, theft, misuse, and waste is the responsibility of every employee because it directly impacts our profitability and our reputation. That includes being prudent in

incurring and approving business expenses, working to minimize expenses and ensuring that expenses are reasonable and serve the company's business interests.

Cronos Group's anti-fraud and anti-corruption policies set out the Company's expectations and requirements relating to suspected fraudulent activities and misappropriation.

Confidentiality of Information

Information is an asset, and our partners and shareholders depend on our diligence in protecting company assets. We must protect our financial results, our prospects or our technical data just as we protect our equipment. Our business partners likewise depend on our diligence in protecting confidential information that they provide us, and only using that information for its intended purpose. We all need to hold confidential information in strict confidence, which may continue even after our employment ends.

For further details on maintaining confidentiality, see our Disclosure Policy.

Section 2: Responsibilities Under the Code

RESPONSIBILITIES TO EACH OTHER AS COLLEAGUES

Workplace Violence, Harassment or Discrimination

Advancing together means following fair employment practices and maintaining a workplace in which all individuals are treated with dignity and respect. We believe in a diverse and inclusive working environment. We see our success as dependent on the full participation of all of our colleagues - regardless of race, gender, age, color, sex, religion, sexual orientation, gender identity or expression, disability, military or veteran status, or other characteristics protected by applicable laws and regulations. We do not tolerate or condone violence or harassment of any sort, including sexual harassment. We also do not tolerate or condone any type of discrimination prohibited by law.

For further details on such matters, see our Workplace Violence and Harassment Policy and Program, and our Diversity and Discrimination Policy.

Health and Safety

To grow sustainable, long-term wealth for our company and our partners, we must work together to keep our people safe. Our safety and health vision is that every person will go home safe and healthy every day. Achieving this goal is everyone’s responsibility. We are committed to providing a safe and healthy workplace and adequate resources to meet that commitment through training programs, safety incentive programs, and occupational health programs.

If at any time you do not feel that a job can be performed in a safe manner, whether by you or a co-worker or contractor, you have the authority and are expected to stop the job immediately and talk to a manager without fear of repercussion.

If a safety incident occurs, make sure it is reported promptly to your manager.

We all have a responsibility to maintain a safe working environment by avoiding at-risk behaviors, as well as occupational and health and safety hazards. We also strive to share best practices, near misses, and other practical safety-related information throughout the organization so we can learn from each other and improve our work on the ground.

For further details on health and safety, see our Occupational Health and Safety Policy and our Occupational Health and Safety Manual (Ontario).

RESPONSIBILITIES TO OUR COMMUNITIES AND PARTNERS

Fair Dealing

The true currency of our business is trust. This means that we act with the highest degree of integrity. We endeavor to deal fairly with our fellow employees and our business partners. We do not seek to take advantage of anyone through manipulation, abuse of privileged information, or any other unfair-dealing practice. We do not pursue deceptive or illegal means of getting confidential information from competitors or use such confidential information if we obtain it.

Anti-Corruption

Advancing together means that we do not engage in improper, unethical, or questionable business practices. We are directly or indirectly subject to a variety of anti-corruption laws that apply to our operations, including Canada's Corruption of Foreign Public Officials Act, the U.S. Foreign Corrupt Practices Act, and others in the jurisdictions where we operate.

These laws prohibit us from paying, offering, or promising anything of value, directly or indirectly, to any third party, including any government official, to obtain an improper advantage or improperly influence an official act or decision related to our business. Our policies also prohibit us from improperly seeking or accepting anything of value to provide an improper advantage to vendors or other business partners.

In meeting our anti-corruption obligations, there are a few important things to keep in mind.

- When we talk about things of value, they can include cash, gifts, promises, meals and entertainment, travel, and hiring relatives of a third party.
- There is no exception for small amounts. Even small payments can violate the law and may be unethical.
- We may encounter intense pressure to make improper payments in countries where extraordinary competition exists. We should be particularly vigilant not to be tempted by statements that these kinds of practices are common, customary or condoned.
- It is important for all of us to note that our policies prohibit improper payments to any third party, whether they are government officials or in the private sector, and the receipt of improper payments or gifts.

All employees should be familiar with our anti-bribery, anti-corruption and anti-money laundering policy and other related standards and procedures. For additional guidance, or if you have any questions about whether a specific situation falls under our policies, raise the matter promptly with your manager, who may escalate the matter to the General Counsel.

Human Rights

Advancing together means we are committed to acting with respect toward our internal and external partners. At every location that we operate, all of our employees and third parties who provide us with goods or services must respect the human rights of internal and external partners, including the local community. We do not tolerate violations of human rights. We actively seek to improve human rights in the locations in which we operate, prevent negative human rights impacts from occurring, and provide a remedy when they do. We expect our employees, directors, and third party suppliers and contractors to understand and follow our Human Rights Policy and its implementing procedures.

Environmental Practices

Responsible business practices means minimizing the impact our operations have on the environment. Sound environmental practices are in the best interests of our business, our employees, our shareholders and the communities in which we operate. We strive at all times to conduct our business in accordance with recognized industry standards, to institute policies that meet or exceed applicable environmental and safety and health laws and regulations, and to continuously look for ways to improve our environmental performance. Goals and benchmarks are established to measure environmental performance.

RESPONSIBILITIES TO COMPLY WITH THE LAW AND THIS CODE, AND REPORT NON-COMPLIANCE

Legal Compliance

It is vital that we respect the legal institutions in every jurisdiction where we do business and follow all applicable laws, rules, and regulations. This is something that applies to all of us, including every director, officer, employee and contractor. It is important that we all understand the laws, rules and regulations that govern our work. If there are any questions, you are encouraged to contact the Legal Department.

Waivers of this Code

Responsible business practices means doing the right thing, no matter what. In seeking to do the right thing, you may feel that it is necessary to seek a waiver of some aspect of the Code. Although rare, waivers may be granted by the General Counsel or the Chief Executive Officer. When they are granted, they are reported to the Board or a Committee of the Board.

If an executive officer - including members of senior management or the General Counsel - wishes to obtain a waiver of some aspect of the Code, the waiver can only be granted by the Board or a Committee of the Board. Waivers given to executive officers will be disclosed to shareholders as required by applicable rules and regulations.

Annual Acknowledgement of the Code

Once each year, as a condition of employment, you may be asked to acknowledge that you have received Code of Conduct training, understand its rules, and are not aware of any unreported violations of the Code. New employees will sign an acknowledgement that they have received, read and understand the Code, and undertaken relevant training when they start with the company.

These acknowledgements serve to confirm that employees have reviewed and understand the Code, agreed to comply with it and report concerns about Code violations, and that they are unaware of potential actions that run afoul of the Code that have not already been reported.

Section 3: Reporting Non-Compliance

REPORTING CODE AND NON-CODE CONCERNS AT CRONOS-OPERATED SITES AND OFFICES

Operating responsibly means reporting potential violations of the law and this Code and being open to hearing and addressing the complaints and concerns of internal and external partners. We all have a responsibility to prevent a violation of this Code, to identify and raise potential issues before they lead to problems, and to seek additional guidance when necessary. As mentioned, **we will not tolerate retaliation of any sort against employees, contractors or suppliers for raising good faith concerns about violations of the Code or Cronos Group policies.** We also maintain a procedure for Code related reports to be escalated to appropriate levels of management, including the Audit Committee of the Board.

Bear in mind, however, that not all reports that we receive involve potential violations of the Code, and therefore they may not be investigated as such. For instance, some reports might involve human resources-related concerns, or complaints by contractors. Reports that do not involve potential violations of the Code are typically referred to the department best suited to address the grievance or concern, such as Human Resources or Operations.

Of course, there may be instances in which you do not know whether your concern violates this Code or a law that applies to our business. As a general guideline, if you have any questions regarding the best course of action in a particular situation, or if you suspect a possible violation of a law, regulation or this Code, you should address the matter promptly in accordance with the guidance below.

Suspected Code Violations

As general guidance, if you do have any concern that the Code may have been violated, it should be reported promptly to local management. Below is a list of local management contacts that are most appropriate to receive suspected Code-related concerns.

There may be various reasons why reporting a concern or complaint to local management is not possible or advisable. Or you may feel that taking a concern or complaint to local management will not resolve the matter, or you are simply uncomfortable raising the issue with local management. In those instances, employees should promptly contact the General Counsel or report the matter through the Compliance Hotline by telephone or the Internet.

Suspected Serious Code Violations and Formal Reporting Channels

There are certain suspected violations of the Code that could bring serious consequences, whether legal, reputational, or related to our license to operate. Employees and suppliers are expected to use certain formal reporting channels (the "**Formal Reporting Channels**") to report these types of allegations. These are the same categories of issues mentioned previously, on which the General Counsel reports regularly to the Audit Committee of the Board and involve serious Code violations and suspected Code violations. Again, they are:

- An alleged misstatement in Cronos Group's publicly released financial statements;
- An alleged misrepresentation in Cronos Group's other public disclosures;
- Any other matter that could reasonably be expected to result in a restatement of Cronos Group's publicly released financial statements;
- Alleged bribery of a government official or other alleged violation of anti-corruption laws;
- Known or suspected cases of severe human rights violations;
- Known or suspected fraud that involves a potential cost or loss to Cronos Group;
- Known or suspected fraud, regardless of amount, that involves an officer of Cronos Group;
- Known or suspected fraud, regardless of amount, that involves an employee who has a significant role in Cronos Group's internal controls, which include the Chief Executive Officer, other senior executives and financial officers, members of the Board, other senior personnel at Cronos Group, employees who work in internal audit, finance and accounting or legal functions, and other employees who are designated as holding positions of trust; or
- An event or series of events indicative of a deterioration in the overall internal control environment at a Cronos Group site or office, including a known or suspected incident or repeated incidents which indicate significant or systemic non-compliance with applicable regulatory requirements.

If there is any doubt as to whether a matter falls within a category set out above, one of the Formal Reporting Channels described next must be used.

For concerns that fall, or which may fall into these categories, employees and suppliers are expected to use one of the following Formal Reporting Channels:

- to the Legal Department, in person or by telephone or email;
- through the Compliance Hotline;
- for matters regarding accounting, internal accounting controls and other auditing matters, to the Audit Committee;
- for matters involving the Chief Executive Office or any other senior executive or financial officer of Cronos Group, to any member of the Board (and to the General Counsel and the Compliance Hotline).

COMPLIANCE HOTLINE

The Compliance Hotline can be accessed anonymously to report concerns, taking into account the need to obtain sufficient information to conduct a thorough investigation. The Hotline is:

- a confidential reporting service operated by an outside service provider;
- available to all employees, as well as contractors and suppliers; and
- available 24 hours a day, 365 days per year.

Concerns can be lodged through the Compliance Hotline by telephone or via an Internet portal.

Hotline Follow-up Tool

The Hotline also provides a follow-up tool that allows individuals who report a Code violation to communicate anonymously with those who are investigating his or her report. Through this tool, the reporter can:

- check on the status of the report;
- ask questions or add comments; or
- upload information to support his or her report, such as documents, email messages, pictures, audio or video files.

Likewise, those investigating the report can also post questions or request further information from the reporter on an anonymous basis. The Hotline follow-up tool can be accessed via the same telephone numbers and Internet portal specified below.

For the Internet Portal:

The Compliance Hotline internet portal can be found at:

https://www.integritycounts.ca/org/cronosgroup

For the Telephone Service:

In Canada and the United States

Call toll-free by dialing 1 (866) 921-6714.

In Israel

Call toll-free by dialing to 00 or 014 800-2002-0033.

Section 4: Appendix

APPENDIX 1: POLICY REVISION HISTORY

Date	Requested By	Updated By	Summary of Revisions
February 2, 2018	Board of Directors	Legal (Xiuming Shum)	Original Version
November 1, 2018	N/A	Legal (Xiuming Shum)	Version 2018B: general update

Exhibit 21.1

SUBSIDIARIES OF CRONOS GROUP INC.

As of December 31, 2019

Subsidiaries	**State or other jurisdiction of incorporation or organization**
Hortican Inc.	Canada
Peace Naturals Project Inc.	Canada
Cronos Global Holdings Inc.	Canada
Cronos Canada Holdings Inc.	Canada
Original BC Ltd.	Canada
Cronos Malta Holdings Limited	Malta
Cronos Device Labs Ltd.	Israel
Cronos Israel G.S. Store Ltd.	Israel
Cronos Israel G.S. Cultivation Ltd.	Israel
Cronos Israel G.S. Pharmacy Ltd.	Israel
Cronos Israel G.S. Manufacturing Ltd.	Israel
Cronos Group Celtic Holdings Ltd.	Ireland
Cronos Group USA Holdings Company Limited	British Columbia
Cronos USA Holdings Inc.	Delaware, USA
Cronos USA Client Services LLC	Delaware, USA
Zeus Cannabinoids LLC	Delaware, USA
Redwood Wellness, LLC	Delaware, USA
Redwood IP Holding, LLC	Delaware, USA
Redwood Retail, LLC	California, USA
Redwood Operations CA, LLC	California, USA
Thanos Holdings Ltd. d/b/a Cronos Fermentation	British Columbia

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Michael Gorenstein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cronos Group Inc.; and

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

/s/ Michael Gorenstein
Michael Gorenstein
President and Chief Executive Officer
(*Principal Executive Officer*)

Date: March 2, 2020

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Jerry Barbato, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cronos Group Inc.; and

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

/s/ Jerry Barbato
Jerry Barbato
Chief Financial Officer
(*Principal Financial Officer*)

Date: March 2, 2020