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

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Section 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of May 2019

Commission File No. 001-38403

CRONOS GROUP INC.
(Name of registrant)

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720 King Street W., Suite 320
Toronto, Ontario
M5V 2T3
(Address of registrant's principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F ☐ Form 40-F ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (1):
Yes ☐ No ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (7):
Yes ☐ No ☒

EXHIBIT INDEX

Exhibit	Description
99.1	Unaudited Condensed Interim Consolidated Financial Statements dated May 8, 2019
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations dated May 8, 2019
99.3	Form 52-109F2 – Certification of Interim Filings Full Certificate – Chief Executive Officer dated May 9, 2019
99.4	Form 52-109F2 – Certification of Interim Filings Full Certificate – Chief Financial Officer dated May 9, 2019

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

CRONOS GROUP INC.
(Registrant)

By:	/s/ Michael Gorenstein
Name:	Michael Gorenstein
Title:	President and Chief Executive Officer

Date: May 9, 2019

Exhibit 99.1

CRONOS GROUP INC.

Unaudited Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2019 and March 31, 2018

(in thousands of Canadian dollars)

Cronos Group Inc.
Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2019 and March 31, 2018

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Cronos Group Inc.
Unaudited Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2019 and December 31, 2018
(in thousands of CDN $)

	Notes		As at March 31, 2019		As at December 31, 2018
Assets					
Current assets					
Cash and cash equivalents	22(a)	$	2,418,277	$	32,634
Interest receivable	22(a)		3,130		-
Accounts receivable	22(a)		5,559		4,163
Sales taxes receivable			5,594		3,419
Prepaid expenses and other assets			5,092		4,190
Biological assets	5		11,506		9,074
Inventory	5		25,150		11,584
Total current assets			2,474,308		65,064
Advances to joint ventures	6(a)		21,920		6,395
Net investments in equity accounted investees	6(b)		2,185		4,038
Other investments	7,22(c)		300		705
Property, plant and equipment	8		184,570		171,720
Right-of-use assets	3(a),11(a)		1,875		171
Intangible assets	9(a)		11,087		11,234
Goodwill	9(b)		1,792		1,792
Total assets		$	2,698,037	$	261,119
Liabilities					
Current liabilities					
Bank indebtedness	22(b)	$	422	$	-
Accounts payable and other liabilities	22(b)		45,016		15,372
Holdbacks payable	22(b)		8,482		7,887
Government remittances payable	22(b)		1,313		1,123
Current portion of lease obligations	11,22(b)		134		41
Derivative liabilities	13,22(b)		1,664,275		-
Construction loan payable	12,22(b)		-		20,951
Total current liabilities			1,719,642		45,374
Lease obligations	11,22(b)		1,827		119
Due to non-controlling interests	10,22(b)		2,247		2,136
Deferred income tax liability	20		4,371		1,850
Total liabilities			1,728,087		49,479
Shareholders' equity					
Share capital	14(a)		556,930		225,500
Warrants	15(a)		845		1,548
Stock options	15(b)		6,631		6,241
Retained earnings (accumulated deficit)			404,499		(22,715)
Accumulated other comprehensive income			1,049		930
Total equity attributable to shareholders of Cronos Group			969,954		211,504
Non-controlling interests	10		(4)		136
Total shareholders' equity			969,950		211,640
Total liabilities and shareholders' equity		$	2,698,037	$	261,119
Commitments and contingencies	19				
Subsequent events	25				

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Approved on behalf of the Board of Directors:

"Michael Gorenstein"	*"James Rudyk"*
Director	Director

Cronos Group Inc.
Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)
For the three months ended March 31, 2019 and March 31, 2018
(in thousands of CDN $, except share and per share amounts)

	Notes	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Gross revenue	16	$ 6,985	$ 2,945
Excise taxes		(515)	-
Net revenue		6,470	2,945
Cost of sales			
Cost of sales before fair value adjustments	4(b)	2,984	1,567
Gross profit before fair value adjustments		3,486	1,378
Fair value adjustments			
Unrealized change in fair value of biological assets	4(b)	(13,553)	(2,744)
Realized fair value adjustments on inventory sold in the period	4(b)	3,722	2,194
Total fair value adjustments		(9,831)	(550)
Gross profit		13,317	1,928
Operating expenses			
Sales and marketing		1,500	586
Research and development		1,557	-
General and administrative		9,611	2,461
Share-based payments	15(b),18	737	774
Depreciation and amortization	8,9(a),11(a)	470	285
Total operating expenses		13,875	4,106
Operating loss		(558)	(2,178)
Other income (expense)			
Interest income (expense)		2,720	(22)
Financing costs	12,13	(29,561)	-
Gain on revaluation of derivative liabilities	13	436,383	-
Share of income (loss) from investments in equity accounted investees	6	(264)	41
Gain on disposal of Whistler	6	20,606	-
Gain on other investments	7	924	221
Total other income		430,808	240
Income (loss) before income taxes		430,250	(1,938)
Deferred income tax expense (recovery)	20	2,557	(888)
Net income (loss)		$ 427,693	$ (1,050)
Net income (loss) attributable to:			
Cronos Group		$ 427,829	$ (1,050)
Non-controlling interests	10	(136)	-
		$ 427,693	$ (1,050)
Other comprehensive income (loss)			
Gain (loss) on revaluation and disposal of other investments, net of tax	7,20	$ 103	$ (35)
Foreign exchange gain on translation of foreign operations	2(d),10	16	-
Total other comprehensive income (loss)		119	(35)
Comprehensive income (loss)		$ 427,812	$ (1,085)
Comprehensive income (loss) attributable to:			
Cronos Group		$ 427,948	$ (1,085)
Non-controlling interests	10	(136)	-
		$ 427,812	$ (1,085)
Earnings (loss) per share			
Basic	17	$ 1.95	$ (0.01)
Diluted	17	$ 0.48	$ (0.01)
Weighted average number of outstanding shares			
Basic	17	218,949,590	157,054,891
Diluted	17	271,086,575	157,054,891

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Cronos Group Inc.
Unaudited Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended March 31, 2019 and March 31, 2018
(in thousands of CDN $, except number of share amounts)

					Share-based reserve		Retained earnings	Accumulated other	Non-	
	Notes	Number of shares	Share capital	Shares to be issued	Warrants	Stock options	(accumulated deficit)	comprehensive income	controlling interests	Total
Balance at January 1, 2019 as previously reported		178,720,022	$ 225,500	$ -	$ 1,548	$ 6,241	$ (22,715)	$ 930	$ 136	$ 211,640
Adoption of IFRS 16	3(a)	-	-	-	-	-	(68)	-	(4)	(72)
Balance at January 1, 2019 as restated		178,720,022	225,500	-	1,548	6,241	(22,783)	930	132	211,568
Shares issued	14(a)	149,831,154	334,099	-	-	-	-	-	-	334,099
Share issuance costs		-	(4,901)	-	-	-	-	-	-	(4,901)
Warrants exercised	15(a)	4,390,961	1,884	-	(703)	-	-	-	-	1,181
Vesting of options	15(b)	-	-	-	-	737	-	-	-	737
Options exercised	15(b)	375	2	-	-	(1)	-	-	-	1
Share appreciation rights exercised	15(b)	77,865	346	-	-	(346)	(547)	-	-	(547)
Net income (loss)		-	-	-	-	-	427,829	-	(136)	427,693
Other comprehensive income		-	-	-	-	-	-	119	-	119
Balance at March 31, 2019		333,020,377	$ 556,930	$ -	$ 845	$ 6,631	$ 404,499	$ 1,049	$ (4)	$ 969,950
Balance at January 1, 2018		149,360,603	$ 83,559	$ -	$ 3,364	$ 2,289	$ (3,724)	$ 880	$ -	$ 86,368
Shares issued	14(a)	5,257,143	46,000	-	-	-	-	-	-	46,000
Share issuance costs		-	(3,081)	-	-	-	-	-	-	(3,081)
Shares to be issued	14(b)		-	961	-	-	-	-	-	961
Warrants exercised	15(a)	6,972,479	1,966	-	(686)	-	-	-	-	1,280
Vesting of options	15(b)	-	-	-	-	774	-	-	-	774
Options exercised	15(b)	42,256	106	-	-	(33)	-	-	-	73
Net loss		-	-	-	-	-	(1,050)	-	-	(1,050)
Other comprehensive loss		-	-	-	-	-	-	(35)	-	(35)
Balance at March 31, 2018		161,632,481	$ 128,550	$ 961	$ 2,678	$ 3,030	$ (4,774)	$ 845	$ -	$ 131,290

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Cronos Group Inc.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2019 and March 31, 2018
(in thousands of CDN $)

	Notes	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Operating activities			
Net income (loss)		$ 427,693	$ (1,050)
Items not affecting cash and cash equivalents:			
Unrealized change in fair value of biological assets	4(b)	(13,553)	(2,744)
Realized fair value adjustments on inventory sold in the period	4(b)	3,722	2,194
Share-based payments	15(b),18	737	774
Depreciation and amortization	8,9(a),11(a)	470	285
Depreciation relieved on inventory sold		235	169
Share of loss (income) from investments in equity accounted investees	6	264	(41)
Gain on disposal of Whistler	6	(20,606)	-
Gain on other investments	7	(924)	(221)
Gain on revaluation of derivative liabilities	13	(436,383)	-
Deferred income tax expense (recovery)	20	2,557	(888)
Foreign exchange loss (gain)		67	(16)
Net changes in non-cash working capital	21	17,320	(12,212)
Cash and cash equivalents used in operating activities		(18,401)	(13,750)
Investing activities			
Investments in equity accounted investees	6	(2,200)	-
Advances to joint ventures	6	(15,812)	-
Proceeds from sale of other investments	7	26,078	687
Payment to exercise ABcann warrants	7	-	(113)
Purchase of property, plant and equipment	8	(13,454)	(7,642)
Purchase of intangible assets	9(a)	(51)	(131)
Advance to Cronos Israel	2(a),10	-	(926)
Cash and cash equivalents used in investing activities		(5,439)	(8,125)
Financing activities			
Increase in bank indebtedness		422	-
Advance from non-controlling interests	10	111	-
Repayment of lease obligations	11	(32)	(13)
Repayment of construction loan payable	12	(21,311)	-
Payment of accrued interest on construction loan payable	12	(121)	(185)
Advance under Credit Facility	12	65,000	-
Repayment of Credit Facility	12	(65,000)	-
Proceeds from Altria Investment	13,14(a)	2,434,757	-
Proceeds from share issuance	14(a)	-	46,000
Share issuance costs		(4,901)	(3,081)
Proceeds from shares to be issued	14(b)	-	961
Proceeds from exercise of warrants and options	15(a),(b)	1,182	1,353
Withholding taxes paid on share appreciation rights	15(b)	(547)	-
Cash and cash equivalents provided by financing activities		2,409,560	45,035
Net change in cash and cash equivalents		2,385,720	23,160
Cash and cash equivalents - beginning of period		32,634	9,208
Effects of foreign exchange on cash		(77)	-
Cash and cash equivalents - end of period		$ 2,418,277	$ 32,368
Supplemental cash flow information			
Interest paid		$ 675	$ 307

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

1. Nature of business

Cronos Group Inc. (**"Cronos Group"** or the **"Company"**) was incorporated under the *Business Corporations Act* (Ontario). Cronos Group is a public corporation, with its head office located at 720 King Street West, Suite 320, Toronto, Ontario, M5V 2T3. The Company's common shares are listed on the Nasdaq Global Market and on the Toronto Stock Exchange (**"TSX"**) under the ticker symbol (**"CRON"**).

Cronos Group is an innovative global cannabinoid company, with international production and distribution across five continents. The Company is engaged in the cultivation, manufacturing, and marketing of cannabis and cannabis-derived products for the medical and adult-use markets. Cronos Group is committed to building disruptive intellectual property by advancing cannabis research, technology and product development. With a passion to responsibly elevate the consumer experience, Cronos Group is building an iconic brand portfolio. Cronos Group's brand portfolio includes PEACE NATURALS™, a global health and wellness brand, and two adult-use brands, COVE™ and Spinach™. The Company operates two wholly-owned license holders (**"License Holders"**) under the *Cannabis Act* (Canada) and its relevant regulations (the **"Cannabis Act"**). The Company's License Holders are Peace Naturals Project Inc. (**"Peace Naturals"**), which has production facilities near Stayner, Ontario, and Original BC Ltd. (**"OGBC"**), which has a production facility in Armstrong, British Columbia.

Cronos Group has also established five strategic joint ventures in Canada, Israel, Australia, and Colombia, and holds minority interests in cannabis-related companies and License Holders. One of these strategic joint ventures is considered a subsidiary for financial reporting purposes, refer to Note 2(a).

2. Basis of presentation

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019 and March 31, 2018 have been prepared in accordance with International Accounting Standard (**"IAS"**) 34, Interim Financial Reporting. The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's audited annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Company applied, as of January 1, 2019, International Financial Reporting Standard (**"IFRS"**) 16, Leases and Interpretation of the IFRS Interpretations Committee (**"IFRIC"**) 23, Uncertainty over income tax treatments. As required by IAS 34, the nature and effect of these changes are disclosed in Note 3.

These unaudited condensed interim consolidated financial statements do not conform in all respects to the requirements of IFRS as issued by the International Accounting Standards Board for annual financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's December 31, 2018 audited annual consolidated financial statements and notes.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors (the **"Board"**) on May 8, 2019.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

2. Basis of presentation (continued)

(a) Basis of consolidation

These unaudited condensed interim consolidated financial statements include the accounts of Cronos Group Inc. and its subsidiaries, summarized in the following chart:

Subsidiaries	Jurisdiction of incorporation	Incorporation date	Ownership interest
Hortican Inc. ("**Hortican**")	Canada	January 17, 2013	100%
Peace Naturals	Canada	November 21, 2012	100%
OGBC	Canada	March 15, 2013	100%
Cronos Canada Holdings Inc.	Canada	March 13, 2018	100%
Cronos Global Holdings Inc.	Canada	April 25, 2017	100%
Cronos Israel G.S. Cultivations Ltd. (i)	Israel	February 4, 2018	70%
Cronos Israel G.S. Manufacturing Ltd. (i)	Israel	September 4, 2018	90%
Cronos Israel G.S. Store Ltd. (i)	Israel	June 28, 2018	90%
Cronos Israel G.S. Pharmacies Ltd. (i)	Israel	February 15, 2018	90%
Cronos Labs Ltd. ("**Cronos Device Labs**")	Israel	March 14, 2019	100%
Cronos Group Celtic Holdings Ltd.	Ireland	February 6, 2018	100%
Cronos Malta Holdings Ltd.	Malta	October 25, 2018	100%

(i) These Israeli entities are collectively referred to as **"Cronos Israel"**.

In the unaudited condensed interim consolidated statements of operations and comprehensive income (loss), net income (loss) and other comprehensive income (loss) are attributed to the equity holders of the Company and to the non-controlling interests. Non-controlling interests in the equity of Cronos Israel are presented separately in the shareholders' equity section of the unaudited condensed interim consolidated statements of financial position and the unaudited condensed interim consolidated statements of changes in equity.

(b) Investments in equity accounted investees

Investees in which the Company has significant influence or joint control are accounted for using the equity method. The Company's interests in equity accounted investees as at March 31, 2019 are summarized in the following chart.

Equity accounted investees	Jurisdiction of incorporation	Ownership interest
Cronos Australia Limited ("**Cronos Australia**")	Australia	50%
MedMen Canada Inc. ("**MedMen Canada**")	Canada	50%
Cronos Growing Company Inc. ("**Cronos GrowCo**")	Canada	50%
NatuEra S.à r.l	Luxembourg	50%

As at December 31, 2018, the Company held a 19% ownership interest in Whistler Medical Marijuana Company ("**Whistler**"). During the three months ended March 31, 2019, the Company divested of its investment in Whistler.

(c) Basis of measurement

Apart from biological assets, other investments, and derivative liabilities, which are measured at fair value, the unaudited condensed interim consolidated financial statements have been presented and prepared on the basis of historical cost.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

2. Basis of presentation (continued)

(d) Functional and presentation currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of all subsidiaries is the national currency of the respective jurisdiction of incorporation. Refer to Note 2(a).

3. Adoption of new accounting pronouncements

(a) IFRS 16, Leases

IFRS 16 was issued in January 2016 and replaces the previous guidance on leases, predominantly IAS 17, Leases. The Company has applied IFRS 16 with an initial application date of January 1, 2019, in accordance with the transitional provisions specified in IFRS 16. As a result, the Company has changed its accounting policy for lease contracts as detailed below. The Company has applied the following practical expedients:

(i) The Company applied the simplified transition approach and did not restate comparative information. As a result, the Company recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the accumulated deficit as at January 1, 2019.

(ii) On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17, and IFRIC 4, Determining whether an arrangement contains a lease, were not reassessed for whether there is a lease. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

In accordance with the practical expedients applied, the Company has recognized lease liabilities and right-of-use assets at the date of initial application for leases previously classified as operating leases in accordance with IAS 17. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value. The Company has elected to measure the right-of-use assets at the carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application. For the lease previously classified as a finance lease under IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is equal to the carrying amount of the leased asset and lease liability immediately before the date of initial application.

The following table summarizes the impacts of adopting IFRS 16 on the Company's unaudited condensed interim consolidated financial statements as at the date of initial application:

As at January 1, 2019	As previously reported under IAS 17	Adjustments (i)	As restated under IFRS 16
Right-of-use assets	$ 217	$ 1,890	$ 2,107
Accumulated depreciation	46	144	190
Current lease liabilities	41	303	344
Non-current lease liabilities	119	1,515	1,634
Accumulated deficit	(22,715)	(68)	(22,783)
Non-controlling interests	136	(4)	132

(i) The adjustments are due to the recognition of right-of-use assets and lease obligations for lease contracts previously classified as operating leases under IAS 17 prior to the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities recognized at the date of initial application is 12%. There would be no difference between the discounted value of the operating lease commitments disclosed at December 31, 2018 and the adjustments above. Furthermore, there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

3. Adoption of new accounting pronouncements (continued)

(a) IFRS 16, Leases (continued)

The following is the Company's policy for accounting for lease contracts in accordance with IFRS 16:

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use assets are adjusted for impairment losses, if any. The estimated useful lives and recoverable amounts of right-of-use assets are determined on the same basis as those of property and equipment. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) IFRIC 23, Uncertainty over income tax treatments

IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances. IFRIC 23 became effective for fiscal years beginning on or after January 1, 2019, with earlier application permitted. The Company has adopted this interpretation as of its effective date and has assessed no significant impact as a result of the adoption of this interpretation.

4. Accounting changes

(a) Change in estimate

During the three months ended March 31, 2018, the Company revised its estimate of the useful life of the Health Canada licenses, and assessed that the licenses have an estimated useful life equal to the remaining useful life of the corresponding facilities described in Note 9(a). Previously, the Company estimated that the Health Canada Licenses had an indefinite life. The change in estimate was accounted for prospectively.

(b) Change in accounting policy

During the three months ended June 30, 2018, the Company made a voluntary change in accounting policy to capitalize the direct and indirect costs attributable to the biological asset transformation. The previous accounting policy was to expense these costs as period costs.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

4. Accounting changes (continued)

(b) Change in accounting policy (continued)

The new accounting policy provides more reliable and relevant information to users as the gross profit before fair value adjustments only considers the costs incurred on inventory sold during the period, and excludes costs incurred on the biological transformation until the related harvest is sold. The following demonstrates the change for each prior period presented. There is no impact of this policy change on gross profit, net income (loss), basic and diluted earnings per share, the unaudited condensed interim consolidated statement of financial position, or the unaudited condensed interim consolidated statement of changes in equity on the current or any prior period, upon retrospective application.

	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018	
	Original accounting policy	New accounting policy	Original accounting policy	New accounting policy
Unaudited condensed interim consolidated statement of operations and comprehensive income (loss)				
Cost of sales				
Cost of sales before fair value adjustments	$ 1,684	$ 2,984	$ 521	$ 1,567
Production costs	3,338	-	1,714	-
Total cost of sales	5,022	2,984	2,235	1,567
Gross profit before fair value adjustments	1,448	3,486	710	1,378
Fair value adjustments:				
Unrealized change in fair value of biological assets	(16,891)	(13,553)	(4,458)	(2,744)
Realized fair value adjustments on inventory sold in the period	5,022	3,722	3,240	2,194
Total fair value adjustments	(11,869)	(9,831)	(1,218)	(550)
Gross profit	$ 13,317	$ 13,317	$ 1,928	$ 1,928

	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018	
	Original accounting policy	New accounting policy	Original accounting policy	New accounting policy
Unaudited condensed interim consolidated statement of cash flows				
Operating activities				
Items not affecting cash:				
Unrealized change in fair value of biological assets	$ (16,891)	$ (13,553)	$ (4,458)	$ (2,744)
Realized fair value adjustments on inventory sold in the period	5,022	3,722	3,240	2,194
Net changes in non-cash working capital:				
Biological assets	15,033	11,695	3,740	2,026
Inventory	(18,501)	(17,201)	(3,802)	(2,756)
Net effect on cash flows used in operating activities	$ (15,337)	$ (15,337)	$ (1,280)	$ (1,280)

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

5. Biological assets and inventory

(a) Biological assets

The Company's biological assets consist of cannabis plants. The changes in the carrying amounts of the biological assets are as follows:

	Three Months Ended March 31,	
	2019 (Note 4)	2018 (Note 4)
Biological assets - beginning of period	$ 9,074	$ 3,722
Capitalization of production costs	3,338	1,714
Unrealized change in fair value of biological assets	13,553	2,744
Transferred to inventory upon harvest	(14,459)	(3,690)
Biological assets - end of period	$ 11,506	$ 4,490

As at March 31, 2019, the Company has 67,635 plants classified as biological assets which are expected to ultimately yield 6,155 kg of dry cannabis (December 31, 2018 - 46,004 plants which were expected to ultimately yield 6,303 kg of dry cannabis).

The Company measures its biological assets at fair value less costs to sell. This valuation is based on the expected harvest yield (on a grams per plant basis) for plants currently being cultivated, adjusted for the expected net selling price less post-harvest costs attributable to bringing a harvested gram of cannabis to a saleable condition and ultimate sale (on a per gram basis). The Company accretes the fair value of each cannabis plant on a straight-line basis over the expected growing cycle. As at March 31, 2019, the plants were on average 5 weeks into the growing cycle, 38% complete, and were ascribed approximately 38% (December 31, 2018 - 6 weeks, 37%, and 37%, respectively) of their expected fair value at harvest date.

(b) Inventory

Inventory consisted of the following:

	As at March 31, 2019		As at December 31, 2018	
Dry cannabis				
Finished goods	181 kg	$ 1,014	187 kg	$ 972
Work-in-process	3,261 kg	16,222	1,789 kg	7,733
		17,236		8,705
Cannabis oils (i)				
Finished goods	200 kg	1,054	115 kg	656
Work-in-process	1,175 kg	5,372	220 kg	1,250
		6,426		1,906
Raw materials	(ii)	169	(ii)	171
Supplies and consumables		1,319		802
		$ 25,150		$ 11,584

(i) Cannabis oils are expressed in dry cannabis gram equivalents. Refer to Note 5(d) for the equivalency factor applied.

(ii) As at March 31, 2019 and December 31, 2018, raw materials consisted of 0.267 kg of seeds held by the Company.

As at March 31, 2019, the Company held 40 kg (December 31, 2018 - 29 kg) of dry cannabis and 5 kg (December 31, 2018 - 4 kg) of cannabis oils as retention samples, which are valued at $nil.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

5. Biological assets and inventory (continued)

(c) Direct and indirect cost allocations

Costs incurred to transform biological assets up to the point of harvest (**"production costs"**) are capitalized as they are incurred, which become the cost basis of the biological assets. These costs include direct costs such as nutrients, soil, and seeds, as well as other indirect costs such as utilities, an allocation of indirect labour, property taxes, and depreciation of equipment used in the growing process. The biological assets are then revalued to fair value less costs to sell immediately prior to harvest and at the end of each reporting period. Gains or losses arising from changes in fair value less costs to sell, excluding capitalized production costs, are presented as unrealized change in fair value of biological assets. At the point of harvest, agricultural produce consisting of cannabis is considered inventory. The fair value less costs to sell becomes the cost base of inventory. Any subsequent post-harvest costs (**"processing costs"**), including direct costs attributable to processing and related overhead, are capitalized to inventory as they are incurred. Upon ultimate sale of inventory, the associated production and processing costs are presented as cost of sales before fair value adjustments; the remaining cost of inventory, associated with fair value less costs to sell prior to harvest, is presented as realized fair value adjustments on inventory sold in the period.

The direct and indirect costs related to biological assets and inventory are allocated as follows. The allocation basis was consistent for the three months ended March 31, 2019 and 2018, unless otherwise specified.

Nature of cost	Allocation basis
Consumables (insect control, fertilizers, soil)	100% allocated to production costs because these costs are incurred to support plant growth
Labour costs (including salaries and benefits)	Allocated based on job descriptions of various personnel 40% allocated to processing costs; 40% allocated to production costs; 20% allocated to operating expenses (2018 - 20%; 60%; and 20%; respectively)
Supplies and small tools	80% allocated to production costs; 20% allocated to processing costs
Utilities	Allocated based on estimates of usage 10% allocated to processing costs; 90% allocated to production costs
Property taxes, depreciation, security	Allocated based on estimates of square footage 20% allocated to processing costs; 50% allocated to production costs; 30% allocated to operating expenses
Packaging costs	100% allocated to processing costs

(d) Significant inputs and sensitivity analyses

The Company has made the following estimates related to significant inputs in the valuation model:

Significant inputs	Definition
Net selling price per gram	Estimated net selling price per gram of dry cannabis based on historical sales and anticipated prices, after adjustment for excise taxes
Harvest yield per plant	Expected grams of dry cannabis to be harvested from a cannabis plant, based on the weighted average historical yields by plant strain
Stage of growth	Weighted average plant age (in weeks) out of the 14 week (December 31, 2018 - 16 week) growing cycle as of the period end date
Processing costs per gram	Estimated post-harvest costs per gram to bring a gram of harvested cannabis to its saleable condition, including drying, curing, testing and packaging, and overhead allocation; estimated based on post-harvest costs incurred during the period divided by number of grams processed during the period
Selling costs per gram	Estimated shipping, order fulfillment, and labelling costs per gram; calculated as selling costs incurred during the period divided by number of grams sold during the period
Equivalency factor	Estimated grams of dry cannabis required to produce one millilitre of cannabis oil; estimated based on historical conversion results
Mass multipliers	Estimated multiples of crude extract and isolate mass in diluted cannabis oil products

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

5. Biological assets and inventory (continued)

(d) Significant inputs and sensitivity analyses (continued)

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets and inventory in future periods.

The following table quantifies each of the significant unobservable inputs described above and provides a sensitivity analysis of the impact on the reported values of biological assets and inventory. The sensitivity analysis for each significant input is performed by assuming a 5% decrease in the input while other significant inputs remain constant at management's best estimate as of the period end date.

		Increase (decrease) as at March 31, 2019			Increase (decrease) as at December 31, 2018	
	As at March 31, 2019	Biological assets	Inventory	As at December 31, 2018	Biological assets	Inventory
Net selling price per gram	$5.97/g	$ (708)	$ (705)	$5.58/g	$ (673)	$ (640)
Harvest yield per plant	91 g	(572)	-	137 g	(446)	-
Stage of growth	5 weeks	(572)	-	6 weeks	(446)	-
Processing costs per gram	$0.76/g	90	83	$1.98/g	175	65
Selling costs per gram	$0.40/g	47	47	$0.43/g	52	50
Equivalency factor	0.3 g/mL	(48)	(138)	0.3 g/mL	(45)	(104)
Mass multipliers	35x - 50x	(35)	(222)	30x - 50x	(5)	(24)

6. Equity accounted investees

(a) Advances to joint ventures

Advances to joint ventures are unsecured, non-interest bearing, and have no terms of repayment, unless otherwise specified. The joint ventures are solely funded by their shareholders and the advances are considered an extension of the Company's investments therein. As such, losses recognized in excess of the Company's capital contributions are applied against the respective advances.

As at March 31, 2019	Natuera Colombia (v)	MedMen Canada (ii)	Cronos GrowCo (iii)	Cronos Australia (iv)	Total
Gross advances to joint ventures	$ 302	$ 1,856	$ 19,115	$ 1,480	$ 22,753
Less: advances to joint ventures applied to carrying amount of investments	-	(167)	-	(666)	(833)
Advances to joint ventures	$ 302	$ 1,689	$ 19,115	$ 814	$ 21,920

As at December 31, 2018	Natuera Colombia (v)	MedMen Canada (ii)	Cronos GrowCo (iii)	Cronos Australia (iv)	Total
Gross advances to joint ventures	$ -	$ 1,871	$ 4,080	$ 990	$ 6,941
Less: advances to joint ventures applied to carrying amount of investments	-	(175)	(29)	(342)	(546)
Advances to joint ventures	$ -	$ 1,696	$ 4,051	$ 648	$ 6,395

The Company did not make any advances to its joint ventures during the three months ended March 31, 2018.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

6. Equity accounted investees (continued)

(b) Net investment in equity accounted investees

A reconciliation of the carrying amount of the investments in associates and joint ventures is as follows:

	Whistler (i)	MedMen Canada (ii)	Cronos GrowCo (iii)	Cronos Australia (iv)	Total
As at January 1, 2019	$ 4,038	$ -	$ -	$ -	$ 4,038
Share of net income (loss)	38	8	14	(324)	(264)
Contribution to (disposal of) investment	(4,076)	-	2,200	-	(1,876)
Advances to joint ventures applied to (transferred from) carrying amount of investments	-	(8)	(29)	324	287
As at March 31, 2019	$ -	$ -	$ 2,185	$ -	$ 2,185

	Whistler (i)	MedMen Canada (ii)	Cronos GrowCo (iii)	Cronos Australia (iv)	Total
As at January 1, 2018	$ 3,807	$ -	$ -	$ -	$ 3,807
Share of net income	41	-	-	-	41
As at March 31, 2018	$ 3,848	$ -	$ -	$ -	$ 3,848

(i) Whistler was incorporated in British Columbia, Canada and is a License Holder with production facilities in British Columbia, Canada. Although the Company held less than 20% of the ownership interest and voting control of Whistler as at December 31, 2018, the Company had the ability to exercise significant influence through both its power to elect board members, and aggregately, with affiliated shareholders, the Company held over 20% of the voting control of Whistler.

On March 4, 2019, the Company sold all 2,563 shares of Whistler, representing approximately 19.0% of Whistler's issued and outstanding common shares, to Aurora Cannabis Inc. (**"Aurora"**), in connection with Aurora's acquisition of Whistler (the **"Whistler Transaction"**). As a result of the closing of the Whistler Transaction, the Company received 2,524,341 Aurora common shares with an aggregate value of approximately $24,682. The closing of the Whistler Transaction resulted in a gain of $20,606 recognized in net income, with the Aurora common shares received being measured at fair value through profit or loss. Refer to Note 7. In addition, the Company expects to further receive Aurora common shares valued at an aggregate of approximately $7,600 upon the satisfaction of certain specified milestones, which has not been recognized in these unaudited condensed interim consolidated financial statements. The exact number of Aurora common shares to be issued to the Company following the satisfaction of each such milestone will be determined in reference to the five-day volume weighted average price of Aurora common shares immediately prior to the achievement of the applicable milestone.

(ii) MedMen Canada was incorporated under the *Canada Business Corporations Act* ("**CBCA**") on March 13, 2018, with the objective of distribution, sale, and marketing of cannabis products in Canada. MedMen Canada holds the exclusive license to the MedMen brand in Canada for a minimum term of 20 years, commencing from 2018.

(iii) Cronos GrowCo was incorporated under the CBCA on June 14, 2018, with the objective of building a cannabis production greenhouse, applying for cannabis licenses under the Cannabis Act, and growing, cultivating, extracting, producing, selling, and distributing cannabis in accordance with such licenses.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

6. Equity accounted investees (continued)

(iv) Cronos Australia Pty. Ltd. was incorporated under the Corporations Act 2001 (Australia) on December 6, 2016. On September 27, 2018, Cronos Australia Pty. Ltd. underwent a restructuring, resulting in the incorporation of Cronos Australia Limited on that date, which became the ultimate holding company of the group, owning 100% of Cronos Australia Group Pty. Ltd., which in turn owns 100% of Cronos Australia - Marketing & Distribution Pty. Ltd., Cronos Australia - Operations Pty. Ltd, and Cronos Australia – New Zealand Ltd. Cronos Group has committed to provide 50% of the capital expenditure and operating expense funding requirements, amounting to approximately $10,000. The timing of these funding obligations has not been determined as of March 31, 2019.

Advances are denominated in Australian dollars (**"AUD"**). $1,480 ($1,500 AUD) (December 31, 2018 - $940 ($1,000 AUD)) is governed by an unsecured loan bearing interest at a rate of 12% per annum, calculated and compounded daily, in arrears, on the amounts advanced from the date of each advance. The loan is due at the earlier of Cronos Australia's initial public offering date and December 1, 2020. If the loan is overdue, the outstanding amount bears interest at an additional 2% per annum.

(v) The Company indirectly holds a 50% interest in NatuEra Colombia S.A.S. (**"NatuEra Colombia"**) through the Company's joint venture, NatuEra S.à r.l. NatuEra Colombia is a wholly owned subsidiary of NatuEra S.à r.l., incorporated in Colombia. Advances are denominated in United States dollars (**"USD"**). $302 ($226 USD) (December 31, 2018 - $nil) is governed by an unsecured promissory note bearing interest at a rate of 1% per annum. The loan is due January 25, 2020.

7. Other investments

Other investments consist of investments in common shares and warrants of companies in the cannabis industry. These investments, with the exception of shares of Evergreen Medicinal Supply Inc. (**"Evergreen"**) and warrants of ABcann Global Corporation (now known as **"VIVO Cannabis Inc."**) (**"ABcann"**), were quoted in an active market as of the relevant period end date and, as a result, had a reliably measurable fair value as of such period end dates.

	As at March 31, 2019	As at December 31, 2018
Fair value through other comprehensive income investments		
Canopy Growth Corporation (**"Canopy"**) (i)	$ -	$ 405
Evergreen (ii)	300	300
	$ 300	$ 705

	Three Months Ended March 31,	
	2019	2018
Gain recognized in net income (loss)		
Aurora (iii)	$ 924	$ -
ABcann - share warrants (iv)	-	221
	$ 924	$ 221

	Three Months Ended March 31,	
	2019	2018
Gain (loss) recognized in other comprehensive income (loss) before taxes		
Canopy (i)	$ 67	$ 182
ABcann - shares (iv)	-	(190)
	$ 67	$ (8)

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

7. Other investments (continued)

(i) During the three months ended March 31, 2019, the Company sold all remaining 11,062 common shares of Canopy for gross proceeds of $472 (2018 - 18,436 shares for gross proceeds of $687).

(ii) On March 16, 2017, Evergreen received a cultivation license under the Cannabis Act. As a result, the Company completed its subscription for a second tranche of common shares of Evergreen for $100 and exercised its option to acquire an additional 5% of the equity of Evergreen for $500, for a total additional investment of $600. However, Evergreen, through its counsel, has indicated that the Company is not entitled to any interest in Evergreen and has rejected the payment. The Company filed a statement of claim in the Supreme Court of British Columbia and Evergreen has filed a statement of defence. The Company intends to vigorously pursue the enforcement of its rights to acquire equity in Evergreen.

(iii) In connection with the Whistler Transaction described in Note 6, the Company received 2,524,341 common shares of Aurora. During the three months ended March 31, 2019, the Company sold all 2,524,341 common shares of Aurora, for gross proceeds of $25,606.

(iv) During the three months ended March 31, 2018, the Company exercised 182,927 share warrants for aggregate consideration of $113, for additional common shares of ABcann. Prior to the exercise, the share warrants were revalued to fair value using the Black-Scholes option pricing model. These ABcann shares were revalued to their fair value at the end of the period.

8. Property, plant and equipment

Cost	As at January 1, 2019	Additions (i)	Transfers	As at March 31, 2019
Land	$ 3,207	$ 28	$ -	$ 3,235
Building structures	21,652	9,394	106,766	137,812
Furniture and equipment	676	143	-	819
Computer equipment	464	227	-	691
Security equipment	985	117	-	1,102
Production equipment	4,823	222	-	5,045
Road	137	-	-	137
Leasehold improvements	1,584	165	-	1,749
Construction in progress	141,473	3,665	(106,766)	38,372
	$ 175,001	$ 13,961	$ -	$ 188,962

Accumulated depreciation	As at January 1, 2019	Additions (ii)	Transfers	As at March 31, 2019
Building structures	$ 1,184	$ 745	$ -	$ 1,929
Furniture and equipment	121	35	-	156
Computer equipment	169	53	-	222
Security equipment	384	54	-	438
Production equipment	896	173	-	1,069
Road	17	1	-	18
Leasehold improvements	510	50	-	560
	$ 3,281	$ 1,111	$ -	$ 4,392
Net book value	$ 171,720			$ 184,570

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

8. Property, plant and equipment (continued)

Cost	**As at January 1, 2018**	**Additions** (i)	**Transfers**	**As at March 31, 2018**
Land	$ 1,558	$ 19	$ -	$ 1,577
Building structures	11,518	1,134	-	12,652
Furniture and equipment	134	229	-	363
Computer equipment	148	57	-	205
Security equipment	886	10	-	896
Production equipment	2,481	181	-	2,662
Road	137	-	-	137
Leasehold improvements	1,497	49	-	1,546
Construction in progress	39,337	6,186	-	45,523
	$ 57,696	$ 7,865	$ -	$ 65,561

Accumulated depreciation	**As at January 1, 2018**	**Additions** (ii)	**Transfers**	**As at March 31, 2018**
Building structures	$ 433	$ 152	$ -	$ 585
Furniture and equipment	43	13	-	56
Computer equipment	75	13	-	88
Security equipment	196	45	-	241
Production equipment	431	104	-	535
Road	10	1	-	11
Leasehold improvements	336	41	-	377
	$ 1,524	$ 369	$ -	$ 1,893
Net book value	$ 56,172			$ 63,668

(i) During the three months ended March 31, 2019, there were non-cash additions from the amortization of capitalized transaction costs and the capitalization of accrued interest to construction in progress and building structures amounting to $481 (2018 - $223). Refer to Note 12. In addition, advances from non-controlling interests accrued interest of $26 (2018 - $nil) which was capitalized to construction in progress during the three months ended March 31, 2019. Refer to Note 10.

(ii) During the three months ended March 31, 2019, $3 (2018 - $nil) of the current period's depreciation expense was recorded as part of cost of sales. An additional $892 (2018 - $255) of depreciation expense was capitalized to biological assets and inventory.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

9. Intangible assets and goodwill

(a) Intangible assets

Cost	As at January 1, 2019	Additions	As at March 31, 2019
Software	$ 360	$ 51	$ 411
Health Canada Licenses - OGBC	1,611	-	1,611
Health Canada Licenses - Peace Naturals	9,596	-	9,596
Israeli Cannabis Code - Cronos Israel G.S. Cultivations Ltd. (i)	156	-	156
Israeli Cannabis Code - Cronos Israel G.S. Manufacturing Ltd. (i)	218	-	218
	$ 11,941	$ 51	$ 11,992

(i) The Israeli Cannabis Codes were transferred by non-controlling interests to Cronos Israel in exchange for their equity interests in the Cronos Israel entities specified above. Refer to Note 10. The corresponding facilities are currently under construction. Amortization will begin when the facilities are available for use.

Accumulated amortization	As at January 1, 2019	Additions	As at March 31, 2019
Software	$ 73	$ 40	$ 113
Health Canada Licenses - OGBC	101	25	126
Health Canada Licenses - Peace Naturals	533	133	666
	$ 707	$ 198	$ 905
Net book value	$ 11,234		$ 11,087

Cost	As at January 1, 2018	Additions	As at March 31, 2018
Software	$ -	$ 131	$ 131
Health Canada Licenses - OGBC	1,611	-	1,611
Health Canada Licenses - Peace Naturals	9,596	-	9,596
	$ 11,207	$ 131	$ 11,338

Accumulated amortization	As at January 1, 2018	Additions	As at March 31, 2018
Software	$ -	$ 8	$ 8
Health Canada Licenses - OGBC	-	20	20
Health Canada Licenses - Peace Naturals	-	120	120
	$ -	$ 148	$ 148
Net book value	$ 11,207		$ 11,190

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

9. Intangible assets and goodwill (continued)

(b) Goodwill

	As at January 1, 2019	Additions	As at March 31, 2019
OGBC	$ 392	$ -	$ 392
Peace Naturals	1,400	-	1,400
	$ 1,792	$ -	$ 1,792

	As at January 1, 2018	Additions	As at March 31, 2018
OGBC	$ 392	$ -	$ 392
Peace Naturals	1,400	-	1,400
	$ 1,792	$ -	$ 1,792

10. Subsidiaries with non-controlling interests

In September 2018, the Company subscribed for its equity interest in a strategic joint venture in Israel, consisting of four legal entities, with the Israeli agricultural collective settlement Kibbutz Gan Shmuel (**"Gan Shmuel"**), for the production, manufacturing and distribution of medical cannabis. The Company's equity interest subscription in all four of the Israeli entities comprising Cronos Israel, was accounted for as an asset acquisition as the Israeli entities did not meet the definition of a business at the respective dates Cronos Group acquired control. During the three months ended March 31, 2018, the Company advanced $926 to Cronos Israel under a promissory note, reflected in cash used in the Company's investing activities. As at March 31, 2019 and December 31, 2018, Cronos Israel has been included in these consolidated financial statements.

Financial information of significant subsidiaries with non-controlling interests are as follows:

	Cronos Israel G.S. Cultivations Ltd.	Cronos Israel G.S. Manufacturing Ltd.	As at March 31, 2019	As at December 31, 2018
Percentage interest held by non-controlling interests	30%	10%		
Current assets	$ 786	$ 802	$ 1,588	$ 1,403
Non-current assets	6,189	10,772	16,961	11,050
Current liabilities	963	228	1,191	401
Non-current liabilities (i)	6,450	10,074	16,524	10,601
Shareholders' equity	(438)	1,272	834	1,451
Attributable to:				
Cronos Group	(307)	1,145	838	1,315
Non-controlling interests	(131)	127	(4)	136

(i) Non-current liabilities include advances from non-controlling interests, in the amount of $2,176 (December 31, 2018 - $2,092) plus cumulative accrued interest of $71 (December 31, 2018 - $44). These advances are denominated in Israeli Shekels (**"ILS"**), are unsecured, bear interest at 5%, and have no fixed terms of repayment. Refer to Note 22(d).

The above information represents amounts before intercompany eliminations.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

11. Leases

Information about leases for which the Company is a lessee is presented below.

(a) Right-of-use assets

The Company's leasing activities include the lease of land-use rights, office premises, and equipment used in the production of cannabis and related products.

Cost	As at January 1, 2019 (Note 3)	Foreign exchange translation	As at March 31, 2019
Land-use rights	$ 884	$ 14	$ 898
Building	1,006	-	1,006
Production equipment	217	-	217
	$ 2,107	$ 14	$ 2,121

Accumulated depreciation	As at January 1, 2019 (Note 3)	Additions	As at March 31, 2019
Land-use rights	$ 40	$ 15	$ 55
Building	104	33	137
Production equipment	46	8	54
	$ 190	$ 56	$ 246
Net book value	$ 1,917		$ 1,875

Production equipment	As at January 1, 2018	Additions	As at March 31, 2018
Cost	$ -	$ 217	$ 217
Accumulated depreciation	-	(23)	(23)
Net book value	$ -	$ 194	$ 194

(b) Maturity analysis of lease obligations

The following represents a maturity analysis of the Company's undiscounted contractual lease obligations and potential exposures as at March 31, 2019.

	Less than one year	One to five years	More than five years	Total
Contractual obligations				
Lease obligations recognized	$ 379	$ 1,350	$ 1,766	$ 3,495
Short-term leases not recognized (i)	351	-	-	351
	730	1,350	1,766	3,846
Potential exposures				
Extension options	-	-	4,049	4,049
Lease not yet commenced to which the Company is committed	98	1,211	827	2,136
	$ 828	$ 2,561	$ 6,642	$ 10,031

(i) The Company has applied the recognition exemption to short-term leases, which are therefore not recognized in the unaudited condensed interim consolidated statements of financial position.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

11. Leases (continued)

(c) Supplemental disclosure

For the three months ended March 31, 2019, the Company recognized $15 of interest expense on lease obligations and $117 of lease payments associated with short-term leases in the unaudited condensed interim consolidated statements of operations and comprehensive income (loss). For the three months ended March 31, 2019, the total cash outflow relating to leases amounted to $164.

12. Construction loan payable

	As at March 31, 2019	As at December 31, 2018
Aggregate advances	$ -	$ 21,311
Less: transaction costs (net of amortization)	-	(481)
Add: accrued interest	-	121
	$ -	$ 20,951

On August 23, 2017, Peace Naturals, as borrower, signed a construction loan agreement with Romspen Investment Corporation as lender, to borrow $40,000, to be funded by way of multiple advances. The aggregate advances were limited to $35,000 until the lender received an appraisal valuing the property in British Columbia at an amount of not less than $8,000. The loan bore interest at a rate of 12% per annum, calculated and compounded monthly, in arrears, on the amounts advanced from the date of each advance. The term of the loan was two years, with the borrower's option to extend for another twelve months. The loan was guaranteed by Cronos Group, Hortican, OGBC, the responsible-person-in-charge and the senior-person-in-charge of OGBC and Peace Naturals.

On January 23, 2019, the Company entered into a credit agreement with Canadian Imperial Bank of Commerce, as administrative agent and lender, and the Bank of Montreal, as lender, in respect of a $65,000 secured non-revolving term loan credit facility (the **"Credit Facility"**). The Company used the funds available under the Credit Facility to fully repay the construction loan payable, consisting of $21,311 in loan principal and $275 in accrued interest and fees, calculated for the period from January 1, 2019 to January 22, 2019. On March 8, 2019, the Credit Facility was fully repaid. In connection to the Credit Facility, the Company incurred financing costs of $523 which were expensed upon repayment of the Credit Facility.

13. Derivative liabilities

On March 8, 2019, the Company closed the previously announced investment in the Company (the **"Altria Investment"**) by Altria Group, Inc. (**"Altria"**), pursuant to a subscription agreement dated December 7, 2018. The Altria Investment consists of 149,831,154 common shares of the Company, refer to Note 14(a), and one warrant of the Company (the **"Altria Warrant"**), refer to Note 13(a), issued to a wholly owned subsidiary of Altria. As of the closing date, Altria beneficially held an approximate 45% ownership interest in the Company (calculated on a non-diluted basis). As summarized in this note, if exercised in full on such date, the exercise of the Altria Warrant would result in Altria holding a total ownership interest in the Company of approximately 55% (calculated on a non-diluted basis). Pursuant to the investor rights agreement between the Company and Altria, entered into in connection with the closing of the Altria Investment (the **"Agreement"**), the Company granted Altria certain rights, among others, summarized in this note.

13. Derivative liabilities (continued)

The summaries below are qualified entirely by the terms and conditions fully set out in the Agreement and the Altria Warrant, as applicable.

(a) The Altria Warrant entitles the holder, subject to certain qualifications and limitations, to subscribe for and purchase up to 73,990,693 common shares at the exercise price of $19.00 per common share, until expiry on March 8, 2023. The number of common shares of the Company to which the holder is entitled, and the corresponding exercise price, is subject to adjustment pursuant to a share dividend, share issuance, distribution, or share subdivision, split or other division, share consolidation, reverse-split or other aggregation, share reclassification, a capital reorganization, consolidation, amalgamation, arrangement, binding share exchange, merger or other combination, certain securities issuances, redemptions or certain other actions that would result in a reduction in the number of common shares of the Company outstanding, in each case, executed by the Company. If and whenever there is a reclassification of the common shares or a capital reorganization of the Company, or a consolidation, amalgamation, arrangement, binding share exchange or merger of the Company, in each case executed by the Company and pursuant to which (i) in the event the consideration received by the Company's shareholders is exclusively cash, the Company or the successor entity is required to purchase the Altria Warrant in cash equal to the amount by which the purchase price per share paid for the common shares acquired exceeds the exercise price of the Altria Warrant multiplied by the number of common shares that would be issuable upon exercise of the Altria Warrant, and (ii) in the event the consideration received by the Company's shareholders is not exclusively cash, the Altria Warrant shall remain outstanding in accordance with its terms.

(b) The Company granted to Altria, subject to certain qualifications and limitations, upon the occurrence of certain issuances of common shares of the Company executed by the Company (including issuances pursuant to the research and development partnership with Ginkgo Bioworks Inc. (the **"Ginkgo Agreement"**), refer to Note 19(a)(i)), the right to purchase up to such number of common shares of the Company in order to maintain their ownership percentage of issued and outstanding common shares of the Company immediately preceding any shares so issued by the Company (**"Pre-emptive Rights"**), at the same price per common share of the Company at which the common shares of the Company are sold in the relevant issuance; provided that the price per common share of the Company to be paid pursuant to its exercise of its Pre-emptive Rights related to the Ginkgo Agreement will be $16.25 per common share of the Company. These rights may not be exercised if Altria's ownership percentage of the issued and outstanding shares of the Company falls below 20%.

(c) In addition to (and without duplication of) the Pre-emptive Rights, the Company granted to Altria, subject to certain qualifications and limitations, the right to subscribe for common shares of the Company issuable in connection with the exercise, conversion or exchange of convertible securities of the Company issued prior to March 8, 2019 or thereafter, a share incentive plan of the Company, the exercise of any right granted by the Company pro rata to all shareholders of the Company to purchase additional common shares and/or securities of the Company, bona fide bank debt, equipment financing or non-equity interim financing transactions that contemplates an equity component or bona fide acquisitions, mergers or similar business combination transactions or joint ventures involving the Company in order to maintain their ownership percentage of issued and outstanding common shares of the Company immediately preceding any such transactions (**"Top-up Rights"**). 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 10-day volume-weighted average price of the common shares of the Company on the TSX at the time of exercise; provided that the per price per common share of the Company to be paid by Altria pursuant to the exercise of its Top-up Rights in connection with the issuance of common shares of the Company pursuant to the exercise of options or warrants that are outstanding as of March 8, 2019 will be $16.25 per common share. These rights may not be exercised if Altria's ownership percentage of the issued and outstanding shares of the Company falls below 20%.

The Company’s policy for accounting for its derivative liabilities is as follows:

Derivative liabilities are initially recognized at fair value at the date on which the derivative contract is entered into. Any attributable transaction costs are recognized in net income (loss) as incurred. Subsequent to initial recognition, derivative liabilities are measured at fair value, and changes are recognized immediately in net income (loss).

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

13. Derivative liabilities (continued)

The Altria Warrant, Pre-emptive Rights, and fixed price Top-up Rights have been classified as derivative liabilities; related transaction costs of $29,038 have been expensed as financing costs. A reconciliation of the carrying amounts from the date of initial recognition, March 8, 2019, to March 31, 2019 is presented below:

		As at March 8, 2019	Gain on revaluation	As at March 31, 2019
(a)	Altria Warrant	$ 1,458,366	$ (298,510)	$ 1,159,856
(b)	Pre-emptive Rights	124,176	(27,792)	96,384
(c)	Top-up Rights	518,116	(110,081)	408,035
		$ 2,100,658	$ (436,383)	$ 1,664,275

The fair values of the derivative liabilities were determined using the Black-Scholes pricing model as at March 8, 2019 and March 31, 2019, applying the following inputs:

		As at March 8, 2019			As at March 31, 2019		
		Altria Warrant	Pre-emptive Rights	Top-up Rights	Altria Warrant	Pre-emptive Rights	Top-up Rights
	Share price at grant date (per share)	$29.15	$29.15	$29.15	$24.55	$24.55	$24.55
	Subscription price (per share)	$19.00	$16.25	$16.25	$19.00	$16.25	$16.25
(i)	Weighted average risk-free interest rate	1.65%	1.64%	1.64%	1.53%	1.54%	1.53%
(ii)	Weighted average expected life (in years)	4.00	2.00	2.68	3.94	2.00	2.68
(iii)	Expected annualized volatility	80%	80%	80%	80%	80%	80%
	Expected dividend yield	0%	0%	0%	0%	0%	0%

(i) The risk-free interest rate was based on Bank of Canada government treasury bills and bonds with a remaining term equal to the expected life of the derivative liabilities.

(ii) The expected life in years represents the period of time that the derivative liabilities are expected to be outstanding. The expected life of the Pre-emptive Rights and Top-up Rights is determined based on the expected term of the underlying options, warrants, and shares, to which the Pre-emptive Rights and Top-up Rights are linked.

(iii) Volatility was estimated by taking the average historical volatility of the Company and its peer group.

The following table quantifies each of the significant unobservable inputs described above and provides a sensitivity analysis of the impact on the reported values of the derivative liabilities. The sensitivity analysis for each significant input is performed by assuming a 10% decrease in the input while other significant inputs remain constant at management's best estimate as of the respective dates. As at March 8, 2019, there would be an equal but opposite impact on share capital, refer to Note 14(a), and as at March 31, 2019, there would be an equal but opposite impact on net income (loss).

	Decrease as at March 8, 2019			Decrease as at March 31, 2019		
Unobservable inputs	Altria Warrant	Pre-emptive Rights	Top-up Rights	Altria Warrant	Pre-emptive Rights	Top-up Rights
Share price at grant date (per share)	$ 185,292	$ 17,688	$ 69,922	$ 151,052	$ 14,243	$ 56,714
Weighted average expected life	41,622	3,477	12,998	38,935	3,388	12,529
Expected annualized volatility	76,423	5,022	22,130	72,295	4,997	21,654

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of these derivative liabilities in future periods.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

14. Share capital

(a) Common shares

The Company is authorized to issue an unlimited number of no par value common shares.

The holders of the common shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at shareholder meetings of the Company. All common shares are ranked equally with regards to the Company's residual assets.

During the three months ended March 31, 2019, the Company issued 149,831,154 common shares in connection with the Altria Investment. The total gross proceeds received by the Company were $2,434,757, which was first allocated to the derivatives liabilities issued in connection with the Altria Investment, refer to Note 13, and the residual of $334,099 was allocated to share capital. Pursuant to the Altria Investment, the Company incurred transaction costs of $33,939, of which $4,901 was allocated to share capital and $29,038 to the derivative liabilities based on the relative values assigned to the respective components.

During the three months ended March 31, 2018, the Company issued 5,257,143 common shares for aggregate gross proceeds of $46,000 through a bought deal offering.

(b) Shares to be issued

For the three months ended March 31, 2018, the Company received cash of $961 for the exercise of options and warrants, for which common shares were not yet issued as of March 31, 2018. Refer to Note 15(a) and (b). There were no shares to be issued as of March 31, 2019.

15. Share-based payments

(a) Warrants

The following is a summary of the changes in warrants from January 1, 2019 to March 31, 2019:

	Weighted average exercise price	Number of warrants	Share-based reserve
Balance at January 1, 2019	$ 0.26	25,457,623	$ 1,548
Exercise of warrants	0.27	(4,390,961)	(703)
Balance at March 31, 2019	$ 0.25	21,066,662	$ 845

The following is a summary of the changes in warrants from January 1, 2018 to March 31, 2018:

	Weighted average exercise price	Number of warrants	Share-based reserve
Balance at January 1, 2018	$ 0.24	38,654,654	$ 3,364
Exercise of warrants	0.18	(6,972,479)	(686)
Expiry of warrants	0.08	(82,695)	-
Balance at March 31, 2018	$ 0.25	31,599,480	$ 2,678

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

15. Share-based payments (continued)

(a) Warrants (continued)

As at March 31, 2019, the Company had outstanding warrants as follows:

Grant date	Expiry date	Number of warrants		Weighted average exercise price
October 8, 2015 - October 28, 2015	October 8, 2020 - October 28, 2020	2,976,610	$	0.31
May 13, 2016 - May 27, 2016	May 13, 2021 - May 27, 2021	18,090,052		0.25
		21,066,662	$	0.25

(b) Stock options

(i) Stock option plans

The Company had adopted an amended and restated stock option plan dated May 26, 2015 (the **"2015 Stock Option Plan"**) which was approved by shareholders of the Company at the annual and general meeting of shareholders held on June 28, 2017. The 2015 Stock Option Plan allowed the Board to award options to purchase shares to certain directors, officers, key employees and service providers of the Company.

On June 28, 2018, the shareholders of the Company approved a new stock option plan (the **"2018 Stock Option Plan"**) which superseded the 2015 Stock Option Plan. The 2018 Stock Option Plan was amended by the Board in May 2019 to provide for certain provisions relevant to the treatment of options that may be issued from time to time to participants resident in Israel, in order to reflect the requirements of certain Israeli tax laws. No further awards will be granted under the 2015 Stock Option Plan; however, shares may be purchased via option exercise by the holders of any outstanding stock options previously issued under the 2015 Stock Option Plan.

Participants under the 2018 Option Plan are eligible to be granted options to purchase shares at an exercise price established upon approval of the grant by the Board. When options are granted, the exercise price is, with respect to a particular date, the closing price as reported by the TSX on the immediately preceding trading day (the **"Fair Market Value"**). The 2018 Option Plan does not authorize grants of options with an exercise price below the Fair Market Value.

Vesting conditions for grants of options are determined by the Board. The typical vesting for employee grants is quarterly vesting over four to five years, and the typical vesting for directors and executive officers is quarterly vesting over three to five years. The term of the options is established by the Board, provided that the term of an option may not exceed seven years from the date of the grant.

The 2018 Option Plan also provides for the issuance of share appreciation rights (**"SARs"**) in tandem with options. Each SAR entitles the holder to surrender to the Company, unexercised, the right to subscribe for shares pursuant to the related option and to receive from the Company a number of shares, rounded down to the next whole share, with a Fair Market Value on the date of exercise of each such SAR 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 SAR, subject to satisfaction of applicable withholding taxes and other source deductions. Each unexercised SAR terminates when the related option is exercised or the option terminates, including upon a change in control. Upon each exercise of a SAR, in respect of a share covered by an option, such option is cancelled and is of no further force or effect in respect of such share.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

15. Share-based payments (continued)

(b) Stock options (continued)

(ii) Summary of changes

The following is a summary of the changes in options from January 1, 2019 to March 31, 2019:

	Weighted average exercise price	Number of options	Share-based reserve
Balance at January 1, 2019	$ 2.99	12,902,995	$ 6,241
Issuance of options	24.75	51,830	-
Exercise of options and SARs	5.60	(125,715)	(347)
Cancellation of options	1.40	(2,500)	-
Vesting of issued options	-	-	737
Balance at March 31, 2019	$ 3.06	12,826,610	$ 6,631

The following is a summary of the changes in options from January 1, 2018 to March 31, 2018:

	Weighted average exercise price	Number of options	Share-based reserve
Balance at January 1, 2018	$ 2.05	11,603,750	$ 2,289
Issuance of options	8.61	430,000	-
Exercise of options	1.72	(42,256)	(33)
Vesting of issued options	-	-	774
Balance at March 31, 2018	$ 2.29	11,991,494	$ 3,030

The weighted average share price at the dates the options were exercised during the three months ended March 31, 2019 was $26.12 per share (2018 - $9.58 per share).

As at March 31, 2019, the Company had outstanding and exercisable options as follows:

				Weighted average	
Grant date	Vesting terms	Expiry date	Number of options	Exercise price	Remaining contractual life (in years)
August 5, 2016	Evenly over 48 months	August 5, 2021	1,058,334	$ 0.50	2.35
October 6, 2016	Evenly over 48 months	October 6, 2021	3,366,372	1.23	2.52
November 21, 2016	Evenly over 48 months	November 21, 2021	182,000	1.84	2.65
April 12, 2017	Evenly over 48 months	April 12, 2022	3,269,258	3.14	3.04
August 23, 2017	Evenly over 48 months	August 23, 2022	2,869,649	2.42	3.40
November 9, 2017	Evenly over 48 months	November 9, 2022	200,000	3.32	3.61
January 30, 2018	Evenly over 48 months	January 30, 2023	272,917	8.40	3.84
January 31, 2018	Evenly over 48 months	January 31, 2023	109,375	9.00	3.84
May 18, 2018	Evenly over 48 months	May 18, 2023	1,163,750	7.57	4.13
June 28, 2018	Evenly over 20 quarters	June 28, 2023	180,000	8.22	4.25
September 13, 2018	Evenly over 16 quarters	September 13, 2025	25,000	14.70	6.46
October 12, 2018	Evenly over 16 quarters	October 12, 2025	28,125	11.80	6.54
December 14, 2018	Evenly over 20 quarters	December 14, 2025	50,000	15.29	6.71
March 28, 2019	Evenly over 16 quarters	March 28, 2024	51,830	24.75	5.00
Outstanding at March 31, 2019			12,826,610	$ 3.06	3.11
Exercisable at March 31, 2019			5,868,386	$ 2.28	2.91

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

15. Share-based payments (continued)

(b) Stock options (continued)

(ii) Summary of changes (continued)

These options expire at the earlier of 180 days of the death, disability or incapacity of the holder or specified expiry date, and can only be settled in common shares.

As at March 31, 2019, the weighted average exercise price of options outstanding was $3.06 per option (December 31, 2018 - $2.99 per option). The weighted average exercise price of options exercisable was $2.28 per option (December 31, 2018 - $2.28 per option).

(iii) Fair value of options issued

The fair value of the options issued during the period was determined using the Black-Scholes option pricing model, using the following inputs:

		Three Months Ended March 31,	
		2019	2018
	Share price at grant date (per share)	$24.75	$8.40 - $9.00
	Exercise price (per option)	$24.75	$8.40 - $9.00
(i)	Risk-free interest rate	1.51%	2.01%
(ii)	Expected life of options (in years)	5	5
(iii)	Expected annualized volatility	80%	55%
	Expected dividend yield	0%	0%
	Weighted average Black-Scholes value at grant date (per option)	$15.91	$4.20

(i) The risk-free interest rate was based on Bank of Canada government bonds with a term equal to the expected life of the options.

(ii) The expected life in years represents the period of time that the options granted are expected to be outstanding.

(iii) Volatility was estimated by taking the average historical volatility of the Company and its peer group.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

16. Revenue from contracts with customers

The Company derives revenue from the following major product lines and geographical regions:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Canadian		
Dry cannabis	$ 5,327	$ 2,420
Cannabis oils	1,527	255
Other	103	105
	6,957	2,780
International		
Dry cannabis	28	165
Total gross revenue from contracts with customers	$ 6,985	$ 2,945

During the three months ended March 31, 2019, the Company earned gross revenue of $3,775 from 2 major customers (2018 - $1,575 from 1 major customer). During the three months ended March 31, 2019, $172 (2018 - $nil) in expected credit losses were recognized on receivables from contracts with customers in net income (loss). Refer to Note 22(a)(i).

17. Earnings (loss) per share

Basic and diluted earnings (loss) per share are calculated using the following numerators and denominators:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Basic earnings (loss) per share computation		
Net income (loss) attributable to common shareholders of Cronos Group	$ 427,829	$ (1,050)
Weighted average number of common shares outstanding	218,949,590	157,054,891
Basic earnings (loss) per share	$ 1.95	$ (0.01)
Diluted earnings (loss) per share computation		
Net income (loss) used in the computation of basic earnings (loss) per share	$ 427,829	$ (1,050)
Adjustment for gain on revaluation of derivative liabilities	(298,786)	-
Net income (loss) used in the computation of diluted income (loss) per share	$ 129,043	$ (1,050)
Weighted average number of common shares outstanding used in the computation of basic earnings (loss) per share	218,949,590	157,054,891
Dilutive effect of warrants	23,294,663	-
Dilutive effect of stock options and share appreciation rights	11,351,671	-
Dilutive effect of Altria Warrant	17,472,990	-
Dilutive effect of Top-up Rights	17,661	-
Weighted average number of common shares outstanding used in the computation of diluted earnings (loss) per share	271,086,575	157,054,891
Diluted earnings (loss) per share	$ 0.48	$ (0.01)

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

17. Earnings (loss) per share (continued)

The following securities were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive or because conditions for contingently issuable shares were not satisfied at the end of the reporting period.

	Notes	Three Months Ended March 31, 2019	2018
Ginkgo Equity Milestones	19(a)	14,674,903	-
Pre-emptive Rights	13(b)	12,006,739	-
Top-up Rights	13(c)	27,730,859	-
Warrants	15(a)	-	31,599,480
Stock options	15(b)	-	11,991,494
		54,412,501	43,590,974

18. Related party transactions

The following is a summary of the Company's related party transactions during the period:

(a) Key management compensation

Key management personnel are persons responsible for planning, directing and controlling activities of the entity, and include executive and non-executive directors. Compensation provided to key management is as follows:

	Three Months Ended March 31, 2019	2018
Short-term employee benefits, including salaries and fees	$ 104	$ 109
Professional fees	96	58
Share-based payments	226	339
	$ 426	$ 506

During the three months ended March 31, 2019 and 2018, there were no options issued to key management. As at March 31, 2019 and December 31, 2018, there were no amounts owing to members of key management.

(b) Director compensation

During the period ended March 31, 2019, there were no options (2018 - 150,000 options) issued to directors of the Company and share-based payments of $214 (2018 - $239) were recognized. Refer to Note 15(b).

19. Commitments and contingencies

(a) The Company has committed funding to the following R&D projects:

(i) *Ginkgo*. On September 4, 2018, the Company announced a research and development partnership with Ginkgo Bioworks Inc. (**"Ginkgo"**) to develop scalable and consistent production of a wide range of cannabinoids, including THC, CBD and a variety of other lesser known and rarer cannabinoids. As part of this partnership, Cronos Group has agreed to issue up to 14,674,903 common shares of the Company (aggregate value of approximately $100,000 USD as of July 17, 2018 assuming all milestones are met) (**"Ginkgo Equity Milestones"**) in tranches and $22,000 USD in cash subject to Ginkgo's achievement of certain milestones (**"Ginkgo Research and Development Milestones"**) and to fund certain R&D expenses, including foundry access fees. From September 4, 2018 to March 31, 2019, the Company paid a total of $2,000 USD in foundry access fees. Subsequent to March 31, 2019, the Company and Ginkgo agreed to the provision of certain development, scale up, and manufacturing services by Ginkgo to the Company related to deployment and commercialization of developed products, for approximately $2,598 USD over the remaining current fiscal year. Subsequent to March 31, 2019, two Ginkgo Research and Development Milestones were achieved, refer to Note 25(a).

(ii) *Technion*. On October 15, 2018, the Company announced a sponsored research agreement with the Technion Research and Development Foundation of the Technion – Israel Institute of Technology (**"Technion"**). Research will be focused on the use of cannabinoids and their role in regulating skin health and skin disorders. The Company has committed to $1,784 USD of research funding over a period of three years. From October 9, 2018 to March 31, 2019, the Company paid a total of $598 USD in research funding. An additional $4,900 USD of cash payments will be paid to Technion upon the achievement of certain milestones.

(b) *Altria Services*. On February 18, 2019, the Company entered into an agreement with Altria Ventures Inc. (**"Altria Ventures"**), a wholly-owned subsidiary of Altria, to receive strategic advisory and project management services from Altria Ventures (the **"Services Agreement"**). Pursuant to the Services Agreement, the Company will pay Altria Ventures a monthly fee equal to the product of one hundred and five percent (105%) and the sum of: (i) all costs directly associated with the services incurred during the monthly period, and (ii) a reasonable and appropriate allocation of indirect costs incurred during the monthly period. The Company will also pay all third party direct charges incurred during the monthly period in connection with the services, including any reasonable and documented costs, fees and expenses associated with obtaining any consent, license or permit. The Services Agreement will remain in effect until terminated by either party.

(c) The following contingencies are related to Peace Naturals:

(i) *MedCann Access Acquisition Claim.* On July 31, 2015, 8437718 Canada Inc., 8437726 Canada Inc., Michael Blaine Dowdle, Rade Kovacevic, Kevin Furet and 9388036 Canada Inc. (collectively, the **"Plaintiffs"**) commenced a claim against Peace Naturals and a number of other parties, for $15,000 in damages allegedly resulting from the termination of a share purchase transaction for the acquisition of the Plaintiffs' company, MedCann Access. The Company believes that the allegations contained in the statement of claim are without merit and plans to vigorously defend itself; accordingly, no provision for loss has been recognized. On February 21, 2018, the parties began the discovery phase of the proceedings, which is ongoing.

(ii) *Warrants Claim.* Jeffrey Gobuty, brother to Mark Gobuty, former CEO of Peace Naturals, brought a claim against Peace Naturals for $300 and for warrants valued at $125 that were purportedly issued by Mark Gobuty, the former CEO of Peace Naturals. This matter remains in the early stages of litigation and has not yet advanced to the discovery phase. The Company believes that the allegations contained in the statement of claim are without merit and plans to vigorously defend itself; accordingly, no provision for loss has been recognized.

(iii) *Former Employees' Unlawful Termination Claims.* Peace Naturals and Cronos Group were served with claims by Jennifer Caldwell, a former employee, for damages of $580 and 30,000 options of the Company, in connection with claims of alleged wrongful termination. The Company believes that the allegations contained in the statement of claim are without merit and plans to vigorously defend itself; accordingly, no provision for loss has been recognized.

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

19. Commitments and contingencies (continued)

(d) The following contingencies were resolved during the three months ended March 31, 2019:

(i) *U.S. Securities Class Action Claims*. Two purported shareholders of Cronos Group each filed a putative class action in the United States District Court for the Southern District of New York against the Company and its CEO, alleging that the Company's continuous disclosure omitted material information with respect to matters raised in a document published on a short-seller's website, thus rendering the Company's disclosure false and misleading in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 thereunder. The complaints purport to seek, among other things, compensatory damages and a reasonable allowance for plaintiff attorneys' and experts' fees. On January 28, 2019, the U.S. Securities Class Action Claims relating to Cronos Group and its CEO were voluntarily discontinued.

(ii) *Former Employees' Unlawful Termination Claims.* Peace Naturals and Cronos Group were served with claims by Mark Gobuty, the former CEO of Peace Naturals, for approximately $12,682 and a 10% equity interest in Peace Naturals, in connection with alleged claims of wrongful termination. On January 30, 2019, this claim was settled, with total settlement proceeds of $644 payable to Mr. Gobuty and the claim was discontinued. This amount was released from the trust account on January 31, 2019.

20. Income taxes

The Company's combined Canadian federal and provincial statutory income tax rate is 26.5% for the periods ended March 31, 2019 and 2018. The rate is expected to apply for the full year. The effective tax rate differs from the statutory tax rate due to the non-taxable gain on revaluation of derivative liabilities. The Altria Warrant, Pre-emptive Rights and Top-up Rights would currently be settled through the issuance of shares of the Company, if exercised by Altria, which is not expected to result in a taxable gain or loss to the Company.

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. The changes in the net deferred tax liability are provided below:

	Three Months Ended March 31,	
	2019	2018
Balance - beginning of period	$ 1,850	$ 1,416
Recognized in net income (loss)	2,557	(888)
Recognized in other comprehensive income (loss)	(36)	27
Balance - end of period	$ 4,371	$ 555

21. Supplemental cash flow information

(a) The net changes in non-cash working capital items are as follow:

	Notes	Three Months Ended March 31,	
		2019	2018
Interest receivable		$ (3,130)	$ -
Accounts receivable		(1,396)	(1,386)
Sales taxes receivable		(2,175)	(1,152)
Prepaid expenses and other assets		(902)	(3,866)
Biological assets	4(b)	11,695	2,026
Inventory	4(b)	(17,201)	(2,756)
Accounts payable and other liabilities		29,644	(5,078)
Holdbacks payable		595	-
Government remittances payable		190	-
Net changes in non-cash working capital		$ 17,320	$ (12,212)

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

21. Supplemental cash flow information (continued)

(b) The reconciliation of the cash flows from derivative liabilities, refer to Note 13, is as follows:

Balance - beginning of period	$ -
Cash flows from financing activities:	
Altria Warrant	1,458,366
Pre-emptive Rights	124,176
Top-up Rights	518,116
Non-cash changes:	
Gain on revaluation of derivative liabilities	(436,383)
Balance - end of period	$ 1,664,275

22. Financial instruments

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities, primarily accounts receivable, and its investing activities, including cash and cash equivalents held with banks and financial institutions, interest receivable, and advances to joint ventures. The Company's maximum exposure to this risk is equal to the carrying amount of these financial assets.

(i) Accounts receivable

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than 120 days past due. As at March 31, 2019, the Company recognized an approximate expected credit loss allowance of $222 (December 31, 2018 - $50).

Provided below is the information about the credit risk exposure on the Company's accounts receivable using a provision matrix of expected credit loss rates against an analysis of the age of accounts receivable:

	Expected credit loss rates	As at March 31, 2019	As at December 31, 2018
Less than 30 days past billing date	0% to 3%	$ 5,374	$ 3,980
31 to 60 days past billing date	0% to 5%	100	136
61 to 90 days past billing date	0% to 8%	15	-
91 to 120 days past billing date	0% to 12%	-	19
Over 120 days past billing date	0% to 18%	70	28
		$ 5,559	$ 4,163

The Company has assessed that there is a concentration of credit risk; 76.9% of the Company's accounts receivable were due from 2 customers as at March 31, 2019 (December 31, 2018 - 87.6% due from 5 customers).

(in thousands of CDN $, except where otherwise noted, and share, per share, weight, volume and plant amounts)

22. Financial instruments (continued)

(a) Credit risk (continued)

(ii) Cash and cash equivalents and interest receivable

The Company held cash and cash equivalents amounting to $2,418,277 at March 31, 2019 (December 31, 2018 - $32,634). The interest receivable of $3,130 represents accrued interest recognized on cash equivalents as at March 31, 2019. The cash and cash equivalents are held with central banks and financial institution counterparties that are highly rated. Cash equivalents are highly liquid investments with a maturity of 90 days or less. As such, the Company has assessed an insignificant loss allowance on cash and cash equivalents and interest receivable.

(iii) Advances to joint ventures

The Company has assessed that there has been no significant increase in credit risk of these advances from initial recognition based on the financial position, as well as the regulatory and economic environment of the borrowers. As a result, the loss allowance recognized during the period was limited to 12 month expected credit losses. Based on historical information, and adjusted for forward-looking expectations, the Company has assessed an insignificant loss allowance on these advances as at March 31, 2019 and December 31, 2018.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due, and arises principally from the Company's bank indebtedness, accounts payable and other liabilities, holdbacks payable, government remittances payable, construction loan payable, derivative liabilities, lease obligations, and due to non-controlling interests. The Company's policy is to review liquidity resources and ensure that sufficient funds are available to meet financial obligations as they become due. Further, the Company's management is responsible for ensuring funds exist and are readily accessible to support business opportunities as they arise. The Company's funding is primarily provided in the form of capital raised through the issuance of shares and share-based instruments.

The following represents an analysis of the age of accounts payable:

	As at March 31, 2019	As at December 31, 2018
Less than 30 days past billing date	$ 33,739	$ 1,201
31 to 60 days past billing date	3,847	365
61 to 90 days past billing date	75	29
Over 90 days past billing date	572	-
	$ 38,233	$ 1,595

As at March 31, 2019, 86% of the Company's payables were due to 2 vendors (December 31, 2018 - 35% due to 1 vendor).

22. Financial instruments (continued)

(c) Market risk (price risk)

Price risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, market and economic conditions, and equity and commodity prices. The Company is exposed to price risk in divesting its investments, such that, unfavourable market conditions could result in dispositions of investments at less than favourable prices. Further, the revaluation of securities classified as fair value through other comprehensive income, could result in significant write-downs of the Company's investments, which would have an adverse impact on the Company's financial position.

The Company previously managed price risk by having a portfolio of securities from multiple issuers, such that the Company was not singularly exposed to any one issuer. During the three months ended March 31, 2019, the Company substantially divested from its investments subject to price risk. Refer to Note 7.

(d) Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in foreign exchange rates. The Company is exposed to this risk on advances to joint ventures denominated in AUD and USD, refer to Note 6(a). The Company is further exposed to this risk through subsidiaries operating in Israel, refer to Note 2(d). The Company does not currently use foreign exchange contracts to hedge its exposure to currency risk as management has determined that this risk is not significant at this point in time. As such, the Company's financial position and financial results may be adversely affected by the unfavourable fluctuations in currency exchange rates.

The following table provides a summary of financial instruments denominated in foreign currency (in thousands):

	Currency		As at March 31, 2019		As at December 31, 2018
Advances to joint venture	AUD	$	1,561	$	1,029
Advances to joint venture	USD	$	226	$	-
Cash	ILS	₪	1,798	₪	840
Sales taxes receivable	ILS	₪	2,492	₪	2,066
Bank indebtedness	ILS	₪	1,141	₪	-
Accounts payable and other liabilities	ILS	₪	1,985	₪	1,083
Due to non-controlling interests	ILS	₪	6,080	₪	5,878
Lease obligations (including current portion)	ILS	₪	2,374	₪	-

A 10% strengthening of the Canadian dollar against the foreign currencies listed above would decrease net income by $162 and increase other comprehensive income by $245 (December 31, 2018 - increase net loss by $90 and decrease other comprehensive income by $326). A 10% weakening of the Canadian dollar against the foreign currencies listed above would result in an equal, but opposite effect.

(e) Interest rate risk

The Company's exposure to interest rate risk only relates to any investments of surplus cash. The Company invests surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at March 31, 2019, the Company had cash and cash equivalents amounting to $2,418,277 (December 31, 2018 - $32,634).

23. Fair value hierarchy

Assets recorded at fair value on the unaudited condensed interim consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets and liabilities. In these unaudited condensed interim consolidated financial statements, other investments (Canopy) are included in this category.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. In these unaudited condensed interim consolidated financial statements, there are no financial instruments included in this category.

Level 3 - valuation techniques using the inputs for the asset or liability that are not based on observable market data. In these unaudited condensed interim consolidated financial statements, other investments (Evergreen), biological assets, and derivative liabilities are included in this category.

The Company's policy for determining when transfers between levels of the fair value hierarchy occur is based on the date of the event or changes in circumstances that caused the transfer. For the three months ended March 31, 2019 and 2018, there were no transfers between levels.

For all financial instruments classified as amortized cost, the carrying value approximated fair value at the reporting dates.

24. Capital management

The Company's objectives when managing its capital are to maintain a sufficient capital base to: (i) meet its short-term obligations, (ii) sustain future operations and expansions, (iii) ensure its ability to continue as a going concern, and (iv) retain stakeholder confidence. The Company defines capital as its net assets, total assets less total liabilities. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, options, or warrants, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable. There have been no changes to the Company's capital management approach in the period.

As at March 31, 2019, the Company managed net assets of $969,950 (December 31, 2018 - $211,640).

25. Subsequent events

(a) On April 9 and 10, 2019, two Ginkgo Research and Development Milestones were reached, respectively, and the Company made cash payments amounting to $650 USD. These milestone achievement payments are in addition to the quarterly $1,000 USD foundry access fees. Refer to Note 19(a)(i).

(b) On April 15, 2019, the Company, through Cronos Device Labs, purchased certain assets from a wholly owned subsidiary of Altria, for approximately $1,625 (4,345 ILS) in cash.

(c) Subsequent to March 31, 2019, a total of 89,247 share appreciation rights were exercised, in lieu of the associated options, in exchange for 62,524 common shares. Also, subsequent to March 31, 2019, a total of 4,950 options were exercised for $15 in cash. These share appreciation right and stock option exercises had a weighted average exercise price of $1.39 per common share.

(d) Subsequent to March 31, 2019, a total of 1,000,000 warrants were exercised in exchange for $245 in cash. These warrants had a weighted average exercise price of $0.25 per common share.

Exhibit 99.2

CRONOS GROUP INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Three Months Ended March 31, 2019

(in thousands of Canadian dollars)

GENERAL MATTERS

This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Cronos Group Inc. is current as of May 8, 2019 and provides financial information for the three months ended March 31, 2019. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019 and March 31, 2018, including the related notes thereto (the "**Interim Financial Statements**"), and the audited annual consolidated financial statements for the year ended December 31, 2018, including the related notes thereto and the related MD&A.

Unless otherwise noted or the context indicates otherwise, 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 Company's board of directors, on the recommendation of the audit committee, approved the Interim Financial Statements and this MD&A on May 8, 2019.

Basis of Presentation

This MD&A has been prepared in accordance with the MD&A disclosure requirements under National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. The accompanying Interim Financial Statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34, Interim Financial Reporting of International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

Certain totals, subtotals and percentages throughout this MD&A are calculated using the rounded numbers as they appear in the tables. All currency amounts herein are expressed in thousands of Canadian dollars, unless otherwise noted.

All references in this MD&A to "**Q1 2019**" and "**Q1 2018**" are to the fiscal quarters for the three months ended March 31, 2019 and March 31, 2018, respectively.

Non-IFRS Measures

This MD&A refers to certain non-IFRS measures. These measures are not recognized under IFRS, do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as a supplement to those IFRS measures to provide additional information regarding the Company's results of operations from management's perspective. Accordingly, non-IFRS measures should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS. Each non-IFRS measure presented in this MD&A is reconciled to its most directly comparable IFRS measure.

Adjusted EBIT

Adjusted earnings before interest and tax ("**Adjusted EBIT**") is used by management as a supplemental measure to review and assess operating performance and trends on a comparable basis. Adjusted EBIT is defined as net income or loss, excluding interest expense, interest income, deferred income tax expense or recovery, share-based payments, unrealized change in the fair value of biological assets, realized fair value adjustments on inventory sold, financing costs, gain on revaluation of derivative liabilities, share of income or loss from investments in equity accounted investees and gain or loss on investments. The Company believes that Adjusted EBIT is useful to compare its operating profitability across periods. See *"Results of Operations – Reconciliation of Non-IFRS Measures"* for a reconciliation of Adjusted EBIT to its most directly comparable IFRS measure.

Adjusted EBITDA

Adjusted earnings before interest, tax, depreciation and amortization ("**Adjusted EBITDA**") is used by management as a supplemental measure to review and assess operating performance and trends on a comparable basis. Adjusted EBITDA is defined as Adjusted EBIT excluding depreciation and amortization. The Company believes that EBITDA is useful to compare its ability to generate cash from operations across periods. See *"Results of Operations – Reconciliation of Non-IFRS Measures"* for a reconciliation of Adjusted EBITDA to its most directly comparable IFRS measure.

Definitions

Gross Profit before Fair Value Adjustments and Gross Margin before Fair Value Adjustments

Gross profit before fair value adjustments and gross margin before fair value adjustments are used by management to provide a better representation of performance in the period by excluding non-cash fair value measurements required by IFRS. Management believes these measures provide useful information as they represent the gross profit or gross margin for management purposes based on the Company's complete cost to produce inventory sold, exclusive of any fair value measurements required by IFRS. Gross profit before fair value adjustments is defined as gross profit excluding any non-cash fair value adjustments on biological assets or inventory sold required by IFRS. Gross margin before fair value adjustments is defined as gross profit before fair value adjustments divided by net revenue.

Kilogram or Gram Equivalents

Kilogram or gram equivalents refer to the equivalent number of kilograms or grams of dried cannabis required to produce extracted cannabis in the form of cannabis oil. The Company converts its cannabis oil to gram equivalents using a standard “equivalency factor” of one gram per four milliliters of cannabis oil. Any reference to “grams” or “kilograms” in this MD&A includes both grams of dried cannabis and gram equivalents, unless otherwise noted and identified as dried grams or gram equivalents.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain 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 the Company’s current internal expectations, estimates, projections, assumptions and beliefs. All information contained herein 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 discussions 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 in this MD&A include, but are not limited to, statements with respect to:

- the performance of our business and operations;
- expectations regarding revenues, expenses and anticipated cash needs;
- expectations regarding cash flow, liquidity and sources of funding;
- our international activities and joint venture interests, including required regulatory approvals and licensing, anticipated costs and timing, and expected impact;
- the intended expansion of our facilities, the costs and timing associated therewith and the receipt of approval from Health Canada to increase the maximum production limits and sales from the expanded facilities;
- the expected growth in the number of customers using our cannabis;
- the expected growth in our growing, cultivation and production capacities;
- expectations with respect to future production costs;
- expectations with respect to future sales and distribution channels, including the ability to secure additional provincial and territorial listings;
- the expected methods to be used by the Company to distribute and sell cannabis;
- the competitive conditions of the industry;
- expectations regarding the ongoing impact on the Company of the legalization of cannabis for adult-use in Canada and the Company’s ability to participate in such market;
- the legalization of additional cannabis 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 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 outside of Canada, if and when such use is legalized;
- laws and regulations and any amendments thereto applicable to our business and the impact thereof;
- our ability to execute on our strategy and the anticipated benefits of such strategy;
- the competitive advantages and business strategies of the Company;
- the grant, renewal and impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof;
- the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis;
- our future product offerings;
- the anticipated future gross margins of our operations;
- expectations regarding capital expenditures;
- accounting standards and estimates;
- expectations regarding the resolution of litigation and legal proceedings;
- expectations regarding the use of proceeds of equity financings, including the proceeds from the Altria Investment (as defined herein);

- expectations regarding the potential success of, and the costs and benefits associated with, our joint ventures and strategic alliances, including the strategic partnership (the "**Ginkgo Strategic Partnership**") with Ginkgo Bioworks, Inc. ("**Ginkgo**");
- the anticipated benefits and impact of the Altria Investment; and
- the potential exercise of the Altria Warrant (as defined herein), including proceeds to the Company that may result therefrom.

Certain of the Forward-Looking Statements contained herein concerning the cannabis industry 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 this industry, which we believe to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While we are not aware of any misstatement regarding any industry or government data or other information presented herein that is based on such data, the cannabis industry involves risks and uncertainties that are subject to change based on various factors, which factors 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 yields and output from Peace Naturals Project Inc. ("**Peace Naturals**"), Original BC Ltd. ("**OGBC**") and our joint ventures and strategic alliances; (v) consumer interest in our products; (vi) competition; (vii) anticipated and unanticipated costs; (viii) government regulation of our activities and products and in 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 construction plans and timeframe for completion of such plans; and (xiii) other considerations that are believed to be appropriate in the circumstances, including that the foregoing factors, collectively, are not expected to have a material impact on us. While management of the Company 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 MD&A. 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 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; continued or further 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; 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 or plaintiffs in litigation; and the factors discussed under the heading "*Risks and Uncertainties*" in this MD&A and under the heading "*Risk Factors*" in our latest Annual Information Form dated March 25, 2019 (the "**AIF**"). 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 at 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 contained herein are made as of the date of this MD&A and are based on the beliefs, estimates, expectations and opinions of management on the date such Forward-Looking Statements are made. The Company undertakes 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, except as required by applicable law. The Forward-Looking Statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.

COMPANY OVERVIEW

General

Cronos Group is an innovative global cannabinoid company, with international production and distribution across five continents. The Company is engaged in the cultivation, manufacture, and marketing of cannabis and cannabis-derived products for the medical and adult-use markets. Cronos Group is committed to building disruptive intellectual property by advancing cannabis research, technology and product development. With a passion to responsibly elevate the consumer experience, Cronos Group is building an iconic brand portfolio. Cronos Group's brand portfolio includes PEACE NATURALS™, a global health and wellness brand, and two adult-use brands, COVE™ and Spinach™.

Cronos Group's common shares are listed on the Nasdaq Global Market ("**NASDAQ**") and on the Toronto Stock Exchange ("**TSX**") under the ticker symbol "CRON".

The Company operates two wholly-owned license holders ("**License Holders**") under the *Cannabis Act* (Canada) (the "**Cannabis Act**") and its relevant regulations (the "**Cannabis Regulations**"). Our License Holders are Peace Naturals, which has production facilities near Stayner, Ontario, and OGBC, which has a production facility in Armstrong, British Columbia. Cronos Group has also established five strategic joint ventures in Canada, Israel, Australia and Colombia. The Company's ownership interest in each of our License Holders and joint ventures is summarized in the table below.

	Jurisdiction	Ownership Interest(1)
Wholly-Owned License Holders		
Peace Naturals	Canada	*100%*
OGBC	Canada	*100%*
Joint Ventures		
Cronos Israel(2)	Israel	*90%*
Cronos GrowCo	Canada	*50%*
NatuEra	Colombia	*50%*
Cronos Australia	Australia	*50%*
MedMen Canada	Canada	*50%*

(1) The Company defines ownership interest as the proportionate share of net income to which the Company is entitled; equity interest may differ from ownership interest shown above.

(2) Cronos Group holds a 70% equity interest in the cultivation company, and a 90% equity interest in each of the manufacturing, distribution and pharmacies companies of Cronos Israel (as defined herein).

Strategy

Cronos Group is committed to being a leading global cannabinoid company. In pursuing this goal, we seek to create value for shareholders by focusing on four core strategic priorities:

- establishing an efficient global production footprint;
- developing a diversified global sales and distribution network;
- creating and monetizing disruptive intellectual property; and
- growing a portfolio of iconic brands that resonate with consumers.

Altria Strategic Investment

In March 2019, the Company closed a $2.4 billion investment in the Company (the "**Altria Investment**") by Altria Group, Inc. ("**Altria**"), pursuant to a subscription agreement dated December 7, 2018. At closing, the Company issued to certain wholly-owned subsidiaries of Altria common shares of the Company and one warrant, which may be exercised in part or in full on or before March 8, 2023 (the "**Altria Warrant**"). Full exercise of the Altria Warrant is expected to provide the Company with approximately $1.4 billion of additional proceeds (subject to adjustment). As of the closing date, Altria beneficially held an approximate 45% ownership interest in the Company (calculated on a non-diluted basis) and, if exercised in full, the exercise of the Altria Warrant would result in Altria holding a total ownership interest of approximately 55% (calculated on a non-diluted basis). The Company's strategic partnership with Altria provides Cronos Group with additional financial resources, product development and commercialization capabilities, and deep regulatory expertise to better position the Company to compete in the global cannabis industry.

In connection with the closing of the Altria Investment, the Company and Altria entered into an investor rights agreement (the "**Investor Rights Agreement**") pursuant to which Altria has certain governance rights, including the right to nominate a specified number of directors to the Company's board of directors and approval rights over certain Company actions, and certain pre-emptive and top-up rights entitling Altria to maintain its *pro rata* beneficial ownership in the Company (these pre-emptive and top-up rights together, the "**Altria Anti-Dilution Rights**"). Under the Investor Rights Agreement, Altria has agreed to make Cronos Group its exclusive global partner for pursuing cannabis opportunities (subject to certain limited exceptions). Also in connection with the closing, the Company and Altria entered into certain commercial support arrangements pursuant to which Altria provides the Company with strategic advisory and consulting services on matters which may include research and development ("**R&D**"), marketing, advertising and brand management, government relations and regulatory affairs, finance, tax planning, logistics and other corporate administrative matters.

Global Production Footprint

Cronos Group is focused on establishing an efficient global production footprint by developing industry-leading methodologies and best practices at Peace Naturals, the Company's center of excellence, and leveraging this expertise to create beneficial domestic and international production partnerships.

Facility(1)	Location	Grow Type	Square Footage	Estimated Annual Rated Capacity (in kg)(2)
Existing Capacity(3)				
Peace Naturals – Buildings 1, 2, 3, 4(4)	Stayner, ON, Canada	Indoor	325,000	38,500
Peace Naturals – Greenhouse	Stayner, ON, Canada	Greenhouse	28,000	1,500
OGBC	Armstrong, BC, Canada	Indoor	2,500	150
Existing Capacity			355,500	40,150
Capacity in Progress				
Cronos Israel – Phase I	Hadera, Israel	Greenhouse	45,000	5,000
Cronos Australia – Phase I	Melbourne, VIC, Australia	Indoor	20,000	2,000
Cronos GrowCo	Kingsville, ON, Canada	Greenhouse	850,000	70,000
NatuEra(5)	Cundinamarca, Colombia	Greenhouse	*	*
Capacity in Progress			915,000	77,000
Pro Forma Capacity			**1,270,500**	**117,150**

(1) *See* "– General" *for information related to the Company's ownership interest in the above facilities.*
(2) *Estimated annual rated capacity is based on the Company's experience growing a variety of cannabis strains at its facilities and assumes all expected operational efficiencies are attained. Material assumptions to derive estimated rated capacity for a given facility include but are not limited to: the yield per square foot per harvest, the number of harvests per year and the square feet of cultivation space occupied by the plants immediately prior to harvest.*
(3) *Existing capacity is defined as facilities where construction is substantially complete, regulatory approvals required to commence operations have been received and cannabis cultivation has commenced.*
(4) *Building 4 is expected to become operational in phases. While construction of Building 4 is complete, the GMP-grade and industrial-grade kitchen and certain additional cultivation and processing areas are in the process of being equipped and made operational in phases. Certain research and development laboratory areas in Building 4 are in final design phases. See* "– Domestic Production Footprint – Peace Naturals" *for more information.*
(5) *NatuEra is still in the design phase and initial planned capacity is yet to be finalized.*

Domestic Production Footprint

Peace Naturals

Situated on approximately 90 acres of land zoned and licensed for cannabis production, Peace Naturals operates four fully-operational production facilities (Building 1, Building 2, Building 3 and a greenhouse (the "**Peace Naturals Greenhouse**")). The Company recently completed the construction of a partially-licensed, 286,000 sq. ft. production facility ("**Building 4**"). Peace Naturals' production processes are Good Manufacturing Practices ("**GMP**") certified under relevant European Economic Area GMP directives by the national competent authority of Germany.

In October 2013, Health Canada issued an initial license to Peace Naturals, which has since been amended and supplemented to add additional licensable activities. In November 2018, Health Canada re-issued the license in accordance with the Cannabis Act, as a standard license for cultivation, processing and sale for medical purposes (the "**Peace Naturals Production License**"), pursuant to which Peace Naturals has the right to engage in cultivation, processing, and sale of dried cannabis flower, cannabis resin, cannabis seeds, cannabis plants and cannabis oil, among other prescribed activities.

In January 2018, Peace Naturals received a dealer's license pursuant to the Narcotic Control Regulations ("**NCR**") and the Controlled Drug and Substances Act (the "**CDSA**") from Health Canada for the possession, sale, transportation and delivery of controlled substances under the CDSA, including cannabis, tetrahydrocannabinol ("**THC**") and cannabidiol ("**CBD**"), which license has since been transitioned under the Cannabis Act. In connection with this transition, Health Canada issued a cannabis drug license to Peace Naturals under the Cannabis Act (the "**Peace Naturals Drug License**"), pursuant to which Peace Naturals has the right to engage in, among other things, the possession and sale of drugs containing cannabis.

Buildings 1, 2 and 3, totaling approximately 39,000 sq. ft. of production space, are engaged in cultivation, processing, extraction, finishing and packaging and shipping activities. The Peace Naturals Greenhouse is a 28,000 sq. ft. greenhouse providing a year-round, low-cost supply of cannabis flower for extraction. The Peace Naturals Greenhouse is designated as a research facility to pilot various production technologies. Any tests yielding favorable operational improvements may then be disseminated to the Company's other domestic and international facilities.

In August 2018, Peace Naturals received authorization from Health Canada to cultivate cannabis in Building 4, and the building is expected to become operational in phases. Currently, Building 4 engages in the cultivation of cannabis and produced its first harvest in December 2018. The Company expects all flower rooms to be populated in the first half of 2019 and thereafter anticipates further improvements in yields toward full run-rate capacity as a result of increasing efficiencies over time. Building 4 also engages in tissue culture and micro propagation, processing, finishing and packaging, and shipping activities.

It is expected that Building 4 will also engage in extraction, formulation and R&D activities following receipt of the applicable regulatory approvals or license amendments. While construction of Building 4 is complete, the GMP-grade and industrial-grade kitchen and certain additional cultivation and processing areas are in the process of being equipped and made operational in phases. Certain R&D and laboratory areas in Building 4 are in final design phases. In addition to the cultivation areas, Building 4 is expected to include:

- designated areas for proprietary genetic breeding and genomic testing;
- a GMP-grade cannabinoid and terpene extraction, processing and bottling facility;
- a GMP-grade analytical testing laboratory for Canadian, European and other pharmacopeia standards;
- a GMP-grade analytical and chemical laboratory for formulation, delivery system and product development;
- R&D grow and dry areas with compartmentalized chambers to conduct experiments on yield, genetic markers, and metabolite/terpene enhancement techniques; and
- a GMP-grade and industrial-grade kitchen.

OGBC

Situated on 30 acres of land, 13 acres of which are zoned and licensed for cannabis production, OGBC's facility 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 brand portfolio.

In February 2014, Health Canada issued an initial cultivation license to OGBC, which license has since been amended and supplemented to add additional licensable activities. In November 2018, Health Canada re-issued the license, in accordance with the Cannabis Act, as a standard license for cultivation, processing and sale for medical purposes (the "**OGBC Production License**"), pursuant to which OGBC has the right to engage in cultivation, processing, and sale of dried cannabis flower, cannabis seeds, and cannabis plants, among other prescribed activities.

Cronos GrowCo Joint Venture

In July 2018, the Company entered into a strategic joint venture with a group of investors led by Bert Mucci (the "**Greenhouse Partners**"), a leading Canadian large-scale greenhouse operator. Each of the Company and the Greenhouse Partners owns a 50% equity interest in the joint venture, Cronos Growing Company Inc. ("**Cronos GrowCo**"), and has equal representation on the board of directors of Cronos GrowCo. Cronos GrowCo is constructing an 850,000 sq. ft. purpose-built, GMP-standard greenhouse on approximately 100 acres of land owned by Cronos GrowCo in Kingsville, Ontario. Once fully operational, the greenhouse is expected to produce up to 70,000 kilograms of cannabis annually. Construction of the greenhouse has commenced. The Company expects to complete the superstructure of the greenhouse in the second half of 2019 and expects the greenhouse to become operational in phases in 2020. Completed construction of the greenhouse is subject to obtaining the necessary funding, the relevant building and occupancy permits and other customary approvals. Commencement of operations at Cronos GrowCo will be subject to obtaining the appropriate licenses under applicable law. Cronos GrowCo expects to utilize debt to fund a portion of the facility build-out. See "– *Global Production Footprint*" for further information on the material factors and assumptions related to the projected production capacity of the greenhouse.

International Production Footprint

Cronos Israel Joint Venture

In September 2017, the Company announced a strategic joint venture in Israel ("**Cronos Israel**") with the Israeli agricultural collective settlement Kibbutz Gan Shmuel ("**Gan Shmuel**") for the production, manufacture and distribution of medical cannabis. Cronos Israel consists of four companies: (i) cultivation (encompassing nursery and cultivation operations), (ii) manufacturing, (iii) distribution and (iv) pharmacies (the "**Cronos Israel Companies**"). The Company holds a 70% equity interest in the cultivation company and a 90% equity interest in each of the manufacturing, distribution and pharmacies companies of Cronos Israel. Gan Shmuel holds the remaining equity interest in each of the Cronos Israel Companies. Each of Cronos Group and Gan Shmuel has one board member nominee on the board of directors of each of the Cronos Israel Companies. Cronos Group has the right to nominate a further two members to the board of each Cronos Israel Company, and, until such time, its nominated director shall have two votes.

The initial phase of construction of Cronos Israel involves the construction of a 45,000 sq. ft. greenhouse that is expected to produce up to 5,000 kilograms of cannabis annually and a 17,000 sq. ft. manufacturing facility that will be utilized for analytics, formulation and R&D. The Company anticipates that construction of the greenhouse will be complete in the first half of 2019, and construction of the manufacturing facility will be complete in the second half of 2019. See "*– Global Production Footprint*" for further information on the material factors and assumptions related to the projected production capacity of the greenhouse.

In early 2017, the Medical Cannabis Unit of the Israeli Ministry of Health (the "**Yakar**") granted Gan Shmuel preliminary licenses ("**Israel Codes**") to establish four distinct cannabis commercial operations: (i) propagation and breeding, (ii) commercial cannabis cultivation, (iii) extraction, formulation and packaging, and (iv) patient care and distribution. The Israel Codes were successfully transferred to Cronos Israel in May 2018. Commencement of cultivation, manufacturing and distribution operations at Cronos Israel is subject to final inspection by the Yakar and the issuance of final cannabis licenses.

In January 2019, the Israeli government approved the export of medical cannabis from Israel, which would allow medical cannabis license holders that meet certain quality standards to export medical cannabis, under the supervision of the Israeli authorities, to United Nations' Single Convention on Narcotic Drugs-signatory countries that have explicitly approved the import of cannabis. Subject to obtaining all necessary licenses and permits, the Company intends to export medical cannabis products from Cronos Israel once production operations have commenced.

NatuEra Joint Venture – Colombia

In August 2018, the Company announced a strategic joint venture with an affiliate of Agroidea SAS ("**AGI**"), a leading Colombian agricultural services provider with over 30 years of experience and expertise in management of industrial-scale production, and R&D, in horticultural operations for export from Colombia. Each of the Company and AGI owns a 50% equity interest in the joint venture, NatuEra S.à r.l. ("**NatuEra**"). Cronos Group will have three manager nominees on the board of managers of NatuEra, while AGI will have 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. NatuEra plans to develop its initial cultivation and manufacturing operations with a purpose-built, GMP-standard facility located in Cundinamarca, Colombia. Design of the facility is currently underway, and construction of the facility remains subject to obtaining the relevant permits and other customary approvals. The Colombian Ministry of Justice and Law 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 license to manufacture cannabis derivative products for domestic use and export. Commencement of operations at the facility will be subject to obtaining the remaining appropriate licenses under applicable law.

Cronos Australia Joint Venture

In February 2018, the Company announced a strategic joint venture, Cronos Australia Pty. Ltd. ("**Cronos Australia**"), with NewSouthern Capital Pty. Ltd. ("**NewSouthern**") for the research, production, manufacture and distribution of medical cannabis. Each of the Company and NewSouthern owns a 50% equity interest in Cronos Australia and has equal representation on the board of directors of Cronos Australia. The Company believes that Cronos Australia will serve as its hub for Australia, New Zealand and South East Asia, bolstering the Company's supply capabilities and distribution network in the Australia and Asia-Pacific region. The Company is currently reviewing alternative facility designs given current and anticipated market opportunities, which may include an expansion of the previously announced plans for a 20,000 sq. ft. purpose-built indoor facility.

In February 2018, Cronos Australia was granted a medicinal cannabis cultivation license and a medicinal cannabis research license by the Australian Therapeutic Goods Administration and the Office of Drug Control (the "**ODC**"). In June 2018, Cronos Australia was granted a medicinal cannabis manufacture license by the ODC. This is the final license necessary for domestic production in Australia, which includes the medicinal cannabis cultivation license and research license. Cronos Australia has also received an import license from the ODC, together with all necessary permits, to import PEACE NATURALS™ branded products for sale in the Australian medical market while construction of the Cronos Australia production facility is being completed. Arrangements for imports are in progress. Cronos Australia has also received an export license from the ODC to export certain medical cannabis products, subject to receipt of all necessary permits.

Global Sales and Distribution

Cronos Group is developing a diversified global sales and distribution network by leveraging established partners for their scale, salesforce and market expertise. The Company is also building a domestic distribution footprint in Canada through the direct-to-client medical market and the adult-use market.

Domestic Distribution

Medical Market

The Company currently sells dried cannabis and cannabis oils direct to clients through its health and wellness brand, PEACE NATURALS™. These clients are typically sourced through physician and clinic referrals or word of mouth recommendations from existing clients.

Adult-Use Market

On October 17, 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. The Company currently sells dried flower, pre-rolls and cannabis oils through its adult-use brands, COVE™ and Spinach™, to cannabis control authorities in Ontario, British Columbia, Nova Scotia and Prince Edward Island, as well as to private-sector retailers in Saskatchewan. As of the date hereof, these five provinces together represent approximately 58% of the Canadian population. As the Company's production capacity grows, the Company intends to increase penetration within existing markets and expand its distribution into additional provinces and territories in Canada.

Cura Supply Agreement

In August 2018, Cronos Group announced a supply agreement with Cura Cannabis Solutions ("**Cura**"), a vertically integrated cannabis operator. Cura signed a five year take-or-pay supply agreement to purchase a minimum of 20,000 kilograms of cannabis per year from Cronos GrowCo, commencing after Cura receives its production and sales licenses from Health Canada.

MedMen Canada Joint Venture

In March 2018, the Company entered into a strategic joint venture with MedMen Enterprises USA, LLC ("**MedMen**"). Each of the Company and MedMen owns a 50% equity interest in the joint venture, MedMen Canada Inc. ("**MedMen Canada**"), and has equal representation on the board of directors of MedMen Canada. MedMen Canada holds the exclusive license to the MedMen brand in Canada for a minimum term of 20 years. MedMen Canada is currently in the process of obtaining the necessary licenses, permits and retail locations, in provinces where private retail is permitted under applicable law, to create a premium MedMen branded retail chain in Canada modelled after MedMen's iconic retail concept in Los Angeles, Las Vegas and Manhattan. Commencement of operations will be subject to obtaining such licenses and permits.

International Distribution

Germany

In October 2017, the Company announced its strategic partnership and five-year exclusive distribution agreement with G. Pohl-Boskamp GmbH & Co. KG ("**Pohl-Boskamp**"), an international pharmaceutical manufacturer and distributor with a German distribution network of pharmacies, to distribute PEACE NATURALS™ branded cannabis products within the German medical market. The Company currently exports dried cannabis to Germany and announced its first shipment to Pohl-Boskamp in December 2017.

Poland

In June 2018, Cronos Group entered into a strategic distribution partnership with Delfarma Sp. Zo.o ("**Delfarma**"). Delfarma is a pharmaceutical wholesaler with a distribution network of over 5,000 pharmacies and more than 200 hospitals that collectively reaches approximately 40% of the Polish domestic market. Under the five-year exclusive distribution agreement, Cronos Group will supply PEACE NATURALS™ branded cannabis products to Delfarma for distribution within the Polish medical market. The Company and Delfarma are currently in the process of obtaining the necessary regulatory approvals to sell cannabis products in Poland.

Other International Markets

The Company intends to supply the medical cannabis markets in Israel, Latin America, and Australia through the operations of Cronos Israel, NatuEra, and Cronos Australia, respectively, once operational. In addition, Cronos Australia has received an import license from the ODC, together with all necessary permits, to import PEACE NATURALS™ branded products for sale in the Australian medical market while construction of the Cronos Australia production facility is being completed. Arrangements for imports are in progress.

Intellectual Property Initiatives

Cronos Group is committed to building disruptive intellectual property, by advancing cannabis and cannabinoid research, technology and product development. Among others, our intellectual property development activity includes the following key initiatives.

Cronos Device Labs

In April 2019, Cronos Group opened Cronos Labs Ltd. ("**Cronos Device Labs**"), the Company's Israel-based global R&D center for vaporizer 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' 23-member 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 Strategic Partnership

In September 2018, the Company launched its R&D partnership with Ginkgo that could ultimately enable the Company to produce certain cultured cannabinoids at commercial scale at a fraction of the cost of traditional cultivation. These cultured cannabinoid molecules are identical to those produced by plants grown with traditional cultivation but are created by leveraging the power of biological manufacturing via fermentation. In addition to 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.

Pursuant to the collaboration and license agreement dated September 1, 2018 between Ginkgo and the Company (the "**Ginkgo Collaboration Agreement**"), Ginkgo will work with the Company on the R&D of microorganisms capable of producing certain target cannabinoids in a scalable and highly efficient manner. The Company will have the exclusive global right to use and commercialize key patented intellectual property related to the production of the target cannabinoids. Assuming all milestones in the Ginkgo Collaboration Agreement are met, the transaction had an aggregate value (as of July 17, 2018) of US$100.0 million in Cronos Group common shares, to be issued in milestone-contingent tranches. These milestones each relate to the production of certain target cannabinoids for less than US$1,000 per kilogram of pure cannabinoid at a scale of at least 200 liters. The Company and Ginkgo have targeted three years to reach the milestone events for each of the target cannabinoids. The Company will fund certain R&D and foundry expenses throughout the development process, which are expected to amount to approximately $22.0 million, subject to the achievement of certain milestones.

Ginkgo has undertaken to perform all of its R&D work in compliance with all applicable laws regarding controlled substances. In November 2018, Ginkgo received from the U.S. Drug Enforcement Agency (the "**DEA**") a DEA Researcher (I) Controlled Substance Registration Certificate and received a Researcher Controlled Substance Registration Certificate from the Massachusetts Department of Public Health to conduct specified research involving cannabinoids. The Company intends to produce and distribute the target cannabinoids globally, where legally permissible, and has received confirmation from Health Canada that this method of production is permitted under the Cannabis Act.

Technion Research Agreement

In October 2018, the Company entered into a sponsored 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 will be led by Technion faculty members Dr. David "Dedi" Meiri and Dr. Yaron Fuchs, each one 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 will be 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.

Brand Portfolio

Cronos Group is committed to building a portfolio of iconic brands that responsibly elevate the consumer experience. Currently, Cronos Group sells dried cannabis, pre-rolls and cannabis oils through wholesale and direct-to-client channels under its health and wellness brand, PEACE NATURALS™, and under its two adult-use brands, COVE™ and Spinach™.

	PEACE NATURALS™	COVE™	Spinach™
Brand Positioning	Health & Wellness	Premium Adult-Use, terpene-rich extracts, small batch runs	Mainstream Adult-Use
Product Offering	Dried Cannabis, Oils	Dried Cannabis, Oils, Pre-Rolls	Dried Cannabis, Pre-Rolls

Health & Wellness

The Company currently distributes products under one health and wellness brand for the Canadian and international medical markets:

- PEACE NATURALS™ is a global health and wellness brand committed to producing high-quality cannabis and cannabis products. PEACE NATURALS™ is focused on building and shaping the global medical cannabis market and promoting a whole health approach to wellness, which emphasizes diet and lifestyle. The brand's goal is to improve the lives of others, one patient at a time.

Adult-Use

The Company has launched two brands for the Canadian adult-use market:

- COVE™ is a premium positioned brand that was born in the Okanagan Valley in British Columbia, an area known for producing some of the world's finest cannabis. COVE™ products are hand-trimmed using only the best colas of each harvest. By avoiding shortcuts like harsh refining processes, COVE™ is able to maintain the natural balance of the plant across all of the brand's terpene-rich cannabis extracts and brings the highest quality products to its consumers. 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™, geared towards a wide range of consumers that don't take life too seriously and 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. Get Your Greens™.

Minority Investments

The Company has also invested in and made loans to cannabis-related companies and License Holders. As at the beginning of Q1 2019, the Company held an approximate 19% equity interest in Whistler Medical Marijuana Corporation ("**Whistler**") and minority equity investments in Evergreen Medicinal Supply Inc. and Canopy Growth Corporation ("**Canopy**").

In January 2019, the Company sold all remaining shares of Canopy for net proceeds of approximately $0.5 million.

In March 2019, the Company sold all of its approximate 19% equity interest in Whistler to Aurora Cannabis Inc. ("**Aurora**") in an all-share transaction (the "**Whistler Transaction**"). In connection with the closing of the Whistler Transaction, the Company received approximately $24.7 million in value of Aurora common shares, which the Company subsequently sold for approximately $25.6 million in cash. Subject to the satisfaction of certain specified milestones, the Company expects to receive approximately $7.6 million in additional value of Aurora common shares. Based on market conditions at the time of the transaction and assuming all milestones are met, the Company expects to generate, in aggregate, an 8.7x return on its investment in Whistler. Neither the attainment of any milestones nor the persistence of specific market conditions can be assured.

INDUSTRY AND MARKET TRENDS AND REGULATORY DEVELOPMENTS

The Company's business and activities are heavily regulated in all jurisdictions where we carry on business. Our AIF contains a description of the regulatory framework applicable to our business as of the date of the AIF. The following provides a description of certain recent regulatory developments since the fiscal year ended December 31, 2018 that had the potential to impact the Company's financial performance.

Proposed Amendments to the Cannabis Regulations

While the sale of dried cannabis, fresh cannabis, cannabis seeds, cannabis plants and cannabis oil is currently permitted under the Cannabis Act, the sale of edibles containing cannabis and cannabis concentrates is not. On December 22, 2018, the Canadian federal government published the draft of the proposed Regulations Amending the Cannabis Regulations in the Canada Gazette (the "**Further Regulations**"). The Further Regulations propose to amend the Cannabis Act and Cannabis Regulations to, among other things, allow the production of extracts (including concentrates), edibles and topicals in addition to the currently permitted product forms. The Further Regulations were subject to a 60-day comment period that closed on February 20, 2019 and may be further amended before implementation based on comments received.

Provincial and Territorial Distribution Frameworks for Regulated Adult-Use Cannabis

While the Cannabis Act and Cannabis Regulations provide for the regulation of the commercial production, processing, distribution and sale (for medical purposes) of cannabis and related matters by the federal government of Canada, the provinces and territories of Canada regulate the distribution, sale and consumption of adult-use cannabis, such as retail licensing, minimum age requirements, places where cannabis can be consumed, and a range of other matters. The governments of every Canadian province and territory have implemented regulatory regimes for the distribution, sale and use of adult-use cannabis within those jurisdictions; however, these regulatory regimes continue to evolve over time.

Restrictions on Business Activities in the United States

The Company currently does not engage in any commercial activities related to the cultivation, distribution or possession of 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, in full compliance with all applicable laws regarding controlled substances. From time to time, the Company may have minority interests in non-U.S. cannabis companies (as disclosed in the AIF). Based on what is publicly disclosed by these minority investees, the Company is not aware of any U.S. cannabis-related activities of such minority investees as of the date of this MD&A.

Additional information with respect to the Company's business and applicable regulatory frameworks are included in the AIF.

FINANCIAL HIGHLIGHTS

($ in 000s, except where noted otherwise)	First Quarter 2019	First Quarter 2018	Change $	Change %	First Quarter 2019	Fourth Quarter 2018	Change $	Change %
Financial Results								
Net Revenue	$ 6,470	$ 2,945	$ 3,525	*120%*	$ 6,470	$ 5,604	$ 866	*15%*
Gross Margin before Fair Value Adjustments(1)	*54%*	*47%*	--	--	*54%*	*44%*	--	--
Adjusted EBITDA(2)	$ (8,947)	$ (1,500)	$ (7,447)	*496%*	$ (8,947)	$ (7,943)	$ (1,004)	*13%*
Extract Sales (% of Net Product Revenue)	*23%*	*9%*	--	--	*23%*	*24%*	--	--
Operating Results								
Kilograms Sold	1,111	501	610	*122%*	1,111	1,040	71	*7%*
Net Product Revenue / Gram Sold	$ 5.73	$ 5.67	$ 0.06	*1%*	$ 5.73	$ 5.35	$ 0.38	*7%*
Cost of Sales before Fair Value Adj. / Gram Sold	2.69	3.13	(0.44)	*(14%)*	2.69	3.02	(0.33)	*(11%)*
Balance Sheet								
Cash and Cash Equivalents	$ 2,418,277	$ 32,368	$ 2,385,909	*7,371%*	$ 2,418,277	$ 32,634	$ 2,385,643	*7,310%*
Derivative Liabilities	1,664,275	—	1,664,275	*NA*	1,664,275	—	1,664,275	*NA*

(1) *See* “General Matters – Definitions” *for information related to Gross Margin before Fair Value Adjustments.*
(2) *See* “General Matters – Non-IFRS Measures” *for information related to Adjusted EBITDA.*

- Net revenue was $6.5 million in Q1 2019, representing a 120% increase from $2.9 million in Q1 2018, primarily driven by the launch of the adult-use market in Canada. Net revenue increased 15% quarter-over-quarter from $5.6 million in the fourth quarter of 2018, primarily driven by increased sales in CBD oil, which carries no excise tax reduction and increased sales of dry flower.
- 1,111 kilograms were sold in Q1 2019, representing a 122% increase from 501 kilograms sold in Q1 2018, primarily driven by increased cannabis production and the launch of the adult-use market in Canada. Kilograms sold increased 7% quarter-over-quarter from 1,040 kilograms sold in the fourth quarter of 2018, primarily driven by increased cannabis production.
- Cost of sales before fair value adjustments per gram sold was $2.69 in Q1 2019, representing a 14% decrease from $3.13 in Q1 2018 and a 11% decrease from $3.02 in the fourth quarter of 2018. The decrease year-over-year and quarter-over-quarter was driven by increased productivity in our cultivation operations.
- The Company experienced continued growth in cannabis oil sales, which represented 23% of net product revenue in Q1 2019 compared to 9% in Q1 2018.

QUARTERLY BUSINESS HIGHLIGHTS AND RECENT DEVELOPMENTS POST QUARTER-END

Secured strategic investment from Altria

In March 2019, the Company closed the $2.4 billion Altria Investment, giving Altria a 45% ownership interest in the Company (calculated on a non-diluted basis). At closing, Altria also received the Altria Warrant that, if fully exercised, would provide the Company with approximately $1.4 billion of additional proceeds (subject to adjustments) and would result in Altria holding a total ownership interest in the Company of approximately 55% (calculated on a non-diluted basis). The Company’s strategic partnership with Altria provides Cronos Group with additional financial resources, product development and commercialization capabilities, and deep regulatory expertise to better position the Company to compete in the global cannabis industry.

Establishing an efficient global production footprint

Continued expansion of Peace Naturals, Cronos Group’s center of excellence

The Company’s partially-licensed, 286,000 sq. ft. production facility, Building 4, produced its first harvest in December 2018, and the Company expects all flower rooms to be populated in the first half of 2019. The Company anticipates further improvements in yields toward full run-rate capacity as a result of increasing efficiencies over time.

Continued progress at Cronos GrowCo

Cronos GrowCo continues to make progress on construction of its 850,000 sq. ft. purpose-built, GMP-standard greenhouse in Kingsville, Ontario. The Company expects to complete the superstructure of the greenhouse in the second half of 2019 and expects the greenhouse to become operational in phases in 2020.

Cronos Israel moves closer to cultivation

The Cronos Israel facility continues to move closer to cultivation. Construction of Cronos Israel's 45,000 sq. ft. greenhouse is anticipated to be complete in the first half of 2019, while its 17,000 sq. ft. manufacturing facility is expected to be complete in the second half of 2019.

NatuEra receives additional license to cultivate psychoactive cannabis

In March 2019, a wholly-owned subsidiary of NatuEra received a license from the Colombian Ministry of Justice and Law to cultivate psychoactive cannabis for (i) production of seeds for cultivation, (ii) production of grain, and (iii) manufacture of derivative products.

Developing a diversified global sales and distribution network

Expanded penetration of the Canadian adult-use market

In January 2019, the Company secured listings with various private retailers in Saskatchewan. Together with established distribution in Ontario, British Columbia, Nova Scotia and Prince Edward Island, the Company has secured listings in five provinces, which represent approximately 58% of the Canadian population, as of the date hereof. As the Company's production capacity grows, the Company intends to increase penetration within existing markets and expand its distribution into additional provinces and territories in Canada.

Israeli regulations create path to exports from Cronos Israel

In January 2019, the Israeli government approved the export of medical cannabis products from Israel. Subject to obtaining all necessary licenses and permits, the Company intends to export medical cannabis products from Cronos Israel once operations have commenced.

Creating and monetizing disruptive intellectual property

Launched global R&D center for vaporizer innovation

In April 2019, the Company opened its Israel-based global R&D center for vaporizer innovation, Cronos Device Labs, to accelerate the development of next-generation vaporizer products for cannabinoid use. The state-of-the-art facility, which is equipped with advanced vaporizer technology and analytical testing infrastructure, is home to an experienced team of product development talent with over 80 years of combined experience in vaporizer development.

Monetized minority investment in Whistler

In March 2019, the Company sold all of its approximate 19% equity interest in Whistler to Aurora. In connection with closing of the Whistler Transaction, the Company received approximately $24.7 million in value of Aurora common shares, which the Company subsequently sold for approximately $25.6 million in cash. Subject to the satisfaction of certain specified milestones, the Company expects to receive approximately $7.6 million in additional value of Aurora common shares. Based on market conditions at the time of the Whistler Transaction and assuming all milestones are met, the Company expects to generate, in aggregate, an 8.7x return on its investment in Whistler. Neither the attainment of any milestones nor the persistence of specific market conditions can be assured.

Enhancing our leadership team, governance and control

New Chief Financial Officer and Chief Commercial Officer

In April 2019, Jerry Barbato, most recently Senior Director of Corporate Strategy at Altria, succeeded William Hilson as Chief Financial Officer. Mr. Hilson continues to serve the Company as Chief Commercial Officer, a newly created role responsible for enhancing the Company's commercial strategy as well as product and R&D priorities.

Appointments to the board of directors in connection with the Altria Investment

In connection with the Altria Investment, on March 8, 2019, the Company expanded its board of directors from five to seven members and appointed four new members to the board of directors, as set forth below:

- *Mr. Kevin "K.C." Crosthwaite, Jr.* Mr. Crosthwaite serves as Senior Vice President and Chief Strategy and Growth Officer at Altria. In this role, Mr. Crosthwaite identifies and pursues Altria's strategic and innovative product growth priorities. Since joining Philip Morris USA in 1997, Mr. Crosthwaite has held several leadership positions across Altria's family of companies, including President and Chief Executive Officer for Philip Morris USA.
- *Ms. Brownen Evans*. Ms. Evans is an independent consultant drawing on 20 years of experience in the charitable, corporate and government sectors to provide clients with business development and brand strategies for transformational growth. Ms. Evans was a Founding Director of the True Patriot Love Foundation, where she served as its first Chief Executive Officer from 2012 to 2019 and raised record funds to support 25,000 Canadian military and veteran families.
- *Mr. Murray Garnick.* Mr. Garnick serves as Executive Vice President and General Counsel of Altria. In his role since 2017, he leads Altria's Law Department, Regulatory Affairs and Regulatory Sciences.

- *Mr. Bruce Gates.* Mr. Gates is a Founding Partner of Three Oaks Strategies LLC, a management, policy and communications consulting firm based in Alexandria, Virginia. He is also the founding partner of Three Oaks Asset Management LLC, a family office / venture capital firm. Prior to his retirement from Altria in November 2017, Mr. Gates served as Senior Vice President of External Affairs for Altria Client Services.

On March 8, 2019, Mr. Michael Coates and Mr. Alan Friedman resigned as directors of the Company. Mr. Coates continues to serve as a Canadian regulatory advisor to the board of directors.

RESULTS OF OPERATIONS

Selected Financial Results

The following table summarizes the selected financial results for the periods indicated.

($ in 000s)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Change $	Change %
Net Revenue	$ 6,470	$ 2,945	$ 3,525	*120%*
Cost of Sales	(6,847)	1,017	(7,864)	*(773%)*
Gross Profit	13,317	1,928	11,389	*591%*
Operating Expenses	13,875	4,106	9,769	*238%*
Operating Loss	(558)	(2,178)	1,620	*(74%)*
Other Income	430,808	240	430,568	*179,403%*
Income (Loss) before Income Taxes	430,250	(1,938)	432,188	*(22,301%)*
Deferred Income Tax Expense (Recovery)	2,557	(888)	3,445	*(388%)*
Net Income (Loss)	427,693	(1,050)	428,743	*(40,833%)*
Other Comprehensive Income (Loss)	119	(35)	154	*(440%)*
Comprehensive Income (Loss)	427,812	(1,085)	428,897	*(39,530%)*

Altria Investment Derivative Liabilities

The Company records derivative liabilities associated with the Altria Warrant and Altria Anti-Dilution Rights (the "**Derivative Liabilities**") at fair value at the end of each reporting period. Significant volatility in reported net income may result from quarterly adjustments to the fair value of Derivative Liabilities, which is primarily driven by movement in Cronos Group's stock price. Fair value adjustments to Derivative Liabilities is a non-cash item.

At March 31, 2019 the Company recorded $1.7 billion in Derivative Liabilities, resulting in an unrealized gain on revaluation of Derivative Liabilities of $436.4 million in other income for Q1 2019. See note 13 "*Derivative liabilities*" to the Interim Financial Statements for additional information.

Net Revenue

The following table sets forth net revenue, kilograms sold and average net selling price per gram sold by product type for the periods indicated.

($ in 000s)	Three Months Ended March 31,		Change	
	2019	2018	$	%
Net Revenue				
Dried Cannabis	$ 4,900	$ 2,585	$ 2,315	*90%*
Cannabis Oil	1,467	255	1,212	*475%*
Product Revenue	6,367	2,840	3,527	*124%*
Other	103	105	(2)	*(2%)*
Total Net Revenue	6,470	2,945	3,525	*120%*
Kilograms Sold				
Dried Cannabis	906	478	428	*90%*
Cannabis Oil	205	23	182	*791%*
Total Kilograms Sold	1,111	501	610	*122%*
Avg. Net Selling Price Per Gram Sold				
Dried Cannabis	$ 5.41	$ 5.41	$ —	*(—%)*
Cannabis Oil	7.16	11.09	(3.93)	*(35%)*
Product Revenue	5.73	5.67	0.06	*1%*

Results for Q1 2019 compared to Q1 2018

For Q1 2019, the Company reported net revenue of $6.5 million as compared to $2.9 million for Q1 2018, representing an increase of $3.5 million, or 120%. This change was primarily due to:

- sales into the domestic adult-use market, which did not exist in Q1 2018;
- increased sales into the domestic medical and wholesale markets; and
- growth in cannabis oil revenue, which represented approximately 23% of net product revenue in Q1 2019.

Cost of Sales and Gross Profit

Cost of sales and gross profit for the periods indicated are as follows:

($ in 000s)	Three Months Ended March 31,		Change	
	2019	2018	$	%
Cost of Sales				
Cost of Sales before Fair Value Adjustments	$ 2,984	$ 1,567	$ 1,417	*90%*
Gross Profit before Fair Value Adjustments(1)	3,486	1,378	2,108	*153%*
Fair Value Adjustments				
Unrealized Change in Fair Value of Biological Assets	(13,553)	(2,744)	(10,809)	*394%*
Realized Fair Value Adjustments on Inventory Sold	3,722	2,194	1,528	*70%*
Total Fair Value Adjustments	(9,831)	(550)	(9,281)	*1,687%*
Gross Profit	13,317	1,928	11,389	*591%*
Gross Margin before Fair Value Adjustments(1)	*54%*	*47%*	--	--
Gross Margin	*206%*	*65%*	--	--
Cost of Sales before Fair Value Adj. / Gram Sold	$ 2.69	$ 3.13	$ (0.44)	*(14%)*

(1) *See* "General Matters – Definitions" *for information related to Gross Profit and Gross Margin before Fair Value Adjustments.*

Cost of sales before fair value adjustments consists of two main categories:

- *Production costs.* These costs are capitalized to biological assets as costs directly attributable to growing the plants to the point of harvest, transferred to inventory upon harvest and recognized in cost of sales when the inventory is sold. These costs include direct costs such as nutrients, soil, and seeds, as well as other indirect costs such as utilities, an allocation of indirect labor, property taxes, and depreciation of equipment used in the growing process.

- *Processing costs.* These costs are capitalized to inventory and then recognized in cost of sales when the inventory is sold. These costs represent post-harvest costs incurred to bring harvested cannabis to its saleable condition, which include drying and curing, testing and packaging, and overhead allocation.

Fair value adjustments consist of two main categories:

- *Unrealized Change in Fair Value of Biological Assets.* This line item represents the effect of the non-cash fair value adjustments of biological assets produced in the period, excluding capitalized production costs.
- *Realized Fair Value Adjustments on Inventory Sold.* This line item represents the effect of the non-cash fair value adjustments capitalized to inventory being recognized in the statement of operations as the corresponding inventory is sold.

Results for Q1 2019 compared to Q1 2018

For Q1 2019, the Company reported gross profit before fair value adjustments of $3.5 million as compared to $1.4 million for Q1 2018, representing an increase of $2.1 million, or 153%. Gross margin before fair value adjustments increased from 47% for Q1 2018 to 54% for Q1 2019. Drivers of these variances are set forth below:

- increase in gross profit before fair value adjustments was largely driven by both an increase in kilograms sold and an increase in net revenue as described above; and
- increase in gross margin before fair value adjustments was largely driven by lower unit production costs for Q1 2019 as compared to the prior year period as more product output is associated with onboarding new production facilities while actual production output from those new facilities is realized over time.

Operating Expenses

Operating expenses for the periods indicated are as follows:

($ in 000s)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Change $	Change %
Operating Expenses				
Sales and Marketing	$ 1,500	$ 586	$ 914	*156%*
Research and Development	1,557	—	1,557	*NA*
General and Administrative	9,611	2,461	7,150	*291%*
Share-Based Payments	737	774	(37)	*(5%)*
Depreciation and Amortization	470	285	185	*65%*
Total Operating Expenses	13,875	4,106	9,769	*238%*
As a Percentage of Net Revenue				
Sales and Marketing	*23%*	*20%*	--	--
Research and Development	*24%*	*NA*	--	--
General and Administrative	*149%*	*83%*	--	--
Share-Based Payments	*11%*	*26%*	--	--
Depreciation and Amortization	*7%*	*10%*	--	--
Total Operating Expenses	*214%*	*139%*	--	--

Results for Q1 2019 compared to Q1 2018

For Q1 2019, the Company reported total operating expenses of $13.9 million as compared to $4.1 million for Q1 2018, representing an increase of $9.8 million, or 238%. This change was primarily due to:

- an increase in professional and consulting fees for services rendered in connection with various strategic initiatives, legal fees, and accounting fees;
- increased staffing levels across functions including procurement, information technology, sales and marketing and operations, in line with the Company’s growth strategy; and
- R&D expenses related to the Ginkgo Strategic Partnership and Technion research agreement.

Other Income

Other income for the periods indicated are as follows:

($ in 000s)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Change $	Change %
Other Income				
Interest Income (Expense)	$ 2,720	$ (22)	$ 2,742	*(12,464%)*
Financing Costs	(29,561)	—	(29,561)	*NA*
Gain on Revaluation of Derivative Liabilities	436,383	—	436,383	*NA*
Share of Income (Loss) from Investments in Equity Accounted Investees	(264)	41	(305)	*(744%)*
Gain on Disposal of Whistler	20,606	—	20,606	*NA*
Gain on Other Investments	924	221	703	*318%*
Total Other Income	430,808	240	430,568	*179,403%*

Results for Q1 2019 compared to Q1 2018

For Q1 2019, the Company reported total other income of $430.8 million as compared to $0.2 million for Q1 2018, representing an increase in income of $430.6 million, or 179,403%. This change was primarily due to:

- an increase in interest income (expense) due to interest earned on funds received from the Altria Investment, partially offset by interest costs associated with the Romspen Construction Loan (as defined herein) and the Credit Facility (as defined herein);
- financing costs in Q1 2019, which include an allocation of legal and professional fees directly related to the Altria Investment;
- a gain on the revaluation of the Derivative Liabilities; and
- a one-time gain in connection with the Whistler Transaction and subsequent sale of the common shares of Aurora issued therefrom.

Deferred Income Tax Expense

Results for Q1 2019 compared to Q1 2018

The Company recorded a deferred income tax expense of $2.6 million in Q1 2019 as compared to a deferred income tax recovery of $0.9 million in Q1 2018. The effective tax rate for Q1 2019 was 1% as compared to 46% in Q1 2018. The effective tax rate differs from the Company's statutory tax rate due to the non-taxable gain on revaluation of Derivative Liabilities. The Altria Warrant, pre-emptive rights and top-up rights issued in connection with the Altria Investment would currently be settled through the issuance of shares of the Company if exercised by Altria, which is not expected to result in a taxable gain or loss to the Company.

Comprehensive Income (Loss)

Comprehensive income (loss) for the periods indicated are as follows:

($ in 000s)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Change $	Change %
Comprehensive Income (Loss)	$ 427,812	$ (1,085)	$ 428,897	*(39,530%)*

Results for Q1 2019 compared to Q1 2018

For Q1 2019, the Company reported comprehensive income of $427.8 million as compared to a comprehensive loss of $1.1 million for Q1 2018, representing an increase of $428.9 million. The change in total comprehensive income results from the factors described in the immediately preceding section above.

Reconciliation of Non-IFRS Measures

A reconciliation of Adjusted EBIT and Adjusted EBITDA to net income, the most directly comparable IFRS measure, is presented in the following table.

($ in 000s)	First Quarter 2019	Fourth Quarter 2018	First Quarter 2018
Net Income (Loss)	$ 427,693	$ (11,607)	$ (1,050)
Adjustments			
Interest (Income) Expense	(2,720)	(228)	22
Deferred Income Tax Expense (Recovery)	2,557	(708)	(888)
Share-Based Payments	737	1,291	774
Unrealized Change in Fair Value of Biological Assets	(13,553)	(460)	(2,744)
Realized Fair Value Adjustments on Inventory Sold	3,722	2,019	2,194
Financing Costs	29,561	—	—
Gain on Revaluation of Derivative Liabilities	(436,383)	—	—
Share of Loss (Income) from Investments in Equity Accounted Investees	264	1,000	(41)
Gain on Disposal of Whistler	(20,606)	—	—
Gain on Other Investments	(924)	—	(221)
Adjusted EBIT	(9,652)	(8,693)	(1,954)
Depreciation and Amortization	705	750	454
Adjusted EBITDA	(8,947)	(7,943)	(1,500)

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected quarterly financial information for the last eight quarters.

($ in 000s, except per share data)	FY 2019	FY 2018				FY 2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Revenue	$ 6,470	$ 5,604	$ 3,760	$ 3,394	$ 2,945	$ 1,611	$ 1,314	$ 643
Net Income (Loss)	427,693	(11,607)	(7,271)	723	(1,050)	2,063	1,098	174
Comprehensive Income (Loss)	427,812	(11,797)	(7,035)	762	(1,085)	667	1,096	185
Basic Earnings Per Share	$ 1.95	$ (0.06)	$ (0.04)	$ —	$ (0.01)	$ 0.01	$ 0.01	$ —
Diluted Earnings Per Share	0.48	(0.06)	(0.04)	—	(0.01)	0.01	0.01	—

The Company does not exhibit any material seasonality over its fiscal year. For further information on changes in income statement data, please see *"Results of Operations"* in this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As of March 31, 2019, the Company had $2.4 billion in cash and cash equivalents.

Summary of Cash Flows

The major components of the Company's statements of cash flows for the periods indicated are as follows:

($ in 000s)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	$ Change
Cash and Cash Equivalents Used in Operating Activities	$ (18,401)	$ (13,750)	$ (4,651)
Cash and Cash Equivalents Used in Investing Activities	(5,439)	(8,125)	2,686
Cash and Cash Equivalents Provided by Financing Activities	2,409,560	45,035	2,364,525
Net Change in Cash and Cash Equivalents	2,385,720	23,160	2,362,560

Q1 2019 Cash Flows

Operating Activities. During Q1 2019, $18.4 million of cash was used by operating activities as compared to $13.8 million in Q1 2018, representing an increase of $4.7 million in cash used in operating activities. This change is primarily driven by a $34.2 million decrease in net income adjusted for non-cash items and a $29.5 million increase in the net change in non-cash working capital.

Investing Activities. During Q1 2019, the Company used $5.4 million (2018 – $8.1 million) of cash in investing activities, primarily due to $15.8 million (2018 – nil) in advances to joint ventures and $13.5 million (2018 – $7.6 million) in capital expenditures related primarily to Cronos Israel and Building 4, partially offset by $26.1 million (2018 – $0.7 million) in proceeds of other investments.

Financing Activities. During Q1 2019, cash provided by financing activities was $2.4 billion, primarily due to $2.4 billion in proceeds from the Altria Investment, partially offset by the $21.3 million repayment of the construction loan payable. In Q1 2018, cash provided by financing activities was $45.0 million, primarily due to $42.9 million in net proceeds from the January 2018 Bought Deal (as defined herein).

Capital Resources

Debt

In August 2017, the Company entered into a senior secured loan, to be funded by way of multiple advances, for up to $40.0 million in committed capital (the "**Romspen Construction Loan**") with Romspen Investment Corporation. In January 2019, the Romspen Construction Loan was fully repaid. See note 12 *"Construction loan payable"* to the Interim Financial Statements for additional information.

In January 2019, the Company entered into a credit agreement with Canadian Imperial Bank of Commerce, as administrative agent and lender, and the Bank of Montreal, as lender, in respect of a $65.0 million secured non-revolving term loan credit facility (the "**Credit Facility**"). In connection with closing the Credit Facility, the Company used funds available under the Credit Facility to fully repay the Romspen Construction Loan. In March 2019, the Credit Facility was repaid in full by the Company with a portion of the proceeds from the Altria Investment.

Contractual Obligations

As of March 31, 2019, the Company had the following contractual obligations:

($ in 000s)

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Bank Indebtedness	$ 422	$ 422	$ —	$ —	$ —
Lease Obligations Recognized	3,495	379	1,350	1,766	—
Lease Obligations Not Recognized	2,487	449	1,211	827	—
Purchase Obligations	28,809	11,091	17,638	80	—
Derivative Liabilities	1,664,275	1,664,275	—	—	—
Other Long-Term Liabilities	2,247	—	—	2,247	—
Total Contractual Obligations	1,701,735	1,676,616	20,199	4,920	—

Bank indebtedness relates to a subsidiary of the Company. Lease obligations recognized relate to the Company's headquarters and equipment leases. Lease obligations not recognized relate to the Company's future lease commitments for its headquarters and leases with a maturity of less than one year. Purchase obligations relate to R&D commitments associated with the Ginkgo Strategic Partnership and the Technion research agreement. Derivative Liabilities represent obligations related to the Altria Strategic Investment. See note 13 *"Derivative liabilities"* to the Interim Financial Statements for more information related to Derivative Liabilities. Other long-term liabilities represent obligations to non-controlling interests.

Equity

During Q1 2019, in connection with the closing of the Altria Investment, the Company issued 149,831,154 common shares to Altria at a price of $16.25 per common share and the Altria Warrant for aggregate gross proceeds of approximately $2.4 billion (before taking into account any commissions, fees or expenses).

Use of Proceeds

In April 2018, the Company closed a bought deal offering pursuant to which the Company issued a total of 10,420,000 common shares at a price of $9.60 per common share for aggregate proceeds of approximately $100.0 million (before taking into account any commissions, fees or expenses) (the "**April 2018 Bought Deal**"). Below is a reconciliation of the manner in which the net proceeds from the April 2018 Bought Deal were used by the Company compared to the disclosure in the Company's final short form prospectus dated March 29, 2018 (the "**March 2018 Final Prospectus**").

Disclosure in the March 2018 Final Prospectus	**Use of Proceeds**
$10,000,000 for its proportionate share of capital expenditures relating to construction and operating expenses of Cronos Australia in connection with Phase I of Cronos Australia.	The Company advanced $1.8 million of the net proceeds of the April 2018 Bought Deal for construction and operating expenses of Cronos Australia. The remaining $8.2 million of the net proceeds is expected to be used for construction and operating expenses of Cronos Australia over the next twelve-month period.
$5,000,000 to purchase equipment for use in Cronos Israel's greenhouse and manufacturing facility for Phase I of Cronos Israel.	The Company applied the full $5.0 million of the net proceeds of the April 2018 Bought Deal to the construction of Cronos Israel's greenhouse and manufacturing facility.
The remaining net proceeds for general working capital purposes, including working capital for the Company's international operations, and as capital on hand for potential new investment opportunities.	The Company applied the full remaining $79.3 million of the net proceeds of the April 2018 Bought Deal (which takes into account the Company's expenses in relation to the April 2018 Bought Deal) to general construction costs and equipment for Building 4, the modular lab, and the Peace Naturals Greenhouse and general working capital purposes. The Company applied $5.5 million to the previously disclosed $8.0 million in related construction and equipment expenditures associated with the greenhouse and manufacturing facility for Phase I of Cronos Israel. The total amount attributable to Phase I of the Cronos Israel greenhouse and manufacturing facility is $15.0 million, consisting of $8.0 million identified above along with $5.0 million from the April 2018 Bought Deal and $2.0 million from the January 2018 Bought Deal. The remaining $2.5 million of the net proceeds has instead been applied fully to general construction costs and equipment and is included in the $79.3 million disclosed above. In addition, $24.0 million of the net proceeds was previously expected to be used for R&D milestone payments associated with the Ginkgo Strategic Partnership. However, the Company instead applied $18.8 million of these net proceeds to general construction costs and equipment for Building 4, which is included in the $79.3 million identified above.

In January 2018, the Company closed a bought deal pursuant to which the Company issued a total of 5,257,143 common shares at a price of $8.75 per common share for aggregate proceeds of approximately $46.0 million (before taking into account any commissions, fees, or expenses) (the "**January 2018 Bought Deal**"). Below is a reconciliation of the manner in which the net proceeds from the January 2018 Bought Deal were used by the Company compared to the disclosure in the Company's final short form prospectus dated January 18, 2018 (the "**January 2018 Final Prospectus**").

Disclosure in the January 2018 Final Prospectus	**Use of Proceeds**
$5,000,000 for R&D initiatives, including cannabinoid production research and clinical trials.	The Company applied the full $5.0 million of the net proceeds of the January 2018 Bought Deal to R&D initiatives, including R&D, legal and transaction costs associated with cannabinoid production research and the Ginkgo Strategic Partnership.
$30,000,000 for expanding production capacity, including: (i) the continued expansion of production capacity at Building 4 and the Peace Naturals Greenhouse; and (ii) the construction of Cronos Israel's production facilities and general working capital for Cronos Israel operations.	The Company applied the full $30.0 million of the net proceeds of the January 2018 Bought Deal to expand production capacity, including $26.5 million on general construction costs and equipment for Building 4 and the Peace Naturals Greenhouse, $1.5 million for renovations related to existing facilities at Peace Naturals, and $2.0 million associated with clearing land, deposits on the Peace Naturals Greenhouse and equipment relating to Cronos Israel's production facilities.

The remaining net proceeds for general working capital purposes which may include establishing new international distribution channels in jurisdictions where there is a federal legal framework for medical cannabis and the associated costs of compliance with applicable regulatory requirements.	The Company applied the full remaining net proceeds (which takes into account the Company's expenses in relation to the January 2018 Bought Deal) to various activities, including $3.1 million to general working capital purposes, $3.7 million in preparation activities for the domestic adult use market in Canada, and $1.3 million to general construction costs and equipment for Building 4, the modular lab, and the Peace Naturals Greenhouse.

Financial Condition

The Company's primary need for liquidity is to fund operations and capital expenditures. Cronos Group's ability to fund operations and capital expenditures depends on, among other things, future operating performance and cash flows that are subject to general economic conditions and financial and other factors, including factors beyond the Company's control.

Historically, the Company has primarily funded its operations through debt and equity financings. The Company believes that cash on hand will be sufficient to satisfy its operational needs through at least the next 12 months.

SHARE INFORMATION

The issued and outstanding common shares, along with shares potentially issuable, are as follows as of the date indicated below.

(Actual shares)	**As at May 8, 2019**
Issued and Outstanding Shares	
Common Shares	334,087,851
Total Issued and Outstanding Shares	334,087,851
Potentially Issuable Shares	
Stock Options	12,732,413
Warrants	94,057,360
Total Potentially Issuable Shares	106,789,773
Total Outstanding and Potentially Issuable Shares	440,877,624

(1) In connection with the Altria Investment on March 8, 2019, the Company issued the Altria Warrant that entitles the holder, upon valid exercise in full, to acquire an aggregate of 73,990,693 common shares (subject to adjustment).

LEGAL PROCEEDINGS

As of the date of this MD&A, we are subject to three ongoing claims for damages. See note 19 "*Commitments and contingencies*" to the Interim Financial Statements for further discussions on our legal proceedings. We believe that all allegations in each proceeding are without merit and plan to vigorously defend ourselves; accordingly, no provision for loss has been recognized.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

As of the date of this MD&A, we have the following financial instruments: cash and cash equivalents, interest receivable, accounts receivable, advances to joint ventures, other investments, bank indebtedness, accounts payable and other liabilities, holdbacks payable, derivative liabilities and due to non-controlling interests. These financial instruments were not used in any hedging activities. See note 22 "*Financial instruments*" to the Interim Financial Statements for the assessment of related risks.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company has engaged in transactions with related parties as follows:

($ in 000s)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Key Management Compensation(1)		
Short-Term Employee Benefits, Including Salaries and Fees	$ 104	$ 109
Professional Fees	96	58
Share-Based Payments	226	339
Total Key Management Compensation	426	506

(1) *Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors.*

During Q1 2019 and Q1 2018, no options were issued to key management. As at March 31, 2019 and December 31, 2018, there were no balances payable to members of key management. During Q1 2019, no options (2018 – 150,000 options) were issued to directors of the Company and share-based payments of $0.2 million (2018 – $0.2 million) were recognized.

CHANGES IN ACCOUNTING ESTIMATE AND POLICY INCLUDING ADOPTION OF NEW PRONOUNCEMENTS

Change in Accounting Estimate

During Q1 2018, the Company revised its estimate of the useful life of the Health Canada licenses, and assessed that the licenses have an estimated useful life equal to the remaining useful life of the corresponding facilities described in note 9(a) *"Intangible assets and goodwill"* to the Interim Financial Statements. Previously, the Company estimated that the Health Canada licenses had an indefinite life. The change in estimate was accounted for prospectively.

Change in Accounting Policy

During the three months ended June 30, 2018, the Company made a voluntary change in accounting policy to capitalize the direct and indirect costs attributable to the biological asset transformation. The previous accounting policy was to expense these costs as period costs.

The new accounting policy provides more reliable and relevant information to users as the gross profit before fair value adjustments only considers the costs incurred on inventory sold during the period, and excludes costs incurred on the biological transformation until the related harvest is sold. There is no impact of this policy change on gross profit, net income (loss), basic and diluted earnings per share, the unaudited condensed interim consolidated statement of financial position, or the unaudited condensed interim consolidated statement of changes in equity on the current or any prior period, upon retrospective application.

See note 4(b) *"Accounting changes"* to the Interim Financial Statements for the impact of capitalization on both the current and prior period statement of operations and comprehensive income (loss).

Adoption of New Accounting Pronouncements

Except as noted below, the IASB has not issued any new standards, amendments to standards, or interpretations that have impacted the Company during Q1 2019. Our adoption of previously issued new standards, amendments to standards, and interpretations are set forth below.

IFRS 16, Leases

IFRS 16 was issued in January 2016 and replaces the previous guidance on leases, predominantly IAS 17, *Leases*. The Company has applied IFRS 16 with an initial application date of January 1, 2019, in accordance with the transitional provisions specified in IFRS 16. As a result, the Company has changed its accounting policy for lease contracts as detailed in note 3 *"Adoption of new accounting pronouncements"* to the Interim Financial Statements. The Company has applied the following two practical expedients. First, the Company applied the simplified transition approach and did not restate comparative information. As a result, the Company recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the accumulated deficit as at January 1, 2019. Second, on transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17, and IFRS Interpretations Committee ("**IFRIC**"), *Determining whether an arrangement contains a lease*, were not reassessed for whether there is a lease. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

In accordance with the practical expedients applied, the Company has recognized lease liabilities and right-of-use assets at the date of initial application for leases previously classified as operating leases in accordance with IAS 17. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value. The Company has elected to measure the right-of-use assets at the carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application. For the lease previously classified as a finance lease under IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is equal to the carrying amount of the leased asset and lease liability immediately before the date of initial application.

IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, *Income taxes*, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances. IFRIC 23 became effective for fiscal years beginning on or after January 1, 2019, with earlier application permitted. The Company has adopted this interpretation as of its effective date and has assessed no significant impact as a result of the adoption of this interpretation.

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, and as required by the applicable rules of the U.S. Securities and Exchange Commission (the "**SEC**"), management is responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**"), as defined in Rules 13a-15(e) and 15d-15(e) under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and internal control over financial reporting ("**ICFR**"), as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Management has designed DC&P and ICFR based on the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to senior management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") and information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in securities legislation. ICFR is designed, under the supervision of the CEO and CFO, to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of its financial statements in accordance with IFRS.

As at March 31, 2019, management concluded that the DC&P and ICFR were adequate and provide such reasonable assurances.

Changes in Internal Control Over Financial Reporting

Management has consistently embraced the importance of a robust ICFR program. In the ordinary course of business, we review our ICFR system and make changes to our applications and processes to improve such controls and increase efficiency, while ensuring that we maintain an adequate internal control environment. During Q1 2019, there were no changes in our ICFR that have materially affected, or are reasonably likely to materially affect, our ability to certify the design of our ICFR.

Limitations of Controls and Procedures

Because of its inherent limitations, any DC&P and ICFR system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system is meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS. These inherent limitations include, but are not limited to, human error and circumvention of controls and as such, there can be no assurance that the controls will prevent or detect all misstatements due to error or fraud, if any. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

RISKS AND UNCERTAINTIES

We are subject to various risks that could have a material impact on us, our financial performance, condition and outlook. 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. These risks include, but are not limited to, the following risks:

- We are reliant on our licenses, authorizations, approvals and permits for our ability to grow, store and sell cannabis and other products derived therefrom and such licenses are subject to ongoing compliance, reporting and renewal requirements, including significant regulation under the Cannabis Act as well as various provincial, territorial and municipal legislation.

- Our ability to continue to grow, process, store and sell medical cannabis and participate in the Canadian medical and adult-use cannabis markets is dependent on the maintenance and validity of our licenses from Health Canada, and in particular the Peace Naturals Production License, the Peace Naturals Drug License and the OGBC Production License.
- We operate in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.
- License holders, including our License Holders, are constrained by law in their ability to produce and market products.
- The laws, regulations and guidelines generally applicable to the cannabis industry are changing and may change in ways currently unforeseen by us.
- Changes in the regulations governing cannabis outside of Canada may adversely impact our business.
- There can be no assurance that the legislation governing adult-use cannabis in Canada will allow for growth.
- The effect of the legalization of adult-use cannabis in Canada on the medical cannabis industry 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.
- We may be unsuccessful in competing in the legal adult-use cannabis market in Canada.
- Future clinical research studies on the effects of medical cannabis may lead to conclusions that dispute or conflict with our understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis.
- Our expansion into jurisdictions outside of Canada is subject to risks.
- Investments and joint ventures outside of Canada are subject to the risks normally associated with any conduct of business in foreign countries, including varying degrees of political, legal and economic risk.
- If we choose to engage in other R&D activities outside of Canada, controlled substance and other legislation and treaties may restrict or limit our ability to research, manufacture and develop a commercial market for our products.
- Our use of joint ventures may expose us to risks associated with jointly owned investments.
- 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 and certain of our subsidiaries have limited operating history and therefore we are subject to many of the risks common to early-stage enterprises.
- Our existing production facilities in Canada are integral to our operations and any adverse changes or developments affecting our facilities may impact our business, financial condition and results of operations.
- We may not successfully execute our production capacity expansion strategy.
- The cannabis industry and markets are relatively new in Canada and in other jurisdictions, and this industry and market may not continue to exist or grow as anticipated or we may ultimately be unable to succeed in this industry and market.
- The Canadian excise duty framework may affect profitability.
- We are dependent on our senior management.
- We may be subject to product liability claims.
- Our products may be subject to recalls.
- 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, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer perception.
- We may not be able to successfully develop new products or find a market for their sale.
- The technologies, process and formulations we use may face competition or become obsolete.
- 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.
- We may fail to retain existing customers or acquire new customers.
- We may not be able to achieve or maintain profitability and may continue to incur losses in the future.
- We may not be able to secure adequate or reliable sources of funding required to operate our business.
- 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.
- We must rely largely on our own market research to forecast sales and market demand which may not materialize.
- 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.

- If we are not able to comply with all safety, health and environmental regulations applicable to our operations and industry, we may be held liable for any breaches thereof.
- We may become involved in regulatory or agency proceedings, investigations and audits.
- We may be subject to, or prosecute, litigation in the ordinary course of business.
- We may not be able to successfully manage our growth.
- 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.
- We rely on third-party distributors to distribute our products, and those distributors may not perform their obligations.
- We may not supply the provinces and territories of Canada with our products in the quantities anticipated, or at all.
- Third parties with whom we do business may perceive themselves as being exposed to reputational risk as a result of their relationship with us and may, as a result, refuse to do business with us.
- U.S. border officials could deny entry into the U.S. to our management, employees and/or investors.
- Our cannabis cultivation operations are subject to risks inherent in an agricultural business.
- Our cannabis cultivation operations are vulnerable to rising energy costs and dependent upon key inputs.
- We are vulnerable to third party transportation risks.
- We are subject to liability arising from any fraudulent or illegal activity by our employees, contractors and consultants.
- 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 are subject to certain restrictions of the TSX which may constrain our ability to expand our business internationally.
- Failure to establish and maintain effective internal control over financial reporting may result in us 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 subject to risks related to the protection and enforcement of our intellectual property rights and may become subject to allegations that we are in violation of intellectual property rights of third parties.
- We license some intellectual property rights, and the failure of the owner of such intellectual property to properly maintain or enforce the intellectual property underlying such licenses could have a material adverse effect on our business, financial condition and 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.
- Tax and accounting requirements may change in ways that are unforeseen to us and we may face difficulty or be unable to implement and/or comply with any such changes.
- Our financial performance is subject to risks of foreign exchange rate fluctuation which could result in foreign exchange losses.
- The inability of our counterparties and customers to meet their financial obligations to us may result in financial losses.
- Natural disasters, unusual weather, pandemic outbreaks, boycotts and geo-political events or acts of terrorism could adversely affect our operations and financial results.
- Altria has significant influence over us following the closing of the Altria Investment.
- We have discretion in the use of net proceeds from the Altria Investment and may not use them effectively.
- 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.
- Any common shares issued pursuant to the exercise of the Altria Warrant will dilute shareholders.
- Altria's significant interest in the Company may impact the liquidity of the common shares.
- 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.
- Future sales of our common shares by Altria could cause the market price for our common shares to fall.
- The market price for our securities may be volatile and subject to fluctuation in response to numerous factors, many of which are beyond our control.
- We are eligible to be treated as an "emerging growth company", as defined in the Jumpstart Our Business Startups (JOBS) Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our securities less attractive to investors.

- We incur increased costs as a result of being a public company in the U.S., and our management is required to devote substantial time to U.S. public company compliance programs.
- As a foreign private issuer, we are subject to different U.S. securities laws and rules than a domestic U.S. issuer, which may limit the information publicly available to our shareholders.
- We may lose foreign private issuer status in the future, which could result in significant additional costs and expenses to us.
- We may require additional capital in the future and we cannot give any assurance that such capital will be available at all or available on terms acceptable to us and, if it is available, additional capital raised by us may dilute holders of our securities.
- A substantial number of our securities are owned by a limited number of existing shareholders.
- It is not anticipated that any dividend will be paid to holders of common shares for the foreseeable future.
- Investors in the U.S. may have difficulty bringing actions and enforcing judgments against us and others based on securities law civil liability provisions.
- 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.
- 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.

A more detailed description of certain risks associated with the Company can be found under the heading “Risk Factors” in the AIF.

ADDITIONAL INFORMATION

Our Canadian filings, including the AIF, are available on the System for Electronic Document Analysis and Retrieval at www.sedar.com. Our reports and other information filed with the SEC are available on the SEC’s Electronic Document Gathering and Retrieval System at www.sec.gov.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Michael Gorenstein, Chief Executive Officer and President of Cronos Group Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Cronos Group Inc. (the "issuer") for the interim period ended March 31, 2019.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
    (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
    (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is *Internal Control – Integrated Framework (2013)* ("COSO Framework") published by the Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ***ICFR – material weakness relating to design:*** N/A.

5.3 ***Limitation on scope of design:*** N/A.

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2019 and ended on March 31, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 9, 2019.

/s/ "**Michael Gorenstein**"
Michael Gorenstein
Chief Executive Officer and President

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Jerry F. Barbato, Chief Financial Officer of Cronos Group Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Cronos Group Inc. (the "issuer") for the interim period ended March 31, 2019.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
   - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
   - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is *Internal Control – Integrated Framework (2013)* ("COSO Framework") published by the Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ***ICFR – material weakness relating to design:*** N/A.

5.3 ***Limitation on scope of design:*** N/A.

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2019 and ended on March 31, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 9, 2019.

/s/ "**Jerry F. Barbato**"
Jerry F. Barbato
Chief Financial Officer