

Green Organic Dutchman Holdings Ltd.

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Green Organic Dutchman unveils new strategic plan

The Green Organic Dutchman Holdings Ltd (TSE:TGOD) (OTCMKTS:TGODF) on Friday unveiled a new strategic plan, including a series of actions to reduce the cannabis company's financing requirements while maintaining its path to profitability.

These actions will result in increased agility, lower capital requirements and optimal production capacity to serve the organic segment, the Ontario-based company said in a statement.

"These actions are logical next steps in TGOD's road to profitability," said CEO Brian Athaide. "While we are committed to - and our strategy continues to leverage - our unparalleled scale as an organic producer as well as our international assets, we have identified areas where our scale would not provide for meaningful returns in the near term given the slower pace of legal market conversion."

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Athaide added that the company will "optimize our operating efficiency by deferring excess capacity and expenses, whether they center on production facilities, international expansion projects or technology."

Given current market conditions, TGOD said it is adopting a new construction and operating plan to reduce its cash needs, with a prudent production ramp leading to expected positive operating cash flow in the second quarter of 2020.

The company said the Ancaster greenhouse is complete, and the Ancaster processing facility is approximately five weeks from material completion. The large scale project in Valleyfield, Quebec will be demarcated into smaller phases, with more to be completed once the market further develops. And the combined facilities will enable TGOD to produce 20,000 kilograms to 22,000 kg in 2020.

Moreover, the company said it estimates that it will need about \$70 million to \$80 million between now and the end of the second quarter of 2020 to undertake the plan and reach positive operational cash flow by then.

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TGOD has engaged with an advisor and is currently evaluating a variety of options to secure the required funding.

This plan, the company said, maintains the optionality to recommence completion of Valleyfield Phase 1a to full 65,000 kg capacity and Phase 1b for a further 65,000 kgs once there is a clear path to Canadian retail store expansions and legal revenue growth.

Funding is expected to come from operating cash flow or with lower-cost financing given proven production and revenue from Ancaster and the smaller first phase of Valleyfield.

Price: 0.55

Market Cap: \$172 m

1 Year Share Price Graph



February 2019 August 2019 February 2020

Share Information

Code: TGOD

Listing: TSX

52 week	High	Low
	5.81	0.54

Sector: Cannabis

Website: tgod.ca

Company Synopsis:

The Green Organic Dutchman produces Farm Grown, Pharma Grade Organic Cannabis. The Company grows high quality, organic medical cannabis with sustainable, all natural principles. TGOD's products are laboratory tested to ensure patients have access to a standardized, safe and consistent product.

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"With the current Canadian legal market being smaller than initially anticipated, mainly due to a slow rollout of retail locations in key provinces, we believe that our revised plan will allow TGOD to right-size its production to capture the organic segment, while maintaining optionality to quickly accelerate and expand as more retail locations begin to open," Athaide said.

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