UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

For the fiscal year ended **August 31, 2020** Commission File Number: **001-38885**

ORGANIGRAM HOLDINGS INC.

(Exact name of Registrant as specified in its charter)

Canada	**2833**	**N/A**
(Province or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. Employer Identification No.)*

35 English Dr.
Moncton, New Brunswick
Canada E1E 3X3
Tel: 1-855-961-9420
(Address and telephone number of Registrant's principal executive offices)

CORPORATION SERVICE COMPANY
251 Little Falls Drive
County of New Castle
Wilmington, Delaware 19808
Tel: 1-800-927-9800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares	**OGI**	**NASDAQ Global Select Market**

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

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual Information Form ☒ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report: 156,196,347

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

INTRODUCTORY INFORMATION

Organigram Holdings Inc. (the "**Company**" or "**Organigram**") is a "foreign private issuer" as defined in Rule 3b-4 under Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is a Canadian issuer eligible to file its annual report (" **Annual Report**") pursuant to Section 13 of the Exchange Act on Form 40-F pursuant to the multi-jurisdictional disclosure system (the "**MJDS**") adopted by the United States Securities and Exchange Commission (the "**SEC**"). The Company's common shares are listed on the Toronto Stock Exchange and the Nasdaq Global Select Market ("**Nasdaq**") under the trading symbol "OGI".

In this annual report, references to "we", "our", "us", the "Company" or "Organigram", mean Organigram Holdings Inc. and our wholly-owned subsidiaries, unless the context suggests otherwise.

Unless otherwise indicated, all amounts in this annual report are in Canadian dollars and all references to "$" mean Canadian dollar and references to "U.S. dollars" or "US$" are to United States dollars.

PRINCIPAL DOCUMENTS

The following principal documents are filed as exhibits to, and incorporated by reference into this Annual Report:

Document	Exhibit No.
Audited consolidated financial statements of the Company and notes thereto as at and for the year ended August 31, 2020, together with the report thereon of the independent registered public accounting firm	99.4
Management's Discussion and Analysis of the Company for the year ended August 31, 2020 (the " **MD&A**")	99.5
Annual Information Form of the Company for the year ended August 31, 2020 (the " **AIF**")	99.6

FORWARD-LOOKING STATEMENTS

This Annual Report (including the documents incorporated by reference herein) includes or incorporates by reference certain statements that constitute "forward-looking statements" within the meaning of the United States *Private Securities Litigation Reform Act of 1995*. These statements appear in a number of places in this Annual Report and include statements regarding our intent, belief or current expectation and that of our officers and directors. Such statements can be identified by the use of forward-looking terminology such as "outlook", "objective", "may," "will," "could", "would", "might", "expect", "intend", "estimate", "anticipate", "believe", "plan", "continue", "budget", "schedule" or "forecast" or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, forecasts or other characterizations of future events or circumstances, and the Company's objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the Company's plans and objectives, or estimates or predictions of actions of customers, suppliers, partners, distributors, competitors or regulatory authorities; and, statements regarding the Company's future economic performance. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. Forward-looking information has been based on the Company's current expectations about future events.

Forward-looking statements in this Annual Report include, but are not limited to, statements with respect to:

- Moncton Campus (as defined in the AIF) licensing and target capacity and timing thereof;
- Expectations regarding production capacity, facility size, THC content, costs and yields;
- The impact of the current global health crisis caused by COVID-19 (as defined in the AIF);

- Expectations around demand for cannabis and related products, future opportunities and sales including the relative mix of medical versus adult-use recreational products, the relative mix of products within the adult-use recreational category including wholesale, the Company's financial position, future liquidity and other financial results;
- Legislation of additional cannabis types and forms for adult-use in Canada including regulations relating thereto and the implementation thereof and our future product forms;
- Expectations around branded products and derivative-based products with respect to timing, launch, product attributes, composition and consumer demand;
- Strategic investments and capital expenditures, and expected related benefits;
- Expectations regarding the resolution of litigation and other legal proceedings;
- The general continuance of current, or where applicable, assumed industry conditions;
- Changes in laws, regulations and guidelines, including the recreational and medical cannabis market;
- Price of cannabis and derivative cannabis products;
- Impact of the Company's cash flow and financial performance on third parties, including its supply partners;
- Fluctuations in the price of the Company's common shares and the market for the Company's common shares;
- Treatment of the Company's business under governmental regulatory regimes and tax laws, including the Excise Act (as defined in the AIF) and the renewal of the Company's license thereunder and the Company's ability to obtain export licenses from time to time;
- The Company's growth strategy, targets for future growth and forecasts of the results of such growth;
- Expectations concerning access to capital and liquidity and the Company's ability to access the public markets to fund operational activities and growth;
- The Company's ability to remain listed on the TSX and Nasdaq and the impact of any actions it may be required to take to remain listed;
- The ability of the Company to generate cash flow from operations and from financing activities;
- The competitive conditions of the industry, including the Company's ability to maintain or grow its market share;
- Expectations with respect to the success of the Company's research and development initiatives;
- The scope of protection the Company is able to establish and maintain, if any, for its intellectual property rights;
- The Company's ability to enter into and maintain strategic arrangements with distributors and retailers and the potential costs and benefits of such arrangements;

- The Company's anticipated investments in community relations, cannabis health and safety education programming in the locations where the Company operates and the further development of its social responsibility programs;
- The targeting of international opportunities as the laws and regulations governing cannabis evolve internationally;
- The legalization of industrial hemp or cannabis for medical use or adult recreational use in jurisdictions outside of Canada and the Company's ability to participate in any such markets, if and when such use is legalized;
- The Company's ability to import and export cannabis, hemp, and cannabis and hemp extracts to/from foreign jurisdictions it may identify from time to time;
- Whether key personnel will continue their employment with the Company; and
- The Company's plan with respect to the payment of dividends.

Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company and its business, operations, risks, financial performance, financial position and cash flows as at and for the 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 such statements may not be appropriate for other purposes. Forward-looking statements do not guarantee future performance and involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. In addition, this Annual Report may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the expectations, predictions, forecasts, projections and, conclusions will not occur or prove accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved.

Factors that could cause actual results to differ materially from those set forth in forward-looking statements include, but are not limited to: financial risks; dependence on senior management, the board of directors of the Company (the "**Board of Directors**"), consultants and advisors; availability and sufficiency of insurance including continued availability and sufficiency of director and officer and other forms of insurance; the Company and its subsidiaries being able to, where applicable, cultivate cannabis pursuant to applicable law and on the currently anticipated timelines; industry competition; general economic conditions and global events including COVID-19 retail store closures or reduced sales at retail stores or otherwise due to COVID-19; heightened uncertainty as a result of COVID-19 including economic and industry uncertainty and governmental action in respect thereto including with respect to impacts on production, operations, product development, new product launches, disclosure controls and procedures or internal control over financial reporting, including as they may be impacted by delays in remediation due to work from home policies and other COVID 19 impacts, demand for products and services, third-party suppliers or service providers, and any existing or new international business partnerships; production facilities running at less than full capacity due to reduced workforce for reasons related to COVID-19 (as described herein) and market demand; potential supply chain and distribution disruptions; product development, facility and technological risks; changes to government laws, regulations or policy, including environmental or tax, or the enforcement thereof; agricultural risks; ability to maintain any required licenses or certifications; supply risks; product risks; construction delays or postponements; packaging and shipping logistics; expected number of medical and adult-use recreational cannabis users in Canada and internationally; potential time frame for the implementation of legislation to legalize cannabis internationally; the Company's, its subsidiaries and its investments' ability to, where applicable, obtain and/or maintain their status as Licensed Producers (as defined in the AIF) or other applicable licenses; risk factors affecting its investments; availability of any required financing on commercially attractive terms or at all; non-compliance with debt covenants; the potential size of the regulated adult-use recreational cannabis market in Canada; demand for and changes in the Company's cannabis and related products, including the Company's Rec 2.0 products (as defined in the MD&A), and the sufficiency of the retail networks to supply such demand; ability to enter and participate in international market opportunities; general economic, financial market, regulatory, industry and political conditions affecting the Company; the ability of the Company to compete in the cannabis industry and changes in the competitive landscape; a material decline in cannabis prices; the Company's ability to manage anticipated and unanticipated costs; the Company's ability to implement and maintain effective internal controls over financial reporting and disclosure controls and procedures; and, other risks and factors described from time to time in the documents filed by the Company with securities regulators. Material factors and assumptions used in establishing forward-looking information include that construction and production activities will proceed as planned and demand for cannabis and related products will change in the manner expected by management, in each case after taking into account any impacts related to COVID-19 that are currently known or predicted by management based on the limited information available and the fluidity and uncertainty of the crisis.

All forward-looking information is provided as of the date of this Annual Report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as and to the extent required by applicable law, including applicable United States federal securities laws.

See also "Risk Factors" in the MD&A and the AIF.

NOTE TO UNITED STATES READERS REGARDING DIFFERENCES BETWEEN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted to prepare this Annual Report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board (the " **IASB**"), which differ in certain respects from United States generally accepted accounting principles ("**US GAAP**") and from practices prescribed by the SEC. Therefore, the Company's financial statements incorporated by reference in this Annual Report may not be comparable to financial statements prepared in accordance with U.S. GAAP.

CURRENCY

Unless otherwise indicated, all dollar amounts in this Annual Report are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on August 31, 2020 based upon the daily exchange rate as quoted by the Bank of Canada was U.S.$1.00 = Cdn.$1.30.

TAX MATTERS

Purchasing, holding, or disposing of the Company's securities may have tax consequences under the laws of the United States and Canada that are not described in this Annual Report.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act to mean controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and includes, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of our Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our CEO and CFO concluded that, as of the end of the period covered by this report, our disclosure controls and procedures, as defined in Rule 13a-15(e), were not effective because of the material weaknesses in our internal control over financial reporting described below.

Regardless of how well the disclosure controls and procedures and internal control over financial reporting are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS as issued by the IASB. 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 errors or fraud, if any.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal Control over Financial Reporting

Internal control over financial reporting, as defined by Rule 13a-15(f) and 15d-15(f) of the Exchange Act, is a process designed by, or under the supervision of the Company's principal executive and principal financial officers or persons performing similar functions and effected by the Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. Internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

In connection with the Company's reporting obligations in Canada and its obligations under Rule 13a-15(c) under the Exchange Act, management, under the supervision and with the participation of its CEO and CFO, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of August 31, 2020, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013). Based on this evaluation management concluded that certain material weaknesses existed as of August 31, 2020, as described at page 39 of the MD&A, filed as Exhibit 99.5 to this Annual Report.

No Auditor's Attestation Report

As an "emerging growth company" (as such term is defined in Rule 12b-2 under the Exchange Act), the Company is not required to include in this Annual Report an attestation report of the Company's independent registered public accounting firm relating to the Company's internal control over financial reporting. The Company will be required to provide an attestation report when it no longer qualifies as an emerging growth company.

No Changes in Internal Control over Financial Reporting

There have been no changes to the Company's internal control over financial reporting during the year ended August 31, 2020 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

CORPORATE GOVERNANCE

The Board of Directors is responsible for the Company’s corporate governance and has the following separately designated standing committees: the Governance and Nominating Committee, the Compensation Committee, the Investment Committee, and the Audit Committee. The respective charters of the Governance and Nominating Committee, the Compensation Committee, the Investment Committee, and the Audit Committee can be viewed on the Company’s corporate website at www.organigram.ca. In addition, the Company’s Audit Committee Charter is attached as Appendix “A” to the AIF, which is filed as Exhibit 99.6 to this Annual Report.

Governance and Nominating and Compensation Committees

The Governance and Nominating and Compensation Committees are responsible for reviewing, overseeing and evaluating the governance, nominating and compensation policies of the Company. The Committee mandates include: (a) assessing the effectiveness of the Board of Directors, each of its committees and individual directors; (b) overseeing the recruitment and selection of candidates to be nominated for election as directors; (c) organizing an orientation and education program for new directors; (d) considering and approving proposals by the directors to engage outside advisors on behalf of the Board of Directors as a whole or on behalf of the independent directors; (e) reviewing and making recommendations to the Board of Directors concerning the size, composition and structure of the Board of Directors and its committees; (f) overseeing management succession; (g) administering any securities-based compensation plans of the Company; (h) assessing the performance of the Company's management; (i) reviewing and approving the compensation paid by the Company, if any, to the Company's officers; and (j) reviewing and making recommendations to the Board of Directors concerning the level and nature of the compensation payable to Company's directors and officers.

The Compensation Committee reviews and makes recommendations to the Board of Directors at least annually with respect to the compensation of the Chief Executive Officer and other senior executive officers of the Company, including incentive compensation plans, equity-based plans, the terms of any employment agreements, severance arrangements, and change of control arrangements or provisions, and any special or supplemental benefits. In considering compensation matters, the Committee is required under its Charter to be guided by the following principles: (a) offering competitive compensation to attract, retain and motivate the very best qualified individuals in order for the Company to meet its goals; and (b) acting in the interests of the Company by being fiscally responsible.

The Company's Governance and Nominating and Compensation Committees are required under their Charter to meet at least semi-annually and more frequently as circumstances require. The Governance and Nominating Committee is comprised of Geoffrey Machum (Chair), Sherry Porter and Dexter John. The Compensation Committee is comprised of Sherry Porter (Chair), Geoffrey Machum and Ken Manget. The Board of Directors has determined that all three members of each of the Governance and Nominating and the Compensation Committees are independent, based on the criteria for independence prescribed by Rule 5605(a)(2) of the Nasdaq Marketplace Rules.

Investment Committee

The Investment Committee's mandate is to assist the Board of Directors in discharging the Board of Directors' oversight responsibilities relating to proposed acquisitions, dispositions, major capital investments and financing arrangements. The Investment Committee is responsible for: (a) reviewing at least quarterly with management the Company's strategic business objectives, including potential acquisitions, dispositions, transaction opportunities and financing arrangements; (b) convening with management as needed to discuss and assess such opportunities, and reviewing and evaluating such opportunities with management on a regular basis; (c) monitoring the performance of the Company's completed transactions and investments by conducting periodic reviews for the purposes of evaluating the degree of success achieved, assessing the accuracy of projections and other assumptions relied upon in approving transactions, identifying the factors that differentiate more successful transactions from less successful ones, and evaluating the strategic contributions resulting from transactions; (d) considering, in conjunction with the Audit Committee as appropriate, the accounting treatment and impact of proposed investments; (e) when appropriate, making recommendations to the Board of Directors in respect of a proposed acquisition, disposition, financing or other arrangement (provided, however, that management may approve, without the requirement for further Committee or Board of Directors action, corporate development, business development, acquisitions and divestiture transactions in the normal course of business involving consideration up to CAD$5,000,000); and (f) considering conformance with applicable law and compliance elements of proposed investments.

The Investment Committee is comprised of Dexter John (Chair), Stephen Smith and Ken Manget. The Board of Directors has determined that all three members of the Investment Committee are independent, based on the criteria for independence prescribed by Rule 5605(a)(2) of the Nasdaq Marketplace Rules.

AUDIT COMMITTEE

Our Board of Directors has established the Audit Committee in accordance with section 3(a)(58)(A) of the Exchange Act and Rule 5605(c) of the Nasdaq Marketplace Rules for the purpose of overseeing our accounting and financial reporting processes and the audits of our annual financial statements.

The Audit Committee is comprised of Stephen Smith (Chair), Ken Manget and Dexter John. Our Board of Directors has determined that the Audit Committee meets the composition requirements set forth by Section 5605(c)(2) of the Nasdaq Marketplace Rules, and that each of the members of the Audit Committee is independent as determined under Rule 10A-3 of the Exchange Act and Rule 5605(a)(2) of the Nasdaq Marketplace Rules. All three members of the Audit Committee are financially literate, meaning they are able to read and understand the Company's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Our Board of Directors has determined that Stephen Smith:

- qualifies as an "audit committee financial expert" (as defined in paragraph (8)(b) of General Instruction B to Form 40-F),
- has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in his financial sophistication (pursuant to Rule 5605(c)(2)(A) of the Nasdaq Marketplace Rules), and
- is independent (as determined under Exchange Act Rule 10A-3 and Rule 5605(a)(2) of the Nasdaq Marketplace Rules).

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITOR

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors and requires the Audit Committee to pre-approve all permitted non-audit services to be provided by the Company's external auditors, in accordance with applicable law.

PRINCIPAL ACCOUNTING FEES AND SERVICES

Tabular disclosure of the amounts billed to us by our independent auditor for each of our last two fiscal years ended August 31, as Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees, is made on page 62 of the AIF, filed as Exhibit 99.6 to this Annual Report.

Audit Fees

Audit Fees include fees necessary to perform the annual audit and quarterly reviews of the Company’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits. For the year ended August 31, 2020, Audit Fees were comprised of quarterly reviews and the annual audit, and fees with respect to a base shelf prospectus and two prospectus supplements documents filed by the Company.

Audit-Related Fees

Audit–Related Fees include fees for assurance and related services that are related to the performance of the review of the financial statements, including fees for review of the Company’s Annual Information Form. For the year ended August 31, 2020, Audit-Related Fees were comprised of fees for Canadian Public Accountability Board (“**CPAB**”) participation, and, for the year ended August 31, 2019, Audit-Related Fees were comprised of CPAB participation fees.

Tax Fees

Tax Fees include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

All Other Fees

All other fees relate to services other than the Audit Fees, Audit-Related Fees and Tax Fees, and includes fees on consultations on acquisition related matters.

Audit Committee Pre-Approval Policies

From time to time, management of the Company recommends to and requests approval from the Audit Committee for audit and non-audit services to be provided by the Company's auditor.

The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor. The pre-approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any "off-balance sheet arrangements", as defined in General Instruction B(11) to Form 40-F, that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

CONTRACTUAL OBLIGATIONS

Tabular disclosure of the Company's contractual obligations as at August 31, 2020 is made on page 41 of the MD&A, filed as Exhibit 99.5 to this Annual Report.

CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics (the " **Code**") that applies to our officers (including without limitation, the CEO, CFO), employees and directors of the Company and its subsidiaries and promotes, among other things, honest and ethical conduct. The Code meets the requirements for a "code of ethics" within the meaning of that term in Form 40-F.

The Code was reviewed and approved by the Board of Directors on August 26, 2020. The Code is available on the Company's corporate website at www.organigram.ca and under the Company's SEDAR profile on www.SEDAR.com and is filed as Exhibit 99.7 to this Annual Report.

No waivers of the Code were granted to any principal officer of the Company or any person performing similar functions during the fiscal year ended August 31, 2020.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Company sent during the year ended August 31, 2020 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

NASDAQ CORPORATE GOVERNANCE

The Company complies with corporate governance requirements of both the TSX and Nasdaq. As a foreign private issuer the Company is not required to comply with all of the corporate governance requirements of Nasdaq; however, the Company adopts best practices consistent with domestic Nasdaq listed companies when appropriate to its circumstances.

The Company has reviewed the Nasdaq corporate governance requirements and confirms that except as described below, the Company is in compliance with the Nasdaq corporate governance standards in all significant respects:

Executive Sessions: Under Rule 5605(b)(2) of the Nasdaq Marketplace Rules, a listed company must have regularly scheduled meetings at which only independent directors are present ("**executive sessions**"). The rule contemplates that executive sessions will occur at least twice a year, and perhaps more frequently, in conjunction with regularly scheduled board meetings. Under applicable Canadian rules, customs and practice, the Company's independent directors are not required to hold executive sessions. However, the Company is subject to certain disclosure requirements prescribed in Canadian Form 58-101F1 - *Corporate Governance Disclosure*. In particular, the Company must disclose whether the independent directors hold executive sessions and, if such executive sessions are held, how many of these meetings have been held since the beginning of the Company's most recently completed financial year. If the Company does not hold executive sessions, the Company must describe what the Board of Directors does to facilitate open and candid discussion among its independent directors.

Contents of Audit Committee Charter: Under Rule 5605(c)(1) of the Nasdaq Marketplace Rules, a listed company must adopt a formal written charter that specifies the scope of its responsibilities and the means by which it carries out those responsibilities; the outside auditor's accountability to the audit committee; and the audit committee's responsibility to ensure the independence of the outside auditor. In accordance with section 2.3(1) of Canadian National Instrument 52-110 - *Audit Committees*, the Company has adopted an Audit Committee Charter that sets out its mandate and responsibilities, and substantially complies with Rule 5605(c)(1) of the Nasdaq Marketplace Rules. However, the Audit Committee Charter does not strictly comply with the requirement under Rule 5605(c)(1)(B) that an audit committee charter must specify the committee's responsibility for ensuring its receipt from the outside auditors of a formal written statement delineating all relationships between the auditor and the company, with the view to confirming the objectivity and independence of the auditor. Instead, consistent with the laws, customs and practices in Canada, the Company's Audit Committee Charter provides that: (a) the Committee shall satisfy itself, on behalf of the Board of Directors, that the external auditor is independent of management; and (b) in assessing such independence, the Committee shall discuss with the external auditor, and may require a letter from the external auditor outlining, any relationships between the external auditor and the Company or its affiliates.

Composition of Compensation Committee: Under Rule 5605(d)(1) of the Nasdaq Marketplace Rules, a listed company must adopt a formal written compensation committee charter that specifies the scope of its responsibilities and the means by which it carries out those responsibilities, including structure, processes and membership requirements. Rule 5605(d)(2)(A) requires that, subject to a limited exception, the compensation committee must be composed of at least two members, each of whom must be an independent director as defined in Rule 5605(a)(2).

Independent Director Oversight of Director Nominations: Rule 5605(e)(1) of the Nasdaq Marketplace Rules prescribes that, subject to a limited exception, director nominees must either be selected, or recommended for the Board of Directors' selection, either by: (a) independent directors (as defined in Rule 5605(a)(2)) constituting a majority of the Board of Directors' independent directors in a vote in which only independent directors participate, or (b) a nominations committee comprised solely of independent directors. Rule 5605(e)(2) requires a listed company to adopt a formal written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under United States federal securities laws.

The Company's Governance and Nominating Committee and Compensation Committee : The Company has adopted a Governance and Nominating Committee Charter and a Compensation Committee Charter that substantially comply with Rules 5605(d)(1) and Rule 5605(e)(2) of the Nasdaq Marketplace Rules. However, in contrast to the requirements of Rules 5605(d)(2)(A) and 5605(e)(1), the Charters prescribe that only a majority of the Committee (which should be comprised of a minimum of three directors) must be independent as defined in Canadian National Instrument 58 101 - *Disclosure of Corporate Governance Practices*, and free from any relationship that, in the view of the Board of Directors, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee. This is consistent with the laws, customs and practices in Canada. As disclosed elsewhere in this Annual Report, the Company's Governance and Nominating Committee is currently comprised of Geoff Machum (Chair), Sherry Porter and Dexter John and the Compensation Committee is currently comprised of Sherry Porter (Chair), Geoff Machum and Ken Manget, each of whom has been determined by the Board of Directors to be independent based on the criteria for independence prescribed by Rule 5605(a)(2) of the Nasdaq Marketplace Rules.

Shareholder Meeting Quorum Requirement: Under Rule 5620(c) of the Nasdaq Marketplace Rules, a listed company that is not a limited partnership must provide in its by-laws for a quorum of not less than 33 $^{1}/_{3}$% of the outstanding shares of the company's common voting stock in respect of all meetings of the holders of its common stock. The Company's Bylaws provide that a quorum for a meeting of shareholders of the Company is present if two persons who are, or who represent by proxy, one or more shareholders who, in the aggregate, hold at least five percent of the issued shares. This quorum requirement is consistent with the laws, customs and practices in Canada.

Proxy Delivery Requirement: Under Rule 5620(b) of the Nasdaq Marketplace Rules, a listed company that is not a limited partnership must solicit proxies and provide proxy statements for all meetings of shareholders, and also provide copies of such proxy solicitation materials to Nasdaq. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

Distribution of Annual Reports: NASDAQ Marketplace Rule 5250(d) requires a NASDAQ-listed company to make available to shareholders an annual report containing audited financial statements of the company and its subsidiaries (which, for example, may be on 40-F under the Exchange Act) within a reasonable period of time following the filing of the annual report with the SEC. The Company may comply with this requirement either:

- by mailing the report to shareholders (as opposed to electronic or notice-and-access delivery);
- by satisfying the requirements for furnishing an annual report contained in Rule 14a-16 under the Exchange Act; or
- by posting the annual report to shareholders on or through the company's website, along with a prominent undertaking in the English language to provide shareholders, upon request, a hard copy of the annual report free of charge. A company that chooses to satisfy this requirement pursuant in this manner must, simultaneous with this posting, issue a press release stating that its annual report has been filed with the Commission. The press release must also state that: (a) the annual report is available on the company's website and include the website address, and (b) shareholders may receive a hard copy free of charge upon request.

As indicated above, the Company is exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act (as well as Rule 14a-16 promulgated under the Exchange Act), and solicits proxies in accordance with applicable rules and regulations in Canada.

Section 437 of the TSX Company Manual requires that: (a) every TSX-listed company must forward annually to each shareholder who has requested them its annual financial statements and its related management's discussion and analysis in accordance with Canadian National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**"); and (b) if a listed company produces an annual report, it must be filed publicly through SEDAR, available at www.sedar.com.

Pursuant to NI 51-102, the Company is required to send annually a request form to the registered holders and beneficial owners of its securities, other than debt instruments, that registered holders and beneficial owners may use to request a copy of the Company's annual financial statements and related management's discussion and analysis, the interim financial statements and related management's discussion and analysis, or both. If a registered holder or beneficial owner of securities, other than debt instruments, of the Company requests the Company's annual or interim financial statements, the Company must send a copy of the requested financial statements to the person or company that made the request, without charge, by the later of: (a) 10 days after the filing deadline for the financial statements, or (b) 10 calendar days after the Company receives the request. If the Company sends financial statements it must also send, at the same time, the annual or interim management's discussion and analysis relating to the financial statements.

Shareholder Approval Requirements: Section 5635 of the Nasdaq Marketplace Rules requires shareholder approval for issuances of common shares, or any securities convertible or exercisable into common shares:

(a) in connection with the acquisition of the stock or assets of another company

(i) where, due to the present or potential issuance of common shares (including shares issued pursuant to an earn-out or similar type of provision, or securities convertible into or exercisable for common shares) other than a public offering for cash:

(A) the common shares constitute or will upon issuance constitute at least 20% of the voting power outstanding before the issuance of the common shares (or, if applicable before the issuance of the securities convertible into or exercisable for common shares); or

(B) the common shares constitute or will upon issuance constitute at least 20% of the number of common shares outstanding before the issuance; or

(ii) if any director, officer or Substantial Shareholder (as defined by Rule 5635(e)(3) of the Nasdaq Marketplace Rules) of the listed company has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in the target company or assets to be acquired, or in the consideration to be paid in the transaction or series of related transactions, and the present or potential issuance of common shares, or securities convertible into or exercisable for common shares, could result in an increase of 5% or more in the outstanding common shares or voting power of the listed company;

(b) where the common shares sold (or the number of common shares into which the securities sold are convertible or exercisable), either alone or together with sales by officers, directors or Substantial Shareholders of the listed company, constitute at least

(i) 20% of the outstanding common shares before the issuance, or

(ii) 20% of the voting power of the outstanding common shares before the issuance,

in either case except for (A) public offerings of common shares for cash, and (B) transactions involving the sale, issuance or potential issuance of common shares at a price, or securities convertible or exercisable into common shares with a conversion or exercise price, that is greater than or equal to the lesser of (1) the last closing price immediately preceding the signing of a binding agreement, and (2) the average closing price of the common shares on Nasdaq for the five trading days immediately preceding the signing of the binding agreement; and

(c) where the issuance would result in a change of control of the listed company.

The Company intends to follow TSX rules for shareholder approval of new issuances of its common shares. Following TSX rules, shareholder approval is required for certain issuances of shares that: (i) materially affect control of the listed issuer; or (ii) provide consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer, during any six-month period, and has not been negotiated at arm's length. Shareholder approval is also required, pursuant to TSX rules, in the case of private placements: (a) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price; or (b) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the closing of the first private placement to an insider during the six month period. The rules of the TSX also require shareholder approval in connection with an acquisition by a listed issuer where the number of securities issued or issuable in payment of the purchase price for the acquisition exceeds 25% of the number of securities of the listed issuer that are outstanding, on a non-diluted basis.

Equity Compensation Plans: Section 5635(c) of the Nasdaq Marketplace Rules also requires shareholder approval of all stock option or purchase plans or other arrangements that provide for equity securities as compensation to officers, directors, employees or consultants, and any material amendments to such plans or arrangements, except for certain plans and arrangements, including:

(a) stock purchase plans available on equal terms to all security holders of the listed company (such as a typical dividend reinvestment plan);

(b) tax qualified, non-discriminatory employee benefit plans (e.g., plans that meet the requirements of section 401(a) or 423 of the Internal Revenue Code) or parallel nonqualified plans, provided that such plans are approved by the listed company's independent compensation committee or a majority of the company's independent directors;

(c) those plans or arrangements allowing employees, directors or service providers to buy such securities on the open market or from the listed company for current fair market value;

(d) grants of options or other equity-based compensation as a material inducement to the grantee's entering into employment with the listed company, provided that such grants are approved by the listed company's independent compensation committee or a majority of the company's independent directors; and

(e) conversions, replacements or adjustments of outstanding options or other equity compensation awards to reflect a merger or acquisition.

The Company intends to follow TSX rules in respect of its security based compensation arrangements. The TSX requires shareholder approval of all security based compensation arrangements, and any material amendments to such arrangements, except for arrangements used as an inducement to persons or companies not previously employed by and not previously an insider of the listed issuer, provided that: (i) such persons or companies enter into a contract of full time employment as an officer of the listed issuer; and (ii) the number of securities made issuable to such persons or companies during any twelve month period does not exceed in aggregate 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date the exemption is first used during such twelve month period. Such shareholder approval is required when the security based arrangement is instituted and every three years thereafter if the arrangement does not have a fixed maximum aggregate of securities issuable. The TSX considers a security based compensation arrangement to be any compensation or incentive mechanism involving the issuance from treasury or potential issuance from treasury of securities of a listed issuer.

Insiders of a listed issuer that are entitled to receive a benefit under a security based compensation arrangement are not eligible to vote their securities in respect of the shareholder approval required by the TSX unless such security based compensation arrangement contains an "insider participation limit". An "insider participation limit" is a provision typically found in security based compensation arrangements which limits the number of a listed issuer's securities: (i) issued to insiders of the listed issuer, within any one year period; and (ii) issuable to insiders of the listed issuer at any time, to 10% of the listed issuer's total issued and outstanding securities. For the purposes of security based compensation arrangements, the definition of "insider" would include the CEO, CFO, all directors of the listed issuer and its major subsidiaries, any person responsible for a principal business unit, division or function, and any shareholder that has beneficial ownership or control or direction over, more than 10% of the issued and outstanding common shares of the listed issuer. The Company obtains shareholder approval of its equity compensation plans in accordance with applicable rules and regulations of the TSX.

The foregoing are consistent with the laws, customs and practices in Canada.

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Undertaking

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Consent to Service of Process

The Company has previously filed with the SEC a written consent to service of process on Form F-X. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 30, 2020

ORGANIGRAM HOLDINGS INC.

By: /s/ Gregory Engel

_____

Gregory Engel
Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.3	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.4	Audited consolidated financial statements of the Company and notes thereto as at and for the years ended August 31, 2020, together with the report of the Independent Registered Public Accounting Firm thereon
99.5	Management's Discussion and Analysis for the year ended August 31, 2020
99.6	Annual Information Form of the Company for the year ended August 31, 2020
99.7	The Company's Code of Business Conduct and Ethics as approved on August 26, 2020
99.8	Consent of Deloitte LLP, Independent Registered Public Accounting Firm
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

CERTIFICATION

I, Greg Engel, certify that:

1. I have reviewed this annual report on Form 40-F of Organigram Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting 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 generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: November 30, 2020

By: /s/ Greg Engel
Greg Engel
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Derrick West, certify that:

1. I have reviewed this annual report on Form 40-F of Organigram Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting 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 generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: November 30, 2020

By: /s/ Derrick West
Derrick West
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Organigram Holdings Inc. (the "Company") on Form 40-F for the period ended August 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Greg Engel, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 30, 2020

By: /s/ Greg Engel
Greg Engel
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Organigram Holdings Inc. and will be retained by Organigram Holdings Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Organigram Holdings Inc. (the "Company") on Form 40-F for the period ended August 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Derrick West, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 30, 2020

By: /s/ Derrick West
Derrick West
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Organigram Holdings Inc. and will be retained by Organigram Holdings Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

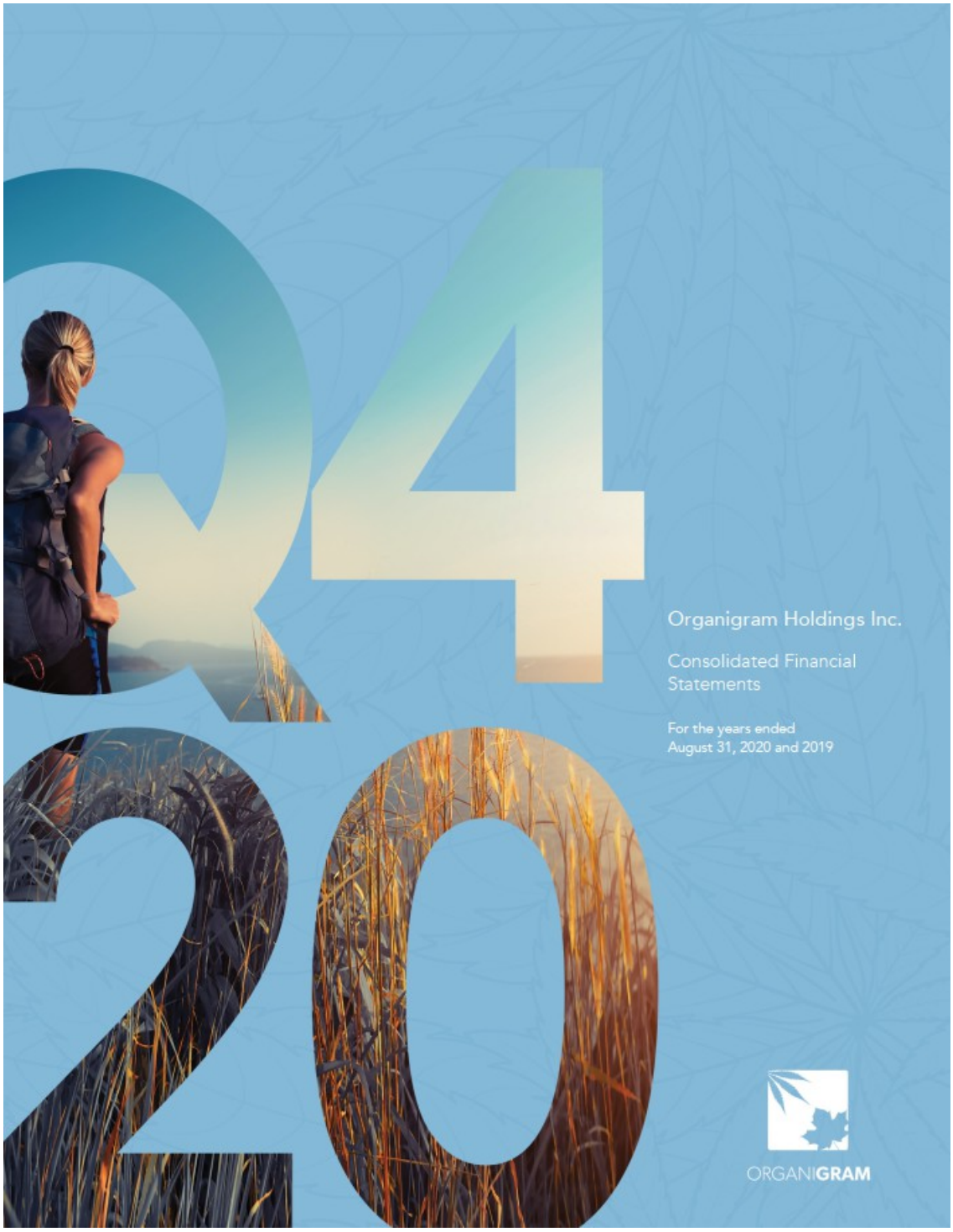

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Organigram Holdings Inc.
Consolidated Financial Statements
For the years ended
August 31, 2020 and 2019
ORGANIGRAM

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November 29, 2020

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Organigram Holdings Inc. (the "Company") have been prepared by the Company's management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and contain estimates based on management's judgment. Internal control systems are maintained by management to provide reasonable assurance that assets are safe-guarded and financial information is reliable.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements and the accompanying management discussion and analysis. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors. It meets with the Company's management and auditors, and reviews internal controls and financial reporting matters to ensure that management is properly discharging its responsibilities before submitting the financial statements to the Board of Directors for approval.

/s/ Greg Engel
Chief Executive Officer
Moncton, New Brunswick

/s/ Derrick West
Chief Financial Officer
Moncton, New Brunswick

Deloitte.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Organigram Holdings Inc.

Opinion on the Financial Statements
We have audited the accompanying consolidated statements of financial position of Organigram Holdings Inc. and subsidiaries (the "Company") as of August 31, 2020 and 2019, the related consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity, and consolidated statements of cash flows, for each of the two years in the period ended August 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2020 and 2019, and its financial performance and its cash flows for each of the two years in the period ended August 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Change in Accounting Principle
As discussed in Note 3 to the financial statements, effective September 1, 2019, the Company adopted IFRS 16, *Leases,* using the modified retrospective approach.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte LLP

Chartered Professional Accountants
Moncton, Canada
November 29, 2020

We have served as the Company's auditor since 2015.

ORGANIGRAM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at August 31, 2020 and 2019
(Expressed in CDN $000's except share amounts)

	AUGUST 31, 2020	AUGUST 31, 2019
ASSETS		
Current assets		
Cash	$ 24,600	$ 47,555
Short-term investments (Note 4)	50,128	380
Accounts receivable (Note 5)	14,747	16,541
Current portion of loan receivable (Note 6)	2,229	909
Biological assets (Note 7)	5,394	20,652
Inventories (Note 8)	66,365	93,144
Prepaid expenses and deposits (Note 12 and Note 24)	6,741	17,100
	170,204	196,281
Restricted investment (Note 11)	8,032	-
Loan receivable (Note 6)	-	-
Property, plant and equipment (Note 9)	247,420	218,470
Intangible assets (Note 10)	1,772	2,074
Deferred charges (Note 12 and Note 24)	698	592
Investments in associates (Note 14)	7,001	11,108
	$ 435,127	$ 428,525
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 17,486	$ 40,355
Current portion of long term debt (Note 11)	11,595	3,509
	29,081	43,864
Long-term debt (Note 11)	103,671	46,067
Other liabilities (Note 13)	2,848	1,117
Deferred tax liability (Note 23)	-	10,471
	135,600	101,519
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	420,673	318,125
Equity reserves (Note 12)	23,744	17,707
Accumulated other comprehensive income (loss)	50	(43)
Accumulated deficit	(144,940)	(8,783)
	299,527	327,006
	$ 435,127	$ 428,525

On Behalf of the Board:
s/Greg Engel, Director
s/Peter Amirault, Director

The accompanying notes are an integral part of these Consolidated Financial Statements.

ORGANIGRAM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended August 31, 2020 and 2019
(Expressed in CDN $000's except share amounts)

	AUGUST 31, 2020	AUGUST 31, 2019
REVENUES		
Gross revenue (Note 18)	$ 103,387	$ 97,547
Excise taxes	(16,592)	(17,134)
Net revenue	86,795	80,413
Cost of sales (Note 19)	105,004	42,521
Gross margin before fair value adjustments	(18,209)	37,892
Fair value changes to biological assets and changes in inventory sold (Note 7)	(38,281)	10,577
Gross margin	(56,490)	48,469
OPERATING EXPENSES		
General and administrative (Note 22)	27,996	18,593
Sales and marketing	16,528	14,625
Share-based compensation (Note 12)	4,725	9,151
Impairment of property, plant and equipment (Note 9)	39,771	613
Total operating expenses	89,020	42,982
(LOSS) INCOME FROM OPERATIONS	(145,510)	5,487
Financing costs	6,008	9,668
Investment income	(308)	(662)
Government subsidies (Note 25)	(7,883)	-
Share of loss from investments in associates (Note 14)	1,187	1,261
Impairment of investments in associates (Note 14)	3,000	950
Unrealized (gain) on changes in fair value of contingent consideration (Note 13(i))	(886)	145
Loss from continuing operations before tax	(146,628)	(5,875)
Income tax (recovery) expense (Note 23)		
Deferred, net	(10,471)	3,629
Net loss from continuing operations	$ (136,157)	$ (9,504)
Loss from discontinued operations (Note 26)	-	(38)
NET LOSS	$ (136,157)	$ (9,542)
Other comprehensive gain (loss)		
Foreign currency translation gain (loss), net of tax	94	(43)
COMPREHENSIVE LOSS	$ (136,063)	$ (9,585)
Net loss from continuing operations per common share, basic (Note 12 (vi))	$ (0.789)	$ (0.067)
Net loss from continuing operations per common share, diluted (Note 12 (vi))	$ (0.789)	$ (0.067)
Net loss from discontinued operations per common share, basic (Note 12 (vi))	$ -	$ -
Net loss from discontinued operations per common share, diluted (Note 12 (vi))	$ -	$ -
Net loss per common share, basic (Note 12 (vi))	$ (0.789)	$ (0.068)
Net loss per common share, diluted (Note 12 (vi))	$ (0.789)	$ (0.068)

The accompanying notes are an integral part of these Consolidated Financial Statements.

ORGANIGRAM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended August 31, 2020 and 2019
(Expressed in CDN $000's except share amounts)

	NUMBER OF SHARES	SHARE CAPITAL	EQUITY RESERVES	ACCUMULATED OTHER COMPREHENSIVE LOSS	RETAINED EARNINGS/ (ACCUMULATED DEFICIT)	SHAREHOLDERS' EQUITY
Balance - September 1, 2018	125,207,938	$ 157,790	$ 26,045	$ -	$ 759	$ 184,594
Share-based compensation (Note 12 (v))	41,000	180	14,608	-	-	14,788
Exercise of stock options (Note 12 (iii))	2,167,864	6,588	(2,418)	-	-	4,170
Exercise of warrants (Note 12 (iv))	7,751,700	39,257	(8,281)	-	-	30,976
Exercise of restricted share units (Note 12 (v))	182,473	837	(837)	-	-	-
Conversion of debentures (Note 12 (iii))	20,845,372	112,166	(11,247)	-	-	100,919
Tax impact of equity issue costs	-	1,307	(163)	-	-	1,144
Foreign currency translation gain, net of tax	-	-	-	(43)	-	(43)
Net income	-	-	-	-	(9,542)	(9,542)
Balance - August 31, 2019	156,196,347	$ 318,125	$ 17,707	$ (43)	$ (8,783)	$ 327,006
Balance - September 1, 2019	156,196,347	$ 318,125	$ 17,707	$ (43)	$ (8,783)	$ 327,006
At-the-market equity financing, net of issue costs of $3,754 (Note 12 (iii))	37,281,412	99,997	-	-	-	99,997
Share-based compensation (Note 12 (v))	-	-	7,519	-	-	7,519
Exercise of stock options (Note 12 (iii))	879,240	1,786	(717)	-	-	1,069
Exercise of restricted share units (Note 12 (v))	154,062	765	(765)	-	-	-
Foreign currency translation loss, net of tax	-	-	-	93	-	93
Net loss	-	-	-	-	(136,157)	(136,157)
Balance - August 31, 2020	194,511,061	$ 420,673	$ 23,744	$ 50	$ (144,940)	$ 299,527

The accompanying notes are an integral part of these Consolidated Financial Statements.

ORGANIGRAM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended August 31, 2020 and 2019
(Expressed in CDN $000's except share amounts)

	AUGUST 31, 2020	AUGUST 31, 2019
CASH PROVIDED (USED)		
OPERATING ACTIVITIES		
Net loss from continuing operations	$ (136,157)	$ (9,504)
Items not affecting cash:		
Share-based compensation (Note 12)	7,796	14,894
Depreciation and amortization (Note 9 and Note 10)	17,958	8,902
Loss on disposal of property, plant and equipment (Note 9)	778	133
Impairment losses (Note 9, Note 10 and Note 14)	42,771	1,563
Fair value adjustment to biological assets	(2,853)	(8,060)
Financing costs	6,008	9,668
Investment income	(308)	(662)
Share of loss from investments in associates (Note 14)	1,201	1,261
Unrealized gain on changes in fair value of contingent consideration (Note 13(i))	(886)	145
Deferred tax expense	(10,471)	3,635
Changes in non-cash working capital:		
Net change in accounts receivable	1,794	(13,134)
Net change in biological assets	18,111	7,266
Net change in inventories	27,530	(48,175)
Net change in accounts payable and accrued liabilities	(27,995)	10,562
Net change in prepaid expenses and deferred charges	9,598	(13,540)
Net cash used in continuing operations	(45,125)	(35,046)
Net cash used in discontinued operations (Note 26)	-	(35)
Net cash used in operating activities	(45,125)	(35,081)
FINANCING ACTIVITIES		
Proceeds from equity financing, net of issue costs of $3,754 (Note 12 (iii))	99,997	-
Payment of lease liabilities (Note 13(ii))	(897)	-
Payment of long-term debt (Note 11)	(55)	(12,674)
Proceeds from long-term debt, net of fees of $705 (2019 - $1,250) (Note 11)	64,295	58,851
Stock options, warrants and units exercised (Note 12)	1,069	35,146
Interest paid	(4,043)	(6,995)
Net cash provided by financing activities	160,366	74,328
INVESTING ACTIVITES		
Purchase of short-term investments (Note 4)	(50,000)	-
Proceeds from short-term investments	135	75,000
Investment income	393	1,637
Investments in associates (Note 14)	-	(12,758)
Investment in GIC - restricted investment (Note 11)	(8,000)	-
Distributions received from investments in associates	-	374
Loan advance (Note 6)	(2,071)	(909)
Proceeds on sale of property, plant and equipment (Note 9)	-	168
Purchase of property, plant and equipment (Note 9)	(77,223)	(108,764)
Purchase of intangible assets (Note 10)	(1,430)	(1,530)
Net cash used in investing activities	(138,196)	(46,782)
Effects of foreign exchange on cash	-	26
DECREASE IN CASH	$ (22,955)	$ (7,509)
CASH POSITION		
Beginning of period	$ 47,555	$ 55,064
End of period	$ 24,600	$ 47,555

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. NATURE OF OPERATIONS

Organigram Holdings Inc. (the "Company") is a publicly traded corporation with its common shares trading on the Toronto Stock Exchange ("TSX") and on the Nasdaq Global Select Market ("NASDAQ") under the symbol "OGI". The head and the registered address of the Company is 35 English Drive, Moncton, New Brunswick, Canada, E1E 3X3.

The Company's major wholly-owned subsidiaries are: (i) Organigram Inc., a licensed producer ("LP" or "Licensed Producer") of cannabis and cannabis-derived products in Canada regulated by Health Canada under the *Cannabis Act* and the *Cannabis Regulations* (Canada), and (ii) 10870277 Canada Inc., a special purpose holding company for the Company. Organigram Inc. was incorporated under the *Business Corporation Act* (New Brunswick), on March 1, 2013. Organigram Holdings Inc, was incorporated under the *Canada Business Corporations Act* ("CBCA") on April 6, 2016. 10870277 Canada Inc. was incorporated under the CBCA on July 4, 2018.

2. BASIS OF PREPARATION

i) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on November 29, 2020.

ii) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for biological assets, short-term investments, share-based compensation, and contingent share consideration, which are measured at fair value.

Historical cost is the fair value of the consideration given in exchange for goods and services, which is generally based upon the fair value of the consideration given in exchange for assets at the time of the transaction.

iii) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities that the Company controls when it is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power to direct the relevant activities of the entity.

iv) COVID-19 estimation uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID-19"), a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, disrupted the Company's operations during the year ended August 31, 2020.

The production and sale of cannabis have been recognized as essential services across Canada, however COVID-19-related challenges have persisted, including, but not limited to, reduced staffing levels, production inefficiencies resulting from increased health and safety measures, and limited supply chain issues. For the year ended August 31, 2020, the Company recorded impairments against its assets (inventories and property, plant and equipment) due in part to the COVID-19 pandemic.

Due to the ongoing developments and uncertainty surrounding COVID-19, it is not possible to predict the continuing impact that COVID-19 will have on the Company, its financial position, and/or its operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near-term as a result of COVID-19, and the effect of any such changes could be material, which could result in, among other things, further impairment of inventories and long-lived assets including intangible assets. The Company is closely monitoring the impact of the COVID-19 on all aspects of its business.

vi) Foreign currency translation

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency, except for the Company's investment in its associate, alpha-cannabis Pharma GmbH ("ACG"), for which the functional currency has been determined to be Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate in effect on the date of the applicable transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statements of (loss) income and comprehensive (loss) income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at the exchange rate in effect on the reporting date. The income and expenses of foreign operations are translated to Canadian dollars using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in other comprehensive income (loss) in the accumulated other comprehensive loss account.

When the Company disposes of its entire interest in a foreign operation, or loses control over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income (loss) related to the foreign operation are recognized in profit or loss. If the Company disposes of part of an interest in a foreign operation that remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income (loss) related to the subsidiary is reallocated between controlling and non-controlling interests.

3. SIGNIFICANT ACCOUNTING POLICIES

i) Cash

Cash is a financial asset that is measured at amortized cost, which approximates fair value and includes cash-on-hand and deposits held with financing institutions.

ii) Short-term investments

The Company considers short-term investments in the form of guaranteed investment certificates to be an investing activity. These investments are measured at amortized cost. The Company also has equity securities that are carried at fair value through profit or loss.

iii) Biological assets

While the Company's biological assets are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. This includes the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labour cost for individuals involved in the growing and quality control process is also included, as well as depreciation of manufacturing assets. All direct and indirect costs of biological assets are capitalized as they are incurred. Unrealized fair value gains/losses on growth of biological assets are recorded on the consolidated statements of (loss) income and comprehensive (loss) income. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position.

iv) Inventories

Inventories for finished goods and packaging and supplies are initially valued at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value. The direct and indirect costs of finished goods inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labour and depreciation expense on equipment involved in packaging, labeling and inspection. All direct and indirect costs related to inventory are capitalized as they are incurred, and they are subsequently recorded within cost of sales on the consolidated statements of (loss) income and comprehensive (loss) income at the time the cannabis is sold. Inventory is measured at lower of cost or net realizable value on the statement of financial position.

v) Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Property, plant and equipment are subsequently measured at cost, less accumulated depreciation and impairment losses.

Depreciation is recognized on a straight-line basis to reduce the cost, less estimated residual value, of depreciable fixed assets. The following useful lives are applied:

Building	25 years
Growing equipment	10 years
Computer equipment	5 years
Vehicles	5 years
Furniture and fixtures	10 years
Leasehold improvements	5 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets, and are recognized as profit or loss within other income or other expenses.

Assets in process are transferred to the appropriate asset class when available for use and depreciation of these assets commences at that point.

An asset's residual value, useful life and depreciation method are reviewed during each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) and depreciated accordingly.

vi) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 3(viii) for a description of impairment testing procedures.

vii) Assets held for sale

Assets and liabilities held for sale are no longer depreciated and are presented separately in the statement of financial position at the lower of their carrying amount and fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

viii) Impairment of long-lived and intangible assets

Long-lived assets, including property, plant and equipment are reviewed each reporting period for indicators of impairment. Goodwill is assessed for indicators of impairment at each reporting date and is tested annually or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs of disposal, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Except for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

ix) Share-based payments

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense in profit or loss over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Fair value for options is determined using the Black-Scholes pricing model and fair value for Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") is determined using the Company's share price at the grant date.

Expected forfeitures are estimated at the date of the grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expenses reflect the revised estimate.

For stock options granted to non-employees, the expense is measured at the fair value of the goods and services received except when the fair value cannot be estimated in which case it is measured at the fair value of the equity instrument granted.

Consideration paid by employees or non-employees on the exercise of options is recorded as an increase to share capital and the related share-based expense is transferred from equity reserves to share capital.

x) Investments in associates

Associates are companies over which the Company has significant influence and are accounted for under the equity method. Significant influence is presumed when the Company has an ownership interest greater than 20%, unless certain qualitative factors overcome this assumption. Conversely, where the Company has an ownership interest less than 20%, it is presumed that the Company does not have significant influence, unless certain qualitative factors overcome this assumption. In assessing significant influence and the ownership interest, potential voting rights that are currently exercisable are taken into consideration.

Investments in associates are accounted for using the equity method and are initially recognized at cost, inclusive of transaction costs. The consolidated financial statements include the Company's share of the income or loss and equity movement of equity accounted associates. In accordance with IFRS, the associate's most recent available financial statements are used in the application of the equity method. Where the associate's reporting period differs from the Company's, the associate prepares financial information as of the same period end as the Company, unless it is impracticable to do so. Otherwise, the Company will adjust for its share of income and expenses and equity movement based on the associate's most recently completed financial statements, adjusted for the effects of significant transactions. The Company does not recognize losses exceeding the carrying value of its interest in the associate.

xi) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is provided on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, except for off-market supply agreements, where amortization is provided based on the actual output received versus the estimated output forecast to be received over the life of the agreement.

The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Research costs and other development expenditures are recognized as general and administrative expenses on the consolidated statement of income (loss) and comprehensive income (loss) as incurred.

xii) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted earnings (loss) per share is calculated in a similar manner, but with adjustments to give effect to all dilutive potential common shares outstanding during the period. The dilutive effect of warrants, options, RSUs and PSUs is calculated using the treasury stock method. The if-converted method, which assumes that all convertible debt has been converted if the debt is in-the-money, is used to calculate the dilutive effect of convertible debt. Anti-dilutive effects of potential conversions of securities are ignored for this calculation.

xiii) Revenue recognition

Revenue from the direct sale of cannabis and cannabis oil for a fixed price is recognized when the Company transfers control of the good to the customer, which is at point of delivery for medical cannabis and recreational cannabis.

Revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Revenue also includes the net consideration to which the Company expects to be entitled. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, revenue is stated net of expected price discounts, allowances for customer returns and certain promotional activities and similar items. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices, with no element of financing.

Net revenue is revenue less excise taxes. Excise taxes are effectively a production tax which becomes payable when the product is removed from the Company's premises and may or may not be directly related to the value of revenue depending on the province of sale. It is generally not included as a separate item on external invoices; increases in excise tax are not always passed on to the customer and where a customer fails to pay for product received the Company cannot reclaim the excise tax. The Company therefore recognizes excise tax, unless it regards itself as an agent of the regulatory authorities, as a cost and reduction to revenue for the Company.

xiv) Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Income tax expense (recovery) in the statements of income (loss) and comprehensive income (loss) is the sum of current and deferred tax as explained below.

Current tax is the expected income tax payable (recoverable) on the taxable income (loss) for the period, using tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax expense (recovery) included in the statements of income (loss) and comprehensive income (loss) reflects the current tax for the reporting period, plus adjustments to the current tax of prior periods, less current tax recorded directly in other comprehensive income (loss) or equity.

Deferred taxes are accounted for under the liability method and are the taxes expected to be payable or recoverable on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences and unused tax losses and tax credits can be utilized. Deferred tax is calculated on a non-discounted basis, using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The carrying amounts of individual deferred tax assets are reviewed at the end of each reporting period, but are only recognized for the proportion on which it is probable that sufficient taxable profits will be available for such assets to be recovered.

Deferred tax is not recognized for: i) temporary differences related to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; ii) differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and, iii) differences arising on the initial recognition of goodwill.

xv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs. No borrowing costs were capitalized during the periods presented.

xvi) Discontinued operations

A disposal group is presented as a discontinued operation if all of the following conditions are met: i) it is a component of the Company for which operations and cash flows can be clearly distinguished operationally and financially from the rest of the Company, ii) it represents a separate major line of business or operations that either has been disposed of or is classified as held for sale; and iii) it is part of a single coordinated plan to dispose of a separate major line of business of operations.

Assets in a disposal group classified as held for sale are presented separately in the consolidated statements of financial position. Discontinued operations are presented separately from continuing operations in the consolidated statements of income (loss) and comprehensive income (loss) and consolidated statements of cash flows.

xvii) Government subsidies

Government subsidies are recognized when there is reasonable assurance that the subsidy will be received, and all the attached conditions will be complied with. Subsidies are recognized as income in the statement of income (loss) and comprehensive income (loss) on a systematic basis over the periods in which the expenses are recognized for the related costs for which the subsidies are intended to compensate, which in the case of subsidies related to assets requires setting it up as deferred income or deducting it from the carrying amount of the asset.

xviii) Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The following are the estimates and judgments made by management in applying the accounting policies of the Company that have the most significant effect on the financial statements.

1) Biological assets and inventories
Determination of the fair value of biological assets requires management to make a number of estimates, including estimating harvesting costs, selling costs, sales prices, wastage, oil conversion factor, expected yields, and post-harvest costs of the cannabis plant. The Company records obsolete and unsaleable inventories at the lower of cost and net realizable value. Adjustments to the carrying value of inventories are based on obsolescence trends, historical experience, and forecast demand and pricing for obsolete and unsaleable inventories. Refer to Notes 7 and 8 for further information.

(2) Estimated useful lives and impairment of property, plant and equipment
Amortization of property, plant and equipment requires estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts, taking into consideration factors such as economic and market conditions and the useful lives of assets.

(3) Share-based payments
In determining the fair value of options and related expenses, management estimates the expected life of the option, the volatility of the Company's share price, the risk-free interest rate, and the rate of forfeitures. Refer to Note 12 for further information.

(4) Warrants
In determining the value of warrants, management estimates the expected life of the warrant, the volatility of the Company's share price, and the risk-free interest rate.

(5) Adult-use recreational cannabis revenue - provision for returns and price adjustments
Government customers typically have the right to return products, and in some cases, the right to pricing adjustments for products that are subsequently discounted or sold for a lower price in another jurisdiction. The estimation of potential future returns and pricing adjustments includes the use of management estimates and assumptions that may not be certain given the evolving nature of the industry.

(6) Investments in associates
Management has applied significant judgment in the determination of whether the Company exerts significant influence with respect to its investments, which then allows the Company to account for its investments under the equity accounting method. Further, management has applied significant judgment and made use of management estimates and assumptions in determining and quantifying any impairment losses that may need to be recorded against its investments in associates.

(7) Impairment of long-lived and intangible assets
In determining the recoverable amount of the Company's Moncton campus (the "Moncton Campus") CGU, management has applied significant judgment in the aggregation of the CGU and has made various estimates with respect to the forecast cash flows, terminal growth rate, post-tax discount rate, and income taxes utilized in the discounted cash flow model to estimate fair value less costs of disposal.

NEW STANDARDS AND INTERPRETATIONS ADOPTED

New or amended standards effective September 1, 2019

The Company has adopted the following new or amended IFRS standard for the annual period beginning on September 1, 2019:

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 Leases, which replaced IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard was effective for annual periods beginning on or after January 1, 2019 and has been adopted by the Company effective September 1, 2019 using the modified retrospective approach where comparative figures were not restated.

As a result of adopting IFRS 16, the Company recognized right-of use ("ROU") assets of $4,464 recorded under property, plant and equipment (Note 9), lease liabilities of $4,439 recorded under other liabilities (Note 13), and a reduction to prepaid expenses of $25 as a result of the leasing arrangements in place at September 1, 2019 and entered during the year ended August 31, 2020 by the Company.

The ROU asset was measured as the amount of the lease liability, using the Company's incremental borrowing rate on September 1, 2019 that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The weighted average interest rate as of September 1, 2019 to measure the lease liabilities was 5.70%.

The Company elected to use the following practical expedients on adoption of IFRS 16 on all of its leases:

(a) In accordance with IFRS 16.C3, an election is being taken to not reassess whether a contract is or contains a lease at the date of initial application, and instead to only apply IFRS 16 to contracts that were in the scope of IAS 17;

(b) In accordance with IFRS 16.C8(b)(ii), an election is being taken to measure the ROU asset on September 1, 2019 as an amount equal to the lease liability, adjusted for prepaid or accrued lease payments;

(c) In accordance with IFRS 16.C10(a), an election is being taken to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

(d) In accordance with IFRS 16.C10(b), an election is being taken to rely on the IAS 37 assessment of whether leases are onerous instead of performing an impairment review;

(e) In accordance with IFRS 16.C10(c), an election is being taken to exclude leases for which the term ends within 12 months from September 1, 2019;

(f) In accordance with IFRS 16.C10(d), an election is being taken to exclude initial direct costs from the measurement of the ROU asset on September 1, 2019;

(g) In accordance with IFRS 16.15, an election is being taken, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component where the non-lease components are not significant compared to the lease components;

(h) In accordance with IFRS 16.5(a), an election is being taken to not recognize a ROU asset and lease liability for leases for which the lease has a term less than 12 months; and

(i) In accordance with IFRS 16.5(b), an election is being taken to not recognize a ROU asset and lease liability for leases for which the underlying asset is of low value, which is defined to mean less than $5,000 USD when new.

The following is a reconciliation between the Company's operating lease commitments disclosed applying IAS 17 as at August 31, 2019 and the lease liabilities as at September 1, 2019 after adopting IFRS 16:

Operating lease obligations as at August 31, 2019	$ 3,049
Minimum future payments not related to lease payments	(411)
Lease payments for renewal options reasonably expected to be exercised but not contractually obligated	655
Relief option for short-term leases	(538)
Relief option for leases of low-value	(76)
Gross lease liabilities at September 1, 2019	2,679
Discounting	(459)
Present value of lease liabilities at September 1, 2019	2,220

New Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements resulting from any future transactions.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 clarify the requirements relating to determining whether a liability should be presented as current or non-current in the statement of financial position. Under the new requirements, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

4. SHORT TERM INVESTMENTS

The Company's short-term investments included the following on August 31, 2020 and August 31, 2019:

DESCRIPTION	INTEREST %	AUGUST 31, 2020	AUGUST 31, 2019
GIC - maturing September 16, 2020	0.95%	$ 10,000	$ -
GIC - maturing September 24, 2020	0.95%	10,000	-
GIC - maturing December 15, 2020	1.16%	10,000	-
GIC - maturing December 23, 2020	1.16%	10,000	-
GIC - maturing June 17, 2021	0.93%	10,000	-
Equity securities in VIVO Cannabis Inc.		128	380
		$ 50,128	$ 380

On October 16, 2018, the Company sold its wholly-owned subsidiary, Trauma Healing Centers, Incorporated ("THCI"), in exchange for consideration consisting of common shares in the purchaser (an unaffiliated publicly-traded company), VIVO Cannabis Inc. ("VIVO") (the "VIVO Shares"). The VIVO Shares are carried at fair value through profit or loss. Subsequent to August 31, 2020, all of the VIVO Shares were sold.

5. ACCOUNTS RECEIVABLE

The Company's accounts receivable included the following balances as of August 31, 2020 and August 31, 2019:

	AUGUST 31, 2020	AUGUST 31, 2019
Trade receivables	$ 11,096	$ 11,900
Harmonized sales taxes receivable	728	4,741
Government programs	2,936	168
Less: Provision for doubtful accounts	(13)	(268)
	$ 14,747	$ 16,541

On April 1, 2020, Department of Finance Canada announced the Canada Emergency Wage Subsidy ("CEWS"), which would subsidize 75% of employee wages, retroactive to March 15, 2020, to Canadian employers whose businesses had been affected by COVID-19 in order to enable them to re-hire workers previously laid off as a result of pandemic, help prevent further job losses, and to better position companies to resume normal operations following the crisis. At August 31, 2020, under this program, the Company applied for a wage subsidy of $2,936 for the period July 5, 2020 to August 29, 2020, which is included under government programs above.

6. LOAN RECEIVABLE

On July 26, 2019, the Company entered into an advance payment and support agreement ("Payment Agreement") with 703454 N.B. Inc. (carrying on business as 1812 Hemp) ("1812 Hemp"). Under the terms of the Payment Agreement, the Company advanced $3,000 to 1812 Hemp in the form of a secured loan. This amount may be applied against future purchases of hemp under the Supply Agreement described in Note 10. The aggregate amount of advances outstanding as of January 1, 2020 accrue interest of 9.0% per annum, calculated monthly, until the entire balance of advances is paid. At August 31, 2020, $2,229 in principal was outstanding under the Payment Agreement. Subsequent to August 31, 2020, the Company demanded repayment of the entire amount owing by 1812 Hemp to the Company under the Payment Agreement.

7. BIOLOGICAL ASSETS

The Company measures biological assets, which consist of cannabis plants, at fair value less costs to sell up to the point of harvest, which then becomes the basis for the cost of finished goods inventories after harvest. Subsequent expenditures incurred on these finished goods inventories after harvest are capitalized based on IAS 2 *Inventories.*

The changes in the carrying value of biological assets as of August 31, 2020 are as follows:

	OTHER BIOLOGICAL ASSETS	CANNABIS ON PLANTS	TOTAL
Carrying amount, August 31, 2018	$ 599	$ 19,259	$ 19,858
Add net production costs	(596)	37,534	36,938
Net change in fair value less costs to sell due to biological transformation	-	(8,060)	(8,060)
Transferred to inventory upon harvest	-	(28,084)	(28,084)
Carrying amount, August 31, 2019	$ 3	$ 20,649	$ 20,652
Add net production costs	13	41,039	41,052
Net change in fair value less costs to sell due to biological transformation	-	(2,853)	(2,853)
Deduct net abnormal plant destruction costs		(5,048)	(5,048)
Transferred to inventory upon harvest	-	(48,409)	(48,409)
Carrying amount, August 31, 2020	$ 16	$ 5,378	$ 5,394

During the year ended August 31, 2020, the Company had to cull plants with a carrying value of $5,048 (August 31, 2019 - $nil) due to lack of sufficient staffing as a result of COVID-19. These costs were expensed to cost of sales.

The fair value less costs to sell of biological assets is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram and also for any additional costs to be incurred, such as post-harvest costs. The following unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy (see Note 16), are used in determining the fair value of biological assets:

i. Average selling price per gram - calculated as the weighted average current selling price of cannabis sold by the Company, adjusted for expectations about future pricing;

ii. Yield by plant - represents the number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant;

iii. Wastage of plants based on their various stages of growth - represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested; and

iv. Post-harvest costs - calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of the cost of direct and indirect materials and labour related to drying, labelling and packaging.

The Company estimates the harvest yields for the cannabis on plants at various stages of growth. As of August 31, 2020, it is expected that the Company's biological assets will yield 5,096 kg (August 31, 2019 - 16,595 kg) of cannabis when eventually harvested. The Company's estimates are, by their nature, subject to change, and differences from the anticipated yield will be reflected in the fair value adjustment to biological assets in future periods. The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 19-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value less costs to sell (subject to wastage adjustments).

Management believes the most significant unobservable inputs and their impact on fair value are as follows:

SIGNIFICANT INPUTS & ASSUMPTIONS	WEIGHTED AVERAGE INPUT AUG. 31, 2020	WEIGHTED AVERAGE INPUT AUG. 31, 2019	SENSITIVITY	EFFECT ON FAIR VALUE AUG. 31, 2020	EFFECT ON FAIR VALUE AUG. 31, 2019
Average net selling price per gram	$ 3.36	$ 5.65	Increase or decrease by $1.00 per gram	$ 1,602	$ 3,657
Average yield per plant	101 grams	151 grams	Increase or decrease by 10 grams	$ 532	$ 1,367

During the three months ended May 31, 2020, management ceased the harvesting of trim from the cannabis plants and therefore the average yield per plant at August 31, 2020 primarily reflects the average yield of the flower component of the plant.

The fair value adjustment to biological assets and inventory sold consists of the following:

	AUGUST 31, 2020	AUGUST 31, 2019
Realized fair value amounts included in inventory sold	$ (39,455)	$ (50,477)
Increase (decrease) in fair value on growth of biological assets	73,975	75,338
Adjustment to net realizable value	(72,801)	(14,284)
Fair value adjustment to biological assets	$ (38,281)	$ 10,577

The adjustment to net realizable value is related to the write-down of the fair value component of dry cannabis available for packaging, flower and trim available for extraction, concentrated extract, and packaged inventories due to excess or obsolete quantities as well as the decrease in the estimated net realizable value of these inventories based on the evolving nature of the adult-use market.

8. INVENTORIES

The Company's inventories are comprised of the following balances as of August 31, 2020 and August 31, 2019:

	AUGUST 31, 2020		
	CAPITALIZED COST	FAIR VALUE ADJUSTMENT	CARRYING VALUE
Plants in drying stage	$ 2,036	$ 1,841	$ 3,877
Dry cannabis			
Available for packaging	13,124	7,808	20,932
Packaged inventory	3,707	1,956	5,663
Flower and trim available for extraction	849	1,062	1,911
Concentrated extract	13,252	6,130	19,382
Formulated extracts			
Available for packaging	1,097	384	1,481
Packaged inventory	1,045	226	1,271
Packaging and supplies	11,848	-	11,848
	$ 46,958	$ 19,407	$ 66,365

	AUGUST 31, 2019		
	CAPITALIZED COST	FAIR VALUE ADJUSTMENT	CARRYING VALUE
Plants in drying stage	$ 1,945	$ 4,256	$ 6,201
Dry cannabis			
Available for packaging	5,261	12,718	17,979
Packaged inventory	4,205	2,549	6,754
Flower and trim available for extraction	4,433	12,193	16,626
Concentrated extract	15,393	21,573	36,966
Formulated extracts			
Available for packaging	754	1,121	1,875
Packaged inventory	728	425	1,153
Packaging and supplies	5,590	-	5,590
	$ 38,309	$ 54,835	$ 93,144

Flower and trim available for extraction are converted into concentrated extract, which can then be used for oil formulation (combining with a carrier oil) or other products such as edibles, and beverage and vaporizable products.

The amount of inventory expensed in cost of sales for the year ended August 31, 2020 was $42,872 (August 31, 2019 - $35,224). The amount of inventory write-down, provision, and plant waste included in cost of sales for the year ended August 31, 2020 was $45,270 (August 31, 2019 - $4,733), which relates to the production or purchase costs of these inventories and biological assets (refer to Note 7 for the write-down and provisions against the fair value component of these inventories).

Inventory write-down and provision relating to excess and unsaleable inventories for the year ended August 31, 2020 was $32,831 (August 31, 2019 - $744), of which $20,251 (August 31, 2019 - $nil) related to concentrated extract and flower and trim available for extraction. Inventory write-down related to adjustments to net realizable value during the year ended August 31, 2020 was $2,753 (August 31, 2019 - $nil). Inventory write-offs for the year ended August 31, 2020 related to abnormal plant waste due to lack of sufficient staffing as a result of COVID-19 was $5,048 (August 31, 2019 - $nil).

9. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	CONSTRUCTION IN PROCESS	GROWING & PROCESSING EQUIPMENT	OTHER (NOTE A)	RIGHT-OF-USE LEASE ASSETS (NOTE B)	TOTAL
Cost							
Balance, August 31, 2018	$ 2,205	$ 47,101	$ 11,993	$ 40,493	$ 2,922	$ -	$ 104,714
Additions	6	15,753	105,512	5,554	3,366	-	130,191
Construction completed	-	8,042	(51,990)	42,698	1,250	-	-
Disposals	-	(122)	-	(201)	-	-	(323)
Impairment loss	-	-	-	(613)	-	-	(613)
Reclassification of computer software (NOTE A)	-	-	-	-	(841)	-	(841)
Balance, August 31, 2019	$ 2,211	$ 70,774	$ 65,515	$ 87,931	$ 6,697	$ -	$ 233,128
Accumulated depreciation							
Balance, August 31, 2018	$ -	$ (1,997)	$ -	$ (2,956)	$ (1,122)	$ -	$ (6,075)
Depreciation	-	(2,245)	-	(5,679)	(946)	-	(8,870)
Disposals	-	5	-	17	-	-	22
Reclassification of computer software (NOTE A)	-	-	-	-	265	-	265
Balance, August 31, 2019	$ -	$ (4,237)	$ -	$ (8,618)	$ (1,803)	$ -	$ (14,658)
Cost							
Balance, August 31, 2019	$ 2,211	$ 70,774	$ 65,515	$ 87,931	$ 6,697	$ -	$ 233,128
Transition to IFRS 16	-	-	-	-	-	2,244	2,244
Additions (Note C)	1,864	22,316	46,847	7,597	1,335	2,220	82,179
Construction completed	-	71,663	(110,234)	37,851	720	-	-
Disposals	-	(517)	-	(436)	(75)	-	(1,028)
Impairment loss (Note D)	-	(37,214)	-	48	-	-	(37,166)
Balance, August 31, 2020	$ 4,075	$ 127,022	$ 2,128	$ 132,991	$ 8,677	$ 4,464	$ 279,357
Accumulated depreciation							
Balance, August 31, 2019	$ -	$ (4,237)	$ -	$ (8,618)	$ (1,803)	$ -	$ (14,658)
Depreciation	-	(4,074)	-	(11,568)	(1,362)	(557)	(17,561)
Disposals	-	108	-	145	29	-	282
Balance, August 31, 2020	$ -	$ (8,203)	$ -	$ (20,041)	$ (3,136)	$ (557)	$ (31,937)
Net book value							
August 31, 2019	$ 2,211	$ 66,537	$ 65,515	$ 79,313	$ 4,894	$ -	$ 218,470
August 31, 2020	$ 4,075	$ 118,819	$ 2,128	$ 112,950	$ 5,541	$ 3,907	$ 247,420

Most of the additions during the year ended August 31, 2020 were related to the expansion of the Company's facility located in Moncton (the "Moncton Campus").

A) Other - Computer Software

During the three months ended November 30, 2019, the Company determined that due to the increasing value of its computer software, it should be reclassified from property, plant and equipment to intangible assets. Computer software has historically been included in the "other" category within property, plant and equipment due to its relatively insignificant value. The August 31, 2019 cost of $841 and accumulated amortization of $265 relating to computer software have been reclassified from property, plant and equipment to intangible assets (Note 10) as a result.

B) Right-of-Use Assets and Transition to IFRS 16

As described in Note 4, the Company adopted IFRS 16 effective September 1, 2019. As a result, certain lease obligations were capitalized as ROU assets on the transition date and depreciated for the year ended August 31, 2020. ROU assets mostly comprise of office and warehouse space.

C) Reconciliation of property, plant and equipment additions to the statements of cash flows

The following table reconciles additions of property, plant and equipment per the above table to the purchases of property, plant and equipment per the statements of cash flows:

	AUGUST 31, 2020	AUGUST 31, 2019
Additions	$ 82,179	$ 130,191
Additions related to IFRS 16 Leases	(2,220)	-
Net change in accounts payable and accrued liabilities related to purchases of property, plant and equipment	(2,736)	(21,427)
Purchase of property, plant and equipment	$ 77,223	$ 108,764

D) Impairment

The Company reviews the carrying value of its property, plant and equipment at each reporting period for indicators of impairment. During the year ended August 31, 2020, management noted indicators of impairment and recorded impairments at an asset specific level.

Moncton Campus - Phase 4C (asset specific)

The construction of Phase 4C of the Moncton Campus, which was intended to house grow rooms with a previously estimated cultivation capacity of 24,000 kg per annum, was indefinitely deferred during the three months ended May 31, 2020 based on available capacity and forecast market demand. Phase 4C of the Moncton Campus has effectively been left partially completed and, due to the specialized and integrated nature of Phase 4C, without any foreseeable near-term use. Management estimated the fair value less cost to dispose ("FVLCD") of Phase 4C to approximate the purchase cost of the land and movable equipment, which is $1,328. As a result, the Company recognized an impairment loss of $37,749 in relation to this asset for the year ended August 31, 2020. The entire amount of the impairment loss was recorded against the building infrastructure of Phase 4C. In addition, subsequently incurred and contractually committed future costs totaling $1,050 with respect to Phase 4C at August 31, 2020 were included in the impairment loss for the year ended August 31, 2020.

10. INTANGIBLE ASSETS

	SUPPLY AGREEMENT	LICENSE AGREEMENT	COMPUTER SOFTWARE	TOTAL
Cost				
Balance, August 31, 2018	$ -	$ -	$ -	$ -
Additions	1,530	-	-	1,530
Reclassification of computer software (NOTE A)	-	-	841	841
Balance, August 31, 2019	$ 1,530	$ -	$ 841	$ 2,371
Accumulated amortization				
Balance, August 31, 2018	$ -	$ -	$ -	$ -
Amortization	(32)	-	-	(32)
Reclassification of computer software (NOTE A)	-	-	(265)	(265)
Balance, August 31, 2019	$ (32)	$ -	$ (265)	$ (297)
Cost				
Balance, August 31, 2019	$ 1,530	$ -	$ 841	$ 2,371
Additions	-	198	1,232	1,430
Impairment (NOTE B)	(1,303)	-	-	(1,303)
Disposal	-	-	(32)	(32)
Balance, August 31, 2020	$ 227	$ 198	$ 2,041	$ 2,466
Accumulated amortization				
Balance, August 31, 2019	$ (32)	$ -	$ (265)	$ (297)
Amortization	(195)	-	(202)	(397)
Balance, August 31, 2020	$ (227)	$ -	$ (467)	$ (694)
Net book value				
August 31, 2019	$ 1,498	$ -	$ 576	$ 2,074
August 31, 2020	$ -	$ 198	$ 1,574	$ 1,772

A) Other - Computer Software

During the three months ended November 30, 2019, the Company determined that due to the increasing value of its computer software, it should be reclassified from property, plant and equipment to intangible assets. Computer software has historically been included in the "other" category within property, plant and equipment due to its relatively insignificant value. The August 31, 2019 cost of $841 and accumulated amortization of $265 relating to computer software have been reclassified from property, plant and equipment to intangible assets as a result.

B) Impairment

On January 18, 2019, the Company entered into an agreement with 1812 Hemp to secure supply of hemp (the "Supply Agreement"). Pursuant to the Supply Agreement, the Company is to receive a 25% discount on the price per kilogram of dried hemp flower harvested that is purchased from 1812 Hemp. The term of the Supply Agreement is from December 17, 2018 to December 16, 2023 and the Company has the option to renew it for an additional five-year period upon six months' notice. In addition, the Company has a right-of-first refusal on the future procurement of high cannabidiol (CBD) hemp from 1812. The Company paid $1,500 to 1812 Hemp plus transaction costs of $30 in connection with this transaction, which it has recorded as an intangible asset with a finite useful life that will be amortized based on the actual volume of dried hemp flower purchased as a proportion of its forecast purchase volumes. During the three months ended August 31, 2020, management became aware that 1812 Hemp was facing financial hardship due to a lack of customer demand and a change in market conditions and as a result, 1812 Hemp had significantly scaled back operations. Separately, the Company's forecast hemp purchases have decreased significantly as a result of slower than expected progression in Canadian hemp and CBD regulations. Thus, as a result of the aforementioned challenges, management impaired the Supply Agreement intangible asset to its recoverable amount, which was estimated to be $nil, by recording an impairment charge of $1,303 at August 31, 2020.

11. LONG-TERM DEBT

	AUGUST 31, 2020	AUGUST 31, 2019
Bank of Montreal ("BMO") senior secured term loan ("Term Loan") maturing May 31, 2022 with principal repayments starting November 30, 2020 based on a 10 year amortization	$ 115,000	$ 50,000
Atlantic Canada Opportunities Agency ("ACOA") Business Development Program loan maturing September 1, 2024 with a 7 year amortization, bearing interest at an interest rate of 0%	311	346
Vehicle loans - five year term maturing June 17, 2024	78	98
Deferred financing costs, net of loan modification loss on BMO Term Loan	(123)	(868)
	115,266	49,576
Less: current portion of long term debt	(11,595)	(3,509)
Long-term portion	$ 103,671	$ 46,067

BMO CREDIT FACILITY

On May 31, 2019, the Company entered into a credit facility with Bank of Montreal ("BMO") as lead arranger and agent and a syndicate including three other lenders. The facility consists of a $115,000 term loan ("Term Loan") and a $25,000 revolving credit facility ("Revolver", and together with the Term Loan, as amended, the "Facilities"), both of which mature on May 31, 2022. Included in the facility was an uncommitted option to increase the Facilities by an incremental $35,000 to a total of $175,000, subject to agreement by BMO and the syndicate lenders and satisfaction of certain legal and business conditions.

The Facilities are secured by assets of the Company and its subsidiaries. The proceeds of the Term Loan have been used to fund the Phase 4 and 5 expansions of the Moncton Campus and were also used to refinance the Company's long-term debt with Farm Credit Canada. The Revolver may be used for general corporate and working capital purposes. Availability under the Revolver is based on a percentage of the Company's trade receivables at the end of each month and remains undrawn at August 31, 2020.

First Amendment

On November 15, 2019, the Company amended its Facilities with BMO to: i) extend the final draw deadline of the Term Loan ("Amended Term Loan") from November 30, 2019 to March 31, 2020; ii) postpone the commencement of scheduled principal repayments on the Term Loan from February 28, 2020 to May 31, 2020; and iii) realign the financial covenants structure, effective November 30, 2019, to be more consistent with industry norms up to and including May 31, 2020. Prior to the Second Amendment, as described below, the financial covenants were to revert to the original structure on August 31, 2020. The Company incurred an amendment fee of $140 plus customary legal expenses in connection with the first amendment.

The amended Facilities were further amended on February 28, 2020 to extend the final draw deadline of the Amended Term Loan from March 31, 2020 to May 31, 2020.

In accordance with IFRS 9, such modification to the Facilities as outlined above is not an extinguishment of debt either qualitatively or quantitatively, rather it is a non-substantial modification. Therefore, as per the provisions of IFRS 9 the Company recorded a loss on debt restructuring based on the difference in the present value of the restructured net cash flows discounted at the original effective interest rate ("EIR") versus the present value of the original net cash flows discounted at the original EIR. This loss of $831 has been recorded under financing costs in the statement of (loss) income and comprehensive (loss) income for the year ended August 31, 2020.

Second Amendment

On May 28, 2020, the Company further amended its Facilities ("Second Amendment") with BMO to: (i) extend the final draw deadline of the Term Loan to July 31, 2020; (ii) postpone the commencement of principal repayments on the Amended Term Loan to November 30, 2020; (iii) adjust certain financial ratios to be maintained by the Company both before and after November 30, 2021 (the "Conversion Date"); (iv) modify the applicable margin pricing and standby fee terms to reflect current market conditions; and (v) remove the uncommitted option to increase the Amended Facilities by an incremental $35 million. The financial covenants will revert to the original structure, albeit at different ratios, on November 30, 2021. The interest rate margin will be fixed during this period. The Company incurred an amendment fee of $490 plus customary legal expenses in connection with the second amendment.

As a result of the Second Amendment, the Company recorded a loan modification loss of $813 under financing costs in the statement of (loss) income and comprehensive (loss) income for the three months ended May 31, 2020.

As part of the Second Amendment, the Company is also required to establish and maintain with BMO a cash collateral of $8,000 at all times. As a result, the Company purchased a two-year GIC not redeemable before maturity, which is to be held by BMO as a pledged deposit. Since the GIC is restricted from being exchanged or used for any other purpose for greater than one year, the Company has classified it as a restricted investment on the statement of financial position under non-current assets.

Pursuant to the agreed upon conditions of the Second Amendment, the Company drew down additional funds up to the $115,000 Term Loan commitment during June 2020. Principal repayments on the Amended Term Loan will commence on November 30, 2020 at a rate of 2.5% per quarter of the total Amended Term Loan balance. The Company may, at its discretion, repay the balance of the Amended Facilities without penalty, at any time.

Amendment and Restatement

Subsequent to the year-end, on November 27, 2020, the Company further amended its Facilities pursuant to an amended and restated credit agreement ("Amendment and Restatement") with BMO to: (i) reduce the Term Loan amount from $115,000 to $60,000 based on a repayment of $55,000 to be made on December 1, 2020 of the outstanding Term Loan balance of $115,000; (ii) have repayments on the balance of the Term Loan commence on February 28, 2021 in an amount equal to $1,500 per quarter; (iii) reduce the Revolver commitment to $2,000 from up to $25,000; (iv) adjust the minimum quarterly EBITDA covenants to be maintained by the Company commencing on February 28, 2021 and continuing through to maturity, thereby removing this covenant for the fiscal period ended November 30, 2020 and eliminating the reversion of the financial covenants to that of the original structure on November 30, 2021; (v) modify the applicable margin pricing and standby fee terms to reflect current market conditions; and (vi) reduce the minimum unrestricted cash balance requirement to $20,000, which is already inclusive of the $8,000 restricted investment currently outstanding. The interest rate margin will be fixed from November 27, 2020 through to maturity on May 31, 2021. The Company incurred an amendment fee of $217 plus customary legal expenses in connection with the amendment and restatement.

Other Terms and Conditions

Under the terms of the Facilities, the Company can elect, at its sole discretion, to receive advances under the Amended Term Loan through certain availment options, which includes prime rate loans and bankers' acceptances with maturity dates between 28 and 182 days. The Company, therefore, has the choice to continuously roll over the bankers' acceptances upon their maturities or to convert the then outstanding principal and interest into prime rate loans at any time before May 31, 2022. The interest rate of the Amended Facilities is a set margin over the above-noted availment options, which shall remain fixed until November 30, 2021, at which point it may subsequently increase or decrease based on a pricing grid linked to the Company's debt to EBITDA coverage at each quarter-end.

During the year ended August 31, 2019, the Company converted its $50,000 outstanding principal amount under the Term Loan to bankers' acceptances, which reduced the cash interest rate from 5.70% (EIR of 6.39%) as at May 31, 2019 to 4.46% (EIR of 5.18%) as at August 31, 2019. In accordance with IFRS 9, the loan conversion was determined to not be a modification of the loan terms.

During the year ended August 31, 2020, the Company drew an additional $65,000 under the Term Loan, in three tranches, and similar to the initial draw noted above, converted the balances from prime rate loans to bankers' acceptances. During the year ended August 31, 2020, the Company rolled over $115,000 of the Term Loan balance on a monthly basis through bankers' acceptances with an average cash interest rate of approximately 4.25%. Based on the current availment option of bankers acceptances' the applicable margin rate is 3.75% above the applicable bankers acceptances' rate.

Transaction costs incurred with respect to the Amended Facilities have totaled $2,085 to date, which have been allocated against the Term Loan ($1,899) and Revolver ($186 split between prepaid assets and deferred charges). The weighted-average effective interest rate for the Term Loan based on these capitalized transaction costs, the loan modification loss, and the current cash interest rate was approximately 4.3% at August 31, 2020.

The Facilities contain customary financial and restrictive covenants. At August 31, 2020, the Company was in compliance with these covenants.

Principal repayments required on the long-term debt for the next five years as at August 31, 2020 are as follows:

Less than 1 year	$	11,605
1 to 2 years		103,580
2 to 3 years		80
3 to 4 years		78
4 to 5 years		46
Thereafter		-
Total	$	115,389

12. SHARE CAPITAL

(i) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting only of common shares, are fully paid and non-assessable.

(ii) Issued share capital

As at August 31, 2020, the Company's issued and outstanding share capital consisted of 194,511,061 (August 31, 2019 - 156,196,347) common shares with a stated value of $420,673 (August 31, 2019 - $318,125).

(iii) Issuances of share capital

At-the-market ("ATM") equity financing - December 2019 Offering

On December 4, 2019, the Company established an at-the-market equity program (the "December 2019 ATM Program") that allowed the Company to issue up to $55,000 (or its U.S. dollar equivalent) of common shares from treasury to the public. Common shares sold in the December 2019 ATM Program were sold through the TSX or the NASDAQ at the prevailing market price at the time of sale.

Subject to securities laws and stock exchange requirements, the volume and timing of distributions under the December 2019 ATM Program were determined in the Company's sole discretion. All of the common shares issuable pursuant to the December 2019 ATM Program, were issued as of February 13, 2020. The Company has used, and intends to continue to use, the net proceeds of the December 2019 ATM Program to fund capital projects, for general corporate purposes and to repay indebtedness. As common shares distributed in the December 2019 ATM Program were issued and sold at the prevailing market price at the time of the sale, prices varied among purchasers during the period of the distribution.

Distributions of the common shares through the December 2019 ATM Program were made pursuant to the terms of an equity distribution agreement dated December 4, 2019 among the Company, BMO Nesbitt Burns Inc., as Canadian agent, and BMO Capital Markets Corp., as U.S. agent (collectively, the "agents").

The Company issued 16,201,183 common shares during the three months ended February 29, 2020 for gross proceeds of $54,966 at a weighted average price of $3.39 per common share. Net proceeds realized were $52,885 after agents' commissions of $1,100, regulatory fees of $12, and legal and professional fees of $969. Proceeds were raised in both USD (for shares sold through the NASDAQ) and CAD (for shares sold through the TSX) and the weighted average share price was calculated using the spot rate on the day of settlement.

ATM equity financing - April 2020 Offering

On April 22, 2020, the Company established an at-the-market equity program (the "April 2020 ATM Program") that allowed the Company to issue up to $49,000 (or its U.S. dollar equivalent) of common shares from treasury to the public. Common shares sold in the April 2020 ATM Program were sold through the TSX or the NASDAQ at the prevailing market price at the time of sale.

Subject to securities laws and stock exchange requirements, the volume and timing of distributions under the April 2020 ATM Program were determined in the Company's sole discretion. All of the common shares issuable pursuant to the April 2020 ATM Program, were issued as of June 8, 2020. The Company has used, and intends to continue to use, the net proceeds of the April 2020 ATM Program to fund capital projects, for general corporate purposes and to repay indebtedness. As common shares distributed in the April 2020 ATM Program were issued and sold at the prevailing market price at the time of the sale, prices varied among purchasers during the period of the distribution.

Distributions of the common shares through the April 2020 ATM Program were made pursuant to the terms of an equity distribution agreement dated April 22, 2020 among the Company and the agents.

The Company issued 14,035,278 common shares during the three months ended May 31, 2020 for gross proceeds of $31,069 at a weighted average price of $2.21 per common share. The Company subsequently completed its April 2020 ATM Program on June 8, 2020, by issuing the remaining shares under the ATM, which comprised of 7,044,951 common shares for gross proceeds of $17,915 at a weighted average price of $2.54 per common share. In aggregate, the Company issued 21,080,229 common shares under the April 2020 ATM Program during the year ended August 31, 2020 for gross proceeds of $48,785 at a weighted average price of $2.31 per common share. Net proceeds realized were $47,112 after agents' commissions of $975, regulatory fees of $1, and legal and professional fees of $697. Proceeds were raised in both USD (for shares sold through the NASDAQ) and CAD (for shares sold through the TSX) and the weighted average share price was calculated using the spot rate on the day of settlement.

Equity financing

On December 18, 2017, the Company issued 16,428,572 units by way of a bought deal at $3.50 per unit share for total gross consideration of $48,711 recorded to share capital and an increase of $8,789 to the reserve for options and warrants. Each unit consisted of one common share and one-half common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitled the holder thereof to acquire one common share of the Company at a price of $4.00 until June 18, 2019. Total issue costs were $3,678, with $3,116 charged to share capital and the remaining $562 charged to the reserve for options and warrants. These Warrants are measured at fair value at the date of grant. In determining the amount of reserve for the Warrants, the Company used the Black-Scholes option pricing model to establish the fair value of Warrants granted using the following assumptions:

Risk free interest rate %	1.6%
Expected life of Warrants (years)	1.5
Expected annualized volatility %	64.6%
Expected dividend yield %	-

Volatility was estimated by using the weighted average historical volatility of the Company and other companies that the Company considers comparable. The expected life in years represents the period of time that the Warrants granted are expected to be outstanding. The risk-free rate is based on government of Canada bonds with a remaining term equal to the expected life of the Warrants. A forfeiture rate of zero percent was used as the Company anticipated all Warrants will be exercised.

During the prior fiscal year, all except for 347,432 Warrants were exercised prior to expiry on June 18, 2019 on a one-for-one basis. The 347,432 Warrants that remained unexercised at the expiry time expired as a result. The Warrants were delisted from the TSX Venture Exchange on June 18, 2019.

Convertible debenture financing

On January 31, 2018, 115,000 convertible debentures were sold at a price of $1,000 per convertible debenture, for aggregate gross proceeds of $115,000 resulting in an increase to the reserve for options and warrants of $12,003, net of deferred tax of $4,902, related to the embedded conversion feature in the convertible debenture. Total issue cost was $7,155 with $6,094 charged to the debenture liability and the remaining $756, net of deferred tax of $305, charged to the reserve for options and warrants.

Conversion of debentures

For the year ended August 31, 2019, the Company issued 20,845,372 common shares at a price per share of $5.42 on the conversion of convertible debentures for an increase of $112,166 to share capital and a decrease of $11,247 to the reserve for options and warrants, respectively. This non-cash financing activity has been excluded from the Company's statement of cash flows as it did not provide or use any cash.

On February 27, 2019, the Company elected to exercise its right under the indenture governing the convertible unsecured debentures to convert all of the principal amount outstanding of the remaining debentures on April 1, 2019 into common shares of the Company on the basis of the daily volume-weighted average price ("VWAP") of the common shares exceeding $7.05 for any 10 consecutive trading days. As of April 1, 2019, all of the convertible unsecured debentures issued were converted to common shares of the Company and no further liability or obligation exists with respect to the convertible unsecured debentures.

Share-based payments

On July 14, 2017, the Company entered into an advisory services agreement with a cannabis consultant that resulted in the grant of 125,000 common shares that vested over various service periods up to and including October 14, 2018. The fair value of the grant was measured based on the average monthly share price of the Company over the various tranches and vesting periods resulting in a cumulative expense of $539. On October 23, 2017, the Company issued 50,000 common shares, of which 20,000 related to the advisory services agreement, as share consideration to the consultant and recognized $144 to share capital. During the year ended August 31, 2019, the Company settled the remaining balance of 105,000 common shares due to the consultant in the form of 41,000 common shares of the Company and 84,000 restricted stock units, which vest immediately, to purchase 84,000 common shares of the Company, which fully settled the Company's obligations relating to this agreement.

Exercise of stock options

During the year ended August 31, 2020, 879,240 (August 31, 2019 - 2,167,864) share options were exercised at an average exercise price of $1.21 (August 31, 2019 - $1.92) for an increase of $1,786 (August 31, 2019 - $6,588) to share capital and a decrease to the reserve for options and warrants of $717 (August 31, 2019 - $2,418).

(iv) Warrants

During the year ended August 31, 2019, 7,739,205 Warrants were exercised at an average price of $4.00 for a value of $39,257 to share capital and a decrease to the reserve for options and warrants of $8,281. All the outstanding Warrants at June 18, 2019 that were not exercised into common shares prior to expiry on June 18, 2019 lapsed and therefore no further Warrants remain outstanding.

(v) Share-based compensation

On February 25, 2020 (the "Approval Date"), the Company's shareholders approved a new omnibus equity incentive plan (the "New Equity Incentive Plan") that governs grants made on or after the Approval Date. Grants made prior to the Approval Date will continue to be governed under the terms of the plan under which they were granted including the Company's 2011 stock option plan and its 2017 equity incentive plan (the "2017 Equity Incentive Plan"), however, no new grants may be made under such plans.

Stock options

The following table summarizes changes in the Company's outstanding stock options for the years ended August 31, 2020 and 2019:

	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance - August 31, 2018	7,709,746	$ 2.10
Granted	3,589,500	$ 7.59
Exercised	(2,167,864)	$ 1.92
Cancelled / Forfeited	(298,188)	$ 6.41
Balance - August 31, 2019	8,833,194	$ 4.23
Granted	2,125,000	$ 3.21
Exercised	(879,240)	$ 1.21
Cancelled / Forfeited	(1,050,050)	$ 6.20
Balance - August 31, 2020	9,028,904	$ 4.06

The following is a summary of the outstanding stock options as at August 31, 2020:

OPTIONS OUTSTANDING		OPTIONS EXERCISABLE	
Range of Exercise Prices	Quantity Outstanding	Weighted Average Remaining Contractual Life (years)	Quantity Exercisable
$0.30 - $1.48	1,440,599	4.7	1,376,683
$1.49 - $2.38	2,204,333	7.5	1,652,833
$2.39 - $4.65	2,069,854	7.9	1,217,504
$4.66 - $7.67	1,886,518	8.2	1,276,194
$7.68 - $11.27	1,427,600	8.7	949,900
	9,028,904	7.5	6,473,114

Options outstanding have exercise prices that range from $0.30 to $11.27 with a weighted average remaining life of 7.5 years. Total share-based compensation charges, including related to production employees that are charged to biological assets and inventory, for the year ended August 31, 2020 was $7,796 (August 31, 2019 - $14,894) of which $6,127 (August 31, 2019 - $10,036) related to the Company's stock option plan. The fair value of options granted during the year ended August 31, 2020 was $3,743 (August 31, 2019 - $13,848). These options are measured at fair value at the date of grant and are expensed over the option's vesting period, which typically range from two to three-year terms with options vesting in annual tranches evenly over this time period. In determining the amount of share-based compensation related to the options, the Company used the Black-Scholes option pricing model to establish the fair value of options granted.

The following is the range of assumptions for the years ended August 31, 2020 and 2019:

	AUGUST 31, 2020	AUGUST 31, 2019
Risk free interest rate	0.45% - 1.65%	1.20% - 2.42%
Expected life of options	5.0 - 6.0 years	5.0 -6.5 years
Expected annualized volatility	72% - 85%	64% -71%
Expected dividend yield	-	-
Forfeiture Rate	8.0% - 8.7%	7.3% - 8.0%

Volatility was estimated by using the weighted average historical volatility of the Company and other companies that the Company considers comparable. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on government of Canada bonds with a remaining term equal to the expected life of the options. The forfeiture rate is calculated based on historical experience.

Equity incentive plan
As of August 31, 2020, the Company has granted both restricted share units ("RSUs") and performance share units ("PSUs") under the 2017 Equity Incentive Plan and RSUs under the New Equity Incentive Plan. The grant price of any RSU or PSU was determined based on market price calculated in accordance with TSX rules at the time of grant and with respect to PSUs, adjusted for any non-market and market performance vesting conditions in accordance with IFRS 2.

The following table summarizes the movements in the Company's outstanding RSUs:

	NUMBER
Balance - August 31, 2018	145,200
Granted	879,635
Exercised	(182,473)
Balance - August 31, 2019	842,362
Granted	265,258
Exercised	(154,062)
Cancelled/Forfeited	(60,387)
Balance - August 31, 2020	893,171

The estimated fair value of the equity settled RSUs granted during the year ended August 31, 2020 was $1,037 (August 31, 2019 - $4,543), which was based on the Company's share price at the grant date and will be recognized as an expense over the vesting period of the RSUs, which is over a period of one year for most grants. For the year ended August 31, 2020, $1,576 (August 31, 2019 - $3,475) has been recognized as share-based compensation expense.

The following table summarizes the movements in the Company's outstanding PSUs:

	NUMBER
Balance - August 31, 2019	-
Granted	142,187
Exercised	(15,502)
Balance - August 31, 2020	126,685

The estimated fair value of the equity settled PSUs granted during the year ended August 31, 2020 was $305 (August 31, 2019 - $nil), which was based on the Company's share price at the grant date, adjusted for an estimate of likelihood of achievement, and will be recognized as an expense over the vesting period of the PSUs, which is during the fiscal year-ended August 31, 2020. For the year ended August 31, 2020, $272 (August 31, 2019 - $nil) has been recognized as share-based compensation expense.

(vi) Earnings (Loss) per share

Earnings (loss) per share represents net income (loss) attributable to common shareholders divided by the weighted average number of common shares outstanding during the year.

Diluted (loss) income per share is calculated by dividing the applicable net (loss) income by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the year.

The reconciliation of the weighted average number of shares, for the purposes of diluted earnings per share, to the weighted average number of ordinary shares, used in the calculation of basic earnings per share, is as follows:

	AUGUST 31, 2020	AUGUST 31, 2019
Weighted average number of shares used in basic earnings per share	172,668,816	140,923,324
Options	4,540,182	5,194,827
Warrants	-	4,738,388
Restricted share units	727,275	684,534
Performance share units	126,685	-
Weighted average number of shares used in diluted earnings per share	178,062,958	151,541,073

The outstanding number and type of securities that could potentially dilute basic net (loss) income per share in the future but that were not included in the computation of diluted net income (loss) per share because to do so would have increased (decreased) the net (loss) income per share (anti-dilutive) are as follows:

	AUGUST 31, 2020	AUGUST 31, 2019
Stock options	4,382,918	1,847,500
	4,382,918	1,847,500

13. OTHER LIABILITIES

The carrying value of other liabilities consists of:

	AUGUST 31, 2020	AUGUST 31, 2019
Contingent share consideration	231	1,117
Lease liabilities	2,617	-
	2,848	1,117

(i) Contingent share consideration

In connection with the Company's investment in alpha-cannabis® Pharma GmbH as described in Note 14, the Company has a commitment to deliver additional consideration of up to €875 in the form of the Company's common shares contingent on the achievement of certain gross margin-based milestones. At August 31, 2020, the Company revalued the contingent liability and recorded a corresponding gain in the statement of operations of $886 for the year ended August 31, 2020 (August 31, 2019 - loss of $145).

(ii) Lease liabilities

In connection with the Company's adoption of IFRS 16 effective September 1, 2019, lease liabilities were recorded as described in Note 3.

On March 13, 2020, the Company entered into a lease amending agreement for its Toronto corporate office: i) extending the lease of its existing 5,007 square feet of office space (the "Existing Premises") originally expiring on August 31, 2020; and ii) leasing an additional 6,572 square feet of office space adjacent to the Existing Premises (the "Additional Premises"). The term of the lease for Existing Premises will be extended for a period of five years and two months commencing on September 1, 2020 and expiring on October 31, 2025. As this amending lease agreement for the Existing Premises is effectively a modification to the original lease agreement, the Company has recognized the ROU asset and corresponding lease liability pertaining to the Existing Premises as of the effective date of the lease amending agreement, which was March 13, 2020.

On April 21, 2020, the Company, as sub-landlord, entered into a sublease agreement with a subtenant pursuant to which the Company agreed to sublease 3,099 square feet of its Additional Premises noted above for a period of five years and two months commencing on September 1, 2020 and expiring on October 30, 2025 for a total of $251 per annum for an aggregate rental income of $1,296 over the term of the sublease. Under the currently contemplated terms, both parties have the mutual right to terminate the sublease upon six months' written notice to either party, which shall not occur prior to August 31, 2023. This sublease agreement has no impact on the amount of lease liabilities as it is a net investment in the sublease by the Company.

On July 16, 2020, the Company, as sublandlord, entered into a sublease agreement with a subtenant, pursuant to which the Company agreed to sublease 3,473 square feet of its rented premises for a period of five years and two months commencing on September 1, 2020 and expiring on October 30, 2025 for a total of $282 per annum for an aggregate rental income of $1,431 over the term of the sublease. Under the terms, the sub-landlord has a right to terminate the sublease upon six months' written notice to the subtenant, which shall not occur prior to April 30, 2021, whereas the subtenant have a right to terminate the sublease upon eight months' written notice to the sublandlord, which shall not occur prior to February 28, 2022.

The following is a continuity schedule of lease liabilities for the year ended August 31, 2020:

Balance, August 31, 2019	$	-
IFRS 16 transition		2,219
Lease additions		2,220
Lease payments		(897)
Interest expense on lease liabilities		163
Balance, August 31, 2020		3,705
Current portion included in accounts payable and accrued liabilities		(1,088)
Long-term portion	$	2,617

The undiscounted contractual payments relating to the current and future lease liabilities at August 31, 2020 is:

Less than 1 year	$	1,553
1 to 2 years		1,049
2 to 3 years		1,045
3 to 4 years		998
4 to 5 years		768
Thereafter		606
Total	$	6,019

Included in the undiscounted contractual payments relating to current and future lease liabilities above is the Additional Premises as noted above, the term of which will commences on September 1, 2020.

14. INVESTMENTS IN ASSOCIATES

The carrying value of investments in associates consist of:

	ALPHA-CANNABIS PHARMA GMBH (A)	EVIANA HEALTH CORPORATION (B)	HYASYNTH BIOLOGICALS INC. (C)	TOTAL
Participating share [1]	25.0%	19.9%	43.4%	
Balance, August 31, 2018	$ -	$ -	$ -	$ -
Additions	3,408	5,000	5,000	322
Transaction costs	160	73	89	
Distributions	-	(374)	-	(374)
Share of net loss	(50)	(734)	(477)	(1,261)
Impairment loss	-	(950)	-	(950)
Foreign currency translation gain (loss)	(22)	(15)	-	(37)
Balance, August 31, 2019	$ 3,496	$ 3,000	$ 4,612	$ 11,108
Share of net loss	(75)	-	(1,112)	(1,187)
Impairment loss	-	(3,000)	-	(3,000)
Elimination of proportionate share of transactions with associates	(14)	-	-	(14)
Foreign currency translation gain (loss)	94	-	-	94
Balance, August 31, 2020 [2]	$ 3,501	$ -	$ 3,500	$ 7,001

Note 1: % Interest includes the potential ownership interest that could result from the conversion of debentures and exercise of warrants

Note 2: The Company utilizes the most recently issued quarterly financial statements of its associates in its results with a two month lag since the Company does not have the same reporting date as its associates (for the year ended August 31, 2020, the Company utilized its associates' June 30, 2020 results)

a) alpha-cannabis Pharma GmbH

On October 10, 2018, the Company executed an investment agreement with alpha-cannabis® Pharma GmbH ("ACG") pursuant to which the Company acquired 8,333 common shares of ACG, representing a 25% stake in the capital of ACG, for aggregate proceeds of €1,625 ($2,436). Established in 2016, ACG is a privately held company that is strategically positioned to serve the German medical cannabis market.

The Company has a commitment to deliver additional consideration of up to €875 in the form of the Company's common shares contingent on the achievement of certain gross margin-based milestones. The Company has estimated the fair value of these contingent shares as €649 ($972) as of the investment date and has included a corresponding long-term liability under other liabilities in the statement of financial position. Refer to Note 12 for further information.

Concurrent with the Company's investment in ACG, the parties entered into a CBD supply agreement, whereby ACG may supply the Company with synthetic CBD, as well as a cannabis supply agreement, whereby the Company may supply ACG with dried cannabis flowers.

b) Eviana Health Corporation

On October 2, 2018, the Company participated in the debenture offering of Eviana Health Corporation ("Eviana") by way of private placement. Eviana is a Canadian Securities Exchange ("CSE") listed company that was established with the aim of delivering customized consumer health care products using natural hemp strains of cannabis sativa for cannabinoid-based topical creams and products. The Company's investment is in the form of convertible debentures and share purchase warrants, which together provide a potential ownership interest of up to 21.4%, which is capped at 19.9% based on certain contractual obligations. In addition to this ownership interest, the Company also considered various qualitative factors in arriving at the determination that significant influence exists, including representation rights on Eviana's board of directors, and thereby concluding that the equity method of accounting is appropriate.

The convertible debentures have a face value of $5,000, bear interest at 10% per annum, are non-redeemable, and mature on October 2, 2020. The convertible debentures are convertible at the option of the holder at any time at a price of $1.15 per share, or into 4,347,826 common shares of Eviana. Conversion of the debentures may be forced by Eviana in the event that the volume weighted average price of the common shares of Eviana for ten consecutive days is greater than $2.15, subject to a minimum volume of 100,000 shares in each of those 10 days.

The share purchase warrants were acquired for no additional consideration, concurrent with the debenture offering, are transferrable, and are exercisable until October 2, 2020. 2,500 share purchase warrant units were acquired, each of which is convertible into 870 common shares per unit, or 2,175,000 common shares in aggregate, at an exercise price of $1.30 per share.

Concurrent with the Company's investment in Eviana, the parties entered into a CBD oil supply agreement, whereby the Company has the right, but not obligation, to purchase up to 25% of Eviana's annual CBD oil at 95% of the agreed raw CBD oil wholesale market price for a period of 5 years from the date on which the CBD oil is first made commercially available by Eviana for wholesale.

On October 28, 2019, Eviana provided a default announcement in accordance with National Policy 12-203 Management Cease Trade Orders ("NP 12-203"). Eviana made an application to the British Columbia Securities Commission, as its principal regulator, for a management cease trade order ("MCTO") under NP 12-203 in respect of an anticipated default regarding its annual filings. On November 1, 2019, a cease trade order ("CTO") was issued by the British Columbia Securities Commission and the Ontario Securities Commission. On November 5, 2019, Eviana was suspended from the CSE in accordance with CSE Policy 3 which is considered a regulatory halt as defined in National Instrument 23-101 - Trading Rules.

At May 31, 2020, the Company identified indicators of impairment with respect to its investment in Eviana. The Company determined the recoverable amount of Eviana to approximate $nil based on the higher of fair value less costs to sell ("FVLCS") and value-in-use ("VIU"). An impairment loss of $3,000 has been included in the statement of (loss) income and comprehensive (loss) income for the year ended August 31, 2020.

On June 18, 2020, the Company served Eviana with a notice of default and demand letter with respect to the non-payment of interest relating to its convertible debentures as well as other applicable events of default under the debenture agreement. As of the date these financial statements were approved, the Company has not yet received its December 31, 2019 or June 30, 2020 interest payment on the Eviana convertible debenture.

c) Hyasynth Biologicals Inc.

On September 12, 2018, the Company invested in Hyasynth Biologicals Inc. ("Hyasynth") by way of convertible secured debentures, to be purchased in three tranches and valued in the aggregate at $10,000. Tranche 1 was issued on that date, Tranche 2 was issued on October 23, 2020 (as described below), and one additional tranche that may be issued based on the achievement of a specific milestone. Hyasynth is a privately held biotechnology company based in Montreal, Quebec and is a leader in the field of cannabinoid science and biosynthesis. The Company's investment is in the form of convertible debentures, which provide a potential ownership interest of up to 43.4% based on Tranche 1. In addition to the ownership interest, the Company also considered various qualitative factors in arriving at the determination that significant influence exists, including representation on Hyasynth's board of directors, and thereby concluded that the equity method of accounting is appropriate.

Tranche 1 of the convertible debentures has a face value of $5,000, bears interest at 8.0% per annum, are secured, and mature on the earlier of August 31, 2023 or the closing date of a qualified sale transaction, unless an automatic or optional conversion has occurred. Tranche 1 of the convertible debentures are convertible at the option of the holder at any time at a price of $40 per share, or into 125,000 common shares. Conversion of the debentures may be automatically triggered based on the completion of a qualified transaction or Hyasynth's facility reaching a pre-defined production capacity. Tranche 2 and 3 of the convertible debentures, each of which commits $2.5 million for an aggregate of $5 million, have certain production-related milestones that must be achieved within a 24- and 36-month period, respectively, for issuance to occur.

Concurrent with the Company's investment in Hyasynth, the parties entered into a CBD supply agreement, whereby the Company has the ability to purchase up to 100% of Hyasynth's annual cannabinoid or cannabinoid-related production at a 10% discount to the agreed upon wholesale market price for a period of 10 years from the date Hyasynth commences commercial production of the products.

Subsequent to the year end, on October 23, 2020, the Company advanced an additional $2,500 to Hyasynth by way of convertible debentures as a result of Hyasynth’s achievement of the contractual production-related milestone for Tranche 2 of the convertible debentures. This brings the Company’s total face value of convertible debentures investment in Hyasynth to $7,500, which provides the Company with a potential ownership interest of up to 46.5% on a fully diluted basis.

15. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. The transactions are conducted at arm's length and in the normal course of operations.

(i) Management and Board compensation

For the years ended August 31, 2020 and 2019, the Company's expenses included the following management and board compensation:

	AUGUST 31, 2020	AUGUST 31, 2019
Salaries and consulting fees	$ 2,953	$ 2,521
Share-based compensation	2,750	5,155
Total key management compensation	$ 5,703	$ 7,676

During the year ended August 31, 2020, 790,000 stock options (August 31, 2019 - 685,000) were granted to key management personnel at an average exercise price of $2.48 (August 31, 2019 - $4.75) and aggregate fair value of $1,794 (August 31, 2019 - $1,736). In addition, during the year ended August 31, 2020, 211,981 RSUs (August 31, 2019 - 631,949), were granted to key management personnel with an aggregate fair value of $902 (August 31, 2019 - $3,002). For the year ended August 31, 2020, 88,910 PSUs (August 31, 2019 - nil) were issued to key management personnel with an aggregate fair value of $191 (August 31, 2019 - $nil).

(ii) Significant transactions with associates

For the year ended August 31, 2020, the Company received no interest income (August 31, 2019 - $374) on its convertible debenture investment in Eviana as disclosed in Note 14, which is being recorded as distributions under the equity accounting method.

For the year ended August 31, 2020, the Company earned revenues of $52 (August 31, 2019 - $nil) on product sold to ACG, which has been proportionately eliminated from the consolidated financial statements based on the Company's proportionate share of investment in ACG.

16. CAPITAL MANAGEMENT

The Company considers its capital to consist of share capital, equity reserves, long-term debt, accumulated other comprehensive income, and retained earnings, which is disclosed in the August 31, 2020 consolidated statement of financial position as $414,793 (August 31, 2019 - $376,582). Equity reserves is comprised of any amounts recorded with respect to the recognition of share-based compensation expense (options, RSUs, or PSUs) or the fair value of warrants issued. Accumulated other comprehensive income is entirely comprised of foreign currency translation gains and losses recorded on the Company's investment in ACG.

The Company manages its capital structure and adjusts it based on funds available to the Company, in order to fund its expansion and construction of its facility. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative stage of the Company, is reasonable. There has been no change in how the Company defines or manages capital during the period.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

i) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants. The Company records certain financial instruments at fair value. The Company's financial instruments include cash, short-term investments (including marketable securities), accounts receivable, loan receivable, accounts payable and accrued liabilities, long-term debt, and contingent share consideration.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of cash, short-term investments, accounts receivable, loan receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-term nature. The fair value of marketable securities is based on quoted prices in active markets and is reflected in the carrying value of these financial assets. The fair value of long-term debt approximates $115,389 based on the face value of debt outstanding, which carries a floating interest rate.

The fair value of the contingent share consideration is primarily based on Level 3 unobservable inputs. The determination of the fair value of this liability is primarily driven by the Company's expectations of the investment in associate achieving certain milestones. The expected milestones were assigned probabilities and the expected related cash flows were discounted to derive the fair value of the contingent consideration. At August 31, 2020, the probability of achieving the milestones was estimated to be 68% and the discount rate was estimated to be 20%. If the probabilities of achieving the milestones increased or decreased by 10%, the estimated fair value of the contingent share consideration would increase or decrease by approximately $33. If the discount rates increased or decreased by 5%, the estimated fair value of contingent consideration would decrease or increase, respectively, by approximately $12.

During the period, there were no transfers of amounts between Levels 1, 2 and 3.

ii) Financial risk factors

The Company is exposed to various risks through its financial instruments, as follows:

(i) **Credit risk** arises from deposits with banks, short-term investments (excluding investments in equity securities), outstanding trade and loan receivables, and restricted investments. For trade receivables, the Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. For other receivables, out of the normal course of business such as the loan receivable, management generally obtains guarantees and general security agreements. The maximum exposure to credit risk of cash, short-term investments, accounts receivable, loans receivable, and restricted investment on the statement of financial position at August 31, 2020 approximates $99,736 (August 31, 2019 - $65,385).

As of August 31, 2020, the Company's aging of trade receivables was as follows:

	AUGUST 31, 2020	AUGUST 31, 2019
0-60 days	$ 11,023	$ 11,748
61-120 days	73	152
Gross trade receivables	$ 11,096	$ 11,900
Less: Provision for doubtful accounts	(13)	(268)
	$ 11,083	$ 11,632

(ii) **Liquidity risk -** The Company's liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. At August 31, 2020, the Company had $24,600 (August 31, 2019 - $47,555) of cash and working capital of $141,123 (August 31, 2019 - $152,417). Further, the Company may further consider accessing equity capital through the capital markets.

The Company is obligated to the following contractual maturities relating to their undiscounted cash flows:

	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 17,486	$ 17,486	$ 17,486	$ -	$ -	-
Long-term debt	115,266	115,388	11,605	103,660	123	-
Interest payments	-	7,729	4,682	3,047	-	-
	$ 132,752	$ 140,603	$ 33,773	$ 106,707	$ 123	$ -

The contractual maturities noted above are based on contractual due dates of the respective financial liabilities.

In connection with the Company's Moncton Campus expansion plans, the Company is contractually committed to approximately $1,600 of capital expenditures.

(iii) **Market risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Company comprises of:

> **Interest rate risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk at August 31, 2020 pursuant to the variable rate loans described in Note 11. A 1% change in benchmark interest rates will increase or decrease the Company's interest expense by $1,150 (August 31, 2019 - $500) per year.

18. REVENUE

Net revenue for the Company is defined as gross revenue, which is net of any customer discounts, rebates, and sales returns and recoveries, less excise taxes.

Revenues for the years ended August 31, 2020 and 2019 are disaggregated as follows:

	AUGUST 31, 2020	AUGUST 31, 2019
Adult-use recreational wholesale revenue (Canadian)	$ 73,938	$ 85,018
Wholesale to Licensed Producers revenue (Canadian)	15,184	709
Direct to patient medical revenue (Canadian)	10,748	11,192
International (business to business)	3,272	98
Other revenue	245	530
Gross revenue	$ 103,387	$ 97,547
Excise taxes	(16,592)	(17,134)
Net revenue	$ 86,795	$ 80,413

Recreational revenue is primarily comprised of provincial government bodies and large retailers that sell cannabis through their respective distribution models, whereas wholesale revenue is comprised of wholesale shipments to other cannabis companies, including licensed producers, for further processing and sales onto their end customers.

During the year ended August 31, 2020, the Company had three customers (August 31, 2019 - two customers) that individually represented more than 10% of the Company's net revenue.

19. COST OF SALES

Cost of sales is comprised of the cost of inventories sold during the period, shipping expenses, the production cost of late-stage biological assets that are disposed of, provisions and write-downs for inventory that does not pass the Company's quality assurance standards and obsolete products and packaging, and other production overhead. For the three months ended November 30, 2019, the Company determined that the classification of indirect production is more accurately reflected as and most comparable to industry peers as a component of cost of sales rather than a separate line in the statement of operations. As a result, indirect production of $4,733 has been reclassified from indirect production to cost of sales for the year ended August 31, 2019 to conform to the current period presentation. This change in presentation has no impact on gross margin before fair value adjustments.

During the year ended August 31, 2020, the Company recorded write-downs and provisions in relation to excess and obsolete inventories and biological assets as well as adjustments to net realizable value totaling $35,584 (August 31, 2019 - $4,733), which are detailed in Note 8.

During the year ended August 31, 2020, the Company recorded charges of $6,095 (August 31, 2019 - $nil) related to a reduced workforce due to COVID-19, which was comprised of $5,048 in plant culling, $1,047 mostly related to lump-sum payments paid to temporarily laid-off workers. The Company also recorded $5,434 (August 31, 2019 - $nil) in charges for unabsorbed fixed overhead related to reduced production volumes. These charges were expensed to cost of sales.

20. CONTINGENCIES

The Company recognizes loss contingency provisions for probable losses when management can reasonably estimate the loss. When the estimated loss lies within a range, the Company records a loss contingency provision based on its best estimate of the probable loss. If no particular amount within that range is a better estimate than any other amount, the mid-point of the range is used. As information becomes known a loss contingency provision is recorded when a reasonable estimate can be made. The estimates are reviewed at each reporting date and the estimates are changed when expectations are revised. An outcome that deviates from the Company's estimate may result in an additional expense or release in a future accounting period.

During 2015, the Company was named as a defendant in a lawsuit in New Brunswick for breach of confidence, conversion, breach of contract, conspiracy and breach of trust, breach of fiduciary duty, and negligent misrepresentation. The Company believes the lawsuit to be without merit though it will rigorously defend the action. No amount has been accrued in relation to the consolidated financial statements for the claim.

On March 3, 2017, a claim in connection with a proposed class-action lawsuit (the "Claim") was filed with the Supreme Court of Nova Scotia (the "Court") seeking to represent a class who purchased medical marijuana that was the subject of the Company's product recalls in December 2016 and January 2017 as it may have contained trace elements of the pesticides myclobutanil and bifenazate which are not approved for use by licensed producers. The Claim identifies several causes of action including, among others: (i) negligent design, development and testing, (ii) negligent manufacturing, (iii) negligent distribution, marketing and sale, (iv) breach of contract, and (v) breach of the Competition Act, the Consumer Protection Act, and the Sale of Goods Act, and is seeking remedy in the form of, among other things, the disgorgement of profits accrued to the Company for the sale of contaminated products, exemplary or punitive damages and certain costs.

The Claim was amended on November 16, 2017, to include a claim for alleged adverse health consequences caused as a result of using the recalled product. As at the date hereof, the Company has not received any medical information demonstrating adverse health effects caused as a result of using the recalled product.

The amended Claim also contained a request for an order certifying the proceeding as a class proceeding.

During late June 2018, certification hearings were heard before the Court. On January 18, 2019, the Court issued its decision granting certification. On March 4, 2019, the Company filed a notice for leave to appeal the certification of the class action brought against it. Leave to appeal was granted and the appeal was heard on October 15, 2019 and the decision was reserved. On April 30, 2020, the Nova Scotia Court of Appeal ruled that the plaintiff failed to present any evidence that the cannabis purchased by medical customers in 2016 could cause any particular adverse health effects. As a result, class members would not be able to bring claims for damages for adverse health effects in the class proceeding. On June 26, 2020, the plaintiff filed an application for leave to appeal the Nova Scotia Court of Appeal's decision with the Supreme Court of Canada. On November 5, 2020, the application for leave to appeal was dismissed by the Supreme Court of Canada.

The Company is contesting what remains of the litigation. The Company reported the Claim to its insurance provider which appointed counsel to defend the Claim. Insurance may be available to cover all or a portion of the fees or damages which may be associated with the Claim although the Company’s coverage may be subject to varying limits and exclusions. The litigation process will continue into the foreseeable future unless settled out of court. No amount has been recorded in the consolidated financial statements as the Company has not yet determined a reasonable estimate of the cost to resolve this class action.

On June 16, 2020, a claim in connection with a proposed national consumer protection class-action lawsuit was filed with the Court of Queen's Bench in Alberta (the "Alberta Claim") seeking damages against several Canadian cannabis companies including the Company. The Alberta Claim does not particularize all of the claims against the companies however it makes allegations with respect to the content of THC and CBD in the companies' products. The proposed action is not certified. The Company has reported the Alberta Claim to its insurers.

21. OPERATING SEGMENTS

The Company previously operated in two operating segments - production and sale of cannabis and patient counselling, operating as Trauma Healing Centers, Incorporated ("THCI"). THCI was disposed of on October 16, 2018 (see Note 24). As a result, the Company currently operates in only one operating segment, the production and sale of cannabis. All assets for the production and sale of cannabis segment are domiciled within Canada and effectively all revenues are generated in Canada, except those revenues disclosed in Note 18.

22. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE (EXCLUDING DISCONTINUED OPERATIONS

	AUGUST 31, 2020	AUGUST 31, 2019
Office and general	$ 11,819	$ 7,942
Wages and benefits	7,611	4,443
Professional fees	5,367	4,636
Depreciation and amortization	1,510	664
Research and development	1,269	409
Travel and accommodation	383	456
Utilities	37	43
Total general and administrative expenses	$ 27,996	$ 18,593

23. INCOME TAXES

There are no current income taxes payable or recoverable for the years ended August 31, 2020 and 2019.

Components of deferred income tax expense are as follows:

	AUGUST 31, 2020	AUGUST 31, 2019
Origination and reversal of temporary differences	$ (37,875)	$ 1,987
Change in tax rate and rate differences	421	281
Change in unrecognized temporary differences	27,245	1,349
Prior period adjustments	(262)	12
Total income tax (recovery) expense	$ (10,471)	$ 3,629

A reconciliation of income tax expense at the statutory rate to amounts recorded in the consolidated financial statements is provided below.

	AUGUST 31, 2020	AUGUST 31, 2019
Income (loss) from continuing operations before income taxes	$ (146,628)	$ (5,875)
Statutory income tax rate	29.0%	29.0%
Tax calculated at statutory rate	(42,522)	(1,704)
Non-deductible (non-taxable) items	2,643	3,742
Difference between current and future tax rates	421	281
Benefit of deductible temporary differences not recognized	27,245	1,349
Effect of tax rates in other jurisdictions	2,016	-
Other	(274)	(39)
Income tax (recovery) expense per financial statements	$ (10,471)	$ 3,629

Recognized deferred tax assets and liabilities consist of the following:

	AUGUST 31, 2020	AUGUST 31, 2019
Deferred tax assets are attributable to the following:		
Non-capital losses	$ 6,670	$ 10,708
Lease liabilities	1,038	-
Deferred tax assets	7,708	10,708
Set-off of tax	(7,708)	(10,708)
Net deferred tax asset	$ -	$ -
Deferred tax liabilities are attributable to the following:		
Long-term assets	$ (961)	$ (4,983)
Biological assets	(170)	(961)
Inventories	(5,367)	(15,200)
Right-of-use lease assets	(1,096)	-
Other	(114)	(35)
Deferred tax liabilities	(7,708)	(21,179)
Set-off of tax	7,708	10,708
Net deferred tax liability	$ -	$ (10,471)

The changes in temporary differences during the years ended August 31, 2020 and 2019 were as follows:

	NET BALANCE AT AUGUST 31, 2019	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED DIRECTLY IN EQUITY & OCI	NET BALANCE AT AUGUST 31, 2020
Non-capital losses	$ 10,708	$ (4,039)	$ -	$ 6,669
Share issuance costs	-	-	-	-
PP&E	(4,983)	4,022	-	(961)
Biological assets	(961)	791	-	(170)
Inventories	(15,200)	9,833	-	(5,367)
Lease liabilities	-	1,038	-	1,038
Right-of-use lease assets	-	(1,096)	-	(1,096)
Other	(35)	(78)	-	(113)
Net tax assets (liabilities)	$ (10,471)	$ 10,471	$ -	$ -

	NET BALANCE AT AUGUST 31, 2018	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED DIRECTLY IN EQUITY & OCI	NET BALANCE AT AUGUST 31, 2019
Non-capital losses	$ 8,604	$ 2,723	$ (619)	$ 10,708
Share issuance costs	1,657	-	(1,657)	-
PP&E	(1,275)	(3,708)	-	(4,983)
Biological assets	(3,307)	2,346	-	(961)
Inventories	(10,385)	(4,815)	-	(15,200)
Unsecured convertible debentures	(3,306)	(108)	3,414	-
Other	32	(67)	-	(35)
Net tax assets (liabilities)	$ (7,980)	$ (3,629)	$ 1,138	$ (10,471)

At August 31, 2020, the Compansy has non-capital loss carryforwards available to offset future taxable income in Canada, which expire as follows:

	AUGUST 31, 2020
August 31, 2035	$ 1,070
August 31, 2037	11,727
August 31, 2038	14,296
August 31, 2039	16,746
August 31, 2040	81,205
	$ 125,044

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	AUGUST 31, 2020	AUGUST 31, 2019
Deductible temporary differences	$ 17,348	$ 12,010
Tax losses	102,183	3,809
	$ 119,531	$ 15,819

24. LICENSING AGREEMENT

On October 4, 2016, the Company entered into a licensing agreement with Swear Net Inc. (the Trailer Park Boys Inc. "TPB") for an exclusive product and branding partnership superseded by a licensing agreement with TPB dated April 15, 2020 and terminated on September 14, 2020 subject to transitionary licensing provisions until April 30, 2021. In exchange for services, the Company paid $100 in cash and issued 150,000 options at a strike price of $1.52 per share. The fee is being recognized over the life of the agreement of five years as services are delivered. For the year ended August 31, 2020, $22 (August 31, 2019 - $99) has been amortized to share-based compensation and $32 (August 31, 2019 - $32) has been amortized to selling and marketing expenses. At August 31, 2020, the Company has recorded the current portion of the cash payment and stock options fee of $57 (August 31, 2019 - $89) as a prepaid expense and the long-term portion of the fee of $2 (August 31, 2019 - $24) in deferred charges on the consolidated statements of financial position.

Under the agreement, the Company issued an additional 350,000 in options at a price of $1.52 which vest in accordance with certain conditions being met. As of August 31, 2020, these conditions have been met. For the year ended August 31, 2020, $51 has been expensed (August 31, 2019 - $51) to share-based compensation. At August 31, 2020, the Company has recorded the current portion of the stock options fee of $51 (August 31, 2019 - $51) as a prepaid expense and the long-term portion of the fee of $4 (August 31, 2019 - $55) in deferred charges on the consolidated statements of financial position.

25. GOVERNMENT SUBSIDIES

On April 1, 2020, Department of Finance Canada announced the CEWS, which would subsidize 75% of employee wages, retroactive to March 15, 2020, to Canadian employers whose business had been affected by COVID-19 to enable them to re-hire workers previously laid off as a result of pandemic, help prevent further job losses, and to better position companies to resume normal operations following the crisis. Under this program, the Company applied for a wage subsidy of $7,883 for the period March 15, 2020 to August 29, 2020, which has been included as government subsidies in the statements of (loss) income and comprehensive (loss) income.

26. OPERATIONS OF TRAUMA HEALING CENTERS

THCI previously offered a multi-disciplinary approach to post traumatic stress disorder treatment, chronic pain, trauma therapy, and medical cannabis as an alternative medicine. On October 16, 2018, the Company sold THCI to Harvest Medicine ("HMED"). HMED is a wholly owned subsidiary of VIVO Cannabis Inc. ("VIVO"). The transaction resulted in HMED acquiring 100% of the issued and outstanding shares of THCI from the Company. The total purchase price for the shares was $1,141 which was satisfied by the issuance of 864,678 common shares in the capital of VIVO at a share price of $1.32. This non-cash investing activity has been excluded from the statement of cash flows as it did not use or provide any cash. The derecognized assets and liabilities on October 16, 2018 were as follows:

Derecognized assets and liabilities		
Cash	$	96
Accounts receivable		140
Other current assets		9
Property, plant and equipment		86
Goodwill		880
Trade and other payables		(70)
Net assets disposed	$	1,141
Fair value of consideration received	$	1,141
Gain/(loss) on disposal		-

During the fourth quarter of fiscal year 2018, management decided to divest the operations of THCI. Consequently, assets and liabilities allocable to THCI were classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of THCI have been eliminated from profit or loss from the Company's continuing operations and are shown as a single line item in the statements of income (loss) and comprehensive income (loss).

Operating income (loss) of THCI and the loss from re-measurement of assets and liabilities classified as discontinued operations are summarized as follows up to the date of disposal (see below):

	FOR THE PERIOD SEPTEMBER 1, 2018 TO OCTOBER 16, 2018	
Revenue		
Sales	$	138
Cost of sales		54
Gross margin from discontinued operations		84
Expenses		
General and administrative		75
Total expenses		75
Investment income (expense)		-
Income (loss) from operations	$	9
Loss on remeasurement to fair value less costs to sell		(47)
Loss on discontinued operations	$	(38)

Cash flows generated by THCI for the reporting periods are summarized as follows:

	FOR THE PERIOD SEPTEMBER 1, 2018 TO OCTOBER 16,2018
Operating activities	$ (35)
Investing activities	-
Cash used by discounted operations	$ (35)

27. SUBSEQUENT EVENTS

i) Hyasynth Tranche 2 convertible debentures issuance

On October 23, 2020, the Company advanced an additional $2,500 to Hyasynth by way of convertible debentures as a result of Hyasynth's achievement of the contractual production-related milestone for Tranche 2 of the convertible debentures. This brings the Company's total face value of convertible debentures investment in Hyasynth to $7,500, which provides the Company with a potential ownership interest of up to 46.5% on a fully diluted basis as of October 23, 2020.

ii) Unit offering

On November 12, 2020, the Company closed an underwritten public offering of 37,375,000 units of the Company at a price of $1.85 per unit, including a full exercise of the over-allotment option, underwritten by a syndicate of underwriters led by Canaccord Genuity Corp., for total gross proceeds of $69,144. Each unit is comprised of one Common Share of the Company and one half of one common share purchase warrant of the Company (each full common share purchase warrant, a "Warrant"). Each Warrant will be exercisable to acquire one common share of the Company (a "Warrant Share") for a period of three years following the closing date of the Offering at an exercise price of $2.50 per Warrant Share, subject to adjustment in certain events. The Company expects to use the net proceeds from the Offering to repay indebtedness and for working capital and other general corporate purposes.

iii) Credit facility amendment and restatement

On November 27, 2020, the Company further amended its Facilities pursuant to an amended and restated credit agreement ("Amendment and Restatement") with BMO to: (i) reduce the Term Loan amount from $115,000 to $60,000 based on a repayment of $55,000 to be made on December 1, 2020 of the outstanding Term Loan balance of $115,000; (ii) have repayments on the balance of the Term Loan commence on February 28, 2021 in an amount equal to $1,500 per quarter; (iii) reduce the Revolver commitment to $2,000 from up to $25,000; (iv) adjust the minimum quarterly EBITDA covenants to be maintained by the Company commencing on February 28, 2021 and continuing through to maturity, thereby removing this covenant for the fiscal period ended November 30, 2020 and eliminating the reversion of the financial covenants to that of the original structure on November 30, 2021; (v) modify the applicable margin pricing and standby fee terms to reflect current market conditions; and (vi) reduce the minimum unrestricted cash balance requirement to $20,000, which is already inclusive of the $8,000 restricted investment currently outstanding. The interest rate margin will be fixed from November 27, 2020 through to maturity on May 31, 2021. The Company incurred an amendment fee of $217 plus customary legal expenses in connection with the amendment and restatement.


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Organigram Holdings Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

For the three months and year ended August 31, 2020

ORGANIGRAM

INTRODUCTION

This Management's Discussion and Analysis dated November 29, 2020 (this "MD&A"), should be read in conjunction with the audited annual consolidated financial statements (the "Financial Statements") of Organigram Holdings Inc. (the "Company" or "Organigram") for the year ended August 31, 2020 ("Fiscal 2020" or "Q4 Fiscal 2020" when referring to the three months ended August 31, 2020), including the accompanying notes thereto.

Financial data in this MD&A is based on the consolidated Financial Statements of the Company for the year ended August 31, 2020 and has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), unless otherwise stated. All financial information in this MD&A is expressed in thousands of Canadian dollars ("$"), except for share and per share calculations, references to $ millions, per gram ("g") or kilogram ("kg") of dried flower and per milliliter ("mL") or liter ("L") of cannabis oil calculations.

Financial figures relating to prior periods in the eight-quarter comparative table captioned "Summary of Quarterly Results" have been restated due to the reclassification of discontinued operations (see note 26 of the Financial Statements) and the reclassification of indirect production to cost of sales (see note 19 of the Financial Statements).

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

- Yield per plant (in grams);
- Plants per room;
- Target production capacity;
- Adjusted Gross Margin; and
- Adjusted EBITDA.

The Company believes that these non-IFRS financial measures and operational performance measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance and prospects in a similar manner to the Company's management. The non-IFRS financial performance measures are defined in the sections in which they appear. Adjusted Gross Margin and Adjusted EBITDA are reconciled to IFRS in the "Financial Review and Discussion of Operations" section of this MD&A.

As there are no standardized methods of calculating these non-IFRS measures, the Company's approaches may differ from those used by others, and accordingly, the use of these measures may not be directly comparable. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Company has determined to discontinue reporting cost-of-cultivation as a non-IFRS financial measure, on the basis that due to the absence of standardized methods for calculating non-IFRS financial measures, and widely varying inputs and methodologies used in the industry for metrics of this nature, the information is difficult to compare and potentially confusing.

The Company's wholly-owned subsidiary, Organigram Inc., is a licensed producer of cannabis and cannabis derived products (a "Licensed Producer" or "LP") under the *Cannabis Act* (Canada) and the *Cannabis Regulations* (Canada) (together, the "Cannabis Act") and regulated by Health Canada.

The Company's head and registered office is located at 35 English Drive, Moncton, New Brunswick, E1E 3X3. The Company's common shares ("Common Shares") are listed under the ticker symbol "OGI" on both the Nasdaq Global Select Market ("NASDAQ") and on the Toronto Stock Exchange ("TSX"). Any inquiries regarding the Company may be directed to its Vice President, Investor Relations, Amy Schwalm, at (416) 704-9057 or by email to investorrelations@organigram.ca.

Additional information relating to the Company, including the Company's most recent Annual Information Form (the "AIF") is available under the Company's issuer profile on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. The Company's reports and other information filed with or furnished to the United States Securities and Exchange Commission ("SEC") are available on the SEC's Electronic Document Gathering and Retrieval System ("EDGAR") at www.sec.gov.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation ("forward-looking information"). Forward-looking information, in general, can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "could", "would", "might", "expect", "intend", "estimate", "anticipate", "believe", "plan", "continue", "budget", "schedule" or "forecast" or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, forecasts or other characterizations of future events or circumstances, and the Company's objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the Company's plans and objectives, or estimates or predictions of actions of customers, suppliers, partners, distributors, competitors or regulatory authorities; and, statements regarding the Company's future economic performance. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. Forward-looking information has been based on the Company's current expectations about future events.

Certain forward-looking information in this MD&A includes, but is not limited to the following:

- Moncton Campus (as defined herein) licensing and target production capacity and timing thereof;
- Expectations regarding production capacity, facility size, THC (as defined herein) content, costs and yields;
- The impact of the current global health crisis caused by COVID-19 (as defined below);
- Expectations around demand for cannabis and related products, future opportunities and sales including the relative mix of medical versus adult-use recreational products, the relative mix of products within the adult-use recreational category including wholesale, the Company's financial position, future liquidity and other financial results;
- Legislation of additional cannabis types and forms for adult-use in Canada including regulations relating thereto and the implementation thereof and our future product forms;
- Expectations around branded products and derivative-based products with respect to timing, launch, product attributes, composition and consumer demand;
- Strategic investments and capital expenditures, and expected related benefits;
- Expectations regarding the resolution of litigation and other legal proceedings;
- The general continuance of current, or where applicable, assumed industry conditions;
- Changes in laws, regulations and guidelines, including the recreational and medical cannabis market;
- Price of cannabis and derivative cannabis products;
- Impact of the Company's cash flow and financial performance on third parties, including its supply partners;
- Fluctuations in the price of Common Shares and the market for the Common Shares;
- Treatment of the Company's business under governmental regulatory regimes and tax laws, including the Excise Act (as defined herein) and the renewal of the Company's license thereunder and the Company's ability to obtain export licenses from time to time;
- The Company's growth strategy, targets for future growth and forecasts of the results of such growth;
- Expectations concerning access to capital and liquidity and the Company's ability to access the public markets to fund operational activities and growth;
- The Company's ability to remain listed on the TSX and NASDAQ and the impact of any actions it may be required to take to remain listed;
- The ability of the Company to generate cash flow from operations and from financing activities; and
- The competitive conditions of the industry, including the Company's ability to maintain or grow its market share.

Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, risks, financial performance, financial position and cash flows as at and for the 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 such statements may not be appropriate for other purposes. Forward-looking information does not guarantee future performance and involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking information. In addition, this MD&A may contain forward-looking information attributed to third party industry sources. Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the expectations, predictions, forecasts, projections and, conclusions will not occur or prove accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved.

Factors that could cause actual results to differ materially from those set forth in forward-looking information include, but are not limited to: financial risks; dependence on senior management, the board of directors of the Company (the "Board of Directors"), consultants and advisors; availability and sufficiency of insurance including continued availability and sufficiency of director and officer and other forms of insurance; the Company and its subsidiaries being able to, where applicable, cultivate cannabis pursuant to applicable law and on the currently anticipated timelines; industry competition; general economic conditions and global events including COVID-19 retail store closures or reduced sales at retail stores or otherwise due to COVID-19; heightened uncertainty as a result of COVID-19 including economic and industry uncertainty and governmental action in respect thereto including with respect to impacts on production, operations, product development, new product launches, disclosure controls and procedures or internal control over financial reporting, including as they may be impacted by delays in remediation due to work from home policies and other COVID 19 impacts, demand for products and services, third-party suppliers or service providers, and any existing or new international business partnerships; production facilities running at less than full capacity due to reduced workforce for reasons related to COVID-19 (as described herein) and market demand; potential supply chain and distribution disruptions; product development, facility and technological risks; changes to government laws, regulations or policy, including environmental or tax, or the enforcement thereof; agricultural risks; ability to maintain any required licenses or certifications; supply risks; product risks; construction delays or postponements; packaging and shipping logistics; expected number of medical and adult-use recreational cannabis users in Canada and internationally; potential time frame for the implementation of legislation to legalize cannabis internationally; the Company's, its subsidiaries and its investees' ability to, where applicable, obtain and/or maintain their status as Licensed Producers (as defined herein) or other applicable licenses; risk factors affecting its investees; availability of any required financing on commercially attractive terms or at all; non-compliance with debt covenants; the potential size of the regulated adult-use recreational cannabis market in Canada; demand for and changes in the Company's cannabis and related products, including the Company's Rec 2.0 products (as defined herein), and the sufficiency of the retail networks to supply such demand; ability to enter and participate in international market opportunities; general economic, financial market, regulatory, industry and political conditions affecting the Company; the ability of the Company to compete in the cannabis industry and changes in the competitive landscape; a material decline in cannabis prices; the Company's ability to manage anticipated and unanticipated costs; the Company's ability to implement and maintain effective internal controls over financial reporting and disclosure controls and procedures; and, other risks and factors described from time to time in the documents filed by the Company with securities regulators. Material factors and assumptions used in establishing forward-looking information include that construction and production activities will proceed as planned and demand for cannabis and related products will change in the manner expected by management, in each case after taking into account any impacts related to COVID-19 that are currently known or predicted by management based on the limited information available and the fluidity and uncertainty of the crisis. All forward-looking information is provided as of the date of this MD&A.

The Company does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by law.

ADDITIONAL INFORMATION ABOUT THE ASSUMPTIONS, RISKS AND UNCERTAINTIES OF THE COMPANY'S BUSINESS AND MATERIAL FACTORS OR ASSUMPTIONS ON WHICH INFORMATION CONTAINED IN FORWARD-LOOKING INFORMATION IS BASED IS PROVIDED IN THE COMPANY'S DISCLOSURE MATERIALS, INCLUDING IN THIS MD&A UNDER "RISK FACTORS" AND THE COMPANY'S CURRENT AIF UNDER "RISK FACTORS", FILED WITH THE SECURITIES REGULATORY AUTHORITIES IN CANADA AND AVAILABLE UNDER THE COMPANY'S ISSUER PROFILE ON SEDAR AT WWW.SEDAR.COM AND FILED WITH OR FURNISHED TO THE SEC AND AVAILABLE ON EDGAR AT WWW.SEC.GOV. ALL FORWARD-LOOKING INFORMATION IN THIS MD&A IS QUALIFIED BY THESE CAUTIONARY STATEMENTS.

BUSINESS OVERVIEW

NATURE AND HISTORY OF THE COMPANY'S BUSINESS

The Company's wholly-owned subsidiary Organigram Inc. is a Licensed Producer of cannabis under the Cannabis Act.

The Company conducts its operations at its facility located in Moncton, New Brunswick. The Company has expanded its main facility over time to create additional production capabilities by strategically acquiring land and buildings adjacent to the main facility (together, the "Moncton Campus"). The Moncton Campus has been designed for differentiated cultivation and production with three-tiered growing. While the Company has essentially completed its expansion at the Moncton Campus with respect to cannabis production capacity, it is still completing its refurbishment with respect to derivative products allowed for legal sale by Licensed Producers such as the Company under amendments to the Cannabis Act ("Rec 2.0").

Patients order medical cannabis and cannabis derivative based products from the Company primarily through the Company's online store or by phone. Medical cannabis dried flower and cannabis derivative based products are and will continue to be delivered by secured courier or other methods permitted by the Cannabis Act. The Company's prices vary based on grow time, strain yield and market conditions.

The Company is also authorized for wholesale shipping of cannabis plant cuttings, dried flower, blends, pre-rolls and cannabis derivative based products to approved retailers and wholesalers for adult-use recreational cannabis under the individual provincial and territorial regulations as per the Cannabis Act.

BUSINESS ENVIRONMENT

The Company's business and activities are heavily regulated. framework of the Company's business as of the date of the AIF. have the potential to impact the Company's performance.

The Company's AIF contains a more detailed description of the regulatory The following provides a description of recent regulatory developments that

Current Regulatory Landscape

Medical cannabis has been legal in Canada since 2001 under various regulatory regimes. On June 20, 2018, the Government of Canada passed the Cannabis Act to allow regulated and restricted access to cannabis for adult-recreational users. The Cannabis Act came into force on October 17, 2018.

The Cannabis Act creates a strict legal framework for controlling the production, distribution, sale and possession of cannabis in Canada. The Cannabis Act allows adults to legally possess and use cannabis and therefore the possession of small amounts of cannabis is no longer a criminal offence. It also made it a specific criminal offence to sell cannabis to a minor and created significant penalties for those who engage young Canadians in cannabis-related offences.

On November 9, 2018, Health Canada issued a license to the Company under the Cannabis Act for standard cultivation, standard processing and sale for medical purposes (the "License"). On October 21, 2019, Health Canada amended the License to expand the classes of cannabis products that may be sold to adult recreational use sales channels or sold for medical purposes, to include cannabis topicals, cannabis extracts and edible cannabis. The License has also been amended to add additional growing, processing, drying and storage rooms. The Company received Health Canada's approval for the renewal of the License effective March 20, 2020. The License is valid until March 20, 2023 and is subject to customary terms and conditions.

The Company also holds a cannabis license under the Excise Act, 2001 (the "Excise Act") which was renewed on October 17, 2020 and expires on October 16, 2022. All Licensed Producers who are authorized to cultivate, produce and package cannabis products are also required to hold a cannabis license under the Excise Act from the Canada Revenue Agency. The Company intends to renew its licenses prior to expiry.

The Company received its research and development license (the "Research License") from Health Canada on October 23, 2019 to conduct further in-house research. The activities authorized under the Research License have and will continue to support the Company's plans to commercialize cannabis products for Rec 2.0.

Edibles and Derivative Products Regulation

The Cannabis Act was amended on October 17, 2019 to include provisions that came into force on that day relating to the legal sale by Licensed Producers, such as the Company, of a range of new cannabis product forms such as: “edible cannabis”, “cannabis extracts” and “cannabis topicals”.

Certain provinces have announced restrictions on the launch and sale of edible and vaporizable products in their markets, including Quebec and Newfoundland and Labrador. Alberta lifted its previously announced ban on vaporizable cannabis products on February 14, 2020. As the market and regulations are rapidly developing the impact of these announcements is not readily determinable at this time.

A limited selection of Rec 2.0 products began to appear gradually in physical or online stores in the latter half of December 2019. Licensed Producers are required to provide 60-days prior notice to Health Canada of their intent to sell any new products and such notices could not be given until the new product forms were legalized on October 17, 2019. The Company provided notice for its vaporizer pen portfolio and cannabis-infused chocolates in 2019 and continues to provide notices to Health Canada for new products from time to time.

See “Canadian Adult-Use Recreational Market 2.0” in this MD&A.

KEY QUARTERLY FINANCIAL AND OPERATING RESULTS

	Q4-2020	Q4-2019	CHANGE	% CHANGE
Financial Results				
Gross revenue	$ 25,389	$ 19,235	$ 6,154	32%
Net revenue	$ 20,400	$ 16,290	$ 4,110	25%
Cost of sales	$ 29,007	$ 15,543	$ 13,464	87%
Gross margin before fair value adjustments	$ (8,607)	$ 747	$ (9,354)	(1,252)%
Gross margin % before fair value adj. (1)	-42%	5%	-47%	(940)%
Operating expenses	$ 13,573	$ 16,645	$ (3,072)	(18)%
Adjusted EBITDA (2)	$ (2,663)	$ (7,163)	$ 4,500	(63)%
Net loss	$ (38,590)	$ (22,456)	$ (16,134)	72%
Net cash used in operating activities (3)	$ (10,128)	$ (15,722)	$ 5,594	(36)%
Adjusted Gross Margin (4)	$ 6,156	$ 1,491	$ 4,665	313%
Adjusted Gross Margin % (4)	30%	9%	21%	233%
Financial Position				
Working capital	$ 141,123	$ 152,417	$ (11,294)	(7)%
Inventories and biological assets	$ 71,759	$ 113,796	$ (42,037)	(37)%
Total assets	$ 435,127	$ 428,525	$ 6,602	2%
Operating Results				
Kilograms harvested	11,137	7,434	3,703	50%
Kilograms sold - dried flower	4,859	2,425	2,434	100%

Note 1: Equals gross margin before fair value adjustments (as reflected in the Financial Statements) and gross margin before fair value adjustments divided by net revenue, respectively.

Note 2: Adjusted EBITDA is a non-IFRS measure that the Company defines as net income (earnings) from continuing operations before: interest expense, net of investment income; income tax; depreciation, amortization, impairment, and gain (loss) on disposal of PP&E (per the statement of cash flows); share-based compensation (per the statement of cash flows); share of loss and impairment loss from investments in associates; unrealized loss (gain) on changes in fair value of contingent consideration; expenditures incurred in connection with the NASDAQ cross-listing; the fair value adjustment to biological assets and inventory; write-offs and impairment of inventories and biological assets; write-downs of inventory to net realizable value; and COVID-19 related charges, net of any government subsidies. See the cautionary statement regarding non-IFRS financial measures in the "Introduction" section at the beginning of this MD&A and the reconciliation to IFRS measures in the Financial Results and Review of Operations section of this MD&A.

Note 3: Q4 Fiscal 2020 net cash used in operating activities has been calculated based on a correction of a presentation error of Q1 to Q3 Fiscal 2020 net cash used in operating activities. Fiscal 2020 year-to-date net cash used in operating activities is correctly stated as per the Financial Statements.

Note 4: Adjusted Gross Margin is a non-IFRS measure that the Company defines as net revenue less: (i) cost of sales, before the effects fair value changes to biological assets and changes in inventory sold; excluding (ii) write-offs and impairment of inventories and biological assets; (iii) write-downs to net realizable value; (iv) COVID-19 related charges; and (v) unabsorbed overhead relating to underutilization of the production facility, most of which is related to non-cash depreciation expense. See the cautionary statement regarding non-IFRS financial measures in the "Introduction" section at the beginning of this MD&A and the reconciliation to IFRS measures in the Financial Results and Review of Operations section of this MD&A.

REVENUE

For the three months ended August 31, 2020, the Company reported $20,400 in net revenue. Of this amount $15,063 (73%) was sold to the adult-use recreational market, $2,275 (11%) to the medical market, $2,593 (13%) to the international market, and $405 (2%) to the wholesale market with the balance to other revenues. Q4 Fiscal 2020 net revenue increased 25% from Q4 Fiscal 2019 net revenue of $16,290, primarily due to higher flower sales volumes, which was offset by a lower average net selling price ("ASP") compared to Q4 Fiscal 2019, as the dried flower value segment of the recreational market, particularly in large format, grew in Q4 2020 and as the Company now has a number of value products in the market. Additionally, the sale of Rec 2.0 products (vape products and cannabis-infused chocolates), which had not yet been legalized in Q4 Fiscal 2019, as well as significantly higher international revenues, contributed to the increase over Q4 Fiscal 2019. Q4 Fiscal 2019 net revenue was also lower than Q4 Fiscal 2020 due to a higher sales provision for returns and price adjustments. These contributors to higher net revenue in Q4 Fiscal 2020 were partly offset by a decline in recreational oil sales on lower demand for THC oil in the second year of adult-use legalization.

Q4 Fiscal 2020 gross revenue increased 32% to $25,389 from $19,235 in the prior year period and was similarly impacted by the factors described above. The percentage increase in gross revenue highlights the increase in shipments and was substantially higher than the net revenue increase as excise taxes represented a greater proportion of gross revenue in Q4 Fiscal 2020 as ASP declined.

Net revenue for Q4 Fiscal 2020 of $20,400 was net of a provision for product returns and pricing adjustments of $1,986 (each net of excise taxes) related to slow-moving products compared to net revenue for Q4 Fiscal 2019 of $16,290, which was net of a provision of $3,698. The Company is cognizant that in this new and emerging market, the size of the customer base, its demands, and preferences cannot yet be ascertained with any level of certainty or reliability, and future demand for existing and new products remains to be determined as the market further develops and matures.

Dried flower comprised 85% of net revenue in the quarter. The ASP of dried flower decreased to $3.58 per gram on a quarter-over-quarter basis compared to $5.18 per gram for Q4 Fiscal 2019 as both the Company and the Canadian cannabis industry experienced general price compression in the adult-recreational and medical markets as these markets matured and the customer and product mix evolved to focus more on value offerings. Further, the lower ASP was in part attributable to international bulk dried flower revenues, which was sold at a lower ASP as compared to Canadian domestic revenues. Selling prices are prone to fluctuation and there may be further price compression if the market remains oversupplied. The Company is committed to refining its product mix as customer preferences evolve.

Sales volumes of dried flower in grams increased 100% to 4,859 kg in Q4 Fiscal 2020 compared to the prior year comparative quarter, primarily as a result of a shift towards large format products as well as the contribution of wholesale and international dried flower sales.

COST OF SALES

Cost of sales for the three months ended August 31, 2020 increased to $29,007 compared to $15,543 in the prior year comparative period, primarily as a result of increased sales volumes. Included in Fiscal Q4 2020 cost of sales the Company wrote-off excess and unsaleable inventories of $11,099, of which $8,325 related to trim and concentrated extract and $2,774 related to inventory write-downs on account of provisions for unsaleable inventories and to reflect an estimated decline in selling prices. Additionally, $3,470 was incurred with respect to unabsorbed fixed overhead costs as a result of lower production volumes related to COVID-19 and market demand. None of these write-offs and charges were incurred in the prior year comparative period.

GROSS MARGIN BEFORE FAIR VALUE ADJUSTMENTS AND ADJUSTED GROSS MARGIN

The Company realized gross margin before fair value adjustments for the three months ended August 31, 2020 of ($8,607), or (42%) as a percentage of net revenue, compared to $747, or 5%, in the prior year comparative period. The decrease in gross margin before fair value adjustments as a percentage of net revenue is largely due to: (i) inventory provisions and write-off of excess and obsolete inventories; (ii) inventory write-downs to net realizable value; (iii) unabsorbed overhead as a result of lower production volumes; (iv) higher cost of sales on higher post-harvest costs; and (v) a lower ASP from increased competition and the ongoing evolution of the customer and product mix as well as provisions for product returns and pricing adjustments.

Adjusted gross margin [1] for the three months ended August 31, 2020 was $6,156, or 30%, compared to $1,491, or 9%, in the prior year quarter largely due to a higher provision for sales returns and pricing adjustments .in Q4 Fiscal 2019.

OPERATING EXPENSES

Selling, general and administrative expenses and share-based compensation were collectively $11,542 for Q4 Fiscal 2020, a decrease from $16,032 in Q4 Fiscal 2019, due to the Company's efforts to right-size operations particularly as a result of COVID-19, higher than normal licensing and professional fees in the prior year of $1,976, and a reduction in share-based compensation expense of $1,437 (for SG&A employees as defined and discussed below) in part as a result of the Company's shift in equity compensation schemes.

Included in operating expenses are impairment losses on property, plant and equipment and intangible assets of $2,031, which is comprised of impairment charges of $1,303 against the 1812 Hemp supply agreement intangible asset with the balance mostly related to miscellaneous impairment of property, plant and equipment and an onerous provision related to the future contractual construction costs relating to Phase 4C (the final stage of the Company's Phase 4 expansion, discussed below). The Company reviews the carrying value of its property, plant and equipment at each reporting period for indicators of impairment.

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[1] Adjusted gross margin is a non-IFRS financial measure. See the cautionary statement regarding non-IFRS financial measures in the "Introduction" section of this MD&A.

ADJUSTED EBITDA

Negative adjusted EBITDA[2] was $2,663 in Q4 Fiscal 2020 compared to negative adjusted EBITDA of $7,163 in Q4 Fiscal 2019. The improvement in adjusted EBITDA is primarily attributed to higher adjusted gross margin in Q4 Fiscal 2020 as discussed above. Please refer to the Financial Review and Discussion of Operations section of this MD&A for a reconciliation of net (loss) income to Adjusted EBITDA.

NET LOSS

The net loss was $38,590 in Q4 Fiscal 2020 compared to a net loss of $22,456 in Q4 Fiscal 2019. The increase in net loss was primarily attributed to higher cost of sales resulting from inventory write-downs and provisions, which was partially offset by higher revenues as described above.

FINANCIAL POSITION

Working capital as at August 31, 2020 declined to $141,123 from $152,417 as at August 31, 2019 as the Company adjusted its fair value inputs and wrote-down its biological assets and inventories, respectively. This was offset by a net increase in the Company's cash and short-term investments of $26,793 resulting from the two at-the-market equity raises and debt draws under the Company's credit facility during Fiscal 2020.

KEY DEVELOPMENTS DURING THE QUARTER AND SUBSEQUENT TO AUGUST 31, 2020

COVID-19 CORPORATE ACTION PLAN

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID-19") a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses for periods of time, disrupted the Company's operations during the year ended August 31, 2020 which disruption is ongoing.

The production and sale of cannabis have been recognized as essential services across Canada and non-essential businesses have had periods of reopening, however COVID-19 pandemic related challenges persist. Due to the ongoing developments and uncertainty, it is not possible to predict the continuing impact that COVID-19 will have on the Company, its financial position, its operating results and/or its cash flows. In addition, it is possible that estimates in the Company's financial statements will change in the near-term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, further impairment of long-lived assets including intangible assets. The Company continues to closely monitor the impact of COVID-19 on all aspects of its business.

On April 6, 2020, Organigram announced the temporary layoff of approximately 45% of its workforce primarily in an effort to help contain COVID-19. The Company offered voluntary layoffs to certain staff and those that accepted made up the majority of the layoffs. In some cases, due to the impacts of COVID-19, some administrative, support and other functions were deemed non-essential to the short-term needs of the business and were temporarily laid off. The temporary layoffs were initiated on March 24, 2020. Lump-sum payments (equating to approximately two weeks of work) were paid to the affected employees to help bridge the gap to available government programs. In addition, the Company absorbed the employee paid portion of health, dental and short-term disability premiums for all employees during this difficult time. The impact of these temporary layoffs resulted in a charge of approximately $0.7 million during the month of April 2020, which is primarily associated with the lump sum payments provided to these employees. The Company also put in place a number of health and safety measures during Q3 and Q4 2020 including, but not limited to, the following:

- An Emergency Response Team was established to monitor pandemic updates, review safety protocols, assess public health risk and develop action plans;
- Moved to a work from home environment for any functions not required onsite;
- Implemented travel restrictions for work related travel, restricted visitor access to the Company's facilities and imposed self-isolation for any employees who may have had symptoms of sickness and/or returned from international travel as of March 13th;
- Increased focus on sanitation and social distancing, with additional hand sanitizing stations throughout the Moncton Campus, cleaning and sanitizing of high touch surfaces, and additional cleaning in common areas;
- Imposed restrictions on large meetings and gatherings, opting for web-based meetings and teleconferencing;

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[2] Adjusted EBITDA is a non-IFRS financial measure. See the cautionary statement regarding non-IFRS financial measures in the "Introduction" section of this MD&A.

- Mandatory reporting of any hourly employee absence to an attendance phone line including specific reporting of any COVID-19 symptoms; and
- Reminders of measures to reduce risk of infection and prevent spread including washing hands and avoiding contact with faces.

Effective May 13, 2020, the Company began to implement a staggered return-to-work plan.

On July 3, 2020, in response to the continued impact of COVID-19 on the Company's business and the continuing evolution of the Canadian cannabis industry the Company announced that in order to better align its production capacity to prevailing market conditions it had reduced its workforce by 25% by permanently laying off 220 employees. As of the date of this MD&A, the Company has 431 active employees operating out of its Moncton Campus facility and another 86 outside the facility for 517 total active employees.

LEADERSHIP CHANGES

On July 20, 2020, the Company announced the departure of Ray Gracewood, Senior Vice President of Marketing and Communications who left the Company to pursue other interests.

On October 23, 2020, the Company announced the departure of Julie Chamberlain, Vice President, Marketing who left the Company effective November 6, 2020 for a General Manager role in a non-competing industry. Further, Cameron Bishop, Vice President, Public Affairs and Stakeholder Relations has also left Organigram to pursue other interests as a consultant.

OTHER KEY DEVELOPMENTS

On June 9, 2020, the Company announced its largest international supply deal to date in the form of a multi-year agreement with one of Israel's largest and most established medical cannabis producers, Canndoc Ltd., a subsidiary of InterCure Ltd. for supply of up to 6,000 kg of dried flower. Canndoc has been a pioneer in pharmaceutical-grade cannabis for more than 12 years and holds international cultivation and distribution agreements in the European Union and Canada.

On August 14, 2020, the Company announced its first shipment of bulk dried flower to Canndoc Ltd. as part of the Company's multi-year deal with Canndoc Ltd.

On October 23, 2020, the Company announced the funding of an additional $2.5 million investment in Hyasynth Biologicals Inc. ("Hyasynth"), a private biotechnology company and pioneer in the field of cannabinoid science and biosynthesis.

On November 12, 2020, the Company closed an underwritten public offering (the "Offering") of 37,375,000 units (the "Units") at a price of $1.85 per Unit, including the full exercise of the over-allotment option, underwritten by a syndicate of underwriters led by Canaccord Genuity Corp.. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant of the Company (each full common share purchase warrant, a "Warrant"). Each Warrant will be exercisable to acquire one common share of the Company (a "Warrant Share") for a period of three years following the closing date of the Offering at an exercise price of $2.50 per Warrant Share, subject to adjustment for certain events.

OPERATIONS AND PRODUCTION

CULTIVATION

While the vast majority of incremental production capacity between 2017 to 2019 by the Company's competitors was generated from greenhouse (not indoor) production, Organigram focused on a core competency of controlling conditions in precisely built indoor environments with a commitment to continuous improvement and investment in information technology.

The Company's cultivation plans focus on bringing new cultivars to the market and increasing the tetrahydrocannabinol ("THC") and terpene profile of its dried flower to meet emerging consumer demand.

The Company is able to control all critical facets of the lighting and environmental elements in its facilities to drive maximum quality and yield in the plants it produces. The Company has also developed its own in-house proprietary information technology system called *OrganiGrow*, a database which tracks all grow cycles by harvest period, strain, room, environmental conditions and other factors, which in turn allows the Company to understand and refine the optimal methods to grow cannabis plants.

As a function of its reduced workforce in Q4 Fiscal 2020 due to its layoff of 25% of its workforce, the Company experienced reductions in production and cultivation, as well as processing and packaging capacity. In early Q4 Fiscal 2020, the Company resumed pre-roll production after it was paused in early Q3 Fiscal 2020 due to a significantly reduced workforce as a result of COVID-19.

The Company harvested 11,138 kg of cannabis during Q4 Fiscal 2020 compared to 7,434 kg in Q4 Fiscal 2019. The increase from the comparative period, notwithstanding the reduced workforce, was due to greater capacity from the build out of the Moncton Campus.

PHASE 4 EXPANSION

As previously disclosed in Q2 Fiscal 2020, the Company has completed construction of Phases 4A and 4B of the Moncton Campus and received licensing approval from Health Canada for total licensed cultivation capacity of 89,000 kg per year. As the Company adjusts its production methods to achieve higher THC levels in its cannabis plants, the yield per plant has been reduced by approximately 20%, thereby resulting in a licensed capacity of approximately 70,000 kg per year. The total capacity will fluctuate as we refine growing methods and the actual utilization will be dependent on the combination of inventory levels and forecasted sales demand.

As first disclosed with the release of Organigram's 2019 annual financial results on November 25, 2019, the Company's management made a strategic decision to delay completion of Phase 4C (the final stage of the Phase 4 expansion), largely due to lower than anticipated consumer demand (which the Company believes is largely due to the lack of an adequate retail store network) and to more effectively manage and prioritize cash flow as well as potentially use the space in Phase 4C for other opportunities (if strategic and/or market factors dictate). During Q3 2020, the Company's management decided to indefinitely defer completion of Phase 4C, as originally designed for additional cultivation capacity, based on forecast market demand. Phase 4C of the Moncton Campus has effectively been partially completed and without any foreseeable near-term use for this Phase, the Company recognized an impairment loss of $37.7 million in relation to this asset in Q3 Fiscal 2020. Refer to the Financial Review and Discussion of Operations section of this MD&A for further information.

As previously estimated and disclosed, the complete Phase 4 expansion of the Moncton Campus facility represented a total of 77,000 kg per year of additional annual target production capacity and was divided into a series of stages (4A: 25,000 kg; 4B: 28,000 kg; and 4C: 24,000 kg). As a consequence of the aforementioned yield reduction and indefinite deferral of the completion of Phase 4C, the revised annual target production capacity for Phase 4 is now estimated at 42,000 kg (4A: 20,000 kg; 4B: 22,000 kg). During Q4 Fiscal 2020, Phase 4C was completed such that it could be occupied.

For the foreseeable future, the Company plans to continue to cultivate less than its cultivation capacity in response to less than anticipated consumer demand as noted above. As discussed herein, the Company has adjusted its workforce to align with expected demand trends. The Company continues to closely monitor market conditions and the evolving COVID-19 situation.

PHASE 5 REFURBISHMENT

Phase 5 plans include refurbishing 56,000 square feet of interior space within the Company's existing facility for design under European Union GMP ("EU GMP") standards for additional extraction capacity, a derivatives and edibles facility and additional office space. EU GMP describes the minimum standard that a manufacturer must meet in its production processes. EU GMP certification is subject to inspections coordinated by the European Medicines Agency. The Company has no plans to seek certification in the near future. Phase 5 houses the high speed, high capacity, fully automated chocolate production line which includes an advanced chocolate molding line and a fully integrated packaging line that includes advanced engineering, robotics, high speed labeling and automated carton packing. Phase 5 plans also include expanded vaporizer pen filling and automated packaging, additional extraction by both CO_2 and hydrocarbons as well as expanded areas for formulation including short path distillation for edibles and vaporizer pen formulas. During Q3 Fiscal 2020, Phase 5 received licensing from Health Canada and includes the approval of a two-floor production facility designed to support all processing activity as well as dedicated spaces for packaging of flower, pre-rolls, vape pens and powdered beverages. The amendment to the License also allows for new purpose-built harvest and drying rooms and support areas for quality assurance, maintenance and sanitation.

The estimated total capital cost of Phase 5 is expected to be approximately $65 million. Phase 5 began generating revenue in the Fiscal Year ended 2020 and was substantially complete at year end. The Company is continuing to work on the installation and commissioning of certain equipment in its edibles and extraction area including its hydrocarbon extraction equipment.

In addition to the Phase 4 and Phase 5 expansions, the Company also owns approximately 12.1 acres located across the road from its current production facility, which is available for any future expansion if needed.

The estimates of additional production capacity and costs related thereto in Phase 4 and Phase 5 represent forward-looking information and are based on a number of material factors and assumptions, including the following:

- The facility size of the Moncton Campus will be as estimated with the same amount of cultivation space being used per grow room for cultivation as in Phase 2 and Phase 3;
- The ratio of dried flower cultivated per canopy square foot of grow room will be consistent with historical output in the Company's existing facilities; and
- All grow rooms designated as production rooms will be utilized for their intended purposes (from time to time rooms may be used for other permitted purposes, such as for storage).

Several factors can cause actual costs and capacity to differ from estimates including, but not limited to, timing for receipt of regulatory approvals from Health Canada, construction delays or postponements and unforeseen obstacles. See "Risk Factors" in this MD&A and in the Company's current AIF. Capital expenditures incurred encompass cost of work performed (including any retention/holdback amounts) and are added to property, plant and equipment during the period.

					EXPENDITURES ($M)	
PHASE	PURPOSE	STATUS AS OF DATE OF MD&A	KG/YR OF TARGET PRODUCTION[1]	KG/YR OF CURRENT FLOWER CAPACITY[2]	SPENT IN Q4-2020	SPENT IN FISCAL 2020
1/2/3	Propagation, PreVeg, Organic, Flower, Post Harvest, Temporary Vapes Processing Area	Licensed and in Production	28,000	20,000	_	_
4A	Flower Rooms	Licensed and in Production	20,000	14,000	_	_
4B [3]	Flower Rooms	Licensed and in Production	22,000	16,000	1	4
4C	Flower Rooms	Completion Halted in Response to Market Conditions	N/A	N/A	1	18
5 (i) [4]	Post Harvest Rooms, Edibles, Vapes	Licensed and in Production	N/A	N/A	2	39
5 (ii) [4]	Harvest Rooms, Drying Rooms, Filling and Packaging Rooms for Various Products, Larger Extraction Facilities	Licensed	N/A	N/A		
			70,000	50,000	4	61

(1) Based on current capacity and optimal operating condition for the whole cannabis plant.

(2) Based on current capacity and optimal operating condition for only the flower component of the cannabis plant. The overall Flower capacity can fluctuate significantly as management adjusts the number of plants it grows in each room.

(3) Due to less than anticipated consumer demand largely discussed herein, the Company's management is currently utilizing less than the current operating capacity.

(4) The Company is continuing with commissioning work and expects there to be modest ongoing spend related to that as well as ongoing sustaining capex.

CANADIAN ADULT-USE RECREATIONAL MARKET

Organigram conducts ongoing consumer research and leverages detailed analyses of consumer purchasing behaviors across Canada to help ensure the Company's offerings are aligned with anticipated consumer preferences. The Company has been revitalizing its product portfolio with the launch of 40 new stock keeping units ("SKUs") since July 2020 and expects to launch up to 18 more new SKUs by the end of Q2 Fiscal 2021.

REC 1.0

Dried flower remains the largest category in the Canadian adult-use recreational market of all product form factors and the Company believes this category will continue to dominate based on the sales history in mature legal markets in certain US states.

Value segment offerings

The Company has noted the significant growth in the dried flower value segment of the market with intensifying competition including recent entries of lower priced offerings which have caused significant market share shifts within the value segment. Particularly since the onset of the COVID-19 pandemic, value in large format sizes have become an increasing focus of consumers. In Q3 Fiscal 2020, the Company responded with the introduction of Trailer Park Buds ("TPB"), its first value offering of dried flower in a large size format of 28g which the Company believes is a differentiated product that does not compete on price alone because it is indoor-grown, whole dried flower and strain specific. In early Q4 Fiscal 2020, the Company announced that it was proactively making some changes to the TPB brand and logo after reviewing perception around the brand with Health Canada. In the intermediate term, Organigram moved to a modified version of the brand and logo, "Buds". Longer term, the Company has identified options for a permanent revised brand and logo combination for its large format value brand.

The Company's value segment strategy also includes dried flower offerings that were launched in larger format sizes of 7g and 15g under the Trailblazer brand in July 2020. The Trailblazer value brand continues to offer increasingly higher THC levels versus what was offered when originally launched (near the start of adult-use cannabis legalization), at a competitive price point, such that the Company believes that it can compete in the growing large format value segment of the market.

Subsequent to Q4 Fiscal 2020, Organigram continued to launch new products and in mid-September 2020, expanded its strong value portfolio with the launch of SHRED, a high quality, high potency and affordable dried flower that is pre-shredded for consumer convenience. SHRED offers three pre-milled varieties, all with THC of 18% or more. It is made from whole flower, does not contain any shake or trim and is milled to the same specifications as the Company's existing pre-roll products. SHRED is currently Organigram's most affordable option (on a per gram basis).

In November 2020, the Company announced the launch of limited edition seasonal offerings, including Trailblazer Kushmas Stix, an affordable 0.5g pre-roll available in time for gift giving or for adult stocking stuffers.

High THC strains

Cannabis consumers continue to want both high THC dried flower products and cultivar diversity as supported by available sales data. As such, in early August 2020, the Company announced the launch of three new strains of Edison Cannabis Co. ("Edison") dried flower products, with higher THC: The General (Grapefruit GG4), Chemdog and limited time offering, Samurai Spy (Ninja Fruit). Going forward, the Company has decided to change naming conventions to the street genetic names for dried flower products as it believes these names will better resonate with consumers.

Organigram also began rolling out further line extensions in June 2020, including new size formats and three pack pre-rolls of its most popular strains such as Limelight and Blue Velvet, for example.

REC 2.0

Cannabis-Infused Chocolates

At the end of July 2020, the Company announced the launch of Trailblazer Snax, a value-priced, cannabis-infused chocolate bar which is made with premium quality ingredients including cocoa butter, all-natural flavors and pure distillate, while remaining an affordable cannabis-infused option. It is available in both mint and mocha flavours at 42g with 10mg of THC. Organigram's investment in state-of-the art chocolate equipment and manufacturing processes means that each of the five sections of the Trailblazer Snax bar are filled separately, allowing for higher accuracy of infusion.

The Company's chocolate portfolio also consists of Edison Bytes truffles which are available in both milk and dark chocolate formulations. These products are available as single chocolates containing 10 mg of THC each or sets of two truffles containing 5 mg each.

In addition to Trailblazer Kushmas Stix, the Company is also offering Canadian cannabis consumers delicately spicy gingerbread flavours mingled with Edison Bytes' signature rich milk chocolate. These limited time offerings are available in a two-per-pack format, with each truffle containing 5 mg THC for a total of 10 mg total in the box.

Vape Portfolio

The Company expects to launch Trailblazer Spark, Flicker and Glow 510-thread Torch vape cartridges in a new 1g format before the end of Q2 Fiscal 2021 which will extend Organigram's line up to a suite of trial-size 0.5 g and full-size 1 g cartridges for the 510 vaporizer. Trailblazer Torch offers customers 510 cartridges, high-quality CO2 extract and three unique terpene-infused flavours.

In addition to the Trailblazer Torch value-segment offerings, the Company's vape portfolio also includes products for the mainstream and the premium segments: Edison + Feather ready-to-go distillate pens and Edison + PAX ERA® distillate cartridges.

Powdered Beverage Launch

In November 2020, Organigram launched Edison RE:MIX dissolvable cannabis powder. The pre-packaged powder format makes it easy to mix Edison RE:MIX into beverages quickly and discreetly, so the product can be enjoyed, based on the consumer's own preference, in a wide variety of settings and on occasions of their choosing.

The results of a recent Organigram survey suggest a significant majority of current cannabis consumers (74%) would prefer to add cannabis to their beverages by themselves (vs. a pre-mixed beverage). The discreet nature of the product also addresses consumer concerns related to open cannabis consumption.

According to recent third party sales data in Colorado, cannabinoid-infused powders have rapidly risen to the top of the beverage category in popularity, representing 55% of the state's beverage market sales. In fact, 46% of cannabis consumers reported enjoying cannabinoid-infused beverages multiple times a day (Headset – Colorado Market Insights – July 2020). In Canada, estimates suggest the recreational cannabis beverage market represents a $467M category opportunity and it is expected to increase by 15x its current market size over the next five years (Brightfield Group – Canadian Market Size Insights – July 2020).

As previously announced, Organigram's researchers have developed a proprietary nano-emulsification technology that generates nano- droplets which are very small and uniform; this provides improved absorption compared to traditional solid edibles and beverages, potentially allowing for a more reliable and controlled experience.

With traditional edibles, beverages, and ingestible oil-based extracts, the body spends significant time breaking down fat soluble cannabinoid particles which are then absorbed and metabolized in the body before the effects are felt. This lengthy process can result in accidental overconsumption and undesirable experiences.

The nanoemulsion technology is also anticipated to have increased stability to temperature variations, mechanical disturbance, salinity, pH, and sweeteners. The powdered formulation holds the potential to offer consumers a measured dose of cannabinoids which they can then add to liquid, such as a beverage of their choice, while also offering the discretion, portability and shelf life expected of a dried powder formulation.

Edison RE:MIX is available in three formats: two sachets with 5 mg THC per sachet; two sachets with 5:5 mg THC:CBD per sachet; and five sachets with 10 mg CBD per sachet.

OUTLOOK

Organigram remains positive on the cannabis market both in Canada and abroad. The most recent data available from Statistics Canada shows that total Canadian adult use market sales (which represent the majority of legal cannabis sales in the country) tallied $256 million for just the month of September 2020[3]. This represents an annualized run rate of approximately $3.1 billion, which is a record since adult recreational use was legalized in October 2018. Month-over-month sequential growth rate was 5.2% and year-over-year growth for September was 108.5%.

The Company believes there are a few factors that are creating tailwinds to further industry growth. First the legalization in October of 2019 of Rec 2.0 products has attracted consumers who were not interested in smoking or vaping. New categories such as vape pens, edibles (soft chews, chocolates), beverages to name a few have significantly expanded the addressable market. Second, the number of brick and mortar retail stores has increased significantly particularly in the back half of calendar 2020. Third, the industry as a whole has made a concerted effort to match or beat illicit market pricing which has helped accelerate the conversion of consumers from illicit to legal consumption.

Notwithstanding the above, the cannabis industry in Canada remains highly competitive and generally oversupplied versus the current market demand considering both regulated licensed producers and the still largely unfettered illicit market. In early July 2020, the Company announced it had reduced its workforce by 25% in an effort to better align its production capacity to prevailing market conditions. After two years of adult-use recreational legalization in Canada, consumer trends and preferences continued to solidify, including significant growth in the large format value segment, a desire for higher THC potency particularly in dried flower as well as a penchant for newness including new genetic strains and novel products. Organigram began a product portfolio revitalization earlier this year in an effort to address what it believes to be some of the biggest trends in order to grow sales and capture market share.

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[3] Statistics Canada, *Cannabis Stats Hub*, Accessed: November 26, 2020, (https://www150.statcan.gc.ca/n1/pub/13-610-x/cannabis-eng.htm)

At the same time, the number of retail stores in Canada began to grow meaningfully for the first time since legalization and in September 2020, Ontario's cannabis retail regulator began doubling the number of licenses being granted from 10 to 20 per month and is now on pace to add up to 40 stores per month, resulting in accelerated growth for Canada's largest adult-use cannabis market. Since July 2020, the number of retail stores in Canada's 10 provinces grew one-third and increased approximately 140% in Ontario alone.

With a leaner workforce, the Company experienced some reductions in production, cultivation, processing and packaging capacity. At certain times, this contributed to delays in the product launches for its portfolio revamp and hindered consistent order fulfillment, particularly for high velocity or fast moving items. The Company believes this resulted in some meaningful missed revenue opportunities in Q4 Fiscal 2020 and in Q1 Fiscal 2021.

With substantial retail store growth in play, the Company is evaluating its processes and supply chain, including the benefit of gradually scaling up staffing, to help ensure improved order fulfillment rates and in turn, potentially realize greater sales opportunities. Further, as many of the Company's product launches are recent and some are still to come, the Company believes it will still take time for the new products to reach their full potential and gain market share to drive meaningful sales growth.

Organigram also continues to make investments in new genetics and improved cultivation processes to increase THC potency and introduce new strains into the highly important dried flower and pre-roll categories. As discussed in the "Phase 4 Expansion" section of this MD&A, the Company intends to cultivate at less than its full cultivation capacity for the foreseeable future partly to help increase THC potency in its plants, which is anticipated to result in a negative non-cash adjustment to cost of sales for unabsorbed fixed overhead costs.

In addition to Rec 1.0, the Company plans to continue to expand on Rec 2.0, which it believes will increasingly become a larger relative category more in line with mature U.S. legal markets. As indicated in previous quarters, the Company expects some production inefficiencies to persist in the near term and impact gross margin while it continues to launch new Rec 2.0 products and optimize production.

Outside of Canada, the Company continues to serve international markets (Israel and Australia) from Canada via export permits and looks to augment sales channels internationally over time. International sales increased significantly in Q4 Fiscal 2020 from the prior year period as Organigram shipped its first product to Canndoc Ltd in August 2020 under its supply agreement with the Israeli cannabis medical producer. In early Q1 Fiscal 2021, the Israeli Ministry of Health Israel amended its quality standards for imported medical cannabis. The Company has identified a pathway for demonstrating compliance with these updated standards and has initiated a process which, if completed successfully, will allow it to continue to supply product into the Israeli market.

Recent political changes and cannabis election ballot initiatives for both medical and recreational use in the United States suggest that the potential movements to U.S. federal legalization of cannabis (THC) has increased momentum but the timing and outcome remains difficult to predict. As the Company continues to monitor and develop a potential U.S. THC strategy, it continues to evaluate CBD entry opportunities in the United States.

MEDICAL MARKET

Organigram's sales in the medical market in Q4 Fiscal 2020 decreased slightly from Q4 Fiscal 2019 due to a lower ASP on medical oil, which was offset by higher volumes, as well as higher revenues on medical flower and the launch of medical vapes and chocolates, which were not available in the prior year. The Company continues to be focused on ensuring there is no disruption in product availability for its patients.

On August 18, 2020, the Company announced its partnership with Medical Cannabis by Shoppers Inc. and TruTrace Technologies Inc. in an effort to track source and genetics of cannabis used by medical patients in order to provide real-time information about the composition of each cannabis product used by Medical Cannabis by Shoppers customers.

REGISTERED PATIENTS

The Company quantifies the number of patients as those with an active prescription registration. The Company's active patient count was 18,934 at the end of Q4 Fiscal 2020 compared to 17,200 at the end of Q4 Fiscal 2019. One of the contributors to the growth in patient count was Health Canada's response to COVID-19 whereby medical documents expiring between March 13, 2020 and September 30, 2020 were provided an extension for six months beginning on the day after their expiry. As a result of the shifting dynamics (launch of adult-use recreational market) it will take the Company a number of quarters to be able to better anticipate the longer-term trend of the medical patient count and medical cannabis business in Canada.

INTERNATIONAL CANNABIS & CBD MARKETS

The Company continued to monitor its investments during Q4 Fiscal 2020.

ALPHA-CANNABIS GERMANY

On October 10, 2018, the Company, through a wholly-owned subsidiary, executed an investment agreement with alpha-cannabis® Pharma GmbH ("Alpha-Cannabis Germany" or "ACG"), located in Stadthagen, Germany, pursuant to which the Company acquired 8,333 common shares of ACG, representing a 25% interest in the aggregate issued and outstanding capital of ACG, on a fully diluted basis, for an aggregate investment of €1,625,000 (approximately $2.44 million) plus an additional amount of up to €875,000 (approximately $1.35 million) payable to ACG by way of issuance of Common Shares of the Company upon achievement of certain milestones.

Established in 2016, ACG is a privately held company that is strategically positioned to serve the German medical cannabis market. With a team of highly experienced and reputable specialists from the pharmaceutical industry with scientific and business backgrounds, ACG is focused on the development, production and marketing of cannabis-based active pharmaceutical ingredients and pharmaceuticals.

The Company intends to provide ACG with dried cannabis flower as well as sweet leaf for conversion into extracts for the burgeoning German medical cannabis market. Further, the parties also entered into an agreement whereby the Company has an option to purchase pure synthetic CBD isolate from Alpha-Cannabis Germany.

Organigram and ACG jointly submitted a tender for domestic cultivation in Germany in Q1 Fiscal 2019. In April 2019, the Company and ACG learned they were not awarded any lots for domestic cannabis production by Germany's Federal Institute for Drugs and Medical Devices. The Company believes another tender process is likely in the future. With further improvements to ACG facilities underway as well as additional licensing expected, Organigram believes ACG and itself will be better positioned in the next tender process for domestic cultivation.

During Q3 Fiscal 2020, the Company delivered its first shipment of dried flower to ACG for testing purposes as ACG is seeking to obtain certification for EU-GMP certified cannabis oil extracted from the Company's non-certified dried flower.

EVIANA

On October 2, 2018, the Company participated in the debenture offering of Eviana Health Corporation ("Eviana") by way of private placement. Eviana is a Canadian Securities Exchange ("CSE") listed company that was established with the aim of delivering customized consumer health care products using natural hemp strains of cannabis sativa for cannabinoid-based topical creams and products. The Company's investment is in the form of convertible debentures and share purchase warrants, which together provide a potential ownership interest of up to 21.4%, which is capped at 19.9% based on certain contractual obligations. In addition to this ownership interest, the Company also considered various qualitative factors in arriving at the determination that significant influence exists, including representation rights on Eviana's board of directors, and thereby concluding that the equity method of accounting is appropriate.

The convertible debentures have a face value of $5,000, bear interest at 10% per annum, are non-redeemable, and mature on October 2, 2020. The convertible debentures are convertible at the Company's option at any time at a price of $1.15 per share, or into 4,347,826 common shares. Conversion of the debentures may be forced by Eviana in the event that the volume weighted average price of the common shares of Eviana for ten consecutive days is greater than $2.15, subject to a minimum volume of 100,000 shares in each of those 10 days.

The share purchase warrants were acquired for no additional consideration, concurrent with the debenture offering, are transferrable, and are exercisable until October 2, 2020. 2,500 share purchase warrant units were acquired, each of which is convertible into 870 common shares per unit, or 2,175,000 common shares in aggregate, at an exercise price of $1.30 per share. These share purchase warrants were not exercised and have expired as of the date of this MD&A.

Concurrent with the Company's investment in Eviana, the parties entered into a CBD oil supply agreement, whereby the Company has the right, but not obligation, to purchase up to 25% of Eviana's annual CBD oil at 95% of the agreed raw CBD oil wholesale market price for a period of five years from the date on which the CBD oil is first made commercially available by Eviana for wholesale.

On October 28, 2019, Eviana provided a default announcement in accordance with National Policy - 12-203 *Management Cease Trade Orders* ("NP 12-203"). Eviana made an application to the British Columbia Securities Commission, as its principal regulator, for a management cease trade order under NP 12-203 in respect of an anticipated default regarding its annual filings. On November 1, 2019, a cease trade order (CTO) was issued by the British Columbia Securities Commission and the Ontario Securities Commission. On November 5, 2019, Eviana was suspended from the CSE in accordance with CSE Policy 3 which is considered a regulatory halt as defined in National Instrument 23-101 – *Trading Rules*.

At May 31, 2020, the Company identified indicators of impairment with respect to its investment in Eviana. The Company determined the recoverable amount of Eviana to approximate $nil based on the higher of fair value less costs to dispose ("FVLCD") and value-in-use ("VIU"). An impairment loss of $1,400 and $3,000 has been included in the statement of (loss) income and comprehensive (loss) income for the three and nine months ended May 31, 2020, respectively.

On June 18, 2020, the Company served Eviana with a notice of default and demand letter with respect to the non-payment of interest relating to its convertible debentures as well as other applicable events of default under the debenture instrument. As of the date of this MD&A, the Company has not yet received its December 31, 2019 or June 30, 2020 interest payment on the Eviana convertible debenture.

OTHER STRATEGIC INVESTMENTS AND DEVELOPMENTS

The Company remains committed to the development and acquisition of cannabis or hemp related businesses and production assets in Canada or abroad (subject to compliance with applicable law), intellectual properties, technologies or other assets that are synergistic to the Company's Canadian and international strategies.

HYASYNTH

On September 12, 2018, the Company entered into a strategic investment to purchase an aggregate of $10,000 convertible secured debentures (the "Hyasynth Debentures") of Hyasynth Biologicals Inc. ("Hyasynth"), a biotechnology company based in Montreal and leader in the field of cannabinoid science and biosynthesis, in three separate tranches. Organigram has purchased $5,000 in secured convertible 8% Hyasynth Debentures and has further agreed to purchase up to an additional $5,000 of Hyasynth Debentures in a series of two other tranches of $2,500 each based on Hyasynth attaining certain production milestones and the satisfaction of certain other customary closing conditions.

Hyasynth has patent-pending enzymes, yeast cells and processes that make it possible to produce phytocannabinoids and phytocannabinoid analogues in genetically modified strains of yeast. These proprietary enzymes and yeast strains have allowed Hyasynth to produce CBG, CBD and THC for novel and specialized products such as vaporizable cannabis products and cannabis infused beverages for a fraction of the cost of traditional plant-based production. The Company anticipates that its investment in Hyasynth has the potential to provide the Company with access to what it expects to be the future of cannabinoid production. The Company expects that cost-effectiveness and scalability will be necessary to meet the needs of both the Canadian and global cannabis markets.

In addition to the investment, Organigram has the right to purchase potentially all of Hyasynth's cannabinoid or cannabinoid-related production at a 10% discount to the wholesale market price for a period of ten years. In addition to the major cannabinoids such as CBD and THC, Hyasynth is also pursuing the production and scale-up of minor cannabinoids found only in limited quantities in the cannabis plant. One subset of these minor cannabinoids includes propyl-cannabinoids such as cannabigerivarin (CBGV) and tetrahydrocannabivarin (THCV). While the Company expects that there will always be a need for premium indoor grown cannabis flowers, working with Hyasynth offers the potential to more quickly respond to market demand for cannabinoid-based recreational and medical cannabis products.

Subsequent to year end, on October 23, 2020, the Company advanced an additional $2,500 to Hyasynth by way of convertible debentures as a result of Hyasynth's achievement of the contractual production-related milestone for Tranche 2 of the convertible debentures. This brings the Company's total face value of convertible debentures investment in Hyasynth to $7,500, which provides the Company with a potential ownership interest of up to 46.5% on a fully diluted basis as of October 23, 2020.

SUPPLY AGREEMENT FOR HEMP FOR CBD EXTRACTION

On January 18, 2019, the Company entered into an agreement (the "Supply Agreement") with 703454 N.B. Inc. (carrying on business as 1812 Hemp) ("1812 Hemp"), a New Brunswick based industrial hemp research company to secure supply of hemp.

Pursuant to the Supply Agreement, the Company receives a 25% discount on all dried product purchased from 1812 Hemp and has continued access to future 1812 harvests until December 16, 2023, with the option to extend for an additional five-year period. The Company made a payment of $1,500 to 1812 Hemp in connection with the Supply Agreement. Organigram acquired access to approximately 6,000 kg of dried hemp flower harvested in the fall of 2018, which it mostly acquired in Q3 Fiscal 2019.

In addition, pursuant to the Supply Agreement, Organigram has a right-of-first refusal on future procurement of hemp from 1812 Hemp.

On July 26, 2019, the Company entered into an advance payment and support agreement ("Payment Agreement") with 1812 Hemp. Under the terms of the Payment Agreement, the Company advanced $3.0 million to 1812 Hemp in the form of a secured loan. These amounts may be applied against future purchases of hemp under the Supply Agreement. The aggregate amount of advances outstanding under the Payment Agreement as of January 1, 2020 will accrue interest of 9.0% per annum, calculated monthly, until the entire balance of advances is paid. At August 31, 2020, $2,229 in principal was outstanding under the Payment Agreement. Subsequent to August 31, 2020, the Company demanded repayment of the entire amount owing by 1812 Hemp to the Company under the Payment Agreement.

During the three months ended August 31, 2020, management became aware that 1812 Hemp was facing financial hardship due to a lack of customer demand and a change in market conditions, and as a result had significantly scaled back operations. Separately, the Company's forecasted hemp purchases have decreased significantly as a result of slower than expected progression in Canadian hemp and CBD regulations. Thus, as a result of the aforementioned challenges, management impaired the Supply Agreement intangible asset to its recoverable amount, which was estimated to be $nil, by recording an impairment charge of $1,303 at August 31, 2020.

USE OF PROCEEDS OF PRIOR FINANCINGS

The following table sets out the Company's previously disclosed expected uses of prior financings as set out in the prospectus filings of prior financings, which include: i) the proceeds of the offering of the December 2017 units; and ii) the proceeds of the offering of the January 2018 Debentures.

	ESTIMATED FUNDS REQUIRED FOR COMPLETION AS AT THE DATE OF THE RELATED PROSPECTUS	FUNDS THE COMPANY EXPECTS TO REQUIRE FOR COMPLETION AS AT AUG 31, 2020	ACTUAL FUNDS SPENT AS OF AUG 31, 2020	EXPECTED TIMEFRAME FOR COMPLETION AS AT THE DATE OF THE RELATED PROSPECTUS	EXPECTED TIMEFRAME FOR COMPLETION AS AT THE DATE HEREOF
Moncton Campus expansion (Phase 4)	$95.0 million	$nil	$123.8 million	December 2019	December 2019[3]
Strategic international opportunities	$5.4 million to $21.6 million[1]	$5.4 million to $21.6 million1	$7.6 million[2]	Ongoing	Ongoing
Strategic domestic expansion	Up to $43.1 million	Up to $38.0 million	$5.1 million	Ongoing	Ongoing
Hemp market presence	Up to $10.8 million	Up to $8.4 million	$4.5 million	Ongoing	Ongoing

(1) Comprised of December 2017 and January 2018 financings

(2) Excludes contingent consideration that is to be settled in Common Shares of the Company

(3) As disclosed in the "Moncton Campus Expansion" section of the MD&A, the Company has decided to indefinitely cease construction completion of Phase 4C, originally scheduled for completion by the end of calendar 2019. The Company completed Phase 4A and 4B prior to December 2019.

As set out in the table above, the majority of the funds raised were allocated for specific purposes, particularly related to the expansion of the Moncton Campus and strategic opportunities (refer to the "Moncton Campus Expansion" and "International Cannabis & CBD Markets" sections in this MD&A). At this stage, potential strategic acquisitions are at various stages of progression and the allocation of funds may change depending on the strategic priorities of the Company and management's assessment of the competitive landscape.

During the year ended August 31, 2020, the Company raised net proceeds of approximately $52.9 million and $47.1 million under its December 2019 and April 2020 at-the-market equity offerings ("ATM Programs"), respectively. The Company has used, and intends to continue to use, the net proceeds from the ATM Programs to fund capital projects, for general corporate purposes, and to repay indebtedness.

On November 12, 2020, the Company closed an underwritten public offering of units for total gross proceeds of $69,144. Please refer to the "Balance Sheet, Liquidity, and Capital Resources" section of the MD&A for further information.

FINANCIAL REVIEW AND DISCUSSION OF OPERATIONS

CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES

The Company uses certain non-IFRS performance measures such as Adjusted EBITDA (excluding fair value adjustment to inventory and biological assets) and Adjusted Gross Margin in its MD&A or other public documents, which are not measures calculated in accordance with IFRS and have limitations as analytical tools. These performance measures have no prescribed meaning under IFRS and therefore amounts presented may not be comparable to similar data presented by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance such as net income or other data prepared in accordance with IFRS. See the cautionary statement in the “Introduction” section at the beginning of this MD&A.

FINANCIAL HIGHLIGHTS

Below is an analysis of the changes from Fiscal 2018 to Fiscal 2019 and Fiscal 2019 to Fiscal 2020. In depth commentary is provided in the pages that follow in relation to the latter. Fiscal 2019 net revenue and gross margin increased over Fiscal 2018 as a result of the launch of the adult-use recreational market in October 2018, which also resulted in a corresponding increase in operating expenses and other expenses as a result of this new market development, whereas during Fiscal 2018 the Company only generated revenues from medical patients.

	FISCAL 2020	FISCAL 2019	$ CHANGE	% CHANGE	FISCAL 2018
Financial Results					
Gross revenue	$ 103,387	$ 97,547	$ 5,840	6%	$ 12,429
Net revenue	$ 86,795	$ 80,413	$ 6,382	8%	$ 12,429
Cost of sales	$ 105,004	$ 42,521	$ 62,483	147%	$ 6,814
Gross margin before fair value adjustments	$ (18,209)	$ 37,892	$ (56,101)	(148)%	$ 5,615
Gross margin % before fair value adj.	(21)%	47%	(68)%	(145)%	45%
Fair value adjustments to biological assets and changes in inventory sold	$ (38,281)	$ 10,577	$ (48,858)	(462)%	$ 46,018
Gross margin	$ (56,490)	$ 48,469	$ (104,959)	(217)%	$ 51,633
Operating expenses	$ 89,020	$ 42,982	$ 46,038	107%	$ 15,217
Income (loss) from operations	$ (145,510)	$ 5,487	$ (150,997)	(2,752)%	$ 36,416
Other expense (income)	$ (9,353)	$ 14,991	$ (24,344)	(162)%	$ 14,292
Net income (loss) from continuing operations	$ (136,157)	$ (9,504)	$ (126,653)	1,333%	$ 22,124
Net income (loss) from continuing operations per common share, basic	$ (0.789)	$ (0.067)	$ (0.722)	1,078%	$ 0.184
Net income (loss) from continuing operations per common share, diluted	$ (0.789)	$ (0.067)	$ (0.722)	1,078%	$ 0.174
Net cash used in operating activities	$ (45,125)	$ (35,081)	$ (10,044)	29%	$ (12,704)
Adjusted Gross M argin1	$ 28,904	$ 38,633	$ (9,729)	(25)%	$ 5,615
Adjusted Gross Margin % 1	33%	48%	(15)%	(31)%	45%
Adjusted EBITDA 1	$ 852	$ 20,644	$ (19,792)	(96)%	$ (1,003)
Financial Position					
Working capital	$ 141,123	$ 152,417	$ (11,294)	(7)%	$ 191,964
Inventory and biological assets	$ 71,759	$ 113,796	$ (42,037)	(37)%	$ 64,827
Total assets	$ 435,127	$ 428,525	$ 6,602	2%	$ 302,567
Non-current financial liabilities	$ 106,289	$ 46,067	$ 60,222	131%	$ 98,743

Note 1: Non-IFRS measures that have been defined and reconciled within their respective section sof the MD&A

NET REVENUE FROM CONTINUING OPERATIONS

Net revenue for the Company is defined as gross revenue net of any customer discounts, rebates, and sales returns and recoveries, less excise taxes. Revenue consists primarily of dried flower and cannabis oil sold to the adult-use recreational, medical, wholesale, and international marketplaces. During Q2 Fiscal 2020, the Company also launched its vape and chocolate products to the adult-use recreational market.

For the three months ended August 31, 2020, net revenues increased by 25% to $20,400 from $16,290 for the three months ended August 31, 2019 primarily due to higher flower sales volumes, which was offset by a lower average net selling price ("ASP") compared to Q4 Fiscal 2019, as the dried flower value segment of the recreational market, particularly in large format, grew in Q4 2020. Additionally, the sales of Rec 2.0 products (vape products and cannabis-infused chocolates), which had not yet been legalized in Q4 Fiscal 2019, as well as significantly higher international revenues, contributed to the increase over Q4 Fiscal 2019. These contributors to revenue were offset by a decline in recreational oil sales as demand for THC oil decreased relative to Fiscal 2019 and the Company received returns primarily related to Fiscal 2019 sales.

Net revenue for Q4 Fiscal 2020 of $20,400 was net of a provision for product returns and pricing adjustments of $1,986 (each net of excise) compared to net revenue for Q4 Fiscal 2019 of $16,290 and a provision for product returns and pricing adjustments of $3,698. The majority of the current period product returns and price adjustments were due to vapes and an isolated wholesale return as well as slow moving recreational flower products. The lack of a sufficient retail network and slower than expected store openings in Ontario also continued to impact sales in Q4 Fiscal 2020, which was further exacerbated by increased industry supply. The Company is cognizant that in this new and emerging market, the size of the customer base, its demands, and preferences cannot yet be ascertained with any level of certainty or reliability and future demand for existing and new products remains to be determined as the market develops and matures.

Dried flower comprised 85% of net revenue in the quarter. The ASP of dried flower decreased to $3.58 per gram on a quarter-over-quarter basis compared to $5.18 per gram for Q4 Fiscal 2019 as both the Company and Canadian industry experienced general price compression in the adult-recreational and medical markets as these markets matured and the customer and product mix evolved to more value offerings. Further, the lower ASP was a result of international bulk dried flower revenues, which was sold at a lower ASP compared to Canadian domestic revenues. Selling prices are prone to fluctuation and there may be further price compression if the market remains oversupplied. The Company is committed to refining its product mix as customer preferences evolve.

Sales volumes of dried flower in grams increased by 100% to 4,859 kg in Q4 Fiscal 2020 compared to the prior year comparative quarter, primarily as a result a shift towards large format products as well as the contribution of wholesale and international dried flower sales.

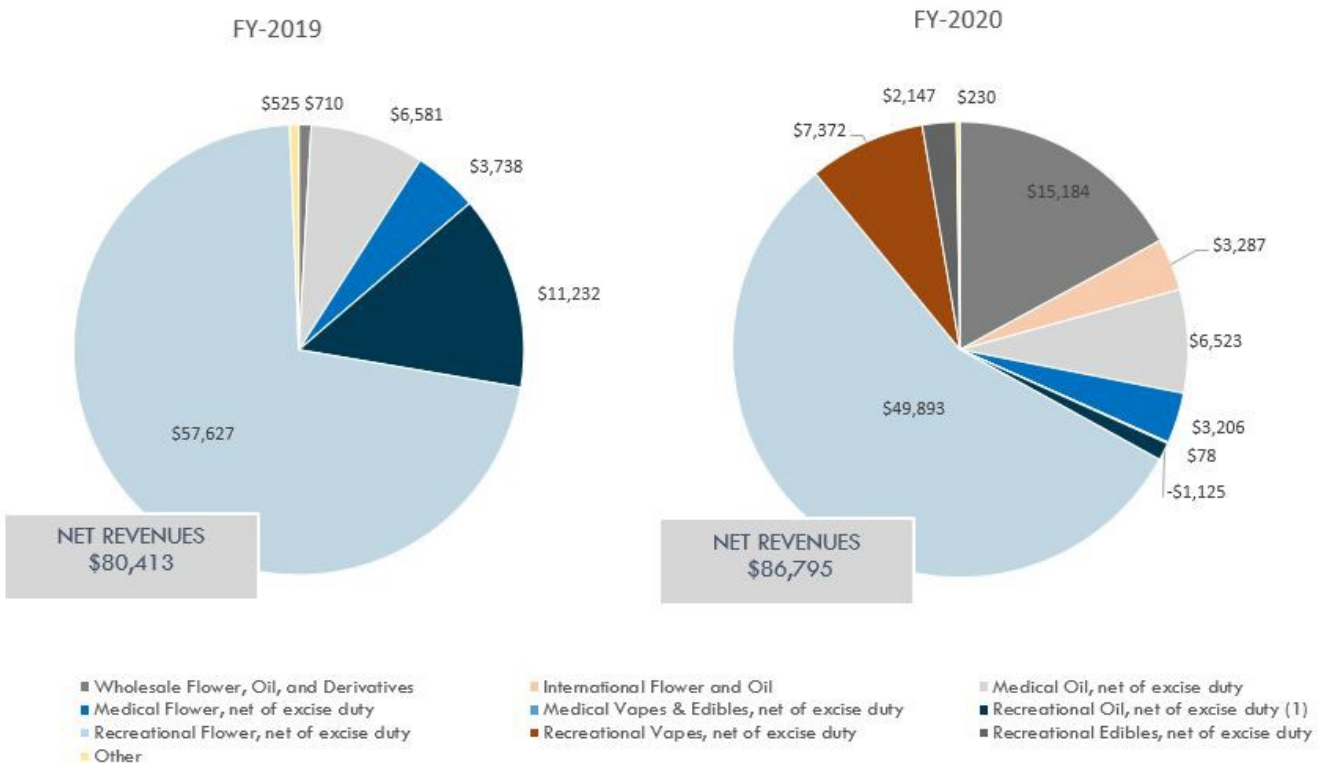
For the year ended August 31, 2020, the Company recorded an increase of 8% in net revenues to $86,795 from $80,413 for the year ended August 31, 2019. Net revenue increased on a year-to-date basis primarily due to the launch of Rec 2.0 products (vapes and chocolates) during Q2 Fiscal 2020 and wholesale and international revenues, which had not occurred in the prior comparative period. This was offset by a decrease in recreational flower and oil sales volumes as a result of large pipeline fill orders shipped during the initial launch of the adult-use recreational market in the prior year, increased competition, and changing consumer preferences, particularly with respect to oil.

Net revenue for Fiscal 2020 of $86,795 was net of a provision for product returns and pricing adjustments of $8,282 (each net of excise) compared to net revenue for Fiscal 2019 of $80,413 and a provision for product returns and pricing adjustments of $3,698. The majority of Fiscal 2020 product returns and price adjustments were due to slow moving recreational oil and flower products, most of which related to revenues generated in Fiscal 2019.

For the year ended August 31, 2020, the ASP of dried flower decreased to $4.12 per gram compared to $5.00 per gram for the year ended August 31, 2019 due to $15,184 (or 17% as a percentage total net revenue) in opportunistic wholesale revenues, which garner a lower ASP at a higher gross margin, compared to $709 in the prior year, as well as a shift towards value-oriented large format products and sales returns provisions related primarily to prior year sales. Offsetting this decline in ASP was a 41% increase in sales volumes to 17,269 kg over the prior year comparative period due to legalization of adult-recreational use cannabis coming into effect partway through Q1 Fiscal 2019 as well as the general growth in this market.

REVENUE COMPOSITION

The Company's management reviews revenue composition by product category as follows for years ended August 31, 2020 and 2019:



(1) Comprised primarily of sales returns and price allowance provisions for recreational oil.

COST OF SALES AND GROSS MARGIN

The gross margin from continuing operations for the three months ended August 31, 2020 was ($28,756) compared to ($11,059) for the prior year comparative period. The decrease in gross margin quarter-over-quarter was primarily driven by primarily as a result of: (i) higher cost of sales on higher post-harvest costs; (ii) inventory provisions and write-off of excess and unsaleable inventories as well as inventory write-downs to net realizable value ($11,099); (iii) unabsorbed overhead ($3,470) as a result of lower production volumes; (iv) a lower ASP from increased competition and the ongoing evolution of the customer and product mix; and (v) write-downs to net realizable value relating to the fair value component of inventories (fair value loss of $16,261).

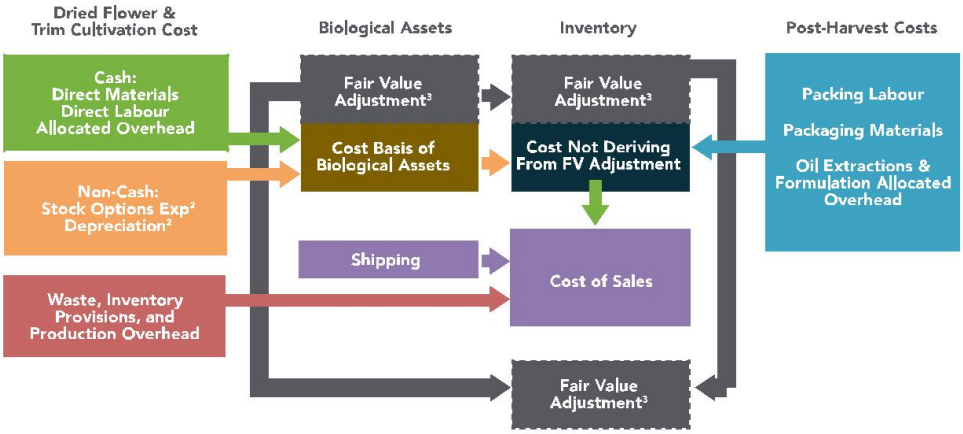
The gross margin from continuing operations for the year ended August 31, 2020 was ($56,490) compared to $48,469 for the prior year comparative period. The decrease in gross margin year-over-year was primarily driven by the same factors as described above: (i) higher cost of sales on higher post-harvest costs; (ii) inventory provisions and write-off of excess and unsaleable inventories as well as inventory write- downs to net realizable value ($35,584 compared to $744 in the prior year); (iii) unabsorbed overhead ($5,434 compared to $nil) as a result of lower production volumes; (iv) a lower ASP from increased competition and the ongoing evolution of the customer and product mix; and (v) write-downs to net realizable value relating to the fair value component of inventories (fair value loss of $72,801 compared to $14,284).

Included in gross margin are the changes in the fair value of biological assets related to IFRS standard IAS 41 – Agriculture. The net decrease in fair value adjustments on a fiscal quarter-to-date and year-to-date basis compared to the prior year is due to an increase in harvested plants resulting in an increase in fair value on the growth of biological assets of $4,778 and $73,975 (August 31, 2019 - $13,334 and $75,338), respectively, which was offset by the realization of the fair value increment for inventory sold of ($8,666) and ($39,455) (August 31, 2019 – ($11,712) and ($50,477)) and adjustments to the net realizable value of inventory of ($16,261) and ($72,801) (August 31, 2019 – ($13,428) and ($14,284)). The significant increase in adjustment to the net realizable value of inventory relates primarily to a write-down of the Company's inventory of flower, trim available for extraction, and concentrated extract for which the Company has excess quantities based on current market dynamics and forecast demand, also taking into consideration requirements with respect to the dating and specifications of products available for sale.

Cost of sales primarily consists of the following:

- Costs of sales of cannabis (dried flower, pre-rolls, and wholesale/international bulk flower), cannabis oil, vapes, chocolates, and other wholesale formats such as extract include the direct costs of materials and packaging, labour including any associated share-based compensation, and depreciation of manufacturing related items such as building and equipment related to the production of cannabis and derivatives sold. This includes growing, cultivation and harvesting costs, extraction, vape filling, quality assurance and quality control, as well as packaging and labelling;
- Costs related to other products such as vaporizers and other accessories;
- Shipping expenses to deliver product to the customer;
- The production cost of late-stage biological assets that are disposed of, provisions and write-downs for inventory that does not pass the Company's quality assurance standards and obsolete products and packaging, write-downs to net realizable value that reduce the value of inventory below the original production or purchase cost, and other production overhead; and
- Unabsorbed fixed overhead charges, primarily comprised of depreciation, resulting from the underutilization of cultivation and production capacity.

Illustrative Overview of Composition and Flow of Biological Assets, Inventories, and Cost of Sales



Notes:

1. The above illustration is for informational purposes only and should not be viewed as an exact representation of the actual flow of inputs and outputs. Certain items referenced above may not have a standard meaning under IFRS and therefore should be considered non-IFRS measures. Readers should refer to the notes of the August 31, 2020 year-end financial statements for the official accounting policies.
2. The majority of stock options expense related to the manufacturing and operations groups and most of the Moncton Campus depreciation is captured as part of cultivation costs, however a certain amount of these costs are also added during the post-harvest and extraction phases.
3. Fair value adjustments are made to the cost basis of biological assets which collectively become the cost basis of inventories. Inventories are then carried at the lower of cost and net realizable value. When sold a portion of inventory is charged to cost of sales (actual costs) with the remainder (FV adjustments) to "Fair value adjustments to biological assets" on statements of income.
4. Excise taxes are excluded from this diagram and are reflected as a netting adjustment against gross revenue to arrive at net revenue for presentation purposes in the consolidated financial statements.

GROSS MARGIN BEFORE FAIR VALUE CHANGES TO BIOLOGICAL ASSETS AND INVENTORIES SOLD AND ADJUSTED GROSS MARGIN

The fair value adjustment to biological assets and inventories sold is comprised of the non-cash fair value gains (losses) for inventories sold, growth of biological assets, and adjustments to net realizable value. Prior quarters have been adjusted to reflect results only from continuing operations and the reclassification of shipping expenses.

The increase in gross margin before fair value changes to biological assets and inventories sold up to Q1 Fiscal 2019 is consistent with the Company's low cost of production and ability to sell most of its products at the medium to high end of the product categories. The decline in gross margin before fair value changes to biological assets and inventories sold in Q4 Fiscal 2019 is believed to be an anomaly resulting from an increase in production costs, a temporary decline in production yields during Q3 Fiscal 2019 that resulted in higher cost product being sold through in Q4 Fiscal 2019, year-end inventory adjustments, and write-downs of legacy packaging materials that have been replaced with new, more consumer-friendly packaging. During Q1 Fiscal 2020, the Company's gross margin before fair value changes to biological assets and inventories sold increased to $9,342 , which then decreased in Q2 and Q3 Fiscal 2020 due to lower sales volumes and costs associated with the launch the new Rec 2.0 products, higher post-harvest costs, and inventory write-downs and provisions. The negative gross margin before value changes to biological assets and inventories sold in Q4 2020 of ($6,192) is primarily due to inventory provisions and write-off of excess and unsaleable inventories, inventory write-downs to net realizable value, and unabsorbed overhead as a result of lower production volumes.

Adjusted Gross Margin is a non-IFRS measure that the Company defines as net revenue less: (i) cost of sales, before the effects fair value changes to biological assets and changes in inventory sold; excluding (ii) write-offs and impairment of inventories and biological assets; (iii) write-downs to net realizable value; (iv) COVID-19 related charges; and (v) unabsorbed overhead relating to underutilization of the production facility, most of which is related to non-cash depreciation expense. Management believes this measure is useful and relevant as it more fairly represents the gross margin for the revenues generated in the period as it is based on the direct and indirect costs of production related to these revenues and excludes impairments and write-offs related to other inventories resulting from internal or external influences. See the cautionary statement regarding non-IFRS financial measures in the "Introduction" section at the beginning of this MD&A and the reconciliation to IFRS measures in the Financial Results and Review of Operations section of this MD&A. The most directly comparable measure to Adjusted Gross Margin calculated in accordance with IFRS is gross margin before fair value changes to biological assets and inventories sold.

Gross margin before fair value changes to biological assets and inventories sold and Adjusted Gross Margin

	Q1-F19	Q2-F19	Q3-F19	Q4-F19	Q1-F20	Q2-F20	Q3-F20	Q4-F20
Net revenue	12,439	26,934	24,750	16,290	25,153	23,221	18,021	20,400
Cost of sales before adjustments	3,618	10,890	12,473	14,799	14,966	14,772	13,909	14,244
Adjusted Gross Margin	8,821	16,044	12,277	1,491	10,187	8,449	4,112	6,156
Adjusted Gross Margin %	71%	60%	50%	9%	41%	36%	23%	30%
Less:								
Write-offs and impairment of inventories and biological assets	-	-	-	744	845	1,027	19,940	11,019
Write-downs to net realizable value	-	-	-	-	-	12	2,661	80
COVID-19 related charges	-	-	-	-	-	-	5,901	194
Unabsorbed overhead	-	-	-	-	-	-	1,964	3,470
Gross margin before fair value changes to biological assets and inventories sold	8,821	16,044	12,277	747	9,342	7,410	(26,354)	(8,607)
Gross margin % (before fair value changes to bio assets and inventories sold	71%	60%	50%	5%	37%	32%	-146%	-42%
Add/(Deduct): Fair value changes to biological assets and changes in inventory sold	42,925	(8,086)	(12,456)	(11,806)	1,852	3,878	(23,862)	(20,149)
Gross margin (1)	51,746	7,958	(179)	(11,059)	11,194	11,288	(50,216)	(28,756)
Gross margin % (1)	416%	30%	-1%	-68%	45%	49%	-279%	-141%

Note 1: Gross margin reflects the IFRS measure per the Company's Financial Statements.

GENERAL AND ADMINISTRATIVE

For the three months ended August 31, 2020, general and administrative expenses from continuing operations decreased to $7,612 compared to $9,171 in the prior year comparative period. The decrease is mainly due to adjustments of approximately $1,976 for licensing and professional fees during Q4 Fiscal 2020 that were not expected to recur at the same level as well as a general reduction of staffing, travel, and other administrative expenses stemming from the impact of COVID-19.

For the year ended August 31, 2020, the Company incurred general and administrative expenses from continuing operations of $27,996 compared to $18,593 (excluding general and administrative expenses attributable to Trauma Healing Centers ("Trauma Healing") of $75) in the prior year comparative period. The increase from the prior year comparative period is related to an increase in internal resources, office and general expenses, office building depreciation, professional fees, research and development efforts, and public company-related costs as the Company continued to scale up its operations in connection with the development of the adult-use recreational market and the cannabis derivatives market that launched in December 2019.

SALES AND MARKETING

For the three months ended August 31, 2020, the Company incurred sales and marketing expenses from continuing operations of $3,218 compared to $4,712 for the three months ended August 31, 2019. The decrease in expenses in the current quarter was due to the decision to scale back on certain sales and marketing efforts, including a workforce reduction in certain areas, as a result of the COVID-19 pandemic. These expenses include advertising and promotion, client service and sales staff, educational materials, as well as trade investment.

For the year ended August 31, 2020, the Company incurred sales and marketing expenses from continuing operations of $16,528 compared to $14,625 for the prior year comparative period. The increase year-over-year is related to the continued development of the adult-use recreational market and the Company's investment in its brand portfolio as well as the preparation for the Rec 2.0 launch.

Sales and marketing and general and administrative expenses, excluding non-cash share-based compensation ("SG&A"), were $10,830 for Q4 Fiscal 2020, a decrease from $13,883 in Q4 Fiscal 2019. As a percentage of net revenue, SG&A expenses decreased to 52% in Q4 Fiscal 2020 from 85% in Q4 Fiscal 2019 as the Company scaled back on certain sales and marketing efforts, including a workforce reduction in certain areas, as a result of the COVID-19 pandemic.

SG&A expenses for Fiscal 2020 were $44,524 compared to $33,218 in Fiscal 2019. As a percentage of net revenue, SG&A expenses increased to 51% in Fiscal 2020 from 41% in Fiscal 2019.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The Company reviews the carrying value of its property, plant and equipment at each reporting period for indicators of impairment. During the year ended August 31, 2020, management noted indicators of impairment and recorded impairments at an asset specific level as described below.

Moncton Campus – Phase 4C (asset specific)

The construction of Phase 4C of the Moncton Campus, which was intended to house grow rooms with an previously estimated cultivation capacity of 24,000 kg per annum, was indefinitely deferred during the three months ended May 31, 2020 based on available capacity and forecast market demand. Phase 4C of the Moncton Campus has effectively been left partially completed and, due to the specialized and integrated nature of Phase 4C, without any foreseeable near-term use. Management estimated the FVLCD of Phase 4C to approximate the purchase cost of the land and movable equipment, which is $1,328. As a result, the Company recognized an impairment loss of $37,749 in relation to this asset for the year ended August 31, 2020. The entire amount of the impairment loss was recorded against the building infrastructure of Phase 4C. In addition, subsequently incurred and contractually committed future costs totaling $1,050 with respect to Phase 4C at August 31, 2020 were included in the impairment loss for the year ended August 31, 2020.

SHARE-BASED COMPENSATION

The Company recognized $712 and $4,725 in share-based compensation in relation to selling, general and administrative employees for the three months and year ended August 31, 2020, respectively, compared to $2,149 and $9,151 for the prior year comparative periods. For the three months ended August 31, 2020, 60,000 options were granted to employees of the Company, valued at $106, compared to 965,000 options granted in the prior year comparative period, valued at $4,300. There were no options granted to key management personnel during the three months ended August 31, 2020 and 2019. The decrease in share-based compensation expense year-over-year is primarily a result of fewer options having been granted during the current period.

For the year ended August 31, 2020, 2,125,000 options were granted, valued at $3,743, compared to 3,589,500 options granted in the prior year comparative period, valued at $13,848. Included in the year ended August 31, 2020 were 790,000 options granted to key management personnel compared to 685,000 options granted for the year ended August 31, 2019.

Included in the three months and year ended August 31, 2020 were nil and 265,258 (August 31, 2019 – nil and 631,949), restricted share units ("RSUs") granted to employees, of which nil and 211,981 RSUs were issued to key management personnel and members of the Board of Directors compared to nil and 631,949 RSUs issued for the three months and year ended August 31, 2019.

During the three months and year ended August 31, 2020, nil and 142,187 performance share units ("PSUs") were granted to employees (August 31, 2019 – nil and nil), of which nil and 88,910 PSUs were issued to key management personnel and members of the Board of Directors compared to nil and nil issued for the prior year comparative periods.

Share-based compensation represent a non-cash expense, and was valued using the Black-Scholes valuation model for stock options and using the fair value of the shares on the date of the grant for RSUs. The fair value of PSUs was based on the Company's share price at the grant date, adjusted for an estimate of likelihood of achievement of the defined performance criteria.

FINANCING COSTS AND INVESTMENT INCOME

Financing costs are comprised of cash interest expense, the amortization of transaction costs, the discount of the long-term debt outstanding during the period, loan modification losses as described below, and for the prior year comparative period, the discount of the convertible debentures that were previously outstanding. The increase in financing costs for the three months ended August 31, 2020 to $955 from $786 in the prior year comparative period is mainly attributable to the higher term loan balance outstanding during Q4 Fiscal 2020 ($115,000 at August 31, 2020), whereas only the initial draw of the term loan was outstanding during Q4 Fiscal 2020 ($50,000 at August 31, 2019). However, the decrease for the year ended August 31, 2020 to $6,008 from $9,668 in the prior year comparative period is primarily attributable to the convertible debentures previously outstanding, which were completely converted in April 2019, and the resulting lower effective interest rate as well as a lower average outstanding debt balance. This decrease is offset by the loan modification losses of $1,644 incurred with respect to the first and second amendments to the Company's credit facility as outlined below.

On May 31, 2019, the Company entered into a credit facility with Bank of Montreal ("BMO") and a syndicate including three other lenders. The facility consists of a $115 million term loan ("Term Loan") and a $25 million revolving credit facility ("Revolver", or together with the Term loan, as amended, the "Facilities"), both of which mature on May 31, 2022. Included in the facility is an uncommitted option to increase the Facilities by an incremental $35 million to a total of $175 million, subject to agreement by BMO and the syndicate of lenders and satisfaction of certain legal and business conditions.

On November 15, 2019, the Company amended its Facilities with BMO to: i) extend the final draw deadline of the Term Loan ("Amended Term Loan") from November 30, 2019 to March 31, 2020; ii) postpone the commencement of scheduled principal repayments on the Term Loan from February 28, 2020 to May 31, 2020; and iii) realign the financial covenants structure, effective November 30, 2019, to be more consistent with industry norms up to and including May 31, 2020. Prior to the Second Amendment, as described below, the financial covenants were to revert to the original structure on August 31, 2020. The Company incurred an amendment fee of $140 plus customary legal expenses in connection with the first amendment.

The Facilities were further amended on February 28, 2020 to extend the final draw deadline of the Term Loan from March 31, 2020 to May 31, 2020.

In accordance with IFRS 9, such modification to the credit facility as outlined above is not an extinguishment of debt either qualitatively or quantitatively, rather it is a non-substantial modification. Therefore, as per the provisions of IFRS 9 the Company recorded a loss on debt restructuring based on the difference in the present value of the restructured net cash flows discounted at the original effective interest rate ("EIR") versus the present value of the original net cash flows discounted at the original EIR. This loss of $831 has been recorded under financing costs in the statement of (loss) income and comprehensive (loss) income for the year ended May 31, 2020.

On May 28, 2020, the Company further amended its Facilities ("Second Amendment") with BMO and the syndicate of lenders to: (i) extend the final draw deadline of the Term Loan to July 31, 2020; (ii) postpone the commencement of principal repayments on the Term Loan to November 30, 2020; (iii) adjust certain financial ratios to be maintained by the Company both before and after November 30, 2021 (the "Conversion Date"); (iv) modify the applicable margin pricing and standby fee terms to reflect current market conditions; and (v) remove the uncommitted option to increase the Facilities by an incremental $35 million. The financial covenants will revert to the original structure, albeit at different ratios, on November 30, 2021. The interest rate margin will be fixed during this period. The Company incurred an amendment fee of $490 plus customary legal expenses in connection with the second amendment.

As a result of the Second Amendment, the Company recorded a loan modification loss of $813 under financing costs in the statement of (loss) income and comprehensive (loss) income for the three months ended May 31, 2020.

During the three months and year ended August 31, 2020, the Company drew an additional $30,000 and $65,000 under the Term Loan, in two tranches, and similar to the initial draw noted above, converted the balances from prime rate loans to bankers' acceptances. During the year ended August 31, 2020, the Company rolled over $115,000 of the Term Loan balance on a monthly basis through bankers' acceptances with an average cash interest rate of approximately 4.25%. Based on the current availment option of bankers acceptances' the applicable margin rate is 3.75% above the applicable bankers acceptances' rate.

Investment income of $171 and $308 was earned for the three months and year ended August 31, 2020, respectively, compared to investment income of $170 and $662 for the prior year comparative periods. The year-over-year decrease in investment income, primarily comprised of interest income, was related to the maturing of short-term investments in August 2019 ($nil outstanding during the current period). Income was offset for the periods by realized and unrealized fair value losses on the mark-to-market revaluation of marketable securities.

GOVERNMENT SUBSIDIES

On April 1, 2020, Department of Finance Canada announced the Canada Emergency Wage Subsidy ("CEWS"), which would subsidize 75% of employee wages, retroactive to March 15, 2020 to Canadian employers whose business had been affected by COVID-19 to enable them to re-hire workers previously laid off as a result of pandemic, help prevent further job losses, and to better position companies to resume normal operations following the crisis. Under this program, the Company recorded a wage subsidy of $4,646 and $7,883 for the three months and year ended August 31, 2020, which has been included as government subsidies in the statements of (loss) income and comprehensive (loss) income.

INVESTMENTS IN ASSOCIATES AND CONTINGENT CONSIDERATION

During Q1 Fiscal 2019, the Company made three strategic and international investments as described previously in this MD&A, which are being accounted for as investments in associates in the Company's financial statements. During the three months and year ended August 31, 2020, the Company's share of loss from these investments in associates was $209 and $1,187, respectively, compared to $339 and $1,261 in the prior year comparative periods. Since all three of these investments are effectively in the start-up or early phases of their operations, these losses are generally to be expected.

At May 31, 2020, the Company identified indicators of impairment with respect to its investment in Eviana. The Company determined the recoverable amount of Eviana to approximate $nil based on the higher of 1) FVLCS; and 2) VIU. An impairment loss of $3,000 has been included in the statement of (loss) income and comprehensive (loss) income for the year ended August 31, 2020.

In connection with the Alpha-Cannabis Germany investment, the Company had committed to contingent consideration to be paid in the form of Common Shares of the Company upon the achievement of certain milestones by Alpha-Cannabis Germany. This contingent consideration liability is carried at fair value in the Company's statement of financial position. For the three months and year ended August 31, 2020, the Company recorded an unrealized gain of $86 and $886, respectively, on the revaluation of this liability compared to an unrealized gain of $864 and unrealized loss of $145 in the prior year comparative periods. The gain is primarily attributable to the decrease in the market price of the Company's Common Shares.

NET INCOME (LOSS) FROM CONTINUING OPERATIONS

Net loss from continuing operations for the three months ended August 31, 2020 was ($38,590) or ($0.199) per Common Share (basic and diluted), compared to ($22,456) or ($0.144) per Common Share (basic and diluted) for the prior year comparative period. The change to net loss for the current quarter was a result of lower gross margin due to higher cost of sales, inventory write-offs and provisions, including adjustments to net realizable value, and COVID-19 related production inefficiencies; and negative fair value changes to biological assets and inventories written-down to net realizable value.

Net loss from continuing operations for the year ended August 31, 2020 was ($136,157) or ($0.789) per Common Share (basic and diluted), compared to ($9,504) or ($0.067) per Common Share (basic and diluted) for the prior year comparative period. The increase in net loss over the prior year comparative period is largely a result of the same factors identified above for the quarter-to-date period.

DISCONTINUED OPERATIONS

During the fourth quarter of Fiscal 2018, management decided to discontinue operations of Trauma Healing. On October 16, 2018, the Company sold Trauma Healing to VIVO Cannabis Inc. Revenue and expenses, gains and losses relating to the discontinuation of Trauma Healing have been eliminated from profit or loss from the Company's continuing operations and are shown as a single line item in the statements of income and comprehensive income. The Company made the decision to divest its interest in Trauma Healing in order to focus its efforts on the emerging adult-use recreational cannabis market. The Company did not view Trauma Healing as a part of its core business and does not anticipate that the disposal of its interest in Trauma Healing to have any material impact on the expected financial performance on Organigram going forward.

The net loss from discontinued operations during the three months and year ended August 31, 2019 was $nil and $38, or $nil and $nil per Common Share (basic and diluted).

SUMMARY OF QUARTERLY RESULTS

	Q1-F19	Q2-F19	Q3-F19	Q4-F19	Q1-F20	Q2-F20	Q3-F20	Q4-F20
Financial Results								
Adult-use recreational revenue (net of excise)	9,236	24,460	21,802	13,361	12,867	15,009	15,349	15,063
Direct to patient medical revenue (net of excise)	2,793	2,357	2,793	2,376	2,667	2,384	2,482	2,274
International, wholesale and other revenue	410	117	155	553	9,619	5,828	190	3,063
Net revenue from continuing operations	12,439	26,934	24,750	16,290	25,153	23,221	18,021	20,400
Net income (loss) from continuing operations	29,517	(6,386)	(10,180)	(22,456)	(863)	(6,833)	(89,871)	(38,590)
Net income (loss) from continuing operations per common share, basic	0.231	(0.049)	(0.068)	(0.144)	(0.006)	(0.041)	(0.512)	(0.199)
Net income (loss) from continuing operations per common share, diluted	0.195	(0.049)	(0.068)	(0.144)	(0.006)	(0.041)	(0.512)	(0.199)
Operational Results								
Dried yield per plant (grams) (1)	153	164	110	148	152	155	132	104
Harvest (kg)	8,042	8,315	6,052	7,434	12,759	13,710	6,830	11,137
Registered medical patients (#)	13,505	14,875	17,000	17,200	18,125	16,781	14,312	18,934
Employee headcount (#)	479	615	622	707	766	816	474	552

(1) The Company ceased the harvesting of trim from the cannabis plant during Q3 Fiscal 2020 and therefore the dried flower yield per plant for Q3 and Q4 Fiscal 2020 relates primarily to the flower component of the plant.

The legalization of adult-use cannabis for recreational purposes in October 2018 resulted in a significant increase in revenue in Q1 Fiscal 2019, which continued through Q3 Fiscal 2019 as the recreational market matured. Prior to this period, the Company was incrementally growing its medical cannabis business, while also preparing for the launch of adult-use cannabis market for recreational purposes. The decrease in revenue in Q4 Fiscal 2019 was largely due to the lack of a sufficient retail network and slower than expected store openings in Ontario, which was further exacerbated by increased industry supply and a changing market dynamic that resulted in the recognition of a provision for product returns and price adjustments as described previously.

Net income for Q1 Fiscal 2019 increased primarily as a result of the Company's fair value adjustment to biological assets as the Company built- up inventories in advance of the recreational market launch. This was offset by increasing SG&A expenditures during the same timeframe as the Company increased its headcount substantially and invested in sales and marketing, recruitment and retention, and various other administrative expenditures. Net income for Q2 Fiscal 2019 through Q4 Fiscal 2020 declined as the Company recorded net negative changes to Company's fair value adjustments to biological assets and inventories sold and as investment in SG&A increased and cost of goods sold increased. Besides these factors, the increased net loss during Q4 Fiscal 2020 is primarily driven by the write-off of excess and unsaleable inventories. Excluding the aforementioned trends, no seasonality has been historically noted.

Adjusted EBITDA

This is a non-IFRS measure and the Company calculates adjusted EBITDA from continuing operations as net income (earnings) before interest expense, net of investment income; income tax; depreciation, amortization, impairment, and gain (loss) on disposal of PP&E (per the statement of cash flows); share-based compensation (per the statement of cash flows); share of loss and impairment loss from investments in associates; unrealized loss (gain) on changes in fair value of contingent consideration; expenditures incurred in connection with the NASDAQ cross-listing; the fair value adjustment to biological assets and inventory; write-offs and impairment of inventories and biological assets; write-downs of inventory to net realizable value; and COVID-19 related charges, net of any government subsidies. Management believes the exclusion of the fair value adjustment is an alternative representation of performance. The fair value adjustment is a non-cash gain (loss) and is based on the valuation of biological assets and inventory using a fair value less cost to sell model. The most directly comparable measure to adjusted EBITDA (excluding fair value adjustment to biological assets and inventory) calculated in accordance with IFRS is net income (loss) from continuing operations.

Management changed the calculation of adjusted EBITDA during Q2 Fiscal 2019 and has conformed prior quarters accordingly to include an add-back for share-based compensation, share of loss from investments in associates, expenditures incurred in connection with the NASDAQ cross-listing, and unrealized loss on changes in fair value of contingent consideration. During Q4 2020 management further amended the calculation of adjusted EBITDA, and has conformed prior quarters accordingly to include an add-back for write-offs and impairment of inventories and biological assets and write-downs to net realizable value.

Adjusted EBITDA increased from Q1 Fiscal 2019 through to Q2 Fiscal 2019 as the adult-use recreational market was legalized in October 2018 but experienced a decrease during Q3 and Q4 Fiscal 2019 due to lower gross margins on increased production costs, inventory write-downs, and sales provisions as well as higher SG&A expenditures. In Q1 and Q2 Fiscal 2020, increased due to increased gross margin and lower operating expenses compared to Q4 of Fiscal 2019. The significant decrease in adjusted EBITDA during Q3 was due to higher cost of sales mainly attributed to lower revenues. The Q4 2020 adjusted EBITDA was similar to the Q3 as slightly higher net revenues were offset by higher cost of sales. Included in COVID-19 related charges (net) for Q3 and Q4 Fiscal 2020 are $5,048 and $nil, respectively, of plant waste due to insufficient staff to harvest plants as a result of COVID-19, lump sum payments paid to temporarily laid off employees, a temporary pay premium paid to Moncton employees, and the employee portion of health and dental benefits paid for by the Company, less government subsidies income of $3,237 and $4,646, respectively.

Adjusted EBITDA (Non-IFRS Measure)

Adjusted EBITDA Reconciliation	Q1-F19 (Note 1)	Q2-F19	Q3-F19	Q4-F19	Q1-F20	Q2-F20	Q3-F20	Q4-F20
Net income (loss) from continuing operations as reported	$ 29,517	$ (6,386)	$ (10,180)	$ (22,456)	$ (863)	$ (6,833)	$ (89,871)	$ (38,590)
Add/(Deduct):								
Interest expense (investment income) from continuing operations	3,944	4,085	362	616	937	1,804	2,175	784
Income tax expense (recovery)	12,785	(620)	(2,248)	(6,289)	202	(698)	(9,975)	-
Depreciation, amortization, impairment, and gain (loss) on disposal of PP&E from continuing operations (per statement of cash flows)	1,671	1,802	2,220	3,955	3,760	4,406	5,033	5,537
Impairment of property, plant and equipment	-	-	-	-	-	-	37,740	2,031
Fair value adjustment to biological assets and net realizable value adjustment to inventory	(42,925)	8,086	12,456	11,806	(1,852)	(3,878)	23,862	20,149
Share-based compensation (per statement of cash flows)	1,847	5,136	3,875	4,036	2,805	2,400	1,937	654
Share of loss and impairment loss from investments in associates	-	507	415	1,289	256	1,894	1,828	210
Unrealized loss on changes in fair value of contingent consideration	-	646	363	(864)	(378)	(193)	(229)	(85)
COVID-19 related charges (net)	-	-	-	-	-	-	2,761	(4,452)
Nasdaq cross-listing expenditures	-	-	449	-	-	-	-	-
Adjusted EBITDA as Previously Reported	**$ 6,839**	**$ 13,256**	**$ 7,712**	**$ (7,907)**	**$ 4,867**	**$ (1,098)**	**$ (24,739)**	**$ (13,762)**
Add/(Deduct):								
Write-offs and impairment of inventories and biological assets and write-downs to net realizable value	-	-	-	744	845	1,039	22,601	11,099
Adjusted EBITDA Revised	**$ 6,839**	**$ 13,256**	**$ 7,712**	**$ (7,163)**	**$ 5,712**	**$ (59)**	**$ (2,138)**	**$ (2,663)**

Note 1: Q1 Fiscal 2019 Adjusted EBITDA was originally reported as $4,992, which was subsequently amended to include share-based compensation in Q2 Fiscal 2019.

BALANCE SHEET, LIQUIDITY AND CAPITAL RESOURCES

The following represents selected balance sheet highlights of the Company at the end Fiscal 2020 and Fiscal 2019:

	AUGUST 31, 2020	AUGUST 31, 2019	% CHANGE
Cash & short-term investments	$ 74,728	$ 47,935	56%
Inventories	$ 66,365	$ 93,144	(29)%
Working capital	$ 141,123	$ 152,417	(7)%
Total assets	$ 435,127	$ 428,525	2%
Total current and long-term debt	$ 115,266	$ 49,576	133%
Total shareholders' equity	$ 299,527	$ 327,006	(8)%

On August 31, 2020, the Company had a cash and short-term investments balance of $74,728 compared to $47,935 at August 31, 2019, an increase of $26,793 which is a result of the two ATM Programs and draws against the Company's Term Loan, as described below, offset by investments in working capital and property, plant and equipment.

Write-downs and provisions for excess and unsaleable inventories recorded during Q3 and Q4 Fiscal 2020, resulted in a decrease in the value of inventories at the end of Fiscal 2020 as compared to Fiscal 2019.

Management believes working capital is generally healthy and that as the Company's original Moncton Campus capital expenditure plan comes to a close, there is sufficient liquidity available for the near to medium term. In the event that the Company is unable to finance any new expansionary capital expenditures or acquisitions from cash on hand or operating cash flows, it could, if necessary and subject to prevailing market conditions, obtain liquidity through the capital markets as the Common Shares are actively traded on two senior exchanges and there is good analyst coverage amongst sell-side brokerages.

On November 22, 2019, the Company filed a base shelf prospectus (the "Shelf Prospectus") with the securities regulators in each of the provinces and territories of Canada, and, on November 26, 2019, filed with the U.S. Securities and Exchange (the "SEC") a corresponding amended shelf registration statement (the "Registration Statement") on Form F-10 (SEC File No. 333-234564) under the United States Securities Act of 1933, as amended. The Canadian Shelf Prospectus was receipted by the applicable Canadian securities regulatory authorities on November 22, 2019, and the Registration Statement, as amended, was declared effective by the SEC on November 27, 2019. The Shelf Prospectus and Registration Statement allowed the Company to make offerings of up to $175,000 during the 25-month period that the shelf prospectus remains valid through the issuance of Common Shares, preferred shares, debt securities, subscription receipts, warrants or units or a combination thereof. The Company was able, subject to prevailing market conditions, to raise funds from time to time by filing one or more prospectus supplements under the Shelf Prospectus.

On each of December 4, 2019 and April 22, 2020, the Company filed a prospectus supplement to raise up to $55 million and $49 million, respectively, under ATM Programs as described herein to shorten the timeline to raise funds for growth opportunities, working capital, to repay indebtedness, and general corporate purposes. During the year ended August 31, 2020, the Company raised net proceeds of $52,885 and $47,112, respectively, by issuing 16,201,183 and 21,080,229 Common Shares under these programs, bringing both of these ATM Programs to a close within Fiscal 2020.

The following highlights the Company's cash flows during the three months and year ended August 31, 2020 and 2019:

	THREE MONTHS ENDED AUGUST 31,		YEAR ENDED AUGUST 31,	
	2020 (Note 1)	2019	2020	2019
Cash (used) provided by:				
Operating activities	$ (10,128)	$ (15,722)	$ (45,125)	$ (35,081)
Financing activities	46,075	8,572	160,366	74,328
Investing activities	(55,988)	7,515	(138,196)	(46,782)
Cash (used) provided	$ (20,041)	$ $365	$ (22,955)	$ (7,535)
Effects of foreign exchange on cash	-	26	-	26
Cash position				
Beginning of period	44,641	47,190		
End of period	$ 24,600	$ 47,555	$ 24,600	$ 47,555
Short-term investments	50,128	380	50,128	380
Cash and short-term investments	$ 74,728	$ 47,935	$ 74,728	$ 47,935

Note 1: Net cash used in operating activities for the three months ended August 31, 2020 has been calculated based on a correction of a reclassification error to the presentation of prior quarter net cash used in operating activities. Fiscal 2020 year-to-date net cash used in operating activities is correctly stated as per the Financial Statements.

Cash used in operating activities was $10,128 for the three months ended August 31, 2020, which was primarily driven by the net loss and reduction in accounts payables and accrued liabilities. This compares to cash used in operating activities of $15,722 for the prior year comparative period. Cash used in operating activities for the year ended August 31, 2020 was $45,125, which primarily relates to the continued scaling up of operations and investment in working capital to meet the demands of the adult-use recreational market whereas cash used in operating activities in the prior year comparative period of $35,081 relates mostly to the building of inventories.

Cash provided by financing activities for the three months and year ended August 31, 2020 was $46,075 and $160,366, respectively, mainly driven by net proceeds from the December 2019 ATM Program (as defined below) and the April 2020 ATM Program (as defined below) of $17,282 and $99,997 in addition to proceeds from long-term debt issued of $30,000 and $65,000 (excluding fees), respectively. This was offset by cash interest paid for the three months and year ended August 31, 2020 of $1,007 and $4,043, respectively and payments towards lease liabilities of $350 and $897, respectively. In comparison, for the three months and year ended August 31, 2019, cash provided by financing activities was $8,572 and $74,328, respectively, which was primarily driven by long-term debt issued for net proceeds of $44 and $58,851, respectively, plus stock options and warrants exercised of $9,245 and $35,146, respectively. This was offset by payment of long-term debt of $3 and $12,674 and cash interest paid of $714 and $6,995, respectively.

During the year ended August 31, 2020, the Company drew an additional $65,000 under the Term Loan, in three tranches, bringing the total outstanding balance of the Term Loan to $115,000, which incurred an average cash interest rate of approximately 4.25% during the period. Based on the current availment option of bankers acceptances' the applicable margin rate is 3.75% above the applicable bankers acceptances' rate.

Pursuant to the previously noted Shelf Prospectus, on December 4, 2019, the Company established an ATM Program (the "December 2019 ATM Program") that allowed the Company to issue up to $55,000 (or its U.S. dollar equivalent) of Common Shares from treasury to the public. Any Common Shares sold in the December 2019 ATM Program were sold through the TSX or the NASDAQ at the prevailing market price at the time of sale.

The Company issued 16,201,183 Common Shares pursuant to the December 2019 ATM Program during the three months ended February 29, 2020 for gross proceeds of $54,966 at a weighted average price of $3.39 per Common Share. Net proceeds realized were $52,885 after agents' commissions of $1,099, regulatory fees of $12, and legal and professional fees of $968. Proceeds were raised in both USD (for shares sold through the NASDAQ) and CAD (for shares sold through the TSX) and the weighted average share price was calculated using the spot rate on the day of settlement.

On April 22, 2020, the Company established an ATM Program (the "April 2020 ATM Program") that allowed the Company to issue up to $49,000 (or its U.S. dollar equivalent) of Common Shares from treasury to the public. Common Shares sold in the April 2020 ATM Program were sold through the TSX or the NASDAQ at the prevailing market price at the time of sale.

The Company issued 21,080,229 Common Shares pursuant to the April 2020 ATM Program during the year ended August 31, 2020 for gross proceeds of $48,785 at a weighted average price of $2.31 per common share. Net proceeds realized were $47,112 after agents' commissions of $975, regulatory fees of $1, and legal and professional fees of $697. Proceeds were raised in both USD (for shares sold through the NASDAQ) and CAD (for shares sold through the TSX) and the weighted average share price was calculated using the spot rate on the day of settlement.

Cash used by investing activities for the three months and year ended August 31, 2020 was $37,462 and $138,196, respectively, primarily driven by the purchase of short-term investments of $50,000 and $50,000, and by purchase of property, plant and equipment of $nil and $77,223 for the Company's Moncton Campus, which is effectively completed, as well as the purchase of GICs for restricted cash of $50,000 and $8,000. This compares to cash provided by investing activities of $7,515 and used in investing activities of $46,782 for the prior year comparative periods, which was primarily due to the purchase of property, plant and equipment for $32,740 and $108,764 and investment in associates for $10 and $12,758, which was offset by proceeds from short-term investments of $40,000 and $75,000.

On November 12, 2020, the Company closed an underwritten public offering of 37,375,000 units of the Company at a price of $1.85 per unit, including a full exercise of the over-allotment option, underwritten by a syndicate of underwriters led by Canaccord Genuity Corp., for total gross proceeds of $69,144. Each unit is comprised of one Common Share of the Company and one half of one common share purchase warrant of the Company (each full common share purchase warrant, a "Warrant"). Each Warrant will be exercisable to acquire one common share of the Company (a "Warrant Share") for a period of three years following the closing date of the Offering at an exercise price of $2.50 per Warrant Share, subject to adjustment in certain events. The Company expects to use the net proceeds from the Offering to repay indebtedness and for working capital and other general corporate purposes.

Following completion of the unit offering in November 2020, the Company has exhausted its current Shelf Prospectus. The Company believes it can access the public markets from time to time to raise funds subject to prevailing market conditions.

Subsequent to the year-end, on November 27, 2020, the Company executed the third amendment to its loan Facilities with BMO (as described in the Subsequent Events section of this MD&A). In connection with this amendment and restatement, the Company will use $55 million of the proceeds from the November 12, 2020 offering to pay down its Term Loan balance to $60 million on December 1, 2020, thereby significantly deleveraging the Company and providing management with the financial flexibility required to execute upon the Company's strategy. The loan facilities contain covenants that require the Company to maintain certain minimum financial ratios and targets, which, given the early stages of the industry and market and the developing consumer trends, among other factors, may be difficult to maintain period-over-period. If the Company does not maintain such ratios and targets, it could have consequences for the availability of credit under the loan facilities or result in repayment requirements that the Company may not be able to satisfy if the Company is unable to renegotiate the terms of the loan facilities, as it has been able to do historically when faced with possible financial covenant breaches. In addition, restrictions and covenants from those facilities may limit the Company's ability to execute its plans.

As at November 29, 2020, excluding the $8.0 million of restricted investment (GIC), the Company had $135 million in cash and short-term investments. After completing the $55 million term loan repayment on December 1, 2020, on a pro forma basis the Company would have $80 million in cash and short-term investments and $60 million in long-term debt.

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements during the three months and year ended August 31, 2020.

RELATED PARTY TRANSACTIONS

MANAGEMENT AND BOARD COMPENSATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and the Board of Directors.

For the three months and year ended August 31, 2020 and 2019, the Company's expenses included the following management and board compensation:

	THREE MONTHS ENDED		YEAR ENDED	
	AUGUST 31, 2020	AUGUST 31, 2019	AUGUST 31, 2020	AUGUST 31, 2019
Salaries and consulting fees	$ 995	$ 1,091	$ 2,953	$ 2,521
Non-cash share-based compensation	537	787	2,750	5,155
Total key management compensation	$ 1,532	$ 1,878	$ 5,703	$ 7,676

During the three months and year ended August 31, 2020, nil and 790,000 stock options (August 31, 2019 – nil and 685,000), respectively, were granted to key management personnel at an average exercise price of $nil and $2.48 (August 31, 2019 - $nil and $4.75) and aggregate fair value of $nil and $1,794 (August 31, 2019 - $nil and $1,736). In addition, during the three months and year ended August 31, 2020, nil and 211,981 RSUs (August 31, 2019 – nil and 631,949), were granted to key management personnel with an aggregate fair value of $nil and $902 (August 31, 2019 – $nil and $3,002), respectively. For the three months and year ended August 31, 2020, nil and 88,910 PSUs (August 31, 2019 – nil and nil) were issued to key management personnel with an aggregate fair value of $nil and $190,712 (August 31, 2019 – $nil and $nil), respectively.

SIGNIFICANT TRANSACTIONS WITH ASSOCIATES

For the year ended August 31, 2020, the Company received no interest income (August 31, 2019 - $374) on its convertible debenture investment in Eviana, which is being recorded as distributions under the equity accounting method.

For the year ended August 31, 2020, the Company earned revenues of $52 (August 31, 2019 - $nil) on product sold to ACG, which has been proportionately eliminated from the Financial Statements based on the Company's proportionate share of investment in ACG.

SUBSEQUENT EVENTS

i) Hyasynth Tranche 2 Convertible Debentures Issuance

On October 23, 2020, the Company advanced an additional $2,500 to Hyasynth by way of convertible debentures as a result of Hyasynth's achievement of the contractual production-related milestone for Tranche 2 of the convertible debentures. This brings the Company's total face value of convertible debentures investment in Hyasynth to $7,500.

ii) Unit Offering

On November 12, 2020, the Company closed an underwritten public offering of 37,375,000 units of the Company at a price of $1.85 per unit, including a full exercise of the over-allotment option, underwritten by a syndicate of underwriters led by Canaccord Genuity Corp., for total gross proceeds of $69,144. Each unit is comprised of one Common Share of the Company and one half of one common share purchase warrant of the Company (each full common share purchase warrant, a "Warrant"). Each Warrant will be exercisable to acquire one common share of the Company (a "Warrant Share") for a period of three years following the closing date of the Offering at an exercise price of $2.50 per Warrant Share, subject to adjustment in certain events. The Company expects to use the net proceeds from the Offering to repay indebtedness and for working capital and other general corporate purposes.

iii) Credit facility amendment and restatement

On November 27, 2020, the Company further amended its Facilities pursuant to an amended and restated credit agreement ("Amendment and Restatement") with BMO to: (i) reduce the Term Loan amount from $115,000 to $60,000 based on a repayment of $55,000 to be made on December 1, 2020 of the outstanding Term Loan balance of $115,000; (ii) have repayments on the balance of the Term Loan commence on February 28, 2021 in an amount equal to $1,500 per quarter; (iii) reduce the Revolver commitment to $2,000 from up to $25,000; (iv) adjust the minimum quarterly EBITDA covenants to be maintained by the Company commencing on February 28, 2021 and continuing through to maturity, thereby removing this covenant for the fiscal period ended November 30, 2020 and eliminating the reversion of the financial covenants to that of the original structure on November 30, 2021; (v) modify the applicable margin pricing and standby fee terms to reflect current market conditions; and (vi) reduce the minimum unrestricted cash balance requirement to $20,000, which is already inclusive of the $8,000 restricted investment currently outstanding. The interest rate margin will be fixed from November 27, 2020 through to maturity on May 31, 2021. The Company incurred an amendment fee of $217 plus customary legal expenses in connection with the amendment and restatement.

FAIR VALUE MEASUREMENTS

(i) Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants. The Company records certain financial instruments at fair value. The Company's financial instruments include cash, short-term investments (including marketable securities), accounts receivable, loan receivable, accounts payable and accrued liabilities, long-term debt, and contingent share consideration.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of cash, short-term investments, accounts receivable, loan receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-term nature. The fair value of marketable securities is based on quoted prices in active markets and is reflected in the carrying value of these financial assets. The fair value of long-term debt approximates $115,389 based on the face value of debt outstanding, which carries a floating interest rate.

The fair value of the contingent share consideration is primarily based on Level 3 unobservable inputs. The determination of the fair value of this liability is primarily driven by the Company's expectations of the investment in associate achieving certain milestones. The expected milestones were assigned probabilities and the expected related cash flows were discounted to derive the fair value of the contingent consideration. At August 31, 2020, the probability of achieving the milestones was estimated to be 68% and the discount rate was estimated to be 20%. If the probabilities of achieving the milestones increased or decreased by 10%, the estimated fair value of the contingent share consideration would increase or decrease by approximately $33. If the discount rates increased or decreased by 5%, the estimated fair value of contingent consideration would decrease or increase, respectively, by approximately $12.

During the period, there were no transfers of amounts between Levels 1, 2 and 3.

(ii) Biological Assets

The Company measures biological assets consisting of cannabis plants at fair value less costs to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. The fair value less costs to sell of biological assets is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram and also for any additional costs to be incurred, such as post-harvest costs. The following unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy (see above), are used in determining the fair value of biological assets:

- Average selling price per gram – calculated as the weighted average current selling price of cannabis sold by the Company, adjusted for expectations about future pricing;
- Yield by plant – represents the number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant;
- Wastage of plants based on their various stages of growth – represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested;
- Post-harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of the cost of direct and indirect materials and labour related to drying, labelling and packing.

The Company estimates the harvest yields for the cannabis on plants at various stages of growth. As of August 31, 2020, it is expected that the Company's biological assets will yield 5,096 kg (August 31, 2019 – 16,595 kg) of cannabis when eventually harvested. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the fair value adjustment to biological assets in future periods. The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 19-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value less costs to sell (subject to wastage adjustments).

Management believes the most significant unobservable inputs and their impact on fair value are as follows:

SIGNIFICANT INPUTS & ASSUMPTIONS	WEIGHTED AVERAGE INPUT AUG. 31, 2020	WEIGHTED AVERAGE INPUT AUG. 31, 2019	SENSITIVITY	EFFECT ON FAIR VALUE AUG. 31, 2020	EFFECT ON FAIR VALUE AUG. 31, 2019
Average net selling price per gram	$ 3.36	$ 5.65	Increase or decrease by $1.00 per gram	$ 1,602	$ 3,657
Average yield per plant	101 grams	151 grams	Increase or decrease by 10 grams	$ 532	$ 1,367

During the three months ended May 31, 2020, management ceased the harvesting of trim from the cannabis plants and therefore the average yield per plant at August 31, 2020 only reflects the average yield of the flower component of the plant.

OUTSTANDING SHARE DATA

(i) Outstanding Shares, Warrants and Options and Other Securities

The following table sets out the number of Common Shares, options, and restricted share units outstanding of the Company as at August 31, 2020 and November 29, 2020:

	AUGUST 31, 2020	NOVEMBER 28, 2020
Common shares issued and outstanding	194,511,061	232,088,219
Options	9,028,904	8,144,104
Restricted share units	893,171	870,816
Performance share units	126,685	124,988
Total fully diluted shares	204,559,821	241,228,127

(ii) Share-based Compensation

On February 25, 2020 (the "Approval Date"), the Company's shareholders approved a new omnibus equity incentive plan that governs grants made on or after the Approval Date. Grants made prior to the Approval Date will continue to be governed under the terms of the plan under which they were granted, including the Company's 2011 stock option plan and 2017 equity incentive plan, however, no new grants may be made under such plans.

The following table summarizes changes in the Company's outstanding stock options for the years ended August 31, 2020 and 2019:

	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance - August 31, 2018	7,709,746	$ 2.10
Granted	3,589,500	$ 7.59
Exercised	(2,167,864)	$ 1.92
Cancelled / Forfeited	(298,188)	$ 6.41
Balance - August 31, 2019	8,833,194	$ 4.23
Granted	2,125,000	$ 3.21
Exercised	(879,240)	$ 1.21
Cancelled / Forfeited	(1,050,050)	$ 6.20
Balance - August 31, 2020	9,028,904	$ 4.06

The following is a summary of the outstanding stock options as at August 31, 2020:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE
Range of Exercise Prices	Quantity Outstanding	Weighted Average Remaining Contractual Life (years)	Quantity Exercisable
$0.30 - $1.48	1,440,599	4.7	1,376,683
$1.49 - $2.38	2,204,333	7.5	1,652,833
$2.39 - $4.65	2,069,854	7.9	1,217,504
$4.66 - $7.67	1,886,518	8.2	1,276,194
$7.68 - $11.27	1,427,600	8.7	949,900
	9,028,904	7.5	6,473,114

Options outstanding have exercise prices ranging from $0.30 to $11.27 with a weighted average remaining life of seven-and-a-half years. Total share-based compensation charges, including related to production employees that are charged to biological assets and inventory, for the year ended August 31, 2020 was $7,796 (August 31, 2019 – $14,894) of which $6,127 (August 31, 2019 - $10,036) related to the Company's stock option plan. The fair value of options granted during the year ended August 31, 2020 was $3,743 (August 31, 2019 - $13,848). These options are measured at fair value at the date of grant and are expensed over the option's vesting period, which typically range from two to three-year terms with options vesting in annual tranches evenly over this time period. In determining the amount of share-based compensation related to the options, the Company used the Black-Scholes option pricing model to establish the fair value of options granted.

The following is the range of assumptions for the years ended August 31, 2020 and 2019:

	AUGUST 31, 2020	AUGUST 31, 2019
Risk free interest rate	0.45% - 1.65%	1.20% - 2.42%
Expected life of options	5.0 - 6.0 years	5.0 -6.5 years
Expected annualized volatility	72% - 85%	64% -71%
Expected dividend yield	-	-
Forfeiture Rate	8.0% - 8.7%	7.3% - 8.0%

Volatility was estimated by using the weighted average historical volatility of the Company and other companies that the Company considers comparable. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on government of Canada bonds with a remaining term equal to the expected life of the options. The forfeiture rate is calculated based on historical experience.

The following table summarizes the changes in the Company's outstanding RSUs:

	NUMBER
Balance - August 31, 2018	145,200
Granted	879,635
Exercised	(182,473)
Balance - August 31, 2019	842,362
Granted	265,258
Exercised	(154,062)
Cancelled/Forfeited	(60,387)
Balance - August 31, 2020	893,171

The estimated fair value of the equity settled RSUs granted during the year ended August 31, 2020 was $1,037 (August 31, 2019 - $4,543), which was based on the Company's share price at the grant date and will be recognized as an expense over the vesting period of the RSUs, which is one-third each year recognized over three years. For the year ended August 31, 2020, $1,576 (August 31, 2019 – $3,475) has been recognized as share-based compensation expense.

The following table summarizes the movements in the Company's outstanding PSUs:

	NUMBER
Balance - August 31, 2019	-
Granted	142,187
Exercised	(15,502)
Balance - August 31, 2020	126,685

The estimated fair value of the equity settled PSUs granted during the year ended August 31, 2020 was $305 (August 31, 2019 - $nil), which was based on the Company's share price at the grant date, adjusted for an estimate of likelihood of achievement, and will be recognized as an expense over the vesting period of the PSUs, which is during the fiscal year-ended August 31, 2020. For the year ended August 31, 2020, $272 (August 31, 2019 - $nil) has been recognized as share-based compensation expense.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The following are the estimates and judgments made by management in applying the accounting policies of the Company that have the most significant effect on the financial statements.

1) Biological assets and inventories

Determination of the fair value of biological assets requires management to make a number of estimates, including estimating harvesting costs, selling costs, sales prices, wastage, oil conversion factor, expected yields, and post-harvest costs of the cannabis plant. The Company records obsolete and unsaleable inventories at the lower of cost and net realizable value. Adjustments to the carrying value of inventories are based on obsolescence trends, historical experience, and forecast demand and pricing for obsolete and unsaleable inventories. Refer to Notes 7 and 8 for further information.

(2) Estimated useful lives and impairment of property, plant and equipment
Amortization of property, plant and equipment requires estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts, taking into consideration factors such as economic and market conditions and the useful lives of assets.

(3) Share-based payments
In determining the fair value of options and related expenses, management estimates the expected life of the option, the volatility of the Company's share price, the risk-free interest rate, and the rate of forfeitures. Refer to Note 12 for further information.

(4) Warrants
In determining the value of warrants, management estimates the expected life of the warrant, the volatility of the Company's share price, and the risk-free interest rate.

(5) Adult-use recreational cannabis revenue – provision for returns and price adjustments
Government customers typically have the right to return products, and in some cases, the right to pricing adjustments for products that are subsequently discounted or sold for a lower price in another jurisdiction. The estimation of potential future returns and pricing adjustments includes the use of management estimates and assumptions that may not be certain given the evolving nature of the industry.

(6) Investments in associates

Management has applied significant judgment in the determination of whether the Company exerts significant influence with respect to its investments, which then allows the Company to account for its investments under the equity accounting method. Further, management has applied significant judgment and made use of management estimates and assumptions in determination and quantification of any impairment losses that may need to be recorded against its investments in associates.

(7) Impairment of long-lived and intangible assets
In determining the recoverable amount of the Moncton Campus CGU, management has applied significant judgment in the aggregation of the CGU and has made various estimates with respect to the forecast cash flows, terminal growth rate, post-tax discount rate, and income taxes utilized in the discounted cash flow model to estimate fair value less costs of disposal.

NEW STANDARDS AND INTERPRETATIONS ADOPTED New or amended standards effective September 1, 2019
The Company has adopted the following new or amended IFRS standard for the annual period beginning on September 1, 2019:

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 Leases, which replaced IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard was effective for annual periods beginning on or after January 1, 2019 and has been adopted by the Company effective September 1, 2019 using the modified retrospective approach where comparative figures were not restated.

As a result of adopting IFRS 16, the Company recognized right-of use ("ROU") assets of $4,464 recorded under property, plant and equipment (Note 9 of the Financial Statements), lease liabilities of $4,439 recorded under other liabilities (Note 13 of the Financial Statements), and a reduction to prepaid expenses of $25 as a result of the leasing arrangements in place at September 1, 2019 and entered during the year ended August 31, 2020 by the Company.

The ROU asset was measured as the amount of the lease liability, using the Company's incremental borrowing rate on September 1, 2019 that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The weighted average interest rate as of September 1, 2019 to measure the lease liabilities was 5.70%.

The Company elected to use the following practical expedients on adoption of IFRS 16 on all of its leases:

(a) In accordance with IFRS 16.C3, an election is being taken to not reassess whether a contract is or contains a lease at the date of initial application, and instead to only apply IFRS 16 to contracts that were in the scope of IAS 17;
(b) In accordance with IFRS 16.C8(b)(ii), an election is being taken to measure the ROU asset on September 1, 2019 as an amount equal to the lease liability, adjusted for prepaid or accrued lease payments;
(c) In accordance with IFRS 16.C10(a), an election is being taken to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
(d) In accordance with IFRS 16.C10(b), an election is being taken to rely on the IAS 37 assessment of whether leases are onerous instead of performing an impairment review;
(e) In accordance with IFRS 16.C10(c), an election is being taken to exclude leases for which the term ends within 12 months from September 1, 2019;
(f) In accordance with IFRS 16.C10(d), an election is being taken to exclude initial direct costs from the measurement of the ROU asset on September 1, 2019;
(g) In accordance with IFRS 16.15, an election is being taken, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component where the non-lease components are not significant compared to the lease components;
(h) In accordance with IFRS 16.5(a), an election is being taken to not recognize a ROU asset and lease liability for leases for which the lease has a term less than 12 months; and
(i) In accordance with IFRS 16.5(b), an election is being taken to not recognize a ROU asset and lease liability for leases for which the underlying asset is of low value, which is defined to mean less than $5,000 USD when new.

The following is a reconciliation between the Company's operating lease commitments disclosed applying IAS 17 as at August 31, 2019 and the lease liabilities as at September 1, 2019 after adopting IFRS 16:

Reconciliation - IAS 17 to IFRS 16	
Operating lease obligations as at August 31, 2019	$ 3,049
Minimum Future payments not related to lease payments	(411)
Lease payments for renewal options reasonably expected to be exercised but not contractually obligated	655
Relief option for short-term leases	(538)
Relief option for leases of low-value assets	(76)
Gross lease liabilities at September 1, 2019	2,679
Discounting	(459)
Present value of lease liabilities at September 1, 2019	$ 2,220

New Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements resulting from any future transactions.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 clarify the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirements, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

CONTINGENT LIABILITIES

The Company recognizes loss contingency provisions for probable losses when management can reasonably estimate the loss. When the estimated loss lies within a range, the Company records a loss contingency provision based on its best estimate of the probable loss. If no particular amount within that range is a better estimate than any other amount, the mid-point of the range is used. As information becomes known a loss contingency provision is recorded when a reasonable estimate can be made. The estimates are reviewed at each reporting date and the estimates are changed when expectations are revised. An outcome that deviates from the Company's estimate may result in an additional expense or release in a future accounting period.

During 2015, the Company was named as a defendant in a lawsuit in New Brunswick for breach of confidence, conversion, breach of contract, conspiracy and breach of trust, breach of fiduciary duty, and negligent misrepresentation. The Company believes the lawsuit to be without merit though it will rigorously defend the action. No amount has been accrued in relation to the condensed consolidated interim financial statements for the claim.

On March 3, 2017, a claim in connection with a proposed class-action lawsuit (the "Claim") was filed with the Supreme Court of Nova Scotia (the "Court") seeking to represent a class who purchased medical marijuana that was the subject of the Company's product recalls in December 2016 and January 2017 as it may have contained trace elements of the pesticides myclobutanil and bifenazate which are not approved for use by licensed producers. The Claim identifies several causes of action including, among others: (i) negligent design, development and testing, (ii) negligent manufacturing, (iii) negligent distribution, marketing and sale, (iv) breach of contract, and (v) breach of the Competition Act, the Consumer Protection Act, and the Sale of Goods Act, and is seeking remedy in the form of, among other things, the disgorgement of profits accrued to the Company for the sale of contaminated products, exemplary or punitive damages and certain costs.

The Claim was amended on November 16, 2017, to include a claim for alleged adverse health consequences caused as a result of using the recalled product. As at the date hereof, the Company has not received any medical information demonstrating adverse health effects caused as a result of using the recalled product.

The amended Claim also contained a request for an order certifying the proceeding as a class proceeding.

During late June 2018, certification hearings were heard before the Court. On January 18, 2019, the Court issued its decision granting certification. On March 4, 2019, the Company filed a notice for leave to appeal the certification of the class action brought against it. Leave to appeal was granted and the appeal was heard on October 15, 2019 and the decision was reserved. On April 30, 2020, the Nova Scotia Court of Appeal ruled that the plaintiff failed to present any evidence that the cannabis purchased by medical customers in 2016 could cause any particular adverse health effects. As a result, class members would not be able to bring claims for damages for adverse health effects in the class proceeding. On June 26, 2020, the plaintiff filed an application for leave to appeal the Nova Scotia Court of Appeal's decision with the Supreme Court of Canada. On November 5, 2020, the application for leave to appeal was dismissed by the Supreme Court of Canada.

The Company is contesting what remains of the litigation. The Company reported the Claim to its insurance provider which appointed counsel to defend the Claim. Insurance may be available to cover all or a portion of the fees or damages which may be associated with the Claim although the Company's coverage may be subject to varying limits and exclusions. The litigation process will continue into the foreseeable future unless settled out of court. No amount has been recorded in the condensed consolidated interim financial statements as the Company has not yet determined a reasonable estimate of the cost to resolve this class action.

On June 16, 2020, a claim in connection with a proposed national consumer protection class-action lawsuit was filed with the Court of Queen's Bench in Alberta (the "Alberta Claim") seeking damages against several Canadian cannabis companies including the Company. The Alberta Claim does not particularize all of the claims against the companies however it makes allegations with respect to the content of THC and CBD in the companies' products. The proposed action is not certified. The Company has reported the Alberta Claim to its insurers.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") and Rule 13a-15 under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), the establishment and maintenance of Disclosure Controls and Procedures ("DCP") and Internal Control Over Financial Reporting ("ICFR") is the responsibility of management.

DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains a set of DCP designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis. As required by NI 52-109 and Exchange Act Rule 13a-15(b), an evaluation of the design of our disclosure controls was done under the supervision and with the participation of management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") using the criteria set forth in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO 2013 Framework"). Based upon this evaluation, our CEO and CFO concluded that because of the material weaknesses in our internal control over financial reporting ("ICFR") described below, our disclosure controls were not effective as at August 31, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

NI 52-109 requires the CEO and CFO to certify that they are responsible for establishing and maintaining ICFR for the Company and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Similarly, Exchange Act Rule 13a-15(c) requires the Company's management, with the participation of the CEO and CFO, to evaluate ICFR as of the end of the fiscal year. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

The Company's management, under the supervision and with the participation of its CEO and CFO, conducted an evaluation of the effectiveness of the Company's ICFR as of August 31, 2020, using the criteria set forth by the COSO 2013 Framework. Based on this evaluation, management concluded that material weaknesses existed as of August 31, 2020, as described below.

MATERIAL CHANGES TO THE CONTROL ENVIRONMENT

There have been no changes to the Company ICFR during the three months ended August 31, 2020 that have materially affected, or are likely to materially affect, the Company's ICFR.

COMPLEX SPREADSHEET CONTROLS

Management concluded that the Company did not implement and maintain effective controls surrounding complex spreadsheets related to the Company's valuation of Inventories and Property, Plant and Equipment. Spreadsheets are inherently prone to error due to the manual nature and increased risk of human error. The Company's controls related to complex spreadsheets did not address all identified material risks associated with manual data entry, updating of assumptions and evidence of sufficient levels of review of completed spreadsheets.

Remediation Plan and Activities

Management has taken steps since this material weakness was first identified for the fiscal year ended August 31, 2018, to improve its process including establishing checklists to be completed quarterly with multiple levels of review. Additional process improvements and further refinements continued to be developed during the quarter. Senior management has discussed this material weakness with the Audit Committee and the Board of Directors continues to review progress on these remediation activities on a regular and ongoing basis. The Company had engaged a third party to aid in the identification, assessment and remediation over the design and implementation effectiveness of internal controls over financial reporting. The Company changed service providers during Q2 2020 and a new third party has been working on identification and assessment of internal controls over financial reporting with the remediation activities being handled by the Company. The Company continued during the quarter to perform some scoping exercises and planning for an enterprise resource planning ("ERP") implementation. The timing for the ERP implementation is under review and is expected to be a longer-term exercise as the Company allocates its personnel to various initiatives and continues to responds to COVID-19. The ERP possesses specific functionality to remove the manual nature and usage of complex spreadsheets in future periods once fully scoped and operational.

GENERAL INFORMATION TECHNOLOGY CONTROLS (GITC)

The Company did not have effective information technology (IT) general controls over all operating systems, databases, and IT applications supporting financial reports. Accordingly, process-level automated controls and manual controls that were dependent upon the information derived from IT systems were also determined to be ineffective.

Remediation Plan

The Company has engaged a third party to aid in the identification and assessment of the design and implementation effectiveness of IT related ICFR. The Company is implementing the remediation internally. The Company continued to advance a logical access review to enhance segregation of duties on certain in-scope applications during Q4 2020. The majority of this work is expected to take place in Fiscal 2021. The Company also continued during the quarter to perform some scoping exercises and planning for an ERP implementation as described above. The timing for the ERP implementation is under review and is expected to be a longer-term exercise as the Company allocates its personnel to various initiatives and continues to responds to COVID-19.

PROPERTY, PLANT AND EQUIPMENT

The Company did not maintain effective controls over the acquisition and disposal of capital assets, including the review of source documentation, authorization for disposal and processing of the related financial transaction(s).

Remediation Plan

To further strengthen controls surrounding property, plant and equipment, management has initiated or intends to initiate during Fiscal 2021 the following procedures:

- Implement a formalized capitalization policy and provide additional training and guidance to internal teams regarding the communicated processes;
- Enhancements to the quarterly capital budget analysis prepared on major projects; and
- Review the asset register and perform a physical inventory count of all the Company's assets.

The Company made advancements during Fiscal 2020 on formalizing the capitalization policy and providing additional training and guidance on processes, further enhancing the capital budget analysis and reviewing the asset register and performing a physical inventory count of the Company's assets. There remains further work to be done which the Company currently expects will be completed in Fiscal 2021.

RISK FACTORS

The Company's business is subject to risks inherent in a high growth, heavily regulated enterprise, and the Company has identified certain risks pertinent to its business that may have affected or may affect its business, financial conditions, results of operations and cash flows, as further described throughout this MD&A and under "Risk Factors" in the AIF. For additional risk factors, readers are directed to the Company's most recent AIF available under the Company's issuer profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. As a general matter, management of the Company attempts to assess and mitigate any risks and uncertainties by retaining experienced professional staff and assuring that the Board of Directors and senior management of the Company are monitoring the risks impacting or likely to impact the business on a continuous basis.

(i) Credit Risk

Credit risk arises from deposits with banks, short-term investments (excluding investments in equity securities), outstanding trade and loan receivables, and restricted investments. For trade receivables, the Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. For other receivables, out of the normal course of business such as the loan receivable, management generally obtains guarantees and general security agreements. The maximum exposure to credit risk of cash, short-term investments, accounts receivable, loans receivable, and restricted investment on the statement of financial position at August 31, 2020 approximates $99,736 (August 31, 2019 - $65,385).

As of August 31, 2020, the Company's aging of trade receivables was as follows:

	AUGUST 31, 2020	AUGUST 31, 2019
0-60 days	$ 11,023	$ 11,748
61-120 days	73	152
Gross trade receivables	$ 11,096	$ 11,900
Less: Provision for doubtful accounts	(13)	(268)
	$ 11,083	$ 11,632

(ii) Liquidity Risk

The Company's liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. At August 31, 2020, the Company had $24,600 (August 31, 2019 – $47,555) of cash and working capital of $141,123 (August 31, 2019 - $152,417). Further, the Company may further consider accessing equity capital through the capital markets.

The Company is obligated to the following contractual maturities relating to their undiscounted cash flows:

	Contractual Cash Flows	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Long-term debt obligations	$ 123,117	$ 16,287	$ 106,707	$ 123	-
Operating lease obligations	6,019	1,553	2,094	1,766	606
Purchase obligations	1,600	1,600	-	-	-
Accounts payable and accrued liabilities	17,486	17,486	-	-	-
	$ 148,222	$ 36,926	$ 108,801	$ 1,889	$ 606

The contractual maturities noted above are based on contractual due dates of the respective financial liabilities.

In connection with the Company's Moncton Campus expansion plans, the Company is contractually committed to approximately $1,600 of capital expenditures.

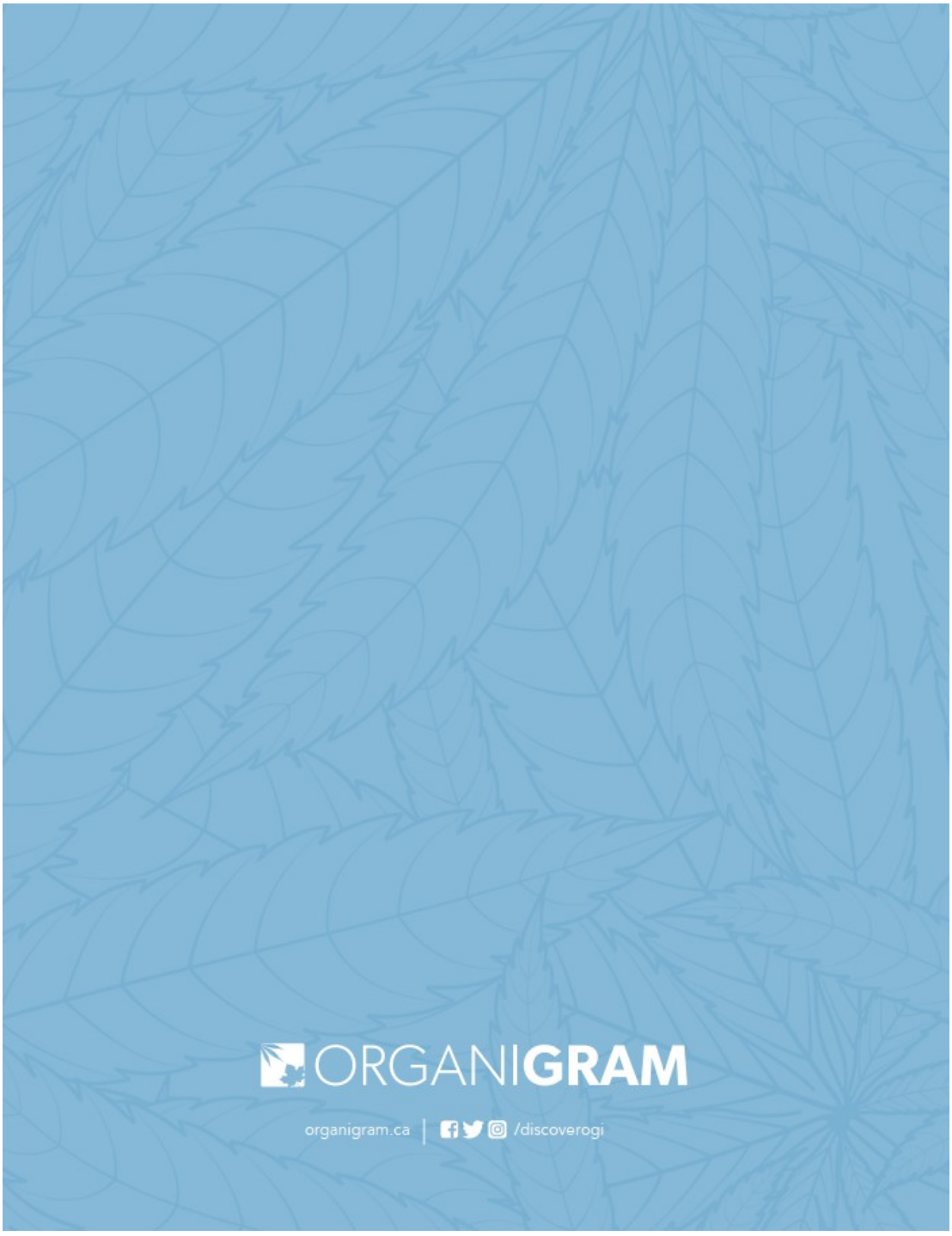
(iii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Company comprises of:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk at August 31, 2020 pursuant to the variable rate loans described in Note 10. A 1% change in benchmark interest rates will increase or decrease the Company's interest expense by $1,150 (August 31, 2019 - $500) per year.

(iv) Concentration risk

The Company's accounts receivable are primarily due from provincial government agencies (two of which, individually, represented more than 10% of the Company's revenues during the year ended August 31, 2020), corporations (one of which represented more than 10% of the Company's revenues during the period), and legal trusts and, thus, the Company believes that the accounts receivable balance is collectible.


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2020 ANNUAL INFORMATION FORM OF
ORGANIGRAM HOLDINGS INC.

For the Financial Year Ended August 31, 2020

Dated November 29, 2020

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ANNUAL INFORMATION FORM

In this annual information form ("**Annual Information Form**"), unless otherwise noted or the context indicates otherwise, the " **Company**", "**Organigram**", "**we**", "**us**" and "**our**" refer to Organigram Holdings Inc. and its wholly-owned subsidiaries, including Organigram Inc. and the term "**marijuana**" has the meaning given to the term " **cannabis**" in the *Cannabis Act* (Canada) (the "***Cannabis Act***"). All financial information in this Annual Information Form is prepared in Canadian dollars and using International Financial Reporting Standards as issued by the International Accounting Standards Board. The information contained herein is dated as of August 31, 2020 unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain information that may constitute "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") which are based upon the Company's current internal expectations, estimates, forecasts, assumptions and beliefs. Such 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, including negative and grammatical variations thereof, or statements that certain events or conditions "may", "will" or "could" 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 fact. The forward-looking statements included in this Annual Information Form are made only as of the date of this Annual Information Form. Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to:

- the expected performance of the Company's business and operations;
- the intention to grow the business, operations and potential activities of the Company;
- the operation of the Moncton Campus (as defined below), and receipt and continued maintenance of any required approvals from Health Canada with respect thereto;
- the expected growth in the number of customers and patients using the Company's cannabis and extract based products;
- the expected growth in the Company's growing and cannabis extraction capacity;
- the quantity of cannabis and cannabis related products expected to be used by each customer or patient;
- the methods expected to be used by the Company to deliver cannabis extract related products;
- the competitive conditions of the industry;
- the effect of government regulations (or changes thereto) with respect to the restrictions on production, sale, consumption, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use and receipt of necessary permits and approvals;
- the Company's competitive and business strategies;
- the grant and impact of any license or supplemental license to conduct activities with hemp, cannabis and/or cannabis or hemp extracts or any amendments thereof;
- the anticipated future gross revenues and profit margins of the Company's operations;
- the Company's ability to raise additional funds including through the sale of equity or debt securities;
- future liquidity and financial capacity;
- expectations regarding revenues and expenses;
- expectations with respect to the success of the Company's research and development initiatives;
- the scope of protection the Company is able to establish and maintain, if any, for its intellectual property rights;

- the Company's ability to enter into and maintain strategic arrangements with distributors and retailers and the potential costs and benefits of such arrangements;
- the Company's anticipated investments in community relations, cannabis health and safety education programming in the locations where the Company operates and the further development of its social responsibility programs;
- the targeting of international opportunities as the laws and regulations governing cannabis evolve internationally;
- the legalization of industrial hemp or cannabis for medical use or adult recreational use in jurisdictions outside of Canada and the Company's ability to participate in any such markets, if and when such use is legalized;
- the Company's ability to import and export cannabis, hemp, and cannabis and hemp extracts to/from foreign jurisdictions it may identify from time to time;
- whether key personnel will continue their employment with the Company;
- the Company's plan with respect to the payment of dividends;
- the Company's possible exposure to liability, the perceived level of risk related thereto, and the anticipated results of any litigation or other similar disputes or proceedings involving the Company, including but not limited to the class action proceedings described herein; and
- the general economic conditions and global events including COVID-19 (as defined herein) retail store closures or reduced sales at retail stores or other impacts of COVID-19.

Certain of the forward-looking statements and forward-looking information and other information contained herein are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of the medical cannabis industry, industrial hemp industry, and the adult- use recreational cannabis industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the medical cannabis industry, industrial hemp industry, and the adult- use recreational cannabis industry involve risks and uncertainties that are subject to change based on various factors.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. These factors include risks related to license renewal, changes in laws, regulations and guidelines, governmental regulation, financing, product development and marketing, recalls, litigation, product liability, reliance on key personnel, competition from the legal and illicit markets, management of growth, difficulties with forecasts, limited operating history and history of losses, availability and sufficiency of insurance, uninsured and uninsurable events, reliance on a single facility, reliance on third-party transportation, ability to meet target production capacity, TSX and Nasdaq requirements, non-guaranteed contracts or other arrangements with provincial governments, internal controls, differing shareholder protections across jurisdictions, volatility in the wholesale and retail prices of cannabis, status as an "emerging growth company", volatility in the market for the Company's securities, increased volatility for dual-listed shares, risks inherent in agricultural business, foreign private issuer status in the United States, credit risk, liquidity risk, market risk, concentration risk, negative cash flows from operations, dividends, public perception, cyber security and privacy, product security, health and safety regulations, reliance on key inputs, regulatory proceedings, investigations and audits, fraudulent or illegal activity by employees, contractors or consultants, risk inherent in investments, corruption and fraud in emerging markets, restrictions on foreign investors, expansion, reliance on international advisers and consultants, anti-corruption and anti-bribery laws, global economic risks, future acquisitions, general business risks, dilution, dependence on senior management, constraints on marketing products, provincial legislative controls, suppliers and skilled labour, operations at the Moncton Campus, conflicts of interest and holding company status. Material factors and assumptions used in establishing forward-looking information include that construction and production activities will proceed as planned and regulatory conditions will advance in the manner expected by management. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Annual Information Form. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

CORPORATE STRUCTURE

Organigram Holdings Inc. was incorporated under the *Business Corporations Act* (British Columbia) on July 5, 2010 as "Inform Resources Corp.". The Company changed its name to "0885160 B.C. Ltd." on September 13, 2010, and subsequently to "Inform Exploration Corp." ("**Inform**") on February 16, 2011. On November 21, 2011, Inform completed its initial public offering and its common shares commenced trading on the TSX Venture Exchange (the "**TSX-V**") on November 24, 2011.

On August 22, 2014, Inform and Organigram Inc. entered into an acquisition agreement (the " **Acquisition Agreement**") pursuant to which Inform agreed, among other things, to change its name to "Organigram Holdings Inc." and to effect a consolidation of the outstanding Inform common shares on a 0.883604747 to 1 basis. Under the Acquisition Agreement, Inform acquired all of the outstanding common shares of Organigram Inc. (the "**RTO Transaction**"). On April 6, 2016, the Company was continued under the *Canada Business Corporations Act*.

The Company graduated from the TSX-V to the Toronto Stock Exchange (the " **TSX**") in August 2019. As a result of the graduation, the common shares of the Company (the "**Common Shares**") commenced trading on the TSX under the symbol "OGI" effective August 22, 2019. The Common Shares have also been listed for trading on Nasdaq Global Select Market (the "**Nasdaq**") under the symbol "OGI" effective May 21, 2019 and were delisted from the OTCQX® Best Market after market close on May 20, 2019.

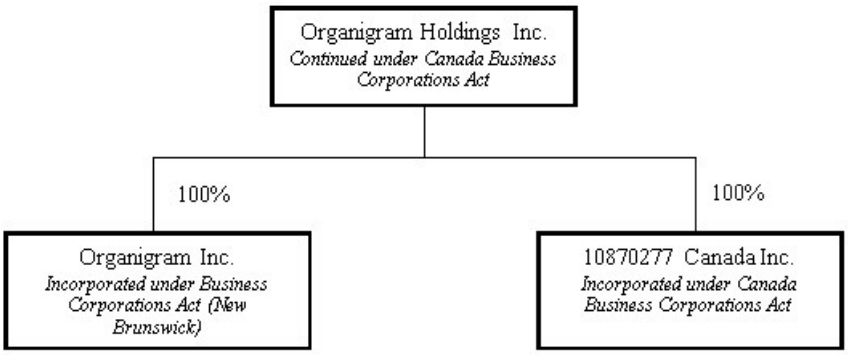
The Company's operations are based in Moncton, New Brunswick. The Company's head office and registered office is located at 35 English Drive, Moncton, New Brunswick, E1E 3X3. The Company's telephone number is 1 (844) 644-4726 and its corporate website is www.organigram.ca.

Subsidiaries

Organigram Inc., a wholly-owned subsidiary of Organigram Holdings Inc., was incorporated under the *Business Corporations Act* (New Brunswick) on March 1, 2013.

10870277 Canada Inc., incorporated under the *Canada Business Corporations Act* on July 4, 2018, is a wholly owned subsidiary of Organigram Holdings Inc., and is used as a special purpose holding company for the Company for its investment in alpha-cannabis Pharma GmbH as further described herein.

The following chart illustrates, as of August 31, 2020, the Company's corporate structure:



The Company has other non-material subsidiaries not shown above.

GENERAL DEVELOPMENT OF THE BUSINESS

Licenses

On March 26, 2014, Organigram Inc. was issued a producer's license under the *Marihuana for Medical Purposes Regulations* ("**MMPR**") promulgated under the *Controlled Drugs and Substances Act* (Canada) (the "**CDSA**"). Pursuant to this license, Organigram Inc. was permitted to produce, sell, possess and ship medical marijuana, in conformity with applicable regulations, and made its first shipment of medical marijuana to registered patients in September 2014.

On August 24, 2016, the MMPR was replaced by the *Access to Cannabis for Medical Purposes Regulations* ("**ACMPR**") promulgated under the CDSA. Under the transitional provisions of the ACMPR, a producer's license issued under the MMPR was continued under the ACMPR and remained valid until that license expired or was revoked. Health Canada issued a license (the "**License**") to Organigram Inc. under Section 35 of the ACMPR with an effective date of August 10, 2017. The License permitted Organigram Inc. to produce, sell, possess and ship medical marijuana, in conformity with the ACMPR.

On March 27, 2016, the Company received a license from Health Canada to produce cannabis oil extracts (the " **Extracts License**") under the class exemption available under Section 56 of the CDSA (the "**Section 56 Exemption**"). Since June 2016, the Extracts License issued by Health Canada includes both production and sale of cannabis oil extracts.

On May 15, 2018, the Company received a dealer's license under the CDSA from Health Canada (the " **Dealer's License**"). The Dealer's License, authorized the Company to develop, test and export and import for the purposes of reformulation an extensive range of products including, but not limited to, a range of cannabis oils as well as an extensive range of derivative based formulations. On June 27, 2018, the Dealer's License was amended under the CDSA.

Effective October 17, 2018, cannabis is no longer regulated under the CDSA and is now regulated under the *Cannabis Act* as further described herein under "*Canadian Regulatory Landscape*". As a result of the *Cannabis Act* coming into effect, every license issued under the ACMPR that was in force immediately before the day on which the *Cannabis Act* came into force was deemed to be a license under the *Cannabis Act*. Additionally, under the Cannabis Act export permits are applied for and received on a case by case basis.

On November 9, 2018, Health Canada reissued the License to the Company under the *Cannabis Act* as a license for standard cultivation, standard processing and sale for medical purposes.

On October 21, 2019, after the amendment to the Cannabis Regulations, Health Canada amended the License to expand the classes of cannabis products that may be sold to adult recreational use sales channels or sold for medical purposes, to include cannabis topicals, cannabis extracts and edible cannabis. Health Canada renewed the License effective as of March 20, 2020. The License has an expiry date of March 20, 2023. The Company intends to renew the License and it is anticipated that Health Canada will extend or renew the License at the end of its term. See Risk Factors "*Reliance on License Renewal*".

The Company also holds a cannabis license under the *Excise Act*, 2001 (the "***Excise Act***") effective October 17, 2018 and expiring October 16, 2022. All holders of a license under the *Cannabis Act* who are authorized to cultivate, produce and package cannabis products are required to hold a cannabis license under the *Excise Act*. The Company intends to renew this license prior to expiry.

On October 23, 2019, Health Canada issued a license to the Company under the *Cannabis Act* for research (the "**Research License**"). The Research License allows the Company to test inhalable cannabis in the cannabis extracts class of cannabis, and ingestible cannabis in the cannabis extracts and edible cannabis classes of cannabis, to human research subjects for assessments of taste, sight, smell or touch. The activities authorized under the Research License support the Company's commercialization of cannabis products in the cannabis extracts and edible cannabis classes of cannabis. The Research License has an expiry date of October 23, 2024. The Company intends to renew the Research License at the end of its term.

Expansion

The Company acquired its Moncton campus (the "**Moncton Campus**") located in Moncton, New Brunswick in March 2014. Following its acquisition, and as detailed in the below chart, the Company undertook a series of expansions, which were completed on a phased basis, which each phase assigned a numerical reference.

PHASE	PURPOSE	STATUS AS OF DATE OF MD&A	KG/YR OF TARGET PRODUCTION[1]	KG/YR OF CURRENT FLOWER CAPACITY[2]	EXPENDITURES ($M)	
					SPENT IN Q4 2020	SPENT IN FISCAL 2020
1/2/3	Propagation, PreVeg, Organic, Flower, Post Harvest, Temporary Vapes Processing Area	Licensed and in Production	28,000	20,000	–	–
4A	Flower Rooms	Licensed and in Production	20,000	14,000	–	–
4B [3]	Flower Rooms	Licensed and in Production	22,000	16,000	1	4
4C	Flower Rooms	Completion Halted in Response to Market Conditions	N/A	N/A	1	18
5 (i) [4]	Post Harvest Rooms, Edibles, Vapes	Licensed and in Production	N/A	N/A	2	39
5 (ii) [4]	Harvest Rooms, Drying Rooms, Filling and Packaging Rooms for Various Products, Larger Extraction Facilities	Licensed	N/A	N/A		
			70,000	50,000	4	61

(1) Based on current capacity and optimal operating condition for the whole cannabis plant.

(2) Based on current capacity and optimal operating condition for only the flower component of the cannabis plant. The overall Flower capacity can fluctuate significantly as management adjusts the number of plants it grows in each room.

(3) Due to less than anticipated consumer demand largely discussed herein, the Company's management is currently utilizing less than the current operating capacity.

(4) The Company is continuing with commissioning work and expects there to be modest ongoing spend related to that as well as ongoing sustaining capex.

As of the date hereof, the Company's licensed annual maximum production capacity of dried flower and harvested sweet leaf is approximately 89,000 kg of cannabis. This includes new cultivation rooms representing approximately 13,000 kg of increased annual target cultivation capacity, which were approved by Health Canada on December 12, 2019. As the Company adjusts its production methods to achieve higher THC levels in its cannabis plants, the yield per plant has been reduced by approximately 20%, thereby resulting in a licensed capacity of approximately 70,000 kg per year. In addition, Health Canada also approved additional drying and storage areas at the Moncton Campus.

The Company has made a determination to indefinitely defer completion of Phase 4C, for which Health Canada approved an expanded site perimeter on December 12, 2019, representing the final stage of the Company's Phase 4 expansion of the Moncton Campus. This decision was informed by uncertainty on industry factors including supply and demand trends in an emerging industry and will allow the optionality to use Phase 4C for other purposes as market conditions may dictate. This also provides the ability to prioritize expenditures as the Company focuses on the launch of derivative products.

Phase 5 includes 56,000 square feet of interior space which was designed and built under European Union GMP standards (" **EU GMP**") for additional extraction capacity, a derivatives and edibles facility and additional office space. At this point due to a number of factors including reduced staffing, the Company is not actively pursuing EU GMP certification. On March 23, 2020, Health Canada approved the licensing of the remainder of the Phase 5 expansion. Phase 5 includes a new extraction facility with increased capacity for CO2 and hydrocarbon extraction, winterization and capabilities designed for future product development. Phase 5 does not have cannabis cultivation capacity associated with it. Phase 5 also houses the high speed, high capacity, fully automated chocolate production line which includes an advanced chocolate molding line and a fully integrated packaging line.

The forward-looking estimate of production capacity and budget amounts noted above are based on a number of material factors and assumptions including that: (a) the facility size will be as estimated with the same amount of cultivation space being used per grow room for cultivation as used to date; (b) the ratio of dried flower cultivated per canopy square foot of grow room will be consistent with historical output in the Company's existing facilities; (c) all grow rooms designated as production rooms will be utilized for their intended purposes (from time to time rooms may be used for other purposes, such as for storage); and (d) a number of factors can cause actual costs to differ from estimates. See "Risk Factors".

Three-Year History

Developments During the Financial Year Ended August 31, 2018

On September 15, 2017, the Company entered into a memorandum of understanding with Cannabis NB, the Crown corporation responsible for the supply of cannabis for customers of the adult-use recreational cannabis market in the Province of New Brunswick. The memorandum of understanding was superseded by a supply agreement.

On October 31, 2017, the Company acquired a land parcel of approximately 1.65 acres with an existing building located at 55 English Drive in Moncton, New Brunswick, which abuts the Moncton Campus.

On December 18, 2017, the Company closed a short form prospectus offering of 16,428,572 units of the Company at a price of $3.50 per unit, on a bought deal basis, including the full exercise of the over-allotment option, for aggregate gross proceeds of $57,500,002. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant. Each whole warrant entitled the holder thereof to acquire one Common Share at a price of $4.00 until June 18, 2019, at which time any warrants remaining unexercised expired in accordance with their terms.

On December 19, 2017, the Company appointed Paolo De Luca, CPA, CA, CFA as the Company's Chief Financial Officer. On March 4, 2020, Mr. De Luca was appointed Chief Strategy Officer of the Company. Mr. De Luca has more than 20 years of diversified financial business experience and has held senior financial, investor relations, and accounting leadership roles at companies, including West Face Capital, one of Canada's leading alternative asset management firms; Meridian LNG; Potash Ridge; C.A. Bancorp; and TD Securities.

On January 16, 2018, the Company announced the entering into of a memorandum of understanding with the Prince Edward Island Liquor Control Commission for the distribution of cannabis to the province's adult-use recreational market in Prince Edward Island.

On January 31, 2018, the Company closed a short form prospectus offering of 6.00% convertible unsecured debentures, on a bought deal basis, including the full exercise of the over-allotment option, for aggregate gross proceeds of $115,000,000 upon the issuance of 115,000 convertible debentures of the Company at a price of $1,000 per debenture. On February 27, 2019, the Company announced that it had elected its right to force the conversion of the principal amount outstanding into Common Shares, which occurred on April 1, 2019. See "*Capital Structure*".

On February 12, 2018, Health Canada issued an amendment to the Company's cultivation license that enabled the Company to expand by utilizing new cultivation rooms. This amendment improves the functional design of the Company's facility and facilitates greater production at the Moncton Campus.

On May 15, 2018, Health Canada issued the Company a license for controlled drugs and substances, making the Company a "licensed dealer" under the Narcotic Control Regulations, promulgated under the CDSA. The license enables the Company to expand its medical product offerings to Germany and other European and key global markets.

On May 17, 2018, the Company received a "Permit to Export Cannabis" from Health Canada that allowed the Company to export cannabis internationally. The Company was permitted to ship dried cannabis products to Cannatrek Medical PTY Ltd., a licensed Australian medical cannabis enterprise with operations in Melbourne, Victoria through its broker Canada Management Group Global Inc. On July 6, 2018, the Company fulfilled its first shipment to the Australian purchaser.

Developments During the Financial Year Ended August 31, 2019

On September 6, 2018, the Company began trading on the OTCQX® Best Market under the ticker symbol "OGRMF".

On September 12, 2018, the Company entered into a debenture purchase agreement with Hyasynth Biologicals Inc. (" **Hyasynth**") and certain other investors (the "**Hyasynth Agreement**"). Hyasynth is a biotechnology company that engineers strains of yeast to produce cannabinoids, and holds a licence to produce and possess cannabis for the purpose of research. Under the Hyasynth Agreement, the Company committed to purchase up to $10,000,000 of convertible secured debentures of Hyasynth, subject to the terms and conditions set out in the Hyasynth Agreement. As of the date hereof, the Company has purchased $7,500,000 in convertible secured debentures of Hyasynth in two tranches, and the Hyasynth Agreement provides that the Company will purchase an additional $2,500,000, pending Hyasynth meeting certain milestones and funding conditions. The debentures are automatically convertible into common shares of Hyasynth upon the occurrence of certain events. The debentures are also convertible at the option of the Company at the conversion price applicable to each tranche of debentures specified in the Hyasynth Agreement. The debentures mature on August 31, 2023, unless such maturity is accelerated in accordance with the Hyasynth Agreement. In connection with the Hyasynth Agreement, the Company was granted two seats on Hyasynth's board of directors during the period the debentures granted to the Company remain outstanding and customary veto rights over certain "major decisions" to be taken by Hyasynth until such time as Hyasynth's annualized sales reach $10 million. In addition, Hyasynth and the Company entered into an offtake agreement providing for the purchase by the Company of certain cannabinoids, at a discount to the prevailing market price, as they are brought into commercial production by Hyasynth.

On September 14, 2018, the Company announced that it had entered into a supply agreement with the Newfoundland and Labrador Liquor Corporation (the "**NLC**"). On September 20, 2018, the Company entered into a one- year supply and distribution agreement with the NLC which is under renewal as at the date hereof. The Company has also become a key supplier of branded, finished cannabis products to Canopy Growth Corporation's Tweed-branded retail operations in Newfoundland and Labrador and Canopy serves as the exclusive agent of the Company's products under a Distribution and Retail Agreement distributing into retail outlets in that province providing the Company with flexibility on sales staffing in that province.

On October 2, 2018, the Company closed a private placement investment in Eviana Health Corporation (" **Eviana**"). Eviana issued 5,000 debenture units of Eviana (the "**Debenture Units**") to each of the Company and another institutional strategic investor, bearing an annual interest rate of 10%, maturing 24 months from the closing date, being October 2, 2020, each Debenture Unit consisting of (i) $1,000 principal amount of senior unsecured convertible debentures of Eviana (the "**Eviana Debentures**"); and (ii) one-half of one common share purchase warrant of Eviana (each whole common share purchase warrant, an "**Eviana Warrant**"). On November 1, 2019, a cease trade order was issued against Eviana by the British Columbia Securities Commission and the Ontario Securities Commission. The Company has identified indicators of impairment with respect to its investment in Eviana and determined the recoverable amount of Eviana to approximate $nil. The Company served Eviana with a notice of default and demand letter with respect to the non-payment of interest relating to the Eviana Debentures. As of the date hereof, the Company has not yet received any principal or interest payments on the Eviana Debentures.

On October 10, 2018, the Company entered into a definitive agreement with alpha-cannabis Pharma GmbH (“ **ACG**”) pursuant to which the Company, through a newly created wholly-owned subsidiary, 10870277 Canada Inc., acquired 8,333 common shares of ACG, representing a 25% stake in the capital of ACG, for aggregate proceeds of €1,625,000 (approximately $2,440,000 at prevailing exchange rates). An additional €875,000 (approximately $1,350,000 at prevailing exchange rates) of Common Shares of the Company are payable based on the achievement of certain milestones. As part of the investment, Organigram Inc. entered into two supply agreements with ACG, one for the supply of cannabidiol isolate from ACG to Organigram Inc., and the other for the supply of dried cannabis flower from Organigram Inc. to ACG. In addition, ACG and Organigram Inc. entered into an agreement pursuant to which the parties will jointly evaluate and, if deemed appropriate, bid on certain licenses to supply medical cannabis to the German market. Under the agreement with ACG, the import and export obligations of the Company are subject to receipt by the Company of all necessary licensing and regulatory approvals, including the required Good Manufacturing Practices certification. See update in *“German Regulatory Framework”*.

On October 16, 2018, the Company completed the sale of THCI. Harvest Medicine Inc., a wholly-owned subsidiary of VIVO Cannabis Inc. ("**Vivo**"), acquired 100% of the issued and outstanding shares of THCI in exchange for $1,200,000 satisfied by the issuance of common shares in the capital of Vivo at a price per share equal to the ten-day trading volume weighted average price immediately prior to the closing of the transaction. The Company divested of THCI as it was not a part of the Company's core business. The Company's focus is on the emerging adult-use recreational market.

On October 26, 2018, the Company signed a supply agreement with the Province of British Columbia. The Company signed an agreement with the BC Liquor Distribution Branch, the sole wholesale distributor of non-medical cannabis for the province that operates standalone, public retail stores and provides online sales.

On December 7, 2018, the Company secured a loan from Farm Credit Canada in the amount of $10,000,000 which was to be used to finance the continued expansion of the Moncton Campus. The debt was for a term of five years at a variable rate of interest, initially at 6.70%. The debt was secured against certain assets of the Company. The loan was repaid in May 2019 coinciding with when the Company entered into the Credit Agreement (as defined below).

On January 18, 2019, the Nova Scotia Supreme Court certified the class action filed in respect of medical cannabis that was subject to the Company's voluntary product recalls in December 2016 and January 2017. Certification is not a decision on the merits of the lawsuit, but is a determination of whether the case is appropriate to be dealt with as a class proceeding. Certification allows the case to continue to the next stage of litigation. The Company filed an appeal of the certification of the claims alleging adverse health effects with the Nova Scotia Court of Appeal. The Appeal was heard on October 15, 2019 and the decision was taken under reserve. As announced on April 30, 2020, the Nova Scotia Court of Appeal partially overturned the certification of the class action, significantly reducing the scope of the claim against the Company. On November 5, 2020, the Supreme Court of Canada denied the leave to appeal of the decision of the Nova Scotia Court of Appeal. See update in Risk Factors "*Product Safety, Product Liability and Illegal Activity*" and "*Legal Proceedings and Regulatory Actions*".

On January 18, 2019, the Company entered into an agreement with 1812 Hemp (the " **January Agreement**"), a New Brunswick based industrial hemp research company to secure supply and support research and development on the genetic improvement of hemp through traditional plant breeding methods. 1812 Hemp is focused on further developing a line of Canadian cultivars (specific varieties of plants cultivated to enhance desirable qualities) of high cannabidiol ("**CBD**") yielding hemp for the Canadian climate. Under the terms of the agreement, the Company is to receive a 25% discount on all dried product purchased from 1812 Hemp and continued access to future 1812 harvests from December 17, 2018 to December 16, 2023, with the option to extend for an additional five-year period. The January Agreement also gave the Company access to approximately 6,000 kg of dried hemp flower the majority of which the Company purchased and sent for extraction. In addition, the January Agreement provides the Company with a right-of-first-refusal on future procurement of hemp from 1812 Hemp. In connection with the parties entering into the January Agreement, the Company paid to 1812 Hemp a bonus in the amount of $1.5 million. The price payable by the Company for the hemp flower is determined in accordance with a formula set out in the agreement. On July 26, 2019, the Company and 1812 Hemp entered into an advance payment and support agreement (the "**Payment Agreement**"). Pursuant to the Payment Agreement, the Company advanced $3.0 million to 1812 Hemp in the form of a secured loan. These amounts may be applied against future purchases of hemp under the January Agreement. The aggregate amount of advances outstanding under the Payment Agreement accrue interest of 9.0% per annum, calculated monthly, until the entire balance of advances is paid. Purchases of hemp from time to time will reduce the outstanding balance of the advances. On November 3, 2020, after having been informed by 1812 that it had effectively ceased to carry on business, the Company provided 1812 with a notice of default under the Payment Agreement and the related security agreement together with a notice of its intention to enforce its security.

On January 28, 2019, the Company entered into a multi-year extraction agreement with Valens GroWorks Corp., a provider of cannabis products and services focused on various proprietary extraction methodologies, distillation, cannabinoid isolation and purification, as well as associated quality testing. Under the terms of the agreement, Valens will extract cannabis flowers and trim from Organigram's Moncton operation as well as hemp to produce extract concentrate. In turn, the concentrate will be used by Organigram to produce oils and, eventually, derivative edible and vaporizable cannabis products.

On February 26, 2019, the Company signed a letter of intent with the Société Québécoise du cannabis and has subsequently been registered with the Autorité des Marchés Publics. As a result, the Company now has distribution arrangements in place for all Canadian provinces.

On February 27, 2019, the Company announced that it had elected to exercise its right under the indenture (the " **Debenture Indenture**") governing its 6.00% convertible unsecured debentures due January 31, 2020 (the "**Debentures**") to convert all of the principal amount outstanding of the remaining Debentures on April 1, 2019 (the "**Conversion Date**") into Common Shares. Pursuant to the terms of the Debenture Indenture, the Company was permitted to force the conversion of the Debentures at the conversion price of $5.42 per Common Share when the volume weighted average trading price of the Common Shares on the TSX-V for 10 consecutive days exceeded $7.05. On April 1, 2019, the outstanding Debentures were converted into Common Shares and accrued interest was paid to the holders.

On March 4, 2019, the Company announced the appointment of Helen Martin as Corporate Secretary. Ms. Martin was promoted to Senior Vice President, Strategic & Legal Affairs on April 7, 2019.

On April 30, 2019, the Company announced that it had received a license for expanded cultivation from Health Canada. This expansion enables the Company to use an additional 163,000 square ft. of space accommodating 63 cultivation rooms.

On May 20, 2019, the Company announced a $15 million investment commitment in a high-speed, high- capacity and fully-automated production line to allow the Company to make its foray into producing chocolate cannabis infused edibles upon legalization of edible cannabis products. On December 13, 2019, the Company announced that it had taken delivery of the chocolate production line.

On May 21, 2019 the Common Shares began trading on the Nasdaq, under the ticker symbol "OGI".

On May 31, 2019, Organigram announced that its recreational cannabis plants and growing processes had been certified organic by Pro-Cert Organic Systems Ltd ("**Pro-Cert**"). Pro-Cert is one of North America's foremost certification bodies and is accredited by IONS to provide third party certification to the Canadian Organic Standards. As a result of the Pro-Cert certification, the Company was able to formalize its plans for launching ANKR Organics, its line of organic flower and organic edible extract oils, which ultimately launched in Q3 2020.

On May 31, 2019, the Company announced the closing of a credit facility between the Bank of Montreal (" **BMO**") and a syndicate including three other lenders ("**Credit Agreement**"). The Credit Agreement was amended in November 2019 and in May 2019 pursuant to Credit Agreement Amendments (as defined below). The credit facilities mature in May 2022, and consist of a $115 million term loan, $50 million of which was drawn on entering into the Credit Agreement, and a $25 million revolving credit facility. The proceeds of the term loan have been used to fund the Phase 4 and 5 expansions of the Moncton Campus and to refinance the Company's existing long-term debt with Farm Credit Canada. The revolving facility may be used for general corporate and working capital purposes. The Company may choose to repay the balance of the credit facilities at any time. Principal repayments on the term loan are scheduled to commence on per quarter.

On June 7, 2019, the Company announced it had been selected as one of the Canadian launch partners of PAX Era, a premium oil vaporizer created by PAX Labs Inc. Under this arrangement, the Company produces and fills its Edison Cannabis Co. branded pods specifically for the PAX Era platform, which are currently offered where permitted by provincial regulations.

On June 18, 2019, the Company entered into an exclusive agreement with Feather Company Ltd. (" **Feather**"). Feather is a lifestyle brand committed to producing premium-quality products that enhance the cannabis experience for customers. The agreement allows the Company, through its Edison Cannabis Co. brand, to have the exclusive license to Feather's proprietary vaporizer pen technology and form factor. On February 20, 2020, the Company announced that it made its first shipments of the Edison vape pens powered by Feather.

On June 20, 2019, the Company registered with Autorité des Marchés Publics in Quebec and its first shipment of cannabis products to the province of Quebec.

On June 24, 2019, the Company received approval from Health Canada for the licensing of 17 additional cultivation rooms. This license enabled 14,000 kg per year of increased target production of the total licensed production capacity of 61,000 kg per year as at such date.

On July 8, 2019, the Company announced it had developed a proprietary nano-emulsification technology for the production of both liquid and powdered cannabinoid products. The emulsion process developed in this technology generates micro-droplets that are small and uniform which potentially will help customers' experience in terms of absorption and onset of effect.

On August 8, 2019, the Company announced it had received conditional approval to graduate from the TSX-V to the TSX. The Company's Common Shares commenced trading on the TSX on August 22, 2019 under the symbol "OGI".

Developments during the financial year ended August 31, 2020

Effective September 6, 2019, the Company received Health Canada's approval for the licensing of 17 additional cultivation rooms. In October, the Company submitted a license amendment for the remaining 16 cultivation rooms of Phase 4B and made a licensing submission for the perimeter of Phase 5 of the Company's expansion, to include an edibles and derivative product facility and also extraction capacity.

On November 15, 2019, the Company amended the Credit Agreement to: (i) extend the final draw deadline of the term loan from November 30, 2019 to March 31, 2020; (ii) postpone the commencement of principal repayments on the term loan to May 31, 2020; and (iii) realign the financial covenants structure, effective November 30, 2019, to be more consistent with industry norms up to and including May 31, 2020, which also provided the Company will greater flexibility around the timing and quantum of any incremental draws. Prior to the further amendment of the Credit Agreement in May 2020, which is described below, the financial covenants were to revert back to the original structure on August 31, 2020.

On December 4, 2019, the Company launched an at-the-market equity program (the " **December ATM Program**") that allowed the Company to issue and sell up to $55,000,000 (or its U.S. dollar equivalent) of Common Shares from treasury to the public, from time to time, at the Company's discretion. All Common Shares sold through the December ATM Program were sold through the TSX, Nasdaq or another marketplace (as defined in National Instrument 21-101 - Marketplace Operations) upon which the Common Shares were then listed, quoted or otherwise traded, at the prevailing market price at the time of sale. Distributions of the Common Shares through the December ATM Program were made pursuant to an equity distribution agreement dated December 4, 2019 among the Company, BMO Nesbitt Burns Inc., as Canadian agent, and BMO Capital Markets Corp., as U.S. agent, and the volume and timing of distributions under the December ATM Program were determined in the Company's sole discretion.

Effective December 12, 2019, the Company received Health Canada's approval for the licensing of 16 additional cultivation rooms and additional drying and storage areas. The Company also received Health Canada's approval for the expansion of the site perimeter for Phase 4C, which has been indefinitely deferred, and Phase 5 and approval for the operations area that houses the Company's state-of-the-art chocolate line.

On December 23, 2019, the Company announced that the first of its 'Cannabis 2.0' products had been released, which included Trailblazer Spark, Flicker and Glow 510-thread Torch vape cartridges. Shipments of the custom-designed cartridges were sent to Manitoba, Saskatchewan, Ontario, New Brunswick and Nova Scotia. The Company also announced that it planned to release its edible products through calendar Q1 and Q2 of 2020.

On January 16, 2020, the Company announced that it secured a supply agreement with Medical Cannabis by Shoppers (the " **Shoppers Agreement**"), the online medical cannabis platform by Shoppers Drug Mart Inc. (the " **Shoppers**"). Under the terms of the Shoppers Agreement, the Company will provide Shoppers with a wide range of products including dried flower, oils and other future derivative products as they become available. The Shoppers Agreement is for a three-year term subject to renewal for an additional two years.

On February 20, 2020, the Company announced the continued roll out of its innovative portfolio of recreational adult use cannabis products including vape pens and cannabis-infused chocolate. The Company made its first shipments of the Edison vape pens powered by Feather technology to jurisdictions across Canada. The Company also announced the first shipment of cannabis-infused chocolate following its investment in a high-speed, high-capacity, fully automated production line. Edison Bytes, the Company's premium cannabis-infused chocolate truffles are available in both milk and dark chocolate formulations and were the first of Organigram's chocolate products to be available to Canadian adult consumers.

On March 4, 2020, Derrick West, then a member of the board of directors of the Company, was appointed as Chief Financial Officer.

On March 23, 2020, the Company announced that Health Canada approved the licensing of the remainder of the Company's Phase 5 expansion together with the renewal of its licenses for standard cultivation, standard processing and sale for medical purposes under the *Cannabis Regulations*. The terms of the licenses include approval of a two-floor production facility designed to support all processing activity as well as dedicated spaces for packaging of flower, pre-rolls, vape pens and powdered beverages. The Phase 5 expansion also includes a new extraction facility with increased capacity for CO2 extraction, and winterization as well as new capabilities designed for future product development. The amendments also allow for new purpose-built harvest and drying rooms and support areas for quality assurance, maintenance and sanitation. The licenses are valid for a three-year period until March 20, 2023 and are subject to customary terms and conditions.

On March 23, 2020, the Company announced that it was carefully monitoring and actively planning for the evolving situation related to COVID-19 and the potential impacts on the Company's business and operations. The Company stated that it expected to materially reduce its workforce as a result of voluntary and company-imposed temporary lay-offs, which would result in corresponding production and packaging reductions.

On April 6, 2020, the Company provided a comprehensive update on the corporate action plan in response to the COVID-19 pandemic. The Company initially announced a temporary layoff of approximately 45 per cent of its workforce primarily to boost COVID-19 containment efforts representing approximately 400 employees. On July 3, 2020, in response to the continued impact of COVID-19 on the Company’s business and the continuing evolution of the Canadian cannabis industry, the Company reduced its workforce by 25% by permanently laying off 220 employees. As of November 20, 2020, the Company has 431 active employees operating out of its Moncton Campus facility and another 86 outside the facility for 517 total active employees.

On April 22, 2020, the Company launched an at-the-market equity program (the " **April 2020 ATM Program**") that allowed the Company to issue and sell up to $49,000,000 (or its U.S. dollar equivalent) of Common Shares from treasury to the public, from time to time, at the Company's discretion. All Common Shares sold through the April 2020 ATM Program are sold through the TSX, Nasdaq or another marketplace (as defined in National Instrument 21-101 - Marketplace Operations) upon which the Common Shares were then listed, quoted or otherwise traded, at the prevailing market price at the time of sale. Distributions of the Common Shares through the April 2020 ATM Program are made pursuant to an equity distribution agreement dated April 22, 2020 among the Company, BMO Nesbitt Burns Inc., as Canadian agent, and BMO Capital Markets Corp., as U.S. agent, and the volume and timing of distributions under the December ATM Program were determined in the Company's sole discretion.

On April 23, 2020, the Company provided an update related to the Company's release of new adult use recreational cannabis products. Through a new licensing agreement with Trailer Park Boys Incorporated, Organigram introduced Trailer Park Buds ("**TPB**"), a quality adult recreational use consumer brand intended to compete in the fast-growing high volume, value-focused segment. TPB is initially available as 28g of dried flower and includes two cultivars: Itodaso Indica and Two Birds Sativa. The Company announced that they obtained listings for TPB in a number of provinces. As announced on June 23, 2020, the Company made changes to the TPB brand and logo after reviewing perception around the brand with Health Canada. The Company moved to a modified version of the brand and logo, "Buds". In September 2020, the Company entered into a termination agreement for its agreement with TPB allowing for a transition licensing arrangement for the Company's Buds brand and logo.

On April 30, 2020, the Company announced that the Nova Scotia Court of Appeal partially overturned the certification of a class action against the Company, thereby significantly reducing the scope of the claim against the Company. On March 3, 2017, an individual filed a class action in the Supreme Court of Nova Scotia on behalf of class members who purchased medical cannabis that the Company voluntarily recalled in December 2016 and January 2017. The Nova Scotia Court of Appeal ruled that the plaintiff failed to present any evidence that the cannabis purchased by medical customers in 2016 could cause any particular adverse health effects. As a result, class members cannot bring claims for damages for adverse health effects in the class proceedings. The class action will continue on the limited grounds of the claimed reimbursement of funds paid for the cannabis purchased by customers in 2016. On June 26, 2020, the plaintiff filed an application for leave to appeal the Nova Scotia Court of Appeal's decision to the Supreme Court of Canada. The Supreme Court of Canada has dismissed the leave to appeal. The Company will continue to defend what remains of the class action as it has already voluntarily reimbursed many of its customers for this recall via a comprehensive credit and refund program. The Company announced that it previously reported the class action to its insurance provider which appointed counsel to defend the class action. Insurance may be available to cover all or a portion of the fees or damages which may be associated with the class action although the Company's coverage may be subject to varying limits or exclusions. The Company stated that while the ultimate outcome is difficult to ascertain, management of the Company does not anticipate that what remains of the class action will affect its business or operations in any material way. See update in "Risk Factors".

On May 28, 2020, the Company announced that as of May 19, 2020, the ready-to-use Edison Cannabis Company vape pens powered by Feather, Edison-branded pods specifically for PAX Era vaporizers, and Edison Bytes chocolates in dark and milk chocolate, are now available to medical cannabis consumers. The Company also announced that certain cannabis 2.0 products are expected to be available in the near future through the Shoppers Agreement.

On May 28, 2020, the Company amended the Credit Agreement to: (i) extend the final draw deadline of the term loan to July 31, 2020; (ii) postpone the commencement of principal payments on the term loan to November 30, 2020; (iii) adjust certain financial ratios to be maintained by the Company both before and after November 30, 2021; (ii) modify the applicable margin pricing and standby fee terms to reflect current market conditions; and (v) remove the uncommitted option to increase the facilities by an incremental $35 million. The financial covenants will revert to the original structure, albeit at different ratios, on November 31, 2021. Subject to certain exceptions, funds raised by the Company after December 31, 2020 are required to be used to repay the credit facilities.

On June 9, 2020, the Company announced that it entered into a multi-year agreement for the supply of dried flower to one of Israel's largest and most established medical cannabis producers, Canndoc Ltd. ("**Canndoc**"), a subsidiary of InterCure Ltd. (TASE: INCR/INCR.TA) (the " **Canndoc Agreement**"). Canndoc has GMP-approved medical cannabis products which are sold in pharmacies in Israel. Canndoc holds international cultivation and distribution agreements in the European Union and Canada. Under the terms of the Canndoc Agreement, the Company will provide a guaranteed 3,000 kg of high quality, indoor-grown dried flower product to Canndoc by December 31, 2021 for processing and distribution into the Israeli medical market, and may provide an additional 3,000 kg during the same time period at Canndoc's option, subject to certain conditions. The Canndoc Agreement provides for a tiered pricing scheme and the exact value will vary depending on factors such as potency and product mix. The Canndoc Agreement also contemplates, among other things, an opportunity for the Company to launch branded medical products with Canndoc in Israeli and EU markets, and grants exclusivity and related rights to Canndoc within the Israel market for a period of approximately 7.5 years. Activities under the Canndoc Agreement are subject to compliance with all applicable laws, including receipt of all requisite approvals from Health Canada, the Israeli Ministry of Health, and any other applicable regulatory authorities. As announced on August 14, 2020, the Company made its first shipment of bulk dried flower to Canndoc estimated to be worth approximately $2.4 million. See update in *"Israeli Regulatory Framework*".

On June 23, 2020, the Company announced a number of corporate updates including (i) the completion of its April 2020 ATM Program, issuing an aggregate of 21,080,229 Common Shares for gross proceeds of approximately $49 million; (ii) the commencement of legal action in the Court of Queen's Bench in Alberta, which action seeks damages against many of the largest Canadian cannabis companies, including the Company; and (iii) the rebranding of the Trailer Park Buds brand, which has been previously disclosed as described above.

On July 20, 2020, the Company announced that Ray Gracewood, Senior Vice President of Marketing and Communications left the Company to pursue other interests. Julie Chamberlain was promoted to Vice President of Marketing.

On July 28, 2020, the Company announced the launch of its most recent cannabis 2.0 product Trailblazer Snax, a premium-quality, value-priced, cannabis infused chocolate bar. The Trailblazer Snax is a 42g bar with 10mg of THC and comes in both mint and mocha flavours.

On August 4, 2020, the Company announced the launch of three new strains of Edison Cannabis Co. dried flower products: (i) The General (Grapefruit GG4); (ii) Chemdog; and (iii) Samurai Spy (Ninja Fruit). The Company also announced that it is working with Segra International Corp. to optimize the potential of the Company's cultivars and bring novel cultivars to the market.

On August 14, 2020, the Company announced that it sent its first shipment of bulk dried flower to Canndoc. The shipment was part of the Canndoc Agreement and is estimated to be worth approximately $2.4 million.

On August 18, 2020, the Company announced it partnered with Medical Cannabis by Shoppers Inc. and TruTrace in effort to track source and genetics of cannabis used by medical patients. The program is designed to genetically finger-print all participating cannabis products, tracking them throughout the supply chain, from genome to patient, in order to provide real-time information about the composition of each cannabis product used by Medical Cannabis by Shoppers customers. The Company will provide cannabis products to Shoppers for use in the tracking program.

Developments after the financial year ended August 31, 2020

On September 17, 2020, the Company announced the launch of SHRED, a high quality, high potency, affordable dried flower product pre-shredded for additional consumer convenience. SHRED offers three pre-milled varieties, all featuring THC of 18% or more and each contained in a two-way humidity system to preserve their unique flavour profiles. SHRED features three curated blends, including (i) Tropic Thunder, a combination of strains with citrus and tropical aromas; (ii) Gnarberry, a combining berry and fruity aromas for a refreshing profile; and (iii) Flower Power, a specially curated sweet and floral blend.

On October 23, 2020, the Company announced the funding of an additional $2.5 million investment in Hyasynth, in accordance with the terms of the debenture purchase agreement dated September 12, 2020, between the Company and Hyasynth.

On November 10, 2020, the Company announced an underwritten public offering of 37,375,000 units of the Company (the " **Units**") at a price of $1.85 per Unit, including the full exercise of the over-allotment option, underwritten by a syndicate of underwriters led by Canaccord Genuity Corp. Each Unit is comprised of one common share of the Company and one half of one common share purchase warrant of the Company (each full common share purchase warrant, a "**Warrant**"). Each Warrant will be exercisable to acquire one common share of the Company (a " **Warrant Share**") for a period of 3 years following the closing date of the Offering at an exercise price of $2.50 per Warrant Share, subject to adjustment in certain events. The Offering closed on November 12, 2020.

On November 27, 2020, the Company further amended its Facilities pursuant to an amended and restated credit agreement (the " **Amended and Restated Credit Agreement**") with BMO to: (i) reduce the Term Loan amount from $115,000 to $60,000 based on a repayment of $55,000 to be made on December 1, 2020 of the outstanding Term Loan balance of $115,000; (ii) have repayments on the balance of the Term Loan commence on February 28, 2021 in an amount equal to $1,500 per quarter; (iii) reduce the Revolver commitment to $2,000 from up to $25,000; (iv) adjust the minimum quarterly EBITDA covenants to be maintained by the Company commencing on February 28, 2021 and continuing through to maturity, thereby removing this covenant for the fiscal period ended November 30, 2020 and eliminating the reversion of the financial covenants to that of the original structure on November 30, 2021; (v) modify the applicable margin pricing and standby fee terms to reflect current market conditions; and (vi) reduce the minimum unrestricted cash balance requirement to $20,000, which is already inclusive of the $8,000 restricted investment currently outstanding. The interest rate margin will be fixed from November 27, 2020 through to maturity on May 31, 2021. The Company incurred an amendment fee of $217 plus customary legal expenses in connection with the amendment and restatement.

DESCRIPTION OF THE BUSINESS

Company Overview

The Company is a leading Canadian licensed producer of high quality cannabis and cannabis-derived products in Canada under the *Cannabis Act*. The Company is focused on producing high-quality, indoor- grown cannabis primarily for adult recreational consumers in Canada and the medical market, as well as developing international business partnerships to extend the Company's global footprint.

A description of the regulatory framework is included below under the heading "Canadian Regulatory Framework". For a summary of the *Cannabis Act* and *Cannabis Regulations* as well as the Company's license issued under the *Cannabis Act*, see "*Canadian Regulatory Framework - Licenses, Permits and Authorizations*".

Principal Products and Brands

The Company has been working on establishing strong brands for use in the adult-use recreational market place and is seeking to create a portfolio of diverse brands and products. The Company's adult-use recreational brands strategy reflects the Company's views about current and potential consumers, the industry, future product development and opportunities for growth.

Adult Use Recreational Cannabis

The Company developed its initial portfolio of adult-use recreational brands to specifically meet the evolving needs of Canada's recreational use market. The suite of brands created by the Company for Canada's adult-use market include Edison Cannabis Co., Trail Blazer and SHRED. Each brand is unique to a specific customer demographic with a product offering designed to meet the needs of its target audience, as described below, including as to strength and price point.



Medical Cannabis

The Company received its Pro-Cert certification on May 31, 2019, and began offering its organically grown medical cannabis under that certification body. The Company offers a broad offering of medical cannabis products, including cannabis flowers, cannabis oils and vaporizers to suit a variety of preferences.

New Product Development

The Company intends to, subject to applicable regulatory approvals and provincial listings, bring a variety of other cannabis-based products to market. Such products are at various stages of development, including edible products and specifically vape pens, chocolate and dissolvable powdered beverages. These products require 60 day advance new product notifications to be submitted to Health Canada before they can be offered. No assurance can be given that the Company will be successful in bringing these products to the market. See Risk Factors "*The Company May Not be Able to Successfully Develop New Products or Find a Market for Their Sale*".

Distribution and Sales

Adult-Use Recreational Cannabis

The *Cannabis Act* provides provincial, territorial and municipal governments with the authority to prescribe regulations regarding retail and distribution of recreational cannabis. As such the distribution model for recreational cannabis is prescribed by provincial regulations and differs from province to province. Some provinces have government-run retailers, while others have government-licensed private retailers, and some have a combination of the two. The Company is authorized by its License for wholesale distribution of adult-use recreational cannabis and certain derivative products in all provinces of Canada and has supply arrangements in different forms with the responsible government agency or equivalent in each province.

The *Cannabis Act* introduced restrictions on the promotion of cannabis products, cannabis accessories and services related to cannabis. These include restrictions on the content of promotions as well as locations where promotions may take place. With this in mind, the Company has created a portfolio of brands that address unique customer needs, including strength yield, occasions, price points, volume discounts or promotional pricing. See "*Description of the Business - Canadian Regulatory Framework* " for additional information on current distribution channels under the *Cannabis Act*.

Medical Cannabis

The Company distributes medical cannabis through the Company's online store, by telephone and through Medical Cannabis by Shoppers, the online medical cannabis platform by Shoppers Drug Mart Inc. Medical cannabis and derivative products are and will continue to be delivered by secured courier or other methods permitted under the *Cannabis Act*. The Company's prices for cannabis and derivative products vary based on growth time, strain yield and market prices. The Company may from time to time offer volume discount or promotional pricing. The Company is also authorized for wholesale shipping of medical cannabis plant cuttings and dried flower to other licensed producers. See "*Description of the Business - Canadian Regulatory Framework*" for additional information on current distribution channels under the *Cannabis Act*.

Cannabis Edibles

Effective October 17, 2019, the *Cannabis Regulations* permit the sale to the public of edible cannabis products and concentrates through medical and adult-use consumer channels. Following the investment in a high-speed, high-capacity, fully automated production line, the Company began shipping their cannabis-infused chocolates to retailers across Canada in February 2020.

Operations

The Company has assembled a capable management team with significant experience in the management and growth of successful enterprises. Coupled with operational experience, the Company believes that it is a cost-competitive producer of cannabis, owing to various cost-saving attributes of its operations, such as: (i) competitive power costs; (ii) competitive labour costs; (iii) a facility that maximizes real property square footage (e.g. through the use of tiered grow rooms); (iv) competitive real property costs; (v) the adoption of various efficiencies; and (vi) access to various government assistance programs based on the geographical location of the Moncton Campus.

Substantially all of the Company's revenue is derived from the sale of cannabis, cannabis product and cannabis plant material produced, cultivated and/or processed by the Company at its Moncton Campus. The Company grows cannabis at its Moncton Campus for the purposes of sale and distribution of finished products in accordance with the *Cannabis Act*.

Storage and Security

The *Cannabis Act* prescribes physical security requirements that are necessary to secure sites where licensed producers conduct activities with cannabis. All facilities currently in production operate in accordance with the *Cannabis Act* requirements, including in relation to the security requirements. Health Canada conducts *ad hoc*, unscheduled site inspections of licensed producers under the *Cannabis Act*. The Company has been subject to these inspections numerous times. The Company has responded to and complied with all requests from Health Canada within the time frames indicated in such requests. As of the date hereof, there are no outstanding inspection issues with Health Canada beyond day-to-day adjustments that may occur in order to ensure ongoing compliance. For a summary of the requirements. See "Risk Factors".

Specialized Skill and Knowledge

The nature of growing cannabis is not substantially different from the nature of growing other agricultural products. Variables such as temperature, humidity, lighting, air flow, watering and feeding cycles are meticulously defined and controlled to produce consistent product and to avoid contamination. The product is cut, sorted and dried under defined conditions that are established to protect the activity and purity of the product. Once processing is complete, each and every processed batch is subjected to full testing against stringent quality specifications set for activity and purity. The Company has recruited a production team with specialized skill sets unique to indoor agricultural cultivation and processing of cannabis plants and products at industrial scale.

The Company also requires client care personnel for its medical sales. The Company believes that it has recruited the necessary customer care staff.

In addition, in order to ensure compliance with the *Cannabis Act* and any directives issued by Health Canada, which includes strict security measures, equipment required to manage production, HVAC systems, odour control systems and laboratory equipment to monitor and test product quality, the Company must employ a number of regulatory personnel to assist the Company to remain compliant with the complex and rapidly evolving regulations applicable to the industry. The Company has successfully recruited the necessary personnel with this skill set.

The Company's management includes individuals who have extensive expertise in the cannabis industry. In addition, the Company's Board of Directors is constituted by experienced professionals from various relevant industries. See "Directors and Executive Officers" for additional information.

Competitive Conditions

As of the date hereof, Health Canada has issued cultivation, processing or cannabis sales licences to a total of 550 licence holders. There are also a number of unlicensed growers of cannabis which compete with the legal market. The *Cannabis Act* allows for adults to legally grow up to four cannabis plants for personal use, however, the Company believes that competition from homegrown cannabis will be minimal and that it will not have a significant impact on market demand for high quality cannabis flower.

On May 8, 2019, Health Canada introduced changes to the cannabis licensing process. Under the new system, new applicants for licenses will be required by Health Canada to have a fully built site that meets all the requirements under the *Cannabis Regulations* at the time of their application. The Company believes that this requirement in addition to the extensive regulatory restrictions and large amounts of financing required for operations, will result in a relatively small number of large-scale licensed producers that can compete nationally and internationally, at least in in the short term.

However, as the demand for cannabis and cannabis products increases both nationally and internationally, the Company believes new competitors will enter the market. The principal aspects of competition between the Company and its competitors will be the price and quality of the products offered and client service provided to patients, government entities and private retailers.

As edible cannabis products have now been legalized in Canada, we expect that they will become a large market for licensed producers. Edibles are an attractive alternative and will likely appeal to a broader audience, particularly to those who are not interested in smoking. The Company is investing in new product development through research and development, the acquisition of new technologies and investing in new edible production facilities at the Moncton Campus. The Company deployed a strategy aimed at product depth as opposed to breadth to maintain its strong track record of delivering on supply commitments, which is critical to building brand equity. The Company has launched vaporizer pen products, cannabis- infused chocolates and dried powder beverage products.

In respect of hemp and hemp-derived CBD, with the increased interest in CBD internationally, the Company believes that the industrial hemp market will likely continue to expand. Market entrants in Canada face regulatory hurdles which may impede or delay access to the market.

There is potential that the Company will face intense competition from other cannabis producers, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Employees

As of August 31, 2020 the Company employees 552 employees, and as of November 20, 2020, the Company employed 517 employees.

Canadian Regulatory Framework

On October 17, 2018, the *Cannabis Act* and the *Cannabis Regulations* (the "Cannabis Regulations") came into force, legalizing the sale of cannabis for adult recreational use in Canada. Prior to the *Cannabis Act* and the *Cannabis Regulations* coming into force, only the sale of medical cannabis was legal. Such sales of medical cannabis were regulated under the ACMPR.

The *Cannabis Act* and *Cannabis Regulations* establish a licensing and permitting scheme for the production, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis both for medicinal and non-medicinal use (*i.e.* adult recreational use).

The *Cannabis Act* and the *Cannabis Regulations* replaced the CDSA and the ACMPR regarding rules for the production, sale and distribution of medical cannabis and related oil extract. The *Cannabis Act* maintains separate access to cannabis for medical purposes, including providing that import and export licenses and permits will be issued only in respect of cannabis for medical or scientific purposes or in respect of industrial hemp.

Transitional provisions of the *Cannabis Act* provided that every license and permit issued under the ACMPR that was in force immediately before the day on which the *Cannabis Act* came into force (being October 17, 2018) is deemed to be a license or permit issued under the *Cannabis Act* and that such license or permit will continue in force until it is revoked or expires.

On May 8, 2019, Health Canada changed its licensing criteria for new applicants for licenses to cultivate, process and sell cannabis for medical purposes. These categories of license applicants are now required to have a fully built site that meets all the requirements of the Cannabis Regulations at the time of their application, as well as satisfying any other applicable application criteria.

On October 17, 2019, the *Regulations Amending the Cannabis Regulations* (the "**Amended Cannabis Regulations**") came into force. The Amended Cannabis Regulations amend the Cannabis Act and Cannabis Regulations to, among other things, allow for the production, distribution and sale of cannabis extracts, cannabis topicals and cannabis edibles in addition to the other previously permitted product categories. The Amended Cannabis Regulations set out certain requirements for the sale of cannabis products, including limiting the THC content and serving size of certain product forms.

Given that the *Cannabis Act* and the *Cannabis Regulations* only recently came into force, the full impact of such regulatory changes on the Company's business is unknown. See Risk Factors "*Changes in Laws, Regulations and Guidelines*".

Licenses, Permits and Authorizations

The *Cannabis Regulations* establish six classes of licenses under the *Cannabis Act*: cultivation licenses; processing licenses; analytical testing licenses; licenses for sale; research licenses; and cannabis drug licenses. The *Cannabis Regulations* also create subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each subclass therein carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each license category and subclass. The *Cannabis Regulations* provide that all licenses issued under the *Cannabis Act* must include both the effective date and expiry date of the license, and may be renewed on or before the expiry date.

The *Cannabis Regulations* permit license holders to conduct activities only at the site and building set out in the license (except for destruction, antimicrobial treatment and distribution) and no licensed activities can take place in a "dwelling-house". The holder of a license must not produce, test, store, package or label cannabis outdoors, except for obtaining cannabis by cultivating, propagating or harvesting it.

The *Industrial Hemp Regulations* ("**IHR**") promulgated under the *Cannabis Act* came into force on October 17, 2018. The regulatory scheme for industrial hemp remained largely the same; however, the IHR permit the sale of hemp plants to licensed cannabis producers, the use of additional parts of the hemp plant and licensing requirements have been eased in accordance with the low risk posed by industrial hemp. The IHR defines "industrial hemp" as cannabis plants whose leaves and flowering heads do not contain more than 0.3% THC.

Security Clearances

Certain people associated with cannabis licensees, including individuals occupying a "key position" such as directors, officers, significant shareholders and individuals identified by Canada's Minister of Health (the "**Minister**"), must hold a valid security clearance issued by the Minister. Under the *Cannabis Regulations*, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or in association with, drug trafficking, corruption or violent offences. This is largely the approach that has been in place under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes. Individuals who have histories of nonviolent, lower-risk criminal activity (*e.g.* simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded by legislation from participating in the legal cannabis industry, and the grant of security clearance to such individuals is at the discretion of the Minister and such applications are reviewed on a case-by-case basis. Security clearances issued under the ACMPR are considered to be security clearances for the purposes of the *Cannabis Act* and the *Cannabis Regulations*.

Cannabis Tracking and Licensing System

Under the *Cannabis Act*, the Minister is authorized to establish and maintain a national cannabis tracking system. The *Cannabis Regulations* set out a national cannabis tracking system to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. The *Cannabis Act* also provides the Minister with the authority to make a ministerial order requiring certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister. Accordingly, the Minister has introduced the Cannabis Tracking and Licensing System, and license holders are required to use this system to submit monthly reports to the Minister, among other things, pursuant to the *Cannabis Tracking System Order*.

Cannabis Products

As of October 17, 2018, the *Cannabis Act* and *Cannabis Regulations* permitted the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds by authorized license holders. On October 17, 2019, the Amended Cannabis Regulations came into force adding edibles containing cannabis, cannabis extracts and cannabis topicals as new classes of cannabis permitted to be sold through medical and adult-use consumer channels. The THC content and serving size of cannabis products is limited by the *Cannabis Regulations*. Effective October 17, 2020 cannabis oil was deleted from the *Cannabis Act* and products must be sold as cannabis extracts, subject to compliance with other prohibitions and requirements of the *Cannabis Regulations*. See "*Developments During the Financial Year Ended August 31, 2019*" and "*Changes in Laws, Regulations and Guidelines*".

Packaging and Labelling

The *Cannabis Regulations* set out requirements pertaining to the packaging and labelling of cannabis products, which requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption. These requirements include plain packaging for cannabis products, strict requirements for logos, colours and branding as well as packaging that is tamper-proof and child-resistant. The *Cannabis Regulations* further require mandatory health warnings, product source information, including the class of cannabis and the name, phone number and email of the processor, the standardized cannabis symbol and specific product information including the THC and CBD content.

Advertising

The *Cannabis Act* introduces strict restrictions on the promotion of cannabis products to, among other things, prevent promotion that could be appealing to young persons or evoke a positive or negative emotion about or image of, a way of life. Specifically, the Cannabis Act prohibits the promotion of cannabis, cannabis accessories or any services related to cannabis, unless such promotion is authorized under the *Cannabis Act*. Therefore, the Company may only advertise or promote its products in compliance with the provisions of the *Cannabis Act*.

Cannabis for Medical Purposes

The *Cannabis Regulations* set out the regime governing access to medical cannabis which largely reflects the rules under the ACMPR. Patients who have the authorization of their healthcare provider continue to have access to medical cannabis, either purchased directly from a federally licensed producer, or by registering to produce a limited amount of cannabis for their own medical purposes, or designating someone to produce cannabis for them.

Provincial Regulatory Framework

While the *Cannabis Act* provides for the regulation of the commercial production of cannabis for adult-use recreational purposes and related matters by the Government of Canada, the *Cannabis Act* enables the provinces and territories of Canada to regulate other aspects of adult-use recreational cannabis (similar to what is currently the case for liquor and tobacco products), such as sale and distribution, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

As at the date hereof, the Company has entered into arrangements with distributors in all the provinces of Canada. The nature of these arrangements vary by jurisdiction.

The governments of every Canadian province and territory have, to varying degrees, enacted regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions. Most of these Canadian jurisdictions have a minimum age of 19 years old, except for Québec and Alberta, where the minimum age is 21 and 18, respectively.

There are three general frameworks enabled by provincial and territorial governments: (i) private cannabis retailers licensed by the provincial government; (ii) government run retail stores; and (iii) a combination of both frameworks. Regardless of the framework, the recreational cannabis market is ultimately supplied by federally licensed cultivators and processors. In most instances, provinces and territories have a government run wholesaler that is the exclusive source of cannabis products for retailers. The wholesalers, in turn, acquire cannabis products from the federally licensed cultivators and processors. The following chart outlines the current basic regime for recreational cannabis sales in each province and territory of Canada.

Activity	Privately Operated	Publicly Operated
Storefront Adult Use Sale	British Columbia Alberta Saskatchewan Manitoba Ontario Newfoundland and Labrador Nunavut Northwest Territories Yukon	British Columbia Quebec New Brunswick Nova Scotia Prince Edward Island Yukon Northwest Territories
Online Adult Use Sale	Saskatchewan Manitoba Nunavut	British Columbia Alberta Ontario Quebec New Brunswick Nova Scotia Prince Edward Island Newfoundland and Labrador Northwest Territories Yukon Nunavut

Israeli Regulatory Framework

Cannabis, including all parts of the plant and the roots (but excluding oil extracted from its seeds) is defined, under the Israeli Dangerous Drugs Ordinance (New Version), 5737-1973, as a “dangerous drug” such that the sale and use of cannabis are prohibited unless a permit has been granted by the Israeli Ministry of Health (the “**MOH**”).

In recent years, the MOH has made a significant progress in regulating cannabis for medical use - with the end goal of treating medical cannabis as any other pharmaceutical drug. As part of such "medicalization" of cannabis progress, the Israeli Medical Cannabis Agency (the "**IMCA**"), was established (acting as a "Government Agency" pursuant to the United Nations Single Convention on Narcotic Drugs of 1961), and has been granted the authority to issue licenses for the use of cannabis for medical purposes and for the following aspects related to medical cannabis supply chain: cultivation, manufacturing, storage, sale and for medical cannabis related research. Under such medicalization reform, the IMCA has issued several directives, which set clearer and detailed standards and requirements for obtaining licenses for all such aspects of the medical cannabis.

The MOH issued, in December 2016 (last updated on October 2020) a procedure titled "Guidelines for Approval of Applications for Importation of Dangerous Drug of Cannabis Type for Medical Use and for Research" ("Procedure 109"). Procedure 109 provides guidelines for import applications and respective approval process, for research and medical use of cannabis. According to Procedure 109, the following permits and licenses are required to be obtained in order to be granted cannabis import license (for medical and research uses): (i) IMCA granted license to possess and operate in the medical cannabis field; (ii) a license to import plant material (to the extent that the imported cannabis is in a form of a plant, such as seeds, tissue culture), granted by the applicable department within the Israeli Ministry of Agriculture; (iii) a permit to import narcotic drugs, pursuant to the Dangerous Drugs Ordinance; and (iv) a license to import a dangerous drug, granted by the Department of Pharmaceutical import and Narcotics within the MOH. The IMCA has the discretion to grant or refuse to grant an import license, as well as to revoke a license previously granted.

German Regulatory Framework

The Company, through its wholly-owned subsidiary 10870277 Canada Inc., acquired a 25% interest in the capital of alpha-cannabis Pharma GmbH (**"ACG**"). In addition, the Company entered into two supply agreements with ACG: one for the supply of CBD isolate from ACG, and the other for the supply of dried cannabis flower from Organigram Inc. to ACG.

On March 10, 2017, significant changes to the German Federal Law on Narcotic Drugs (*Betäubungsmittelgesetz*, "**BtMG**") as well as changes of other related legal rules entered into force. The new standards now allow the prescription of medical cannabis in Germany. This changes the overall legal framework for importing, trading and cultivating cannabis as well as the import and trade of cannabinoids such as CBD into and within Germany.

Cannabis itself is subject to German drug and narcotics law. The question of whether CBD is also subject to German drug law depends on the intended use and the corresponding dosage of the CBD. In any case, the narcotics law is not applicable to CBD. For the import of cannabis into the EU, various permits under German drug and narcotics law are required. For the trade and export of CBD, if classified as a drug or active pharmaceutical ingredient, permits under German drug law or at least notifications to authorities are required.

Furthermore, based on the United Nations Single Convention on Narcotic Drugs (1961) and Sec. 19 Para. 2aBtMG, the *Bundesinstitut fur Arzneimittel und Medizinprodukte* ("**BfArM**") established a so-called "Cannabis Agency" (Cannabisagentur) as soon as the latest changes of the law on narcotic drugs entered into force. The purpose of this agency is solely to control the future cultivation of medicinal cannabis in Germany. This includes the Cannabis Agency's competence for the actual cultivation as well as for harvesting, processing, quality control, storage, packaging and distribution of cannabis to pharmaceutical wholesalers.

The Cannabis Agency will only distribute cannabis that is grown in accordance with the "Good Agricultural and Collection Practice" for drugs and other relevant guidelines. The cultivation of cannabis will not technically be executed by the Cannabis Agency. The agency therefore enters into "supply contracts" with agricultural businesses. Those contracts are limited in respect of their duration and the quantity of cannabis the business is allowed to grow. Cultivation of medicinal cannabis is therefore not allowed by granting general licenses. To enter into a "supply contract", businesses must first be selected in a public call for tender procedure. Such tender procedures shall be open to be entered by suppliers in the whole European Union. The necessity of a tender process is based on the fact that medicinal cannabis must be bought as part of a public procurement procedure. The first allowances for the growing of medical cannabis in Germany based on a tender procedure were issued on April 17, 2019. Organigram and ACG jointly submitted a tender for domestic cultivation in that process, but were unsuccessful.

Related Corporate Activities

The activities contemplated to be undertaken by the Company and ACG will require numerous permits from the German government, including the following, which have not yet been obtained: a building permit for operating a laboratory, a wholesale license for pharmaceuticals, an import license for narcotic drugs, a narcotic drugs license, and a manufacturing license for repackaging pharmaceuticals and narcotics drugs.

Upon obtaining the aforementioned permits, the following activities will be legally authorized in Germany:

(a) the trade in CBD as an active pharmaceutical ingredient by purchasing the same from a German company and selling it to a German wholesaler;

(b) the contemplated export of CBD isolate to the Company;

(c) the import of cannabis flowers into the European Union and the trade in the same within the European Union; and

(d) the production of small-scale cannabis extract products for distribution into German pharmacies.

The participation in tendering procedures of BfArM for the cultivation and harvesting of cannabis for medical purposes in Germany, however, is not subject to any permits.

During Q3 Fiscal 2020, the Company delivered its first shipment of dried flower to ACG for testing purposes as ACG is seeking to obtain certification for EU GMP certified cannabis oil extracted from the Company's non-certified dried flower.

RISK FACTORS

There are a number of risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business.

If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

Competition from the Illicit Market

The Company also faces competition from unlicensed and unregulated market participants, including individuals or groups that process cannabis without a license under the *Cannabis Act*, including illicit medical dispensaries and other illicit participants selling cannabis in Canada. These competitors may be able to offer products with higher concentrations of active ingredients than the Company would be authorized to produce and sell. The competition presented by these participants, and any unwillingness by consumers currently using these illicit distribution channels to begin purchasing from the regulated market for any reason, or any inability of law enforcement authorities to enforce existing laws prohibiting the unlicensed cultivation, production and sale of cannabis, could adversely affect our market share, result in increased competition through the illicit market for cannabis or have an adverse impact on the public perception of cannabis use, and of Canadian federal license holders.

Management of Growth

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Company is unable to deal with this growth, it may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

Governmental Regulation

The business and activities of the Company are heavily regulated in all jurisdictions where the Company carries on business. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities, particularly Health Canada, relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of cannabis, cannabis oil, and cannabis derivatives. The Company is also subject to laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company regarding its products and services.

Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the production and sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Failure to comply with the laws and regulations applicable to the Company's operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; the imposition of additional or more stringent inspection, testing and reporting requirements; and, the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of the Company's products or services in any way, the Company's revenues may be adversely affected.

In light of the illegality of cannabis under U.S. federal law (other than measures to legalize hemp) any engagement in cannabis-related activities, both in Canada as well as in foreign jurisdictions, may lead to heightened scrutiny by regulatory bodies and other authorities that could negatively impact the Company and/or its personnel. The Company does not have U.S. cannabis-related activities. Specifically, the Company has no investment or ownership in any U.S. entity nor does it provide any products or services to U.S. entities.

Changes in Laws, Regulations and Guidelines

The Company's business is subject to a variety of laws, regulations and guidelines relating to marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of cannabis but also laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects to the Company's operations.

The legislative framework pertaining to the Canadian recreational cannabis market is subject to significant provincial and territorial regulation, which varies across provinces and territories and results in an asymmetric regulatory and market environment, different competitive pressures and significant additional compliance and other costs and/or limitations on the Company's ability to participate in such markets.

The laws, regulations and guidelines applicable to the cannabis industry domestically and internationally, including in Germany and Israel, may change in ways currently unforeseen by the Company. The *Cannabis Act* became effective on October 17, 2018. However, uncertainty exists with respect to the implementation of the *Cannabis Act*, federal regulations thereunder as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use recreational purposes.

The laws and regulations may change both federally and provincially, with new rules and regulations arising regularly. The *Cannabis Regulations* were amended effective October 17, 2019, to allow for cannabis edibles to be introduced into the market and expand the use of cannabis derivatives commercially. However, the amendments are highly restrictive, and include restrictions on adding caffeine, nicotine, or alcohol to cannabis edibles.

Additional restrictions on edible and other cannabis derivative based products may also be introduced by the Provincial governments. Effective January 1, 2020, the legal age to buy recreational cannabis increased to 21 in Quebec and the Quebec government banned the sale of certain edible cannabis products in the form of chocolate, candy and other desserts. Staying on side of regularly changing rules and regulations will require ongoing time and attention from Company management. In addition, the Company's derivative product strategy includes vaporizable products which may be subject to negative consumer perception and may be subject to additional regulation and restriction over and above the current regulatory requirements in place under the *Cannabis Act*. This may include governmental restriction of the sale of such products and/or imposition of additional costs.

While the Company does not currently have a license issued under Section 9 of the *Industrial Hemp Regulations*, it may purchase industrial hemp from such licensees. Any change to the *Cannabis Act* or the *Industrial Hemp Regulations* promulgated thereunder that impacts suppliers' ability to cultivate, produce, or sell industrial hemp to the Company could adversely impact the Company's ability to deliver its products or services, should the Company depend on such supply to meet its product production goals or obligations.

Reliance on License Renewal

The Company's ability to produce, store and sell cannabis, cannabis oil extracts and derivative products in Canada is dependent on its License from Health Canada. Failure to comply with the requirements of the License or any failure to maintain this License would have a material adverse impact on the business, financial condition and operating results of the Company. The Company's License has a current expiry date of March 20, 2023.

Although management believes it will meet the requirements of the *Cannabis Act* for extension of the License, there can be no guarantee that Health Canada will extend or renew the License or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License, or should it renew the License on different terms or not provide the amendments as requested for anticipated capacity increases, the business, financial condition and results of the operations of the Company will be materially adversely affected. The Company has also been issued a Cannabis license under the Excise Act which is required to package and distribute cannabis and a research license as described herein.

Negative Cash Flow from Operations

During the year ended August 31, 2020, the Company had negative cash flow from operating activities. The Company's cash and short-term investments as at August 31, 2020, was approximately $74,728,000.

Although the Company anticipates it will have positive cash flow from operating activities in future periods, the Company cannot guarantee it will have a cash flow positive status in the future due to its desire to increase the number of employees and its level of participation in the adult-use recreational market in Canada. To the extent that the Company has negative cash flow in any future period, certain of the proceeds from its offerings may be used to fund such negative cash flow from operating activities.

Wholesale Price of Cannabis Volatility

The Company's revenues are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to our growing operations, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition, results of operations and prospects. This includes any change in the selling price of products set by the applicable province or territory. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on our business, financial condition and operations.

Reliance on a Single Facility

To date, the Company's activities and resources have been primarily focused on the Moncton Campus in Moncton, New Brunswick and the Company will continue to rely on it for the foreseeable future. Adverse changes or developments affecting the Moncton Campus could have a material and adverse effect on the Company's business, financial condition and prospects, including impacting the quantity of product produced by the Company.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Company.

Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

In addition, not all of the Company's supply arrangements with the various Canadian provinces contain purchase commitments or otherwise obligate the provincial wholesaler to buy a minimum or fixed volume of cannabis products from the Company. The amount of cannabis that the provincial wholesalers may purchase under any supply arrangements may therefore vary from what the Company expects or has planned for. As a result, the Company's revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing and return decisions of the provincial or territorial wholesalers. If any of the provincial wholesalers decide to purchase lower volumes of products from the Company than the Company expects, alters its purchasing patterns at any time with limited notice, returns product or decides not to continue to purchase the Company's cannabis products at all, the Company's revenues could be materially adversely affected, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Dependence on Senior Management

The success of the Company and its strategic focus is dependent to a significant degree upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel could adversely affect the Company's business. As well, the implementation of employee compensation packages, composed of monetary short-term compensation and long-term equity-based compensation, has been designed for the retention of key employees.

Breach of Financial Covenants

The credit facility contains covenants that require the Company to maintain certain minimum financial ratios and targets, which, given the early stages of the industry and market and the developing consumer trends, among other factors, may be difficult to maintain period-over-period. If the Company does not maintain such ratios and targets, it could have consequences for the availability of credit under the credit facility or result in repayment requirements that the Company may not be able to satisfy if the Company is unable to renegotiate the terms of the credit facility, as it has been able to do historically when faced with possible financial covenant breaches. In addition, restrictions and covenants from those facilities may limit the Company's ability to execute its plans.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (" **COVID-19**") a global pandemic. The Company's business, including its operations, supply chains and interactions with counterparties, and its financial condition may be adversely impacted by the effects of COVID-19 and other infectious diseases.

The extent to which COVID-19 and other infectious diseases may impact the Company's business, including its operations and the market for its securities and its financial condition, will depend on future developments, which are highly uncertain and cannot be predicted at this time. These include the duration, severity and scope of the outbreak and the actions taken by applicable governmental entities to address and mitigate COVID-19 or any other infectious diseases. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including, without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, disruption to supply chains and the ability to deliver the Company's products to end customers. In addition, government efforts to curtail the spread of COVID-19 may result in temporary or long-term suspensions or shut-downs of our operations, impact our customers and affect our supply chain. Such suspensions and disruptions may have a material and adverse effect on the Company's business, financial condition and results of operations.

In connection with COVID-19, we are taking additional safety measures at our facility. However, such measures and related government mandates may not be effective, and one or more of our employees may get sick and may come to work infected, necessitating a short or long-term closure of the facility, disrupting production. Such measures and mandates may also increase our expenses and otherwise impair our production levels or cause us to close or severely limit production at our facility. Further, legal cannabis dispensaries in certain Canadian markets may close voluntarily or be forced to close by the provincial governments, reducing our ability to distribute cannabis. For example, the Ontario government required retail dispensaries in the province to close for a short period, after which they were allowed to reopen, subject to certain limitations. In addition, consumer demand for cannabis and our other products may be reduced as a result of reductions in consumers' disposable income associated with layoffs and work or pay limitations due to mandatory social distancing and lockdown measures implemented by governments in the geographies where we operate. Production limitations or stoppages, social distancing measures and other impediments affecting our suppliers, partners or our facility, should they materialize, may make it difficult, more costly, or impossible for us to conduct portions of our business. Limitations on the function of Health Canada and other regulators as a result of remote work of its employees or redeployment of its resources to addressing the pandemic may delay our communications with the regulatory authorities and delay renewal of our existing licences or the receipt of additional licences required for our operations, should such licences be sought. If macroeconomic conditions continue to worsen in Canada and around the world, demand for cannabis and our other products may significantly decline and industry participants, including our customers and suppliers, may face financial hardship. In addition, the increased market volatility resulting from global business and economic disruption related to the pandemic and measures to contain it has made it more difficult for companies to access capital markets. The duration and severity of the COVID-19 pandemic is currently unknown, and the pandemic may continue for a significant period of time. Any of the foregoing may adversely affect our business, financial position and results of operations.

Volatile Market Price of the Company's Securities

The market price of the Company's securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Company's securities to sell their securities at an advantageous price. Market price fluctuations in the Company's securities may be due to the Company's operating results, failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions, economic trends, acquisitions, dispositions, or material public announcements by government and regulatory authorities, the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Company's securities.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Company's securities may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Company's securities may be materially adversely affected.

Limited Operating History and History of Losses

The Company began its business in 2013 and generated minimal revenue until fiscal 2017 and incurred losses since inception. The Company's adult recreational business has only been operative since legalization in October 2018 and the sale of its edible and derivative products is in its infancy. The Company is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

Product Liability

As a manufacturer and distributor of products designed to be ingested or vaporized by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Company's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company.

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

Sufficiency of Insurance

The Company maintains various types of insurance which may include financial institution bonds; errors and omissions insurance; directors' and officers' insurance; property coverage; product liability recall insurance; and, general commercial and liability insurance. There is no assurance that claims will not exceed the limits of available coverage, if any, that any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost, or that any insurer will not dispute coverage of certain claims. There is also no assurance that coverage will be available to cover any or all claims. A judgment against the Company or any member of the Company in excess of available coverage could have a material adverse effect on the Company in terms of damages awarded and the impact on the reputation of the Company. There can also be no assurance that the Company will be able to secure insurance coverage on commercially reasonable terms, or at all, as it may require to implement its business objectives, including with respect to derivative products.

TSX and Nasdaq Requirements

The Common Shares commenced trading on the TSX on August 22, 2019 following the Company's graduation from the TSX-V. The Company's Common Shares also began trading on Nasdaq for the first time on May 21, 2019.

Listing on the TSX and Nasdaq creates different restrictions and requirements, and creates more exposure than did the TSX-V. The Company needs to comply with TSX and Nasdaq rules, policies and guidelines, especially when pursuing business internationally. As a public company, the business is subject to corporate governance and public disclosure requirements that may at times increase the Company's compliance costs and risk of non-compliance. These regulations, rules, policies and guidelines may change over time, and failure to continue to meet them could result in significant material adverse consequences.

The TSX has issued guidance directed at cannabis companies, and specifically with respect to any company operating in the United States. In addition, in connection with its listing on Nasdaq, the Company certified that neither it nor any of its subsidiaries will conduct any business activities in the U.S., or utilize any employees, facilities or operations in the U.S. Presently, the Company has no business in the U.S., but this could present additional barriers in the future should the Company seek to do business in any form in the U.S. Any violation of U.S. federal law regarding cannabis could result in delisting of the Company from TSX and Nasdaq.

As a public company in the U.S., the Company is subject to additional legal, insurance, accounting, administrative and other costs and expenses which, in the aggregate, can be substantial.

Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may increase the Company's debt levels above industry standards.

The Credit Agreement includes, and any future debt finance could include, restrictive covenants relating to capital raising activities and other financial and operational matters, which do and may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Credit Agreement contains, and any future debt financings may also contain, provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

Reliance on Key Personnel

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its executive management. The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of member of the Company's executive management, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. Further, as designated individuals of a licensee under the *Cannabis Act*, key personnel of the Company are subject to a security clearance by Health Canada. There is no assurance that any of the Company's key personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by any of those individuals to maintain or renew his or her security clearance, could result in a material adverse effect on the Company's business, financial condition and results of operations. In addition, if any such individual leaves the Company, and the Company is unable to find a suitable replacement that has a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on the Company's business, financial condition and results of operations.

The Company May Not be Able to Successfully Develop New Products or Find a Market for Their Sale

The medical and recreational cannabis industries are in the early stages of development and it is likely that the Company, and its competitors, will seek to introduce new products in the future, including edible cannabis products and cannabis derivatives. In attempting to keep pace with any new market developments, the Company may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by the Company. As well, the Company may be required to obtain and maintain additional regulatory approvals from Health Canada and any other applicable regulatory authority, which may take significant amounts of time. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition and results of operations.

Product Recalls

On January 9, 2017, the Company expanded its voluntary recall to a further 69 lots of product in addition to the recall of five lots of product initiated on December 28, 2016. The recalled products included dried cannabis and cannabis oil supplied between February and December 2016, after testing revealed the presence of low levels of myclobutanil and/or bifenazate in some of the lots, which are unapproved pesticides not registered for use in cannabis production under the *Pest Control Products Act*. While the initial recall had classified the recall as a Type III recall (not likely to cause harm), the second recall elevated this classification to a Type II recall (product exposure may cause temporary adverse health consequences). As of the date hereof, Health Canada has received nine adverse reaction reports related to the Company's products. There can be no assurance that additional adverse reaction reports will not be filed with Health Canada. To the extent any additional adverse reaction reports are filed, such an occurrence could have an adverse impact on the business, results of operations and financial condition of the Company. A class action lawsuit has also been filed and is now certified, as more particularly described in Risk Factors "*Product Liability*", "*Litigation*" and "*Legal Proceedings and Regulatory Actions*". The decision to certify elements of the class action was appealed and partially overturned by the Nova Scotia Court of Appeal.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Undiscovered product liability claims are always a potential risk. However moving forward, if any of the Company's products are recalled in the future due to an alleged product defect or for any other reason, the Company would be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention thereby reducing the amount of time members of management would otherwise have focused towards managing the Company. Although the Company has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Litigation

On January 18, 2019, the Nova Scotia Supreme Court certified a class action lawsuit by a class of persons and entities who purchased medical cannabis that was the subject of the Company's product recalls in December 2016 and January 2017, as such products may have contained trace elements of the pesticides myclobutanil and bifenazate, which are not approved for use in cannabis production. On April 30, 2020, the Nova Scotia Court of Appeal partially overturned the certification of the class action, significantly reducing the scope of the claim against the Company. See "*Legal Proceedings and Regulatory Actions*".

A legal action has been commenced in the Court of Queen's Bench in Alberta, which action seeks damages against many of the largest Canadian cannabis companies (including the Company). The action is not certified, and does not particularize the claims against the Company or the other companies.

In addition to ongoing litigation, the Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Common Shares, and could require the use of significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

Securities Class Action

Securities class action litigation is often brought against companies following a period of volatility in the market price of their securities. Litigation can result in significant costs and damages and divert management attention and resources.

Difficulties with Forecasts

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Uninsured or Uninsurable Risks

While we may have insurance to protect our assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Unknown Health Impact of Use of Cannabis and Derivatives

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using the Company's cannabis and derivative products. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur which could adverse affect social acceptance of cannabis and the demand for the Company's products.

Third Party Transportation

In order for customers of the Company to receive their product, the Company must rely on third-party transportation services. This can cause logistical problems with and delays in patients, government entities and private retailers obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Moncton Campus is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach could impact the Company's ability to continue operating under its licenses or the prospect of renewing its licenses.

Ability to Meet Production Targets

The Company sets production targets on dried flower, extracted oil and formulated oil. Actual production amounts may not achieve targeted production figures as a result of many factors including but not limited to: genetic drift in the strains of cannabis plants grown, shift in strains grown as a result of competitive pressure, natural variations in plant development, inability to precisely influence growth measures as a result of numerous variables that may influence the plant growth that are varied from one growth cycle to another, product that does not meet quality assurance specifications including, but not limited to, pesticide or heavy metals testing, tetrahydrocannabinol and cannabidiol specifications, terpene profile or visual appearance, operational inefficiencies from extraction processes or in production of formulated oil for sale.

Continuance of Contractual or Other Relations with Provincial Governments Cannot be Guaranteed

The Company expects to derive a significant portion of its future revenues from its supply arrangements with the various Canadian provinces. There are many factors which could impact the Company's contractual arrangements with the provinces, including but not limited to availability of supply, product selection and the popularity of the Company's products with retail customers. If the Company's supply arrangements with certain Canadian provinces are amended, terminated or otherwise altered, the Company's sales and results of operations could be adversely affected, which could have a material adverse effect on the Company's business, financial condition and results of operations. Some provinces have letters of intent or have moved to purchase orders or other listing agreements to form the basis of their distribution arrangements.

In addition, not all of the Company's supply arrangements with the various Canadian provinces contain purchase commitments or otherwise obligate the provincial wholesaler to buy a minimum or fixed volume of cannabis products from the Company. The amount of cannabis that the provincial wholesalers may purchase under the supply arrangements may therefore vary from what the Company expects or has planned for. As a result, the Company's revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial wholesalers. If any of the provincial wholesalers decide to purchase lower volumes of products from the Company than the Company expects, alters its purchasing patterns at any time with limited notice, decides to return product or decides not to continue to purchase the Company's cannabis products at all, the Company's revenues could be materially adversely affected, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

No Assurance That Listing Standards of TSX & Nasdaq Will Continue to be Met

The Company must meet continuing listing standards to maintain the listing of the Common Shares on the TSX and Nasdaq, including minimum price of such Common Shares. If the Company fails to comply with listing standards and the TSX or Nasdaq delists the Common Shares, the Company and its shareholders could face significant material adverse consequences, including: (i) a limited availability of market quotations for the Common Shares; (ii) reduced liquidity for the Common Shares; (iii) a determination that the Common Shares are "penny stock," which would require brokers trading in the Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for the Common Shares; (iv) a limited amount of news about the Company and analyst coverage; and (v) a decreased ability for the Company to issue additional equity securities or obtain additional equity or debt financing in the future.

Failure to Develop and Maintain Effective Internal Controls for Reliable Financial Results and to Prevent Fraud (SOX)

Under Section 404 of the Sarbanes-Oxley Act (" **SOX**") and SEC rules promulgated thereunder, the Company is required to design, document and test the effectiveness of our internal controls over financial reporting ("**ICFR**") during future periods. There is no assurance that our efforts to develop and maintain our internal controls will be successful or sufficient to meet our obligations under SOX. Effective internal controls are required for the Company to accurately and reliably report our financial results and other financial information. Any failure to design, develop or maintain effective controls; or difficulties encountered in implementing, improving or remediating lapses in internal controls may affect the Company's ability to prevent fraud, detect material misstatements, and fulfill its reporting obligations. The Company's management, under the supervision and with the participation of its CEO and CFO, has determined for the fiscal years ended August 31, 2019 and 2020, that its ICFR was not effective due to certain material weaknesses. In addition, due to the same material weaknesses, management has determined that the Company's disclosure controls and procedures were not effective as of August 31, 2020. If the Company is not able to remediate these deficiencies and maintain effective internal control over financial reporting and disclosure controls and procedures, investors may lose confidence in the Company's ability to report timely, accurate and reliable financial and other information, which may expose the Company to certain legal or regulatory actions, thus negatively impacting its business, the trading price of Common Shares and market value of any other securities.

Canadian Company and Shareholder Protection may Differ from Shareholder Protection in US or Elsewhere

We are organized and exist under the laws of Canada and, accordingly, are governed by the *Canada Business Corporations Act* (the "**CBCA**"). The CBCA differs in certain material respects from laws generally applicable to United States corporations and shareholders, including the provisions and proceedings relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders' suits, indemnification of directors, and inspection of corporation records.

Emerging Growth Company

The Company is an "emerging growth company," as defined in the US Jumpstart Our Business Start-ups Act, and it uses the exemption provided to emerging growth companies from the auditor attestation requirements of Section 404(b) of SOX. Therefore, the Company's ICFR will not receive the level of review provided by the process relating to the auditor attestation included in annual reports of issuers that are not using an exemption. The Company may fail to maintain the adequacy of the Company's ICFR as such standards are modified, supplemented or amended from time to time, and may not be able to ensure that the Company can conclude, on an ongoing basis, that the Company has effective ICFR in accordance with Section 404 of SOX or equivalent Canadian legislation. Failure to satisfy the requirements of Section 404 of SOX and equivalent Canadian legislation on an ongoing, timely basis could result in the loss of investor confidence in the reliability of the Company's financial statements, which in turn could harm the Company's business and negatively impact the trading price of the Common Shares or the market value of the Company's other securities. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet reporting obligations. Future acquisitions of companies, if any, may provide the Company with challenges in implementing the required processes, procedures and controls in the Company's acquired operations. No evaluation can provide complete assurance that the Company's ICFR will detect or uncover all failures of persons to disclose material information otherwise required to be reported. The effectiveness of the Company's processes, procedures and controls could also be limited by simple errors or faulty judgments. In addition, as the Company expands, the challenges involved in implementing appropriate ICFR will increase and will require that the Company continues to improve its ICFR. In addition, the Company cannot predict if investors will find the Common Shares less attractive because it relies on the aforementioned exemption. If some investors find the Common Shares less attractive as a result, there may be a less active trading market for the Common Shares and trading price for the Common Shares may be negatively affected.

Increased Volatility for Dual Listed Shares

The Company's listing on both the TSX and Nasdaq may increase volatility due to the ability to buy and sell Common Shares in two places, different market conditions in different capital markets, and different trading volumes. This may result in less liquidity on both exchanges, different liquidity levels, and different prevailing trading prices.

Limited Market for Securities

The Common Shares are listed on the TSX and on Nasdaq, however, there can be no assurance that an active and liquid market for the Common Shares will be maintained and an investor may find it difficult to resell any securities of the Company. The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are outside of the Company's control.

Risks Inherent in an Agricultural Business

The Company's business involves the growing of cannabis, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks that may create crop failures and supply interruptions for the Company's customers. Although the Company grows its products indoors under climate-controlled conditions and carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

The Company is a Foreign Private Issuer Within the Meaning of the U.S. Securities Exchange Act of 1934

The Company is a foreign private issuer under the United States *Securities Exchange Act of 1934*, as amended (the "***Exchange Act***"), and exempt from certain securities rules applicable to U.S. domestic issuers. Some of these rules require reduced reporting and disclosure requirements. As a result, the shareholder may not receive as much information or information as frequently from the Company as would otherwise be made available by a U.S. domestic issuer. The Company's status as a foreign private issuer under the Exchange Act would be lost if a majority of our Common Shares were held by persons in the United States and the Company failed to meet any of the additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer would be greater than the cost incurred as a Canadian foreign private issuer.

Expansion into New Markets

The Company's expansion into jurisdictions outside of Canada is subject to risks. In jurisdictions outside of Canada, there can be no assurance that any market for the Company's products will develop. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. These factors may limit the Company's ability to successfully expand its operations into such jurisdictions and may have a material adverse effect on the Company's business, financial condition and results of operations. The Company has no investment or ownership in any U.S. entity nor does it provide any products or services to U.S. entities.

Foreign Investment

In relation to investments in international operations, in addition to the foregoing, there is also the risk of increased disclosure requirements; currency fluctuations; restrictions on the ability of local operating companies to hold Canadian dollars or other foreign currencies in offshore bank accounts; import and export regulations; increased regulatory requirements and restrictions; limitations on the repatriation of earnings; and increased financing costs.

These risks may limit or disrupt the Company's strategic alliances or investments, restrict the movement of funds, cause the Company to have to expend more funds than previously expected or required, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, and may materially adversely affect the Company's financial position and/or results of operations. In addition, the enforcement by the Company of its legal rights in foreign countries, including rights to exploit properties or utilize permits and licenses and contractual rights may not be recognized by the court systems in such foreign countries or enforced in accordance with the rule of law.

The Company's Operations in Emerging Markets are Subject to Political and Other Risks Associated with Operating in a Foreign Jurisdiction

The Company's investments have operations in various emerging and foreign markets and the Company will be seeking to grow its operations through prudent synergistic acquisitions or development of international operations.

Such operations expose the Company to the socioeconomic conditions as well as the laws governing the cannabis industry in such countries. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates, military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licenses, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, banking and currency controls and governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in cannabis industry or investment policies or shifts in political attitude in the countries in which the Company operates may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licenses, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Company continues to monitor developments and policies in the emerging and foreign markets in which it operates or invests and assess the impact thereof to its operations; however such developments cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Intellectual Property

The ownership and protection of trademarks, patents, if any, trade secrets and intellectual property rights, if any, are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology or the Company may not be able to secure required protection. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time- consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Company's products infringe on their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licenses from third parties who allege that the Company has infringed on their lawful rights. Such licenses, however, may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses or other rights with respect to intellectual property that it does not own.

Credit Risk

Credit risk arises from deposits with banks, short term investments and outstanding receivables. For trade receivables, the Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. For other receivables, out of the normal course of business, management may obtain guarantees and general security agreements.

Liquidity Risk

The Company's liquidity risk is the risk the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency rate risk and interest rate risk.

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates. The Company is not exposed to foreign currency exchange risk as the number of financial instruments denominated in a foreign currency held by the Company is non-material.

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk pursuant to long-term debt. A 1% change in benchmark interest rates will increase or decrease the Company's annual interest expense by $1,150,000.

Concentration Risk

The Company's accounts receivable are primarily due from the Government of Canada, provincial government agencies, legal trusts and patients covered under group insurance, and, thus, the Company believes that the accounts receivable balance is collectible.

Dividends

The Company has no dividend record and may not pay any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company could be subject to tax and, potentially, withholdings.

Publicity or Consumer Perception

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis and other products produced by the Company from time to time. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and the Company's cash flows. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company.

Any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by licensed producers generally, which could have a material adverse effect on the Company's business, financial condition and results of operations. Adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis and derivative products in general, or the Company's products specifically, or associating the consumption of cannabis or use of derivative products with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Research in Canada, the U.S. and internationally regarding the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Company believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of securities should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this Annual Information Form or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition and results of operations.

Cyber Security and Privacy

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays, and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Product Security

Given the nature of the Company's products and the lack of legal availability of such products outside of channels approved by the Government of Canada, as well as the concentration of inventory at the Moncton Campus, despite meeting or exceeding legislated security requirements, there remains a risk of shrinkage as well as theft. A security breach at the Moncton Campus could expose the Company to additional liability and to potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential patients or recreational users from choosing the Company's products.

Privacy

In addition, the Company collects and stores personal information about its patients and customers, and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, there are a number of federal and provincial laws protecting the privacy and confidentiality of certain patient health information, including patient records, and restricting the collection, use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("**PIPEDA**") and provincial statutes regulating the collection, use and disclosure of personal information, protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If the Company was found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the privacy and confidentiality of patient health information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the business, results of operations and financial condition of the Company.

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Government approvals and permits are currently and may in the future be required in connection with, the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of medical and/or recreational cannabis or from proceeding with the development of its operations as currently proposed.

Reliance on Key Inputs

The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

Regulatory Proceedings, Investigations, and Audits

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Fraudulent or Illegal Activity by the Company's Employees, Contractors and Consultants

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

Risks Inherent in Investments

The Company is not directly involved in the ownership or operation of and may have limited contractual rights relating to the operations of its current and future investee entities. An investee generally has the power to determine the manner in which its business is developed, expanded and operated, and the Company's interest in an investee is subject to the risks applicable to the business carried on by the investee, and the Company may fail to realize all of the potential benefits from its investments. The interests of the Company and its investees may not always be aligned. As a result, any cash flows of the Company from investees will be dependent upon the activities of the investees, which creates the risk that at any time those investees may: (i) have business interests or targets that are inconsistent with those of the Company; (ii) take action contrary to the Company's policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the Company; (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend an investee's ability to perform its obligations under agreements with the Company or (v) fail to comply with applicable laws or best practices. For example, the Company believes that Eviana may be in breach of its covenants under the Eviana Debenture, Eviana is subject to a cease-trade order for failing to timely file its annual continuous disclosure materials and the Company has recently recorded an impairment loss in connection with its investment in Eviana.

Corruption and Fraud in Certain Emerging Markets Relating to Ownership of Real Property May Adversely Affect the Company's Business

There are uncertainties, corruption and fraud relating to title ownership of real property in certain emerging markets in which the Company may invest. Property disputes over title ownership are frequent in emerging markets, and, as a result, there is a risk that errors, fraud or challenges could adversely affect the Company's ability to successfully invest in such jurisdictions.

The Company's Operations may be Impaired as a Result of Restrictions on the Acquisition or Use of Properties by Foreign Investors or Local Companies under Foreign Control

Non-resident individuals and non-domiciled foreign legal entities may be subject to restrictions on the acquisition or lease of properties in certain emerging markets. Limitations also apply to legal entities domiciled in such countries which are controlled by foreign investors, such as the entities through which the Company may make investments. Accordingly, the Company's current and future operations may be impaired as a result of such restrictions on the acquisition or use of property, and the Company's ownership or access rights in respect of any property it owns or leases in such jurisdictions may be subject to legal challenges, all of which could result in a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

The Company May Expand into Other Geographic Areas, which could Increase the Company's Operational, Regulatory and Other Risks

In addition to the jurisdictions described elsewhere in this Annual Information Form, the Company may in the future expand into other geographic areas, which could increase the Company's operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Company may not be able to successfully identify suitable acquisition and expansion opportunities or integrate such operations successfully with the Company's existing operations.

The Company Relies on International Advisors and Consultants in Order to Keep Abreast of Material Legal, Regulatory and Government Developments that Impact the Company's Business and Operations in the Jurisdictions in Which it Operates

The legal and regulatory requirements in the foreign countries in which the Company may invest or operate with respect to the cultivation and sale of cannabis, banking systems and controls, as well as local business culture and practices are different from those in Canada. The Company's officers and directors must rely, to a great extent, on local legal counsel and consultants in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations, and to assist with governmental relations. The Company must rely, to some extent, on those members of management and the board of directors who have previous experience working and conducting business in these countries, if any, in order to enhance our understanding of and appreciation for the local business culture and practices. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of cannabis as well as in respect of banking, financing, labor, litigation and tax matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the Company's control. The impact of any such changes may adversely affect the Company's business.

The Company may be held Responsible for Corruption and Anti-bribery Law Violations

The Company's business is subject to Canadian laws, which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, the Company is subject to the anti-bribery laws of any other countries in which it conducts business now or in the future. The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and anti-bribery laws for which the Company may be held responsible. The Company's policies mandate compliance with these anti-corruption and anti-bribery laws. However, there can be no assurance that the Company's internal control policies and procedures will always protect it from recklessness, fraudulent behaviour, dishonesty or other inappropriate acts committed by its affiliates, employees, contractors or agents. If the Company's employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a material adverse effect on its business, financial condition and results of operations.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares on the TSX and Nasdaq.

Future Acquisitions or Dispositions and Management of the Impact of Such Transactions on the Company's Operations

In the event that the Company proceeds with a material acquisition, disposition or other strategic transaction, such transaction would be subject to a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations, and (vi) loss or reduction of control over certain of the Company's assets.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the results of operations, business prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

General Business Risk and Liability

Given the nature of the Company's business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing the Company, its directors, officers, employees or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of the Company's right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

Risk Factors Related to Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings, or a holder of a convertible security's underlying relative interest, in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and preferred shares, and shareholders will have no pre-emptive rights in connection with any such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under its stock option plan and pursuant to the Company's Equity Incentive Plan pursuant to which the Company has issued Restricted Share Units and Performance Share Units.

Constraints on Marketing Products

In view of the restrictions on marketing, advertising and promotional activities set forth in the Cannabis Act and related regulations, the Company's business and operating results may be hindered by applicable restrictions on sales, branding and marketing activities. If the Company is unable to effectively brand and market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

Marketing Risks Arising from Provincial Legislative Controls

The provincial recreational markets are end consumer driven. It is not possible to predict the quantities of product that will be purchased and made available to the end consumer in the provincial recreational markets. Further, regulations like those currently proposed in Quebec may limit the marketability of some of the Company's products and the Company's number of end consumers. These factors may have an adverse effect on the Company's business.

Suppliers and Skilled Labour

The Company's ability to compete and grow will be dependent on having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labor, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure program may be significantly greater than anticipated by management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, capital expenditure plans. This could have an adverse effect on the Company's financial results.

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

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In some cases, the executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company and its affairs, and that could adversely affect Company operations. These business interests could require significant time and attention of the Company's executive officers and directors. In addition, the Company may also become involved in other transactions which conflict with the interests of the Company's directors and officers who may from time to time deal with persons, firms, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with the Company's interests. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, directors are required to act honestly, in good faith and in the Company's best interests.

Holding Company Status

The Company is a holding company and essentially all of its operating assets are the capital stock of its primary subsidiary, Organigram Inc. As a result, investors in the Company are subject to the risks attributable to its subsidiary. As a holding company, the Company conducts substantially all of its business through its subsidiary, which generates substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of the subsidiary and the distribution of those earnings to the Company.

DIVIDENDS

As of the date of this Annual Information Form, the Company has no current intention to declare dividends on its Common Shares in the foreseeable future. Any decision to pay dividends on its Common Shares in the future will be at the discretion of the Company's board of directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any contractual restrictions and financing agreement covenants, including those in the Credit Agreement, solvency tests imposed by corporate law, and other factors that the Company's board of directors may deem relevant.

CAPITAL STRUCTURE

Common Shares

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. As of August 31, 2020, there were 194,511,061 Common Shares issued and outstanding and as of November 20, 2020, there are 232,088,219 Common Shares issued and outstanding. There are no Preferred Shares issued and outstanding. The holders of the Common Shares are entitled to one vote per share at all meetings of the shareholders of the Company. The holders of Common Shares are also entitled to dividends, if and when declared by the Company's board of directors, and to the distribution of the residual assets of the Company in the event of a liquidation, dissolution or winding up of the Company. Should the Company issue preferred shares, the holders would be entitled to receive, before any distribution is made to holders of Common Shares, the amount required to be paid in accordance with the special rights and restrictions attached to the series of shares held by them, including any fixed premium and any accrued and unpaid preferential dividends. Following any such payment, preferred shareholders would not, as such, be entitled to share in any further distribution of the property or assets of the Company except as may be specifically provided in the special rights and restrictions attached to any particular series. Preferred shareholders would only be entitled to receive notice of and/or attend and/or vote at any general meeting of shareholders as provided in any special rights and restrictions that may attach to any particular series if and when issued.

The Company has three equity compensation plans in place: (a) the 2011 stock option plan (the " **SOP**"), (b) the 2017 equity incentive plan (the "**2017 Plan**"), and (c) a long term-omnibus equity incentive plan adopted on February 25, 2020 (the " **2020 Equity Incentive Plan**"). The 2020 Equity Incentive Plan permits the Company to grant equity-based incentive awards in the form of options, restricted share units, preferred share units and deferred share units. Following the adoption of the 2020 Equity Incentive Plan, all future grants of equity-based awards will be made pursuant to, or as otherwise permitted by, the 2020 Equity Incentive Plan and no further equity-based awards will be made pursuant to the SOP or the 2017 Plan. The maximum number of Common Shares that may be issued upon exercise of awards granted under the 2020 Equity Incentive Plan shall not exceed 10% of the Company's issued and outstanding Common Shares from time to time, combined with any equity securities granted under all other compensation plans previously adopted by the Company, including the SOP and 2017 Plan.

As of August 31, 2020, there were 9,028,904 options issued and outstanding. As of November 20, 2020, there are 8,150,704 options issued and outstanding. As of August 31, 2020, there were 893,171 restricted share units issued and outstanding. As of November 20, 2020, there are 870,816 restricted share units issued and outstanding. As of August 31, 2020, there were 126,685 preferred share units issued and outstanding. As of November 20, 2020, there are 124,988 preferred share units issued and outstanding. As of August 31, 2020, there were nil deferred share units issued and outstanding. As of November 20, 2020, there are nil deferred share units issued and outstanding.

Warrants

As of August 31, 2020, the Company had nil Warrants outstanding. As of November 20, 2020, the Company has 18,687,500 Warrants outstanding, exercisable to purchase up to 18,687,500 Warrant Shares (as defined herein) at an exercise price of $2.50 per Warrant Share.

The following is a summary of certain of the rights, privileges, restrictions and conditions attaching to the Warrants. For a complete description of the Warrants, please refer to the Warrant Indenture (as defined herein), which has been filed on the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website at www.sec.gov.

The outstanding Warrants were issued under and are governed by a warrant indenture (the " **Warrant Indenture**") entered into on November 12, 2020 between the Company and TSX Trust Company, as warrant agent. The Company has appointed the principal transfer office of the TSX Trust Company in Toronto, Ontario as the location at which the Warrants may be surrendered for exercise, transfer or exchange. A register of holders is maintained at the primary offices of the warrant agent in Toronto, Ontario.

Each Warrant is transferrable, and entitles the holder thereof to acquire one Warrant Share at an exercise price of $2.50 per Warrant Share, until 5:00 p.m. (Eastern Time) on November 12, 2023, subject to adjustment in certain customary events, after which time the Warrants will expire and become null and void. Pursuant to the Warrant Indenture, and subject to applicable securities legislation and approval of applicable regulatory authorities, the Company is entitled to purchase in the market, by private contract or otherwise, any of the Warrants then outstanding and any Warrants so purchased will be cancelled.

The Warrant Indenture provides for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

(a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares by way of a stock dividend or other distribution (other than a distribution of Warrant Shares upon the exercise of any Warrants);
(b) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares;
(c) the consolidation, reduction or combination of the Common Shares into a lesser number of Common Shares;
(d) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares; and
(e) the issuance or distribution to all or substantially all of the holders of the Common Shares of (i) securities of any class, whether of the Company or any other trust (other than Common Shares), (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), other than pursuant to a "Rights Offering" (as defined in the Warrant Indenture); (iii) evidences of its indebtedness or (iv) any property or other assets.

The Warrant Indenture also provides for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

(a) reclassifications of the Common Shares or a capital reorganization of the Company;
(b) consolidations, amalgamations, arrangements or mergers of the Company with or into any other corporation or other entity; or
(c) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Warrant Shares issuable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares issuable upon exercise by at least one one-hundredth of a Warrant Share, as the case may be. Furthermore, no adjustment will be made in the right to acquire Warrant Shares if an issue of Common Shares of the Company is being made in connection with a share incentive plan, restricted share plan or share purchase plan for the benefit of directors, officers, employees, consultants or other service providers, or the satisfaction of existing instruments issued as of the date of the Warrant Indenture.

Pursuant to the Warrant Indenture, the Company has covenanted that, during the period in which the Warrants are exercisable, it will give notice to TSX Trust Company and to the holders of the Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date of such event, if any.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants and no cash or other consideration will be paid in lieu of fractional Warrant Shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares would have.

The Company may provide certain buy-in rights to a holder if it fails to cause the warrant agent to deliver the Warrant Shares by three trading days after the delivery to the Company of the notice of exercise and the aggregate exercise price (or notice of cashless exercise). The buy-in rights apply if after the trading day after the date of such delivery by the holder, the holder purchases (in an open market transaction or otherwise) Common Shares to deliver in satisfaction of a sale by the holder of the Warrant Shares that the holder anticipated receiving from the Company upon exercise of the Warrant. In this event, the Company will: (i) pay in cash to the holder the amount equal to the excess (if any) of the buy-in price over the product of (A) such number of Warrant Shares, times (B) the price at which the sell order giving rise to holder's purchase obligation was executed; and (ii) at the election of the holder, either (A) reinstate the portion of the Warrant as to such number of Warrant Shares, or (B) deliver to the holder a certificate or certificates representing such number of Warrant Shares that would have been issued to the holder had the Company complied with its delivery obligations under the Warrant Indenture.

The Warrant Indenture includes certain beneficial ownership limitations under which Warrants are not exercisable to the extent that, after giving effect to the issuance of the Warrant Shares issuable upon such exercise of the Warrants, the holder, together with its affiliates and other persons acting as a group with the holder or any of its affiliates, would beneficially own in excess of 4.99% of the number of Common Shares outstanding immediately after giving effect to such issuance. Such beneficial ownership limitation may be increased or decreased by the holder upon notice to the Company, to a maximum of 9.99%. Except as provided in the Warrant Indenture, beneficial ownership will be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent the beneficial ownership limitations apply, the determination of whether a Warrant is exercisable and of which portion of a Warrant is exercisable shall be in the sole discretion and at the sole responsibility of the holder, and the submission of an exercise notice in respect of any Warrants shall be deemed to be the holder's determination of whether the Warrants are exercisable, and neither the warrant agent nor the Company will have any obligation to verify or confirm the accuracy of such determination.

The Warrant Indenture provides that the Company will use its reasonable best efforts to maintain the terms of the registration statement on Form F-10 (File No. 333-234564) or another registration statement relating to the Warrant Shares effective until the earlier of the expiration date of the Warrants and the date on which no Warrants remain outstanding (provided, however, that nothing shall prevent the Company's amalgamation, arrangement, merger or sale, including any take-over bid, and any associated delisting or deregistration or ceasing to be a reporting issuer, provided that, so long as the Warrants are still outstanding and represent a right to acquire securities of the acquiring corporation, the acquiring corporation shall assume the Company's obligations under the Warrant Indenture). If no such registration statement is effective, no person holding Warrants will be permitted to exercise Warrants, unless an exemption or a safe harbor from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws is available. During any such period, any person holding Warrants may give notice of their desire to exercise the Warrants, at which time the Company will permit the cashless exercise of the Warrants and issue such number of Warrant Shares calculated pursuant to the provisions of the Warrant Indenture, provided that such Warrant Shares shall not be subject to any transfer restrictions in the United States or Canada. If no such registration statement is effective, the Company will notify the holders of the Warrants in accordance with the provisions of the Warrant Indenture

The Warrant Indenture provides that, from time to time, the Company may amend or supplement the Warrant Indenture for certain purposes, without the consent of the holders of the Warrants, including curing defects or inconsistencies or making any change that does not prejudice the rights of any holder. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the holders of Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants by the affirmative vote of the holders of Warrants representing not less than 662/3% of the aggregate number of Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants.

MARKET FOR SECURITIES

Common Shares

Common Shares are listed and traded on the TSX under the trading symbol "OGI". The following table sets forth the price range per share and trading volume for the Common Shares on the TSX for the periods indicated.

Period	High Trading Price ($)	Low Trading ($)	Volume (#)
August 2020	2.02	1.61	11,749,215
July 2020	2.23	1.62	19,834,461
June 2020	3.17	2.12	33,232,500
May 2020	2.73	1.54	29,636,369
April 2020	2.77	2.10	27,598,002
March 2020	3.11	1.95	37,269,257
February 2020	3.78	2.67	24,275,216
January 2020	4.74	2.47	46,925,995
December 2019	3.82	2.88	20,132,959
November 2019	4.99	2.64	53,979,299
October 2019	5.23	3.60	26,437,503
September 2019	6.81	4.52	17,222,116

Common Shares are listed and traded on the Nasdaq under the trading symbol "OGI". The following table sets forth the price range per share and trading volume for the Common Shares on the Nasdaq for the periods indicated.

Period	High Trading Price (USD)	Low Trading (USD)	Volume (#)
August 2020	1.53	1.20	54,717,293
July 2020	1.67	1.21	83,357,101
June 2020	2.36	1.56	161,985,204
May 2020	1.98	1.09	130,347,900
April 2020	1.95	1.49	76,692,110
March 2020	2.32	1.41	92,502,139
February 2020	2.85	2.00	71,187,873
January 2020	3.64	1.89	110,738,094
December 2019	2.87	2.20	56,445,647
November 2019	3.77	2.00	75,000,652
October 2019	4.01	2.71	44,740,493
September 2019	5.18	3.41	21,824,983

PRIOR SALES

The following table summarizes details of the following securities that are not listed or quoted on a marketplace issued by the Company during the period between September 1, 2019 and August 31, 2020:

Date of Issuance	Security	Issuance/Exercise Price Per Security ($)	Number of Securities
September 30, 2019	Options	$5.05	220,000
October 7, 2019	PSUs	$4.64	142,187
October 7, 2019	RSUs	$4.64	218,370
October 24, 2019	Options	$4.71	200,000
December 30, 2019	Options	$3.15	570,000
January 31, 2020	Options	$3.57	350,000
April 23, 2020	Options	$2.17	725,000
April 23, 2020	RSUs	$2.17	46,888
June 9, 2020	Options	$2.53	60,000

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

Below are the names, province and country of residence, principal occupation and periods of service of the directors and executive officers of the Company as of the date hereof.

Name, Province and Country of Residence	Principal Occupation for the Past Five Years	Position and Offices held with the Company[(1)]	Number of Shares Beneficially Owned or Controlled[(2)]
Greg Engel Toronto, Ontario Canada	November 2010 to August 2014 - *General Manager of Forest Laboratories Canada*; January 2015 to June 2016 - *Chief Executive Officer of Tilray Canada Inc*; March 2017 to present - *Chief Executive Officer of the Company*	Director and Chief Executive Officer since March 13, 2017	75,000 (~0.0323%)
Derrick West, CPA Oakville, Ontario Canada	March 2008 to June 2012 – *Chief Financial Officer of Landdrill International Inc.*; March 2014 to December 2019 – *Chief Financial Officer of Partners Real Estate Investment Trust*	Director from December 19, 2017 to March 4, 2020; and Chief Financial Officer since March 4, 2020	9,470 (~0.0041%)

Name, Province and Country of Residence	Principal Occupation for the Past Five Years	Position and Offices held with the Company[1]	Number of Shares Beneficially Owned or Controlled[2]
Paolo De Luca, CPA, CFA Woodbridge, Ontario Canada	December 2013 to December 2017 - *Chief Financial Officer, Meridian LNG (a West Face Capital portfolio company)*; December 2017 to present - *Chief Financial Officer of the Company*; September 2011 to July 2013 - *Chief Financial Officer and Consultant, Potash Ridge Corporation*	Chief Strategy Officer since March 4, 2020; and Chief Financial Officer from December 19, 2017 to March 3, 2020.	45,950 (~0.0198%)
Timothy Emberg Ottawa, Ontario Canada	April 2012 to September 2017 - *Executive Director of Marketing of Roche Diabetes Care-Canada*; October 2017 to present - *Senior Vice President, Sales and Commercial Operations of the Company*	Senior Vice President, Sales and Commercial Operations since September 9, 2018; Vice President of Sales and Commercial Operations from October 2, 2017 to September 8, 2018	0 (0%)
Helen Martin Toronto, Ontario Canada	November 2014 - October 2018 - *Chief Operating Officer of Crosswinds Holdings Inc.*; November 2018 to present - *Vice-President, Strategic Initiatives and Legal Affairs of the Company*	Senior Vice President, Strategic and Legal Affairs since April 5, 2019; Vice President, Strategic Initiatives and Legal Affairs from November 26, 2018 to April 4, 2019; Corporate Secretary since March 4, 2019	0 (0%)
Matthew Rogers Moncton, New Brunswick Canada	April 2014-March 2015 - *Supply Chain Manager at Ganong Bros. Limited*; March 2015-March 2016 - *Director of Customer Experience and Business Analytics of the Company*; March 2016 - August 2016 - *Director of Operations and Plant Manager of the Company*; August 2016-present - *Vice President, Operation of the Company*	Senior Vice President, Operations since May 15, 2020; Vice President, Operations from August 20, 2019 to May 14, 2020; Plant Manager from September 9, 2018 to August 19, 2019; Director of Operations from June 1, 2016 to September 8, 2018; Director of Production from February 22, 2016 to May 31, 2016; Director of Customer Experience & Business Analytics from March 16, 2015 to February 21, 2016	22,300 (~0.0096%)

Name, Province and Country of Residence	Principal Occupation for the Past Five Years	Position and Offices held with the Company[1]	Number of Shares Beneficially Owned or Controlled[2]
Geoffrey Machum[4][5] Toronto, Ontario, Canada	1985 to present - *Commercial Litigation Partner at Steward McKelvey LLP; 2016* to present - *Director of WildBrain Ltd.*	Director since February 25, 2020 Chair of the Governance and Nominating Committee	4,500 (~0.0019%)
Ken Manget[3][5][6] Toronto, Ontario, Canada	2014 to 2019 - *Global Head of Relationship Investing at Ontario Teachers' Pension Plan Board; 2019* to present - *Director at Canadian Ditchley Foundation; 2020 to present - CFO & Director, Northern Genesis Acquisition Corp.*	Director since February 25, 2020	0 (0%)
Stephen Smith[3][6] Etobicoke, Ontario, Canada	2018 to present – *Director of MAV Beauty Brands Inc.;* 2018 to 2019 – *Director of Newstrike Brands Ltd.; 2020 to present – Director of Freshii Inc.; 2014 to 2018 - EVP and Advisory Board Director, Jackman Reinvention Inc.*	Director since February 25, 2020 Chair of the Audit Committee	10,300 (~0.0044%)
Peter Amirault[5] Toronto, Ontario Canada	2009 to present - *President of BML Group Limited*.	Director since June 2, 2016 Chairman of the Board of Directors	160,000 (~0.0689%)
Sherry Porter, CM[4][5] Halifax, Nova Scotia Canada	2010 to 2017 - *Board member of the Nova Scotia Liquor Corporation*; 2014 to present - *Board member of the Halifax International Airport Authority*; March 2015 to present - *Board member of Pharmasave Drugs (Atlantic) Limited*	Director since December 17, 2018 Chair of the Compensation Committee	19,500 (~0.0084%)
Dexter John[3][4][6] Toronto, Ontario Canada	June 2014 to April 2019 - *Executive Vice President of D.F. King (Canada)*; April 2019 - present - *President and CEO of Gryphon Advisors Inc.*	Director since December 17, 2018 Chair of the Investment Committee	6,110 (~0.0026%)

Notes:

(1) The previous term of the current directors of the Company expired at the conclusion of the Annual Meeting of the Shareholders held on February 25, 2020 (the "**2020 Shareholder Meeting**"), excluding the new directors elected at the 2020 Shareholder Meeting. All of the directors noted above were re-elected and their terms will expire at the conclusion of the next Annual Meeting of Shareholders. Geoffrey Machum , Ken Manget and Stephen Smith were elected to the Company's board of directors at the 2020 Shareholder Meeting and their terms as directors will also expire at the next following Annual Meeting of Shareholders.

(2) As of November 20, 2020,, all directors and executive officers noted above of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over 353,130 Common Shares of the Company, representing 0.1522% of the Company's outstanding Common Shares. The total number of issued and outstanding shares as of November 20, 2020, is 232,088,219 Common Shares.

(3) Member of the Audit Committee.
(4) Member of the Governance and Nominating Committee.
(5) Member of the Compensation Committee.
(6) Member of the Investment Committee.

DIRECTOR & EXECUTIVE OFFICER BIOGRAPHIES

Greg Engel - Director and Chief Executive Officer

Mr. Engel is a senior executive with 30 years of national and international experience in the pharmaceutical, biotechnology, cannabis and consumer packaged goods industries. Mr. Engel has led the creation, development and growth of several companies over the span of his career. An articulate and trusted voice in the burgeoning Canadian cannabis space, prior to joining Organiram Mr. Engel was the Chief Executive Officer at a competitive licensed producer which became the first Canadian exporter of medical cannabis. As the leader at Organigram, Mr. Engel is focused on reputational excellence through product quality and safety, expansion of the Moncton Campus, and production efficiencies to position the Company as a leader in the medical and adult-use recreational cannabis industries. Mr. Engel graduated from the University of Guelph with an Honours Bachelor of Science in Microbiology.

Derrick West - Chief Financial Officer

Mr. West was formerly the Chief Financial Officer and Corporate Secretary of Partners Real Estate Investment Trust (TSX:PAR.UN), an open end real estate investment trust focused on managing a portfolio of retail community centres across Canada. Mr. West previously served as the Chief Financial Officer of Landdrill International Inc. (TSXV:LDI), an international mining services corporation with operations in Canada, Russia, Mongolia, and Mexico. Additionally, Mr. West served as the Vice-President of Accounting and Administration for Plazacorp Retail Properties Limited (renamed Plaza Retail REIT, TSX:PLZ.UN). Mr. West has 30 years business experience, the last 16 in senior positions with publicly traded enterprises. He has financial reporting, finance, treasury management, internal control, human resource, strategy and business development experience. Mr. West is a Chartered Professional Accountant, obtaining his Chartered Accountancy designation in New Brunswick with Grant Thornton LLP. He holds a Bachelor of Commerce degree from Mount Allison University.

Paolo De Luca, CPA, CA, CFA - Chief Strategy Officer

Mr. De Luca assumed the role as the Company's Chief Strategy Officer on March 4, 2020. With more than 20 years of diversified financial business experience, Mr. De Luca has held senior financial, investor relations, and accounting leadership roles at companies, including West Face Capital, one of Canada's leading alternative asset management firms; Meridian LNG; Potash Ridge; C.A. Bancorp; and TD Securities. With this diverse industry and international background, he has extensive experience with both traditional and non-traditional financings and debt offerings as well as M&A activities. Mr. De Luca is a graduate of York University's Schulich School of Business, is a Chartered Professional Accountant and a member of the Chartered Professional Accountants of Ontario, and is a CFA Charterholder.

Timothy Emberg - Senior Vice President, Sales and Commercial Operations

Mr. Emberg, Senior Vice President, Sales and Commercial Operations, is an accomplished, bilingual, senior sales and marketing leader with a proven track record in healthcare, over-the-counter and consumer packaged goods organizations including Roche Canada, Jamieson Laboratories and Frito-Lay Canada. Mr. Emberg also brings an extensive knowledge of the Canadian market access and regulatory environments to the role, which will be an asset moving forward. As Senior Vice President of Sales and Commercial Operations, his role is to lead both recreational and medical cannabis sales while ensuring that the Company is well established and strongly represented nationally. Mr. Emberg will also play a key role in other commercially driven initiatives that will help set the stage for future growth and development of the organization while further enhancing the Company's position as an industry leader in Canada.

Helen Martin - Senior Vice President, Strategic and Legal Affairs, and Corporate Secretary

Ms. Martin joined the Company as its Vice President Strategic Initiatives and Legal Affairs in November 2018 and was appointed Corporate Secretary in March 2019. She was promoted to Senior Vice President, Strategic and Legal Affairs, in April 2019. Prior to joining Organigram, she was the Chief Operating Officer of Crosswinds Holdings Inc. from November 2014 to October 2018. She was Senior Legal Counsel at AUM Law Professional Corporation where she held various legal roles since 2011. Ms. Martin was employed as General Counsel and Corporate Secretary of C.A. Bancorp Inc. from 2009 to 2011 and In-House Counsel at Sentry Select Capital Corp. from 2007 to 2008. Prior to joining Sentry Select, Ms. Martin was a lawyer in the securities group at Blake, Cassels & Graydon LLP from 2005 to 2007. Ms. Martin is a member of the Law Society of Ontario. She received her law degree from the University of Toronto and a Bachelor of Arts (Honours) from the University of Victoria.

Matthew Rogers - Senior Vice President, Operations

As Senior Vice President, Operations, Mr. Rogers brings a strong analytical and cost control background into his role from his previous work at Ganong Bros. Limited as Financial and Operational Analyst advising the Executive Team while reporting to the President & CEO. Mr. Rogers joined OrganiGram as one of the first employees in 2014 and served in various roles such as: Director of Business Analytics & Customer Experience, Director of Operations, Plant Manager, VP Operations, and now Senior VP Operations. His breath of roles has allowed him to work in many functions of the business gathering a well-rounded perspective to add to the Executive Team. His work has been instrumental in both scaling the infrastructure and staff base of OrganiGram while maintaining prudent cost controls while working in exponential growth mode. Mr. Rogers attended the University of New Brunswick where he majored in Both Accounting and Finance.

Peter Amirault - Chairman of the Board

Mr. Amirault is currently the President of BML Group Limited in Toronto, a holding company with interests in real estate development and private investments. Prior to joining BML Group, Mr. Amirault held varying executive roles including: President of Swiss Chalet North America for the Cara Group of Companies, CEO of Creemore Springs Brewery Ltd, Senior Vice President of Molson Coors Canada, Managing Director of Sleeman Brewing Ltd, along with senior roles at Nestle Canada and The Premium Beer Company of Toronto. Mr. Amirault holds a Bachelor of Business Administration from Acadia University and a Master of Business Administration from The Schulich School of Business. Mr. Amirault's previous board experience and roles at senior management levels will bring a wealth of knowledge to the corporate director team at the Company.

Geoffrey Machum - Director

Mr. Machum is a commercial litigation partner at Stewart McKelvey LLP, Atlantic Canada's largest law firm and one of the top 15 largest firms in Canada. He currently serves on the firm's Compensation Committee, and previously served as Chairman of the firm's Regional Partnership Board and on its Human Resources and Governance Committee, and its Audit and Finance Committee. Mr. Machum was awarded Queens Counsel in 2003, and has received repeated recognition by Lexpert, Best Lawyers, and Benchmark Canada for his extensive experience in practice areas including commercial litigation, directors and officers liability, corporate governance, insurance, construction law, and products liability. Mr. Machum currently serves on the board of WildBrain Ltd., where he is the Chair of its Governance and Nomination Committee and member of its Human Resources and Compensation Committee and previously served on the Board's Special Strategic Review Committee. Previously, he chaired the board of Halifax Port Authority, and served on the Governance, Human Resources and Audit and Finance Committees. Mr. Machum holds a BA in Economics Political Science from Dalhousie University, and University of New Brunswick. Mr. Machum also received ICD.D designation from Rotman School of Management in 2015.

Ken Manget - Director

Mr. Manget is the former Global Head of Relationship Investing at Ontario Teachers' Pension Plan Board where he was responsible for a global team in Hong Kong, London & Toronto and ran a multi-billion portfolio of pre-IPO, public and private equity investments. Mr. Manget started his career at Schlumberger Limited as a Field Engineer in Venezuela. His finance background includes stints at Salomon Brothers in London and New York, at BMO Capital Markets where he has had exposure to all facets of the capital markets including: M&A, equities, fixed income, derivatives and securitization and at Desjardins Capital Markets where he was Head of Investment Banking. Mr. Manget holds a Mechanical Engineering degree from the University of Toronto and a Master of Business Administration from the Harvard Business School. Mr. Manget is a past board member of St. Joseph's Health Centre Foundation, the Heart and Stroke Foundation and currently serves as a member of the Board of the Canadian Ditchley Foundation and as an alumnus volunteer for Harvard University. In August 2020, he was appointed CFO and Director of Northern Genesis Acquisition Corp.

Dexter John - Director

Mr. John is currently the President and CEO of Gryphon Advisors Inc. Prior to that he was the Executive Vice President of D.F. King (Canada) and was responsible for sales across the Canadian enterprise. Mr. John has over 20 years of experience in the capital markets and has spent six years in structured finance where he executed over $4 billion in transactions. He has worked at a major Canadian law firm as a securities associate, focusing on the public equities market with emphasis on mergers and acquisitions. In addition, Mr. John also has regulatory experience through his tenure at Investment Industry Regulatory Organization of Canada, the Ontario Securities Commission and the Toronto Stock Exchange. Mr. John holds a Bachelor of Laws degree from Queens University and the ICD.D designation.

Sherry Porter, CM - Director

Ms. Porter is a seasoned executive with 30 years of experience with a myriad of organizations in Canada. She has held senior corporate roles with Sobeys Inc., Nova Scotia Power, Shoppers Drug Mart and The Caldwell Partners. She also has experience with trade associations in the grocery and retail drug area. She was the founding President and CEO of the Canadian Association of Chain Drug Stores, working with the chief executive officers of the traditional drug chains, mass merchants and grocery operations in Canada. Ms. Porter chaired the Board of Directors of the Nova Scotia Liquor Corporation from 2010-2017 and is currently a board member of the Halifax International Airport Authority and Pharmasave Atlantic. She is a Vice Chair of Dalhousie University, where she serves as Chair of the Governance, Human Resources and Nomination committee, and she also serves as a board member of the QEII Health Sciences Centre Foundation and the Symphony Nova Scotia Foundation.

Stephen Smith - Director

Mr. Smith currently serves on the board of directors of MAV Beauty Brands Inc. (Audit Committee Chair), and Freshii Inc. (Lead Director and Audit Committee Chair). From 2018 to 2019, Mr. Smith served on the board of directors of Newstrike Brands Ltd. (Lead Director and Audit Committee Chair). From 2013 to 2017, Mr. Smith served on the board of directors of CST Brands Inc., an SEC registrant (Audit Committee and Executive Committee). From 2014 to 2018, Mr. Smith held the position of Executive Vice President and Advisory Board Director of Jackman Reinvention, Inc., a privately held brand and strategy consulting firm in Toronto. From 2007 until 2013, Mr. Smith served as co-Chief Executive Officer and Chief Financial Officer of Cara Operations Limited (now Recipe Unlimited), Canada's oldest and largest full-service restaurant company. From 1985 to 2007, Mr. Smith held various senior and executive level positions, including Executive Vice President, from 1999 to 2006, with Loblaw Companies Limited, the leading food and pharmacy retailer in Canada. Mr. Smith is a Chartered Professional Accountant (CPA, CA) and holds a Bachelor of Commerce degree from the University of Toronto.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Other than as set out below, no director or executive officer of the Company is, as of the date of this Annual Information Form or within ten years prior to the date of this Annual Information Form has been, a director, chief executive officer of chief financial officer of any company (including the Company) that:

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, and was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set out below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(i) is, or within ten years prior to the date of this Annual Information Form has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has, within ten years prior to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Derrick West acted for Landdrill International Ltd. ("**Landdrill**") as its Chief Financial Officer from March 2007 through June 2012. On October 12, 2012, the New Brunswick Securities Commission issued a cease trade order against Landdrill under Section 188.2 of the *Securities Act* (New Brunswick) for failure to file interim financial statements together with the related Management's Discussion and Analysis and certification of interim filings for the period ended June 30, 2012. On October 15, 2012, the British Columbia Securities Commission issued a similar cease trade order under Section 164 of the Securities Act (British Columbia) against Landdrill. On January 11, 2013, the Alberta Securities Commission issued a cease trade order under Section 33.1 of the *Securities Act* (Alberta) for failure to file interim financial statements together with the related Management's Discussion and Analysis and certification of interim filings for the periods ended June 30, 2012, and September 30, 2012. The filing deficiencies were attributable to Landdrill having had made a filing under the *Companies' Creditors Arrangement Act* (Canada) in an effort to restructure its affairs in order to continue as a going concern. The TSX-V suspended trading in Landdrill's shares on October 12, 2012. On May 30, 2013, Landdrill was declared bankrupt pursuant to the *Bankruptcy and Insolvency Act* (Canada).

CONFLICTS OF INTEREST

The Company may from time to time become involved in transactions which conflict with the interests of the directors and the officers of the Company. The interest of these persons could conflict with those of the Company. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws.

In particular, in the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the board of directors of the Company are required to act honestly, in good faith and in the best interest of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On March 3, 2017, a claim (the "**Claim**") in connection with a proposed class action lawsuit was filed with the Nova Scotia Supreme Court seeking to represent a class of persons and entities who purchased medical cannabis that was the subject of the Company's product recalls in December 2016 and January 2017, as it may have contained trace elements of the pesticides myclobutanil and bifenazate which are not approved for use in cannabis production. The Claim identifies several causes of action including, among others: (i) negligent design, development and testing, (ii) negligent manufacturing, (iii) negligent distribution, marketing and sale, (iv) breach of contract, (v) unjust enrichment, and (vi) breach of the *Competition Act*, the *Consumer Protection Act*, and the *Sale of Goods Act*, and is seeking remedy in the form of, among other things, the disgorgement of profits accrued to the Company for the sale of contaminated products, exemplary or punitive damages and certain costs. The Claim was amended on November 16, 2017, to include a claim for alleged adverse health consequences caused as a result of using the recalled product. As at the date hereof, the Company has not received any medical information demonstrating adverse health effects caused as a result of using the recalled product. The class action alleges damages for two main types of claims: 1) consumer based claims relating to the transaction costs for the product and 2) claims for damages resulting from adverse health effects of the recalled product.

The Nova Scotia Supreme Court certified the Claim as a class action on January 18, 2019. Certification is not a decision on the merits of the lawsuit, but deals with the proper procedure and allows it to continue to the next stage of litigation. The Company filed an appeal of the certification of the claims alleging adverse health effects with the Nova Scotia Court of Appeal. On April 30, 2020, the Nova Scotia Court of Appeal partially overturned the certification, thereby significantly reducing the scope of the claim against the Company. On June 26, 2020, the plaintiff filed an application for leave to appeal the Nova Scotia Court of Appeal's decision to the Supreme Court of Canada. On November 5, 2020, the Supreme Court of Canada dismissed the leave to appeal with costs.

Notwithstanding the decision by the Supreme Court of Canada to dismissed the leave to appeal, any person or entity is still permitted to bring an individual claim against the Company in relation to health impacts alleged to have been suffered as a result of use of the recalled product. Despite the dismissal of the leave to appeal the Nova Scotia Court of Appeal decision, the consumer based claims remain. Class members have been notified of the appeal decision and have a period of time during which they may opt-out of the class action. As of the date hereof, one individual has filed an action against the Company in relation to the alleged adverse health consequences caused by using the recalled product.

The Company is contesting the remainder of the Claim. The Company reported the Claim to its insurance provider which appointed counsel to defend the Claim. Insurance may be available to cover all or a portion of the fees or damages which may be associated with the Claim although the Company's coverage may be subject to varying limits and exclusions.

The litigation process will continue into the foreseeable future unless settled out of court. No amount has been recorded in the consolidated financial statements since the amount cannot be reliably measured at this point.

On June 16, 2020, a legal action was commenced in the Court of Queen's Bench in Alberta, which action seeks damages against many of the largest Canadian cannabis companies, including the Company. The action is not certified, and does not particularize the claims against the Company or any other companies.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, or principal shareholder of the Company and no associate or affiliate of the foregoing have had a material interest, direct or indirect, in any transaction in which the Company has participated within the three most recently completed financial years or during the current financial year, which has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Company is TSX Trust Company at its offices in Vancouver, British Columbia and Toronto, Ontario. VStock Transfer, LLC is the Company's co-transfer agent in the United States.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, there are no contracts entered into by the Company during the twelve-month period ending August 31, 2020, which are material or entered into before the twelve-month period ending August 31, 2020, but are still in effect which are material, except as disclosed below:

- the License (as described under "*General Development of the Business - Licenses" and "Description of the Business - Organigram Licenses*");
- the Amended and Restated Credit Agreement; and
- the Warrant Indenture (as described under "*Capital Structure - Warrants*").

Copies of the License, the Credit Agreement, as amended, and the Warrant Indenture are available under the Company's corporate profile on the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website at www.sec.gov.

INTERESTS OF EXPERTS

Deloitte LLP are the auditors of the Corporation. Deloitte LLP is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of New Brunswick and within the meaning of the United States Securities Act of 1933, as amended and the applicable rules and regulations thereunder adopted by the Securities Exchange Commission and the Public Company Accounting Oversight Board (United States).

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The charter of the Company's Audit Committee is attached to this Annual Information Form as Appendix "A".

Composition of Audit Committee & Relevant Education and Experience

As of August 31, 2020 and the date hereof, the members of the Audit Committee are Stephen Smith (Chair), Dexter John, and Ken Manget, each of whom is independent and financially literate within the meaning of National Instrument 52-110. The education and experience of each Audit Committee member are described in this Annual Information Form under the section entitled "*Directors and Executive Officers*".

Each of the Audit Committee members has an understanding of the accounting principles used to prepare the Company's financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The Company’s Board of Directors has determined that Stephen Smith qualifies as an “audit committee financial expert” (as defined in paragraph (8)(b) of General Instruction B to Form 40-F under the Exchange Act). The United States Securities and Exchange Commission has indicated that the designation of a director as an audit committee financial expert does not make such director an "expert" for any other purpose, impose any duties, obligations or liability on such director that are greater than those imposed on members of the Audit Committee and Board who do not carry this designation or affect the duties, obligations or liability of any other member of the Audit Committee.

The Audit Committee has the primary function of fulfilling its responsibilities in relation to reviewing the integrity of the Company's financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Company's compliance with legal and regulatory requirements, selecting the external auditor for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; and reviewing the qualifications, independence and performance of the Company's internal auditors. The Audit Committee has specific responsibilities relating to the Company's financial reports; the external auditor; the internal audit function; internal controls; regulatory reports and returns; legal or compliance matters that have a material impact on the Company; and the Company's whistleblowing procedures. In fulfilling its responsibilities, the Audit Committee meets regularly with the internal and external auditor and key management members. Information concerning the relevant education and experience of the Audit Committee members can be found in "*Directors and Executive Officers*" above. The full text of the Audit Committee's charter is disclosed in Appendix "A".

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Company's external auditor not been adopted by the board of directors of the Company.

Pre-Approval Policies and Procedures

The Audit Committee will pre-approve all non-audit services to be provided to the Company or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Audit Committee may delegate to one or more of its members the authority to pre-approve non- audit services but preapproval by such member or members so delegated shall be presented to the full Audit Committee at its first scheduled meeting following such pre-approval.

External Auditor Service Fees.

The following table sets forth, by category, the fees for all services rendered by the Company's external auditors, Deloitte LLP, for the financial years ended August 31, 2020 and 2019, are as set out below (including estimates).

Type of Work	**Year ended 31-Aug-20**		**Year ended 31-Aug-19**	
	Fees	**Percentage**	**Fees**	**Percentage**
Audit fees (1)	$762,683	94%	$734,200	91%
Audit-related fees (2)	$2,562	1%	$1,854	1%
Tax fees (3)	$43,817	5%	$68,299	8%
All other fees	$-	-%	$-	-%
Total	**$809,062**	**100%**	**$804,353**	**100%**

Notes:

(1) For the year ended August 31, 2020 ("**FY'2020**") and for the year ended August 31, 2019 (" **FY'2019**") audit fees were comprised of quarterly reviews, the annual audit and includes fees for auditor comfort letters provided with respect to a base shelf prospectus and two prospectus supplement documents filed by the Company.

(2) For FY'2020 audit related fees were comprised of fees for Canadian Public Accountability Board (CPAB) participation while for FY'2019 audit related fees are comprised of CPAB participation fees.

(3) Includes fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees" for work done during the designated periods . This category includes fees for tax compliance and advisory work. The FY'2019 tax fees includes tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Company and securities authorized for issuance under equity compensation plans, is contained in the Company's Management Information Circular relating to the most recent annual meeting of shareholders of the Company. Additional financial information is contained in the Company's financial statements and management discussion and analysis for the year ended August 31, 2020. Additional information relating to the Company may also be found on the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website at www.sec.gov. Copies of all of these documents may be obtained upon request from Organigram's Investor Relations department at 35 English Drive, Moncton, New Brunswick E1E 3X3.

APPENDIX "A" - AUDIT COMMITTEE CHARTER

ORGANIGRAM HOLDINGS INC.
(THE "CORPORATION")
CHARTER OF THE AUDIT COMMITTEE

This Charter of the Audit Committee (the " **Charter**") was adopted by the board of directors of the Corporation (the " **Board**") on August 26, 2019, and last reviewed on August 26, 2020.

1. Purpose

The Audit Committee (the "**Committee**") is a committee of the Board. The members of the Committee and the chair of the Committee (the "**Chair**") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Corporation's financial controls and reporting and monitoring whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. Composition

(a) The Committee should be comprised of a minimum of three directors of the Corporation.

(b) All members of the Committee must meet the independence and audit committee composition requirements promulgated by all governmental and regulatory bodies having jurisdiction over the Corporation as may be in effect from time to time, including Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Rule 5605 of the Nasdaq Marketplace Rules, National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"), and the relevant rules of any other stock exchanges on which the Corporation's securities are listed. In general, each member of the Committee must be free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

(c) All members of the Committee must be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements). At least one member of the Committee must satisfy the definition of "financial expert" as set out in Item 407(d)(5)(ii) of Regulation S-K under the United States Securities Act of 1933, as amended, and the Exchange Act.

(d) The Board shall designate the Chair of the Committee, who shall have responsibility for overseeing that the Committee fulfills its mandate and duties effectively. If the Board does not designate a Chair, the Committee will elect a Chair from among their members.

(e) Any member of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy will exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

(f) No members of the Committee shall receive, directly or indirectly, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Corporation or any of its related parties or subsidiaries.

3. Limitations on Committee's Duties

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee will be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (a) the integrity of the persons and organizations from whom they receive information, (b) the accuracy and completeness of the information provided, (c) representations made by management of the Corporation ("**Management**") as to the non-audit services provided to the Corporation by the external auditor, (d) financial statements of the Corporation represented to them by a member of Management or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with applicable generally accepted accounting principles, and (e) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. Meetings

The Committee shall meet regularly, but not less frequently than quarterly. A quorum for the transaction of business at any meeting of the Committee will be a majority of the members of the Committee or such greater number as the Committee will by resolution determine. The Committee will keep minutes of each meeting of the Committee. A copy of the minutes will be provided to each member of the Committee.

Meetings of the Committee will be held from time to time and at such place as any member of the Committee will determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor will be entitled to request that the Chair call a meeting.

The Committee may ask members of Management and employees of the Corporation (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee will have full access to information of the Corporation (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and will be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Corporation with Management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the Corporation's interim financial statements.

The Committee will determine any desired agenda items.

5. Committee Responsibilities

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee is mandated to carry out the following responsibilities:

External Auditors

(a) Subject to applicable law, appointing, compensating, overseeing and terminating the external auditors. The external auditors shall report directly to the Committee and shall be accountable to the Board and the Committee as representatives of the shareholders.

(b) Pre-approving all non-audit mandates and fees for services the external auditor shall undertake, and considering whether the nature of such services will harm the firm's independence in carrying out its audit function.

(c) Reviewing, negotiating and either signing or recommending to the Board the execution of all engagement letters of the external auditors, both for audit and non-audit services.

(d) Satisfying itself, on behalf of the Board, that the external auditor is independent of Management. In assessing such independence, the Committee shall discuss with the external auditors, and may require a letter from the external auditor outlining any relationships between the external auditors and the Corporation or its affiliates.

(e) Reviewing the audit plan of the external auditors, the integration of the external audit with the internal control program, and the results of the audit, which shall include reviewing the external auditor's letter to Management and Management's response thereto and other material written communications between Management and the external auditors.

(f) Reviewing the performance of the external auditors, including the compensation, scope, and timeliness of the audits and all other related services and any non-audit services provided by the external auditors.

(g) Satisfying itself, annually or more frequently as the Committee considers appropriate, as to the external auditors' internal quality control procedures and any material issues raised by the most recent internal quality control review, or peer review, of the external auditor, or by any public enquiry, review, or investigation by governmental, professional or other regulatory authorities.

(h) Periodically reviewing and discussing with Management and the external auditors the quality and acceptability of the Corporation's accounting policies and practices, the materiality levels which the external auditors propose to employ, any significant changes in the accounting policies and any proposed changes in accounting or financial reporting that may have a significant impact on the Corporation.

(i) Discussing with Management and the external auditors of the Corporation all alternative treatments of financial information within International Financial Reporting Standards ("**IFRS**") accounting principles that have been discussed with Management by the external auditors, the ramifications of these alternative treatments and the treatment preferred by the external auditors.

(j) Reviewing, where there is to be a change of external auditors, all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 - *Continuous Disclosure Obligations* or any successor legislation ("**NI 51-102**"), and the planned steps for an orderly transition. The Committee shall further review all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102 or any successor legislation, on a routine basis, whether or not there is to be a change of external auditor.

(k) Establishing and overseeing policies with regards to the hiring by the Corporation of any partners, employees, and any former partners or employees of any present or former firms that acted as external auditors of the Corporation.

Financial Information

(l) Ensuring, through discussions with Management and the external auditors, that the audited annual financial statements and the unaudited quarterly financial statements, as applicable, present fairly (in accordance with IFRS) in all material respects the financial condition, results of operations and cash flows of the Corporation as of and for the periods presented and, where appropriate, recommending for approval to the Board such financial statements of the Corporation.

(m) Reviewing any errors or omissions in the current or prior year's financial statements.

(n) Reviewing with the external auditors the level of co-operation they received from Management, employees and personnel of the Corporation during the audit process, any issues encountered by the auditors and any impediments on the external auditor's work.

(o) Reviewing and resolving any disagreements between Management and the external auditors with respect to accounting practices and principles.

(p) Monitoring the objectivity and credibility of the Corporation's financial reports.

(q) Reviewing the status of material contingent liabilities as reported to the Committee by the Corporation's Management, and the manner in which any material contingent liability has been disclosed in the Corporation's financial statements.

(r) Reviewing any legal matters or claims that could have a material impact on the financial statements of the Corporation, and the manner in which any such legal matters or claims have been disclosed in the Corporation's financial statements.

(s) Reviewing any reserves, accruals, provisions, estimates or adopted programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition that may have a material effect upon the financial statements of the Corporation.

(t) Reviewing the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Corporation and their impact on the reported financial results of the Corporation.

(u) Reviewing the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Corporation's operations.

(v) Reviewing Management's determination of tangible or intangible asset impairment, if any, as required by applicable accounting standards.

(w) Reviewing the annual report to shareholders and other financial information (including the annual and quarterly management's discussion and analysis, the annual information form and any prospectus, offering circular or other disclosure document issued by the Corporation or on behalf of the Corporation) prepared by the Corporation with Management and, where appropriate, recommending such documents for approval to the Board and for filing with regulatory bodies.

(x) Reviewing any news releases and reports to be issued by the Corporation containing earnings guidance or financial information for research, analysts and rating agencies. The Committee shall also review the Corporation's policies relating to financial disclosure and the release of earnings guidance and the Corporation's compliance with financial disclosure rules and regulations.

(y) Remaining apprised, through discussions with Management and the external auditors, of important trends and developments in financial reporting practices and requirements and their effect on the Corporation's financial statements, including consolidated financial statements.

(z) Reviewing the financial statements and other financial information of material subsidiaries of the Corporation and any auditor recommendations concerning such subsidiaries.

(aa) Reviewing the financial reporting obligations of the Corporation pursuant to its by-laws, its borrowing covenants, the *Canada Business Corporations Act* and applicable securities regulation and monitor the Corporation's compliance thereunder.

Internal Control

(bb) Annually and in advance of each respective fiscal period, completing a financial review of the Corporation's strategic plan and annual budget, and reporting to the Board the results of its review.

(cc) Overseeing the adequacy and effectiveness of the Corporation's internal control systems, through discussions with the Corporation's external auditors and Management, and reporting its findings to the Board on an annual basis.

(dd) Reviewing and comparing Management's quarterly report of operating against its budget variances and reporting the results of such review and comparison to the Board.

(ee) Establishing procedures for:

(i) The receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(ii) The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(ff) Annually reviewing the Corporation's Whistleblower Policy and its effectiveness and enforcement.

Compliance with Legal and Regulatory Requirements

(gg) Reviewing with Management, and/or any internal or external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Corporation and any material reports.

(hh) Reviewing with Management and the Board any issues with regulatory agencies that are likely to have a significant financial impact on the Corporation.

(ii) Reviewing with counsel the adequacy and effectiveness of the Corporation's procedures to ensure compliance with the legal and regulatory responsibilities.

(jj) Reviewing the status of income tax returns and any significant tax issues as they are reported to the Committee by Management or the Board.

(kk) Reviewing any inquiries, investigations, or audits of a financial nature by any government, regulatory, or taxation authorities.

(ll) Reviewing any legal matters or claims that could have a material impact on the Corporation's compliance policies or any material reports, inquiries, or other correspondence received from regulators or governmental agencies.

Other

(mm) Assisting the Board in the discharge of its duties relating to the Corporation's accounting policies and practices, reporting practices and internal controls, including under its by-laws, securities regulations and otherwise.

(nn) Reviewing the appointments of the Corporation's Chief Financial Officer, internal auditor (or persons appointed to perform the internal audit function), and any key financial executives involved in the financial reporting process of the Corporation and any material subsidiary.

(oo) Establishing and overseeing the effectiveness of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing under the Corporation's Whistleblower Policy.

(pp) Ensuring that this Charter or an appropriate summary of it which has been granted approval by the Committee is properly disclosed in accordance with any securities laws or regulatory requirements.

(qq) Reviewing the integrity of the Corporation's financial reporting processes, both internal and external, in consultation with the external auditor.

(rr) Periodically assessing the Corporation's need for an internal audit function, if not present.

(ss) Reviewing all material balance sheet issues, material contingent obligations and material related party transactions.

(tt) Taking such other actions within the general scope of its responsibilities as the Committee shall deem appropriate or as directed by the Board.

6. Resources

(a) The Committee shall have the authority, in its sole discretion, to retain independent legal, accounting and other consultants to advise the Committee at the expense of the Corporation. The Committee shall be provided with the necessary funding to compensate the external auditors and any other advisors they engage.

(b) The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors and legal counsel, and any information with regards to the Corporation as it considers necessary in order to discharge its duties under this Charter.

(c) The Committee, through the Chair, may contact any director, member of Management or other officer or employee of the Corporation as it deems necessary, and any director, member of Management or other officer or employee of the Corporation may bring any matter before the Committee involving illegal, questionable, improper, or unethical practices or transactions.

(d) The external auditors shall be entitled to communicate directly with the Chair of the Committee and may meet separately with the Committee and any member of the Committee.

(e) The Committee may request any director, member of Management or other officer or employee of the Corporation or the Corporation's external counsel or external auditors to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee. The Committee shall have full access to all of the Corporation's books, records, properties, facilities and personnel, subject to compliance with any leases or similar contacts governing same.

(f) The Committee may delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate from time to time.

7. Annual Evaluation

At least annually, the Committee shall, in a manner it determines to be appropriate:

(a) Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter.

(b) Review and assess the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee believes to be appropriate.

8. Inconsistencies with Applicable Laws

In the event of any conflict or inconsistency between this Charter and the applicable laws, in each case as amended, restated or amended and restated from time to time, the provisions hereof shall be ineffective and shall be superseded by the provisions of such applicable laws to the extent necessary to resolve such conflict or inconsistency.

ORGANIGRAM HOLDINGS INC.
(the "Corporation")

CODE OF BUSINESS CONDUCT AND ETHICS

This Code of Business Conduct and Ethics (the " **Code**") was adopted by the board of directors of the Corporation (the " **Board**") on August 26, 2019 and last reviewed and revised on August 26, 2020.

The objective of this Code is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the Corporation and its subsidiaries (collectively, the "**Organigram Entities**"). This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but sets out basic principles to guide all directors, managers, officers, employees and consultants of the Organigram Entities (collectively, "**Organigram Personnel**" or "**you**"). All Organigram Personnel must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. This Code and specific related policies and guidelines (including the Corporation's Insider Trading Policy) put in place from time to time by the Organigram Entities will govern your employment or other relationship with the Organigram Entities.

Each Organigram Personnel must act with integrity and observe the highest ethical standards of business conduct in his or her dealings with the Corporation's security holders, customers, suppliers, partners, service providers, competitors, employees and anyone else with whom he or she has contact in the course of performing his or her job. While the Code does not, and cannot, deal with every situation that may arise, the principles outlined in the Code should be seen as providing a baseline for honest and ethical decision-making. The Corporation shall ensure that each Organigram Personnel is provided with a copy of the Code and signs an acknowledgment of receipt and review in Section 5 hereto on an annual basis.

If a law conflicts with a policy in this Code, Organigram Personnel must comply with the law. If a local custom or policy conflicts with this Code, Organigram Personnel must comply with this Code. If you have any questions about these conflicts, you should ask a senior officer of the Corporation how to handle the situation. **Any questions regarding the Code should be addressed to your supervisor or the Chair of the Board of the Corporation.**

Organigram Personnel who violate the standards in this Code will be subject to disciplinary action, up to and including termination of their employment or other relationship with the Organigram Entities. If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines described below under "Compliance Procedures".

1. The Code

A. Compliance with Laws, Rules and Regulations (including Insider Trading Laws)

Obeying the law, both in letter and in spirit, is the foundation on which the Organigram Entities' ethical standards are built and is critical to our reputation and continued success. All Organigram Personnel must respect and obey the laws of the various jurisdictions in which the Organigram Entities operate and avoid even the appearance of impropriety. Although not all Organigram Personnel are expected to know the details of these laws, it is important to know enough to determine when to seek advice from senior management or other appropriate personnel. The Chair of the Board is available to assist in determining applicable legal requirements and to seek the advice of legal counsel where appropriate.

Organigram Personnel must cooperate fully with those (including the Chief Executive Officer and the Chief Financial Officer) responsible for preparing reports filed with the securities regulatory authorities and all other materials that are made available to the investing public to ensure those persons are aware in a timely manner of all information that is required to be disclosed. Organigram Personnel should also cooperate fully with the independent auditors in their audits and in assisting in the preparation of financial disclosure.

B. Conflicts of Interest

Organigram Personnel are required to act with honesty and integrity and to avoid or fully disclose any interest, relationship or activity that may be harmful or detrimental to the Corporation's best interests or that may give rise to real, potential or the appearance of a conflict of interest with the interests of any of the Organigram Entities.

A "**conflict of interest**" exists when a person's private interests interfere in any way with the interests of the Corporation. A conflict of interest can arise when Organigram Personnel take actions or have interests that may make it difficult for them to perform their work for the Corporation objectively and effectively. Conflicts of interest also may arise when Organigram Personnel or members of their families receive improper personal benefits as a result of their positions with any Organigram Entity.

Conflicts of interest are prohibited as a matter of policy, except as may be approved by the board of directors of the Corporation. Conflicts of interest may not always be clear-cut. If you have a question, you should consult with your supervisor or department head. Any Organigram Personnel who become aware of a conflict or potential conflict should bring it to the attention of a supervisor and consult the procedures described below under "Compliance Procedures".

C. Confidentiality

Organigram Personnel must maintain the confidentiality of confidential information entrusted to them by any Organigram Entity and persons with whom the Organigram Entities do business, except when disclosure is required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors or harmful to any Organigram Entity or the person to whom it relates if disclosed. The obligation to preserve the confidentiality of confidential information continues even after Organigram Personnel cease to have a relationship with any of the Organigram Entities.

Organigram Personnel who have access to confidential information are not permitted to use or share that information for trading purposes or for any other purpose except the conduct of the Organigram Entities' business. All Organigram Personnel should read and abide by the Corporation's Disclosure and Confidential Information Policy.

D. Corporate Opportunities

Organigram Personnel are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or positions without the consent of the Corporation's Board and from using corporate property, information or positions for improper personal gain. No Organigram Personnel may compete with the any of the Organigram Entities directly or indirectly. Organigram Personnel owe a duty to each Organigram Entity to advance its legitimate interests when the opportunity to do so arises.

E. Protection and Proper Use of the Organigram Entity Assets

All Organigram Personnel should endeavor to protect the Organigram Entity assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the profitability of the Organigram Entities. Any suspected incident of fraud or theft should be reported immediately to your immediate supervisor or the Chair of the Board of the Corporation for investigation.

The obligation of Organigram Personnel to protect the assets of the Organigram Entities includes the Organigram Entities' proprietary information. Proprietary information includes any information that is not known generally to the public or would be helpful to competitors of any of the Organigram Entities. Examples of proprietary information include intellectual property (such as trade secrets, patents, trademarks and copyrights), business, marketing and service plans, designs, databases, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate the Organigram Entity policy and could be illegal and result in civil or criminal penalties.

The obligation to preserve the confidentiality of proprietary information continues even after Organigram Personnel cease to have a relationship with any of the Organigram Entities.

The Corporation's assets may never be used for illegal purposes.

F. Information Protection

The Organigram Entities have physical and electronic safeguards in place to protect their information and all personal and confidential information entrusted to them. Organigram Personnel should use these safeguards to minimize the risk of unauthorized or accidental disclosure of such information. Unauthorized collection, use or disclosure of personal or confidential information can harm the Organigram Entities and their stakeholders and damage the trust that has been built. Breaches can be verbal, written or electronic and can be caused by error or malicious intent. If you become aware of a potential privacy, confidentiality or information security breach, you must promptly report it.

G. Competition and Fair Dealing

The Organigram Entities seek to excel and to outperform any competitors fairly and honestly through superior performance and not through unethical or illegal business practices. Taking proprietary information without the owner's consent, inducing disclosure of that information by past or present employees of other persons or using that information is prohibited. Organigram Personnel should respect the rights of, and deal fairly with, the Organigram Entities' competitors and persons with whom the Organigram Entities have a business relationship. No Organigram Personnel should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of proprietary information, misrepresentation of material facts or any other intentional unfair-dealing practice. Nor should any Organigram Personnel act in a manner that may be anti-competitive under anti-trust laws. The Corporation's senior management and Chair of the Board are available to assist Organigram Personnel in determining the application of those laws and to seek the advice of legal counsel where appropriate.

H. Gifts and Entertainment

Business gifts and entertainment are customary courtesies designed to build goodwill and constructive relationships among business partners. These courtesies may include such things as meals and beverages, tickets to sporting or cultural events, discounts not available to the general public, accommodation and other merchandise or services. In some cultures, they play an important role in business relationships. However, a problem may arise when these courtesies compromise, or appear to compromise, an Organigram Entity's ability to make fair and objective business decisions or to gain an unfair advantage.

Offering or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business relationship should be avoided. These guidelines apply at all times and do not change during traditional gift-giving seasons.

No gift or entertainment should ever be offered, given, provided, authorized or accepted by any Organigram Personnel or their family members unless it is consistent with customary business practices, is not excessive in value, cannot be construed as a bribe or payoff and does not violate any laws. If a disinterested third party would be likely to believe that the gift affected your judgment, then it must not be offered, given, provided, authorized or accepted. All business dealings must be on arm's-length terms and free from any favourable treatment resulting from the personal interests of Organigram Personnel.

Strict rules apply when an Organigram Entity does business with governmental agencies and officials (as discussed in more detail below). Organigram Personnel should discuss with senior management of the Corporation any gifts or proposed gifts about which they have any questions.

I. Payments to Government Personnel

All Organigram Personnel must comply with all laws prohibiting improper payments to domestic and foreign officials. Other governments have laws regarding business gifts that may be accepted by government personnel. The promise, offer or delivery to an official or employee of various governments of a gift, favour or other gratuity in violation of these laws would not only violate the Organigram Entity's policies but could also be a criminal offence. Illegal payments should not be made to government officials of any country. The Corporation's Chair of the Board can provide guidance to Organigram Personnel in this area and seek the advice of legal counsel where appropriate.

J. Lobbying

Any contact with government personnel for the purpose of influencing legislation or rule making, including such activity in connection with marketing or procurement matters, is considered lobbying. You are responsible for knowing and adhering to all relevant lobbying laws and associated gift laws, if applicable and for compliance with all reporting requirements. You must obtain the prior approval of the Chair of the Board or Chief Executive Officer of the Corporation to lobby or authorize anyone else (for example, a consultant or agent) to lobby on behalf of any Organigram Entity, except when lobbying involves only normal marketing activities and not influencing legislation or rule making.

K. Discrimination and Harassment

The diversity of Organigram Personnel is a tremendous asset. The Organigram Entities are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination, violence or harassment of any kind. Examples include derogatory comments based on any prohibited grounds of the Human Rights Act including but not limited to race, ethnicity, religion, sexual orientation, age or gender and sexual advances. Violence and threatening behavior are not permitted. Organigram Personnel are encouraged to speak with their supervisor, Human Resources or the Chief Executive Officer when a co-worker's conduct makes them uncomfortable and to report harassment when it occurs. Effective September 1, 2020. confidential reports of discrimination, violence or harassment can be made to the Organigram Entities' third party incident reporting website at https://reporting.canaglobecompliance.com or by phone at 1-888-650-7768.

L. Health, Safety and Respect

The Corporation strives to provide all Organigram Personnel with a safe and healthy work environment. All Organigram Personnel have responsibility for maintaining a safe and healthy workplace by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions to a supervisor or department head. Being under the influence, and the possession, of recreational and/or illegal drugs in the workplace will not be tolerated. Organigram Personnel should report to work in condition to perform their duties, free from the influence of recreational and/or illegal drugs or alcohol.

The Corporation expects Organigram Personnel to interact with other Organigram Entity employees, customers and business partners with respect, honesty, and integrity.

M. Accuracy of Records and Reporting

The Organigram Entities require honest and accurate recording and reporting of information of the Corporation to make responsible business decisions. The Corporation's accounting records are relied upon to produce reports for management, directors, managers, securityholders, governmental agencies and persons with whom the Corporation does business. All of the Corporation's financial statements and the books, records and accounts on which they are based must appropriately reflect the Corporation's activities and conform to applicable legal, accounting and auditing requirements and to the Corporation's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless required by applicable law or regulation.

All Organigram Personnel have a responsibility, within the scope of their positions, to ensure that the Corporation's accounting records do not contain any false or intentionally misleading entries. The Corporation does not permit intentional misclassification of transactions as to accounts, departments or accounting records. All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper accounts and in the proper accounting period.

Organigram Personnel business expense accounts must be documented and recorded accurately. If Organigram Personnel are not sure whether a certain expense is legitimate, a supervisor or department head can provide advice. General rules and guidelines are available from the Corporation's Chief Executive Officer or Chair of the Board.

Business records and communications often become public through legal or regulatory proceedings or the media. Organigram Personnel should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations that can be misunderstood. This requirement applies equally to communications of all kinds, including e-mail, informal notes, internal memos and formal reports.

N. Use of E-mail and Internet Services

E-mail and internet services are provided to assist Organigram Personnel in carrying out their work. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. Organigram Personnel may not access, send or download any information that could be insulting or offensive to another person, such as sexually explicit messages, cartoons, jokes, unwelcome propositions, derogatory messages based on racial or ethnic characteristics, or any other message that could reasonably be viewed as harassment. Flooding Organigram Entities' system with junk mail and trivia hampers the ability of the system to handle legitimate business and is prohibited.

Messages (including voice-mail) and computer information sent, received or created by Organigram Personnel are considered property of the Organigram Entities and Organigram Personnel should recognize that these messages and information are not "private". Unless prohibited by law, the Organigram Entities reserve the right to access and disclose those messages and information as necessary for business purposes. Organigram Personnel should use good judgment and not access, send messages or store any information that they would not want to be seen or heard by others.

O. Fraud and Similar Irregularities

The Corporation's policy prohibits fraud and establishes procedures to be followed concerning the recognition, reporting and investigation of suspected fraud. Fraud includes, but is not limited to:

- Dishonest or fraudulent act;
- Embezzlement;
- Forgery or alteration of negotiable instruments such as corporate checks and drafts;
- Misappropriation of Corporation, employee, customer, partner or supplier assets;
- Conversion to person use of cash, securities, supplies or any other corporate asset;

- Unauthorized handling or reporting of corporate transactions; and
- Falsification of the Corporation's records or financial statements for personal or other reasons.

Directors and employees are obligated to protect the Corporation's assets and ensure their efficient use. Theft, carelessness and waste of corporate assets by Directors and employees are prohibited since such actions and conduct have a direct and negative impact on the Corporation's profitability. All of the Corporation's assets shall only be used for the legitimate business purposes of the Corporation.

Any director, employee or agent who suspects that any fraudulent activity may have occurred is required to report such a concern to one of the following individuals: Legal Counsel, Director of Internal Audit, Chair of the Audit Committee, the Security Department or the Chief Financial Officer.

All fraud investigations will be conducted under the direction of the Legal Department.

2. Waivers of the Code

Any waiver of this Code for directors or officers may be made only by the directors of the Corporation (or a committee of the Board to whom that authority has been delegated) and will be promptly disclosed as required by law or stock exchange regulation.

3. Reporting and Illegal or Unethical Behavior

Each of the Organigram Entities has a strong commitment to the conduct of its business in a lawful and ethical manner. Organigram Personnel are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. It is the policy of the Organigram Entities to maintain confidentiality and not to allow retaliation for reports of misconduct by others made in good faith. It is, at the same time, unacceptable to file a report knowing that it is false. All Organigram Personnel are expected to cooperate in internal investigations of misconduct.

4. Compliance Procedures

All Organigram Personnel must work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that the Organigram Entities have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will help you to focus on the specific question you are faced with and the alternatives you have. Use your judgement and common sense - if something seems like it might possibly be unethical or improper, it probably is.

- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your manager. This is the basic guidance for all situations. In many cases, your manager will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your manager's responsibility to help solve problems.
- Seek help from internal resources. In the rare case where it may not be appropriate to discuss an issue with your manager, or where you do not feel comfortable approaching your manager with your question, discuss it locally with your "two-up". If that is not appropriate for any reason, contact the Corporation's Chief Financial Officer, Chief Executive Officer or the Chair of the Board.
- You may report ethical violations without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected to the extent possible. The Organigram Entities do not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.

5. Acknowledgement of Receipt and Review

I, _____ (name), acknowledge that on _____ (date), I received a copy of Organigram Holdings Inc.'s Code of Business Conduct and Ethics and I read it, understood it and agree to comply with it.

_____
Signature

_____
Printed Name

_____
Date

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-234564 on Form F-10 and to the use of our report dated November 29, 2020 relating to the consolidated financial statements of Organigram Holdings Inc. appearing in this Annual Report on Form 40-F for the year ended August 31, 2020.

/s/ Deloitte LLP

Chartered Professional Accountants
Moncton, Canada
November 29, 2020