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 September 30, 2023 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.)*

1400-145 King Street West
Toronto, Ontario
Canada M5H 1J8
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 the Registrant's classes of capital or common stock as of the close of the period covered by the annual report: 81,161,630

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. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financials statements of the registrant included in the filing reflect correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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 "$" or "Cdn.$" 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 thirteen months ended September 30, 2023, together with the reports thereon of the independent registered public accounting firm	99.4
Management's Discussion and Analysis of the Company for the thirteen months ended September 30, 2023 (the "**MD&A**")	99.5
Annual Information Form of the Company for the year ended September 30, 2023 (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), Winnipeg Facility (as defined in the AIF) and Lac-Supérieur Facility (as defined in the AIF) licensing and target production capacity and timing thereof;
- Expectations regarding production capacity, facility size, THC (as defined in the AIF) content, costs and yields;
- Expectations regarding the prospects of the Company's collaboration and proposed transaction with BT DE Investments Inc., a wholly-owned subsidiary of British American Tobacco p.l.c. (referred to in the AIF and MD&A as "BAT");
- 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 cannabis 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 those relating to the recreational market, the medical cannabis markets domestically and internationally, and minor cannabinoids;

- The price of cannabis and derivative cannabis products;
- Expectations around the introduction of new genetics including consistency and quality of seeds and plants and the characteristics thereof;
- The impact of the Company's cash flow and financial performance on third parties, including its supply partners;
- Fluctuations in the price of the Common Shares and the market for the Common Shares;
- The treatment of the Company's business under governmental regulatory regimes and tax laws, including the *Excise Act 2001* (Canada) and the renewal of the Company's licenses 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 related to the war between Israel and Hamas and its impact on the supply of product and collection of accounts receivable in the market and the demand of product in Israel; and
- Expectations concerning Fiscal 2024 performance.

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. In addition, this Annual Report 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. 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. 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. These and other factors that may cause actual results or events to differ materially from these anticipated in the forward-looking information.

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 retail store closures or reduced sales at retail stores, or otherwise, due to COVID-19; heightened economic and industry uncertainty as a result of COVID-19 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 in the MD&A) 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 in the MD&A) or other applicable licenses; risk factors affecting its investees; availability of any required financing on commercially attractive terms or at all; 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 derivative 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 control 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 production activities will proceed as planned and demand for cannabis and related products will change in the manner expected by management.

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 September 30, 2023 based upon the daily exchange rate as quoted by the Bank of Canada was U.S.$1.00 = Cdn. $1.352.

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 interim 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 noted below and described in the MD&A.

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 September 30, 2023, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework (2013). Based on this evaluation management concluded that certain material weaknesses existed as of September 30, 2023, as described at page 42 of the MD&A under the heading "Management's Evaluation of Internal Control over Financial Reporting", filed as Exhibit 99.5 to this Annual Report.

Attestation Report of the Independent Registered Public Accounting Firm

KPMG LLP, an Independent Registered Public Accounting Firm has audited the Company's consolidated annual financial statements and has issued an adverse report on the effectiveness of Internal Control over Financial Reporting which is addressed to the Shareholders and Board of Directors of the Company and is incorporated into the Company's audited consolidated annual financial statements filed as Exhibit 99.4 to this Annual Report.

Changes in Internal Control over Financial Reporting

There has been a change to the Company's Internal Control over Financial Reporting ("ICFR") during the four months ended September 30, 2023 that has materially affected, or is likely to materially affect, the Company's ICFR. During the four months ended September 30, 2023, the Company substantially progressed its Enterprise Resource Planning (ERP) system implementation with the preparation for launch of the first phase of the ERP beyond the Moncton facility including the implementation of finance and supply chain modules at the Winnipeg and Lac-Supérieur facilities with a launch date of October 1, 2023. Subsequent to the end of Q4 Fiscal 2023, the Company announced the departure of Derrick West, Chief Financial Officer and the appointment of Paolo De Luca as Interim Chief Financial Officer. Other changes to the Company's ICFR during Fiscal 2023 that have materially affected, or are reasonably likely to materially affect, its ICFR have been described on page 41 of the MD&A under the heading "Material Changes to Internal Control Over Financial Reporting", filed as Exhibit 99.5 to this Annual Report.

CORPORATE GOVERNANCE

The Board of Directors is responsible for the Company's corporate governance and has the following separately designated standing committees: the Governance, Nominating and Sustainability Committee, the Compensation Committee, the Investment Committee, and the Audit Committee. The respective charters of the Governance, Nominating and Sustainability 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, Nominating and Sustainability Committee and Compensation Committee

The Governance, Nominating and Sustainability Committee is responsible for reviewing, overseeing and evaluating the governance, nominating and sustainability policies of the Company, and the Compensation Committee is responsible for reviewing, overseeing and evaluating the compensation policies of the Company.

The mandate of the Governance, Nominating and Sustainability Committee includes: (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; and (f) overseeing management succession.

The Compensation Committee is responsible for: (a) administering any securities-based compensation plans of the Company; (b) assessing the performance of the Company's management; (c) reviewing and approving the compensation paid by the Company, if any, to the Company's officers; and (d) 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 is also responsible for administering the Company's Policy for the Recovery of Erroneously Awarded Incentive-Based Compensation (the "**Recovery Policy**"), which has been adopted by the Board of Directors pursuant to Rule 5608 of the NASDAQ Marketplace Rules. A copy of the Recovery Policy is filed as Exhibit 97.1 to this Annual Report, and is also available on the Company's corporate website at www.organigram.ca.

The Compensation Committee also 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 Compensation 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, Nominating and Sustainability Committee and the Company's Compensation Committee are required under their respective Charters to meet at least semi-annually and more frequently as circumstances require.

The Governance, Nominating and Sustainability 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, Nominating and Sustainability Committee and the Compensation Committee 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 $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, Marni Wieshofer, Ken Manget and Simon Ashton. The Board of Directors has determined that all five 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 and effectiveness of internal control over financial reporting.

The Audit Committee is comprised of Stephen Smith (Chair), Ken Manget, Marni Wieshofer 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 four 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

Our independent registered public accounting firm is KPMG LLP, Vaughan, ON, Canada, Auditor Firm ID: 85. Tabular disclosure of the amounts billed to us by our independent auditors for each of our last fiscal years ended August 31, 2022 and September 30, 2023 as Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees, is made on page 70 of the AIF, filed as Exhibit 99.6 to this Annual Report.

Audit Fees

Audit Fees include fees necessary to perform the annual audit including the audit of internal controls over financial reporting 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, 2022 ("**FY'2022**") audit fees were comprised of quarterly reviews, the annual audit (including the audit of internal controls over financial reporting) and a securities engagement. For the year ended September 30, 2023 ("**FY'2023**") audit fees were comprised of quarterly reviews, the annual audit (including the audit of internal controls over financial reporting) and securities engagements.

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 and advisory in FY'2023 and FY'2022. Tax advice includes advice related to mergers and acquisitions and a captive insurance structure.

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, of which there were none in FY'2023 and FY'2022.

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 external 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.

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 and 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 September 30, 2023. The Code is available on the Company's corporate website at www.organigram.ca and under the Company's SEDAR+ profile on www.SEDARplus.ca 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 September 30, 2023.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Company sent during the year ended September 30, 2023, 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* ("**Form 58-101F1**"). 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 external 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 external 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). Under applicable Canadian rules, the Company's compensation committee is not required to include a prescribed number of independent directors.

However, pursuant to Form 58-101F1, the Company must disclose what steps its board of directors takes to ensure an objective process for determining the compensation of the directors and officers of the Company, if its compensation committee is not comprised entirely of independent directors.

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. Under applicable Canadian rules, the Company's nominating committee is not required to include a prescribed number of independent directors. However, pursuant to Form 58-101F1, the Company must disclose what steps its board of directors takes to ensure an objective process for encouraging an objective nomination process for new directors of the Company, if its nominating committee is not comprised entirely of independent directors.

The Company's Governance, Nominating and Sustainability Committee and Compensation Committee: The Company has adopted a Governance, Nominating and Sustainability Committee Charter and a Compensation Committee Charter (the "Charters") 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, Nominating and Sustainability 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. In the event that the Governance, Nominating and Sustainability Committee or the Compensation Committee ceases to comprised of only independent directors, the Company will disclose the steps its Board of Directors takes to ensure an objective process for the nomination of new directors of the Company or the determination of the compensation of the Company's directors and officers, as the case may be.

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.sedarplus.ca.

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: December 19, 2023 **Organigram Holdings Inc.**

By: /s/ Paolo De Luca

Paolo De Luca

Interim Chief Financial Officer

Exhibit Index

Exhibit Number	Exhibit Description
97.1	Policy for the Recovery of Erroneously Awarded Incentive-Based Compensation
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 interim 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 interim 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 thirteen months ended September 30, 2023, together with the reports of the Independent Registered Public Accounting Firm thereon
99.5	Management's Discussion and Analysis for the thirteen months ended September 30, 2023
99.6	Annual Information Form of the Company for the thirteen months ended September 30, 2023
99.7	The Company's Code of Business Conduct and Ethics as approved on September 30, 2023
99.8	Consent of KPMG LLP, Independent Registered Public Accounting Firm
99.9	Glossy Annual Report
99.10	News Release dated December 19, 2023
101.INS	XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

ORGANIGRAM HOLDINGS INC.
(the "Corporation" or "Organigram")

POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED INCENTIVE-BASED COMPENSATION

This Policy for the Recovery of Erroneously Awarded Inventive-Based Compensation (the "Policy") was adopted by the board of directors (the "Board") of the Corporation on November 30, 2023 (the "Effective Date").

Purpose

This Policy has been adopted by the Board in accordance with certain listing standards of the Nasdaq Stock Market LLC ("Nasdaq") mandated by Rule 10D-1 (as hereinafter defined), to facilitate reasonably prompt recovery by the Corporation of the amount of any Incentive-Based Compensation that is deemed to have been erroneously awarded in the event that the Corporation is required to restate its financial statements due to material non-compliance with any financial reporting requirement under relevant Securities Laws (as hereinafter defined).

1. Definitions

1.1 In this Policy, the following terms will have the following meanings:

a) **"Accounting Restatement"** means an accounting restatement due to material noncompliance of the Corporation with any financial reporting requirement under the Securities Laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period;

b) **"Canadian Securities Laws"** means all applicable securities laws of each of the provinces and territories of Canada in which the Corporation is a "reporting issuer", and the respective rules and regulations made and forms prescribed under such laws, together with all applicable published instruments, policy statements, blanket orders, rulings and notices adopted by the securities regulatory authorities in such provinces and territories;

c) **"Compensation Committee"** means the Compensation Committee of the Board;

d) **"Erroneously Awarded Incentive-Based Compensation"** means that portion of any Incentive-Based Compensation that has been paid to an Executive Officer and is recoverable under Section 4.1 of this Policy, as such Erroneously Awarded Incentive-Based Compensation is determined under this Policy;

e) **"Exchange Act"** means the United States Securities Exchange Act of 1934, as amended;

f) **"Executive Officer"** means any individual deemed to be an "executive officer" of the Corporation under Rule 10D-1, and shall include the Corporation's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Corporation in charge of a principal business unit,

division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (including an executive officer of a subsidiary of the Corporation) who performs similar policymaking functions for the Corporation;

g) **"Financial Reporting Measures"** means any measures that are determined and presented in accordance with the accounting principles used in preparing the Corporation's financial statements, and any measures derived wholly or in part from such measures whether or not the measure is presented within the financial statements or included in a filing with the SEC;

h) **"Incentive-Based Compensation"** means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure;

i) **"MJDS"** means the United States/Canada multi-jurisdictional disclosure system;

j) **"Received"** means, in the context of Incentive-Based Compensation, the actual or deemed receipt in the Corporation's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period;

k) **"Recovery Period"** has the meaning set forth in Section 4.3;

l) **"Rule 10D-1"** means Rule 10D-1 adopted by the SEC under the Exchange Act;

m) **"SEC"** means the United States Securities and Exchange Commission;

n) **"Securities Laws"** means the Exchange Act and the United States Securities Act of 1933, as amended, and, to the extent that the Corporation has filed any of its financial statements with the SEC under the Exchange Act in reliance on the MJDS, Canadian Securities Laws; and

o) **"TSR"** means total shareholder return.

2. Administration

2.1. This Policy will be administered by the Compensation Committee which will be empowered to, with consideration of applicable Securities Laws:

a) interpret and administer this Policy;

b) make determinations as to whether any Incentive-Based Compensation that has been Received by the current and former Executive Officers of the Corporation constitutes Erroneously Awarded Incentive-Based Compensation in the event of an Accounting Restatement;

c) take action to enforce on behalf of the Corporation any recovery of any Erroneously Awarded Incentive-Based Compensation;

d) make any other determinations that the Compensation Committee deems necessary or desirable to give effect to the objectives of this Policy; and

e) periodically review legislative developments that may have an impact on this Policy, and report to the Board any recommendations.

2.2 In addition to any authority provided under its charter, the Compensation Committee will have the authority to engage and retain independent legal counsel, independent accounting advisors and any outside professional advisor that it determines necessary to carry out its duties, at the expense of the Corporation, without the Board's approval and at any time, and has the authority to determine any such advisor's fees and other retention terms

Interpretations

2.3 This Policy is intended to be a "Recovery Policy" for the purposes of Nasdaq Listing Rule 5608 and will be interpreted by the Compensation Committee consistent with Rule 10D-1. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Corporation's chief executive officer and chief financial officer.

Compliance

2.4 The Compensation Committee may require that any employment agreement, offer letter, compensation plan, equity award agreement, or any other agreement entered into on or after the Effective Date require an Executive Officer to agree to abide by the terms of this Policy. Further, the Compensation Committee may require each Executive Officer to acknowledge this Policy through execution of the form of acknowledgement attached hereto as Appendix A (or such other form as approved from time-to-time by the Compensation Committee).

3. Scope and Interpretation of this Policy

Scope of Accounting Restatements Subject to Policy

3.1 The Accounting Restatements that will trigger the obligation to recover Erroneously Awarded Incentive-Based Compensation will include any restatement of any of the financial statements of the Corporation filed with the SEC under the Exchange Act to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. For clarity, Accounting Restatements include for the purposes of this Policy both:

a) big "R" restatements, being restatements to correct an error material to previously issued financial statements; and

b) little "r" restatements, being restatements to correct errors that were not material to those previously issued financial statements but would result in a material misstatement if (i) the errors were left uncorrected in the current report or (ii) the error correction was recognized in the current period.

Determination of When Incentive-Based Compensation is Received

3.2 Incentive-Based Compensation will be deemed Received in the fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award was attained, even if the payment or grant occurs after the end of that period.

4. Recovery of Erroneously Awarded Incentive-Based Compensation

4.1 In the event that the Corporation is required to prepare an Accounting Restatement, the Corporation will reasonably promptly take action to recover the amount of any Erroneously Awarded Incentive-Based Compensation that has been Received by each applicable Executive Officer:

a) after beginning services as an Executive Officer;

b) who served as Executive Officer at any time during the performance period for that Incentive-Based Compensation;

c) while the Corporation has a class of securities listed on Nasdaq (or another national securities exchange in the United States); and

d) during the three completed fiscal years immediately preceding the date on which the Corporation was required to prepare the Accounting Statement, as this three-year period is determined under Section 4.3 below.

4.2 Recovery will be required on a "no fault" basis, without regard to whether an Executive Officer engaged in any misconduct or whether the Executive Officer was responsible for the erroneous financial statements that led to the Accounting Restatement.

Determination of Recovery Period

4.3 The recovery period for the determination of Erroneously Awarded Incentive-Based Compensation (the "Recovery Period") will be determined as the three completed fiscal years immediately preceding the date that the Corporation is required to prepare an Accounting Restatement, as that date is determined under Section 4.3. In the event of a change in the financial year of the Corporation, the Recovery Period will also include any transition period that results from a change in the Corporation's fiscal year within or immediately following those three completed fiscal years, provided that a transition period between the last day of the Corporation's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year.

Scope of Incentive-Based Compensation Subject to Recovery

4.5 The amount of any Erroneously Awarded Incentive-Based Compensation to be recovered under Section 4.1 will be determined as follows for each applicable Executive Officer:

a) the amount of Incentive-Based Compensation that has been Received by the Executive Officer during the Recovery Period to which this Policy applies, less

b) the amount of the Incentive-Based Compensation that would have been received in respect of the Recovery Period had the Incentive-Based Compensation been determined based on the restated amount.

4.6 Erroneously Awarded Incentive-Based Compensation will include any Incentive-Based Compensation that was based on stock price or TSR to the extent that the Incentive-Based Compensation was inaccurate as a result of the Accounting Restatement. For Incentive-Based Compensation based on stock price or TSR, where the amount of Erroneously Awarded Incentive-

Based Compensation is not subject to mathematical recalculation directly from the information in the Accounting Restatement:

a) the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received, and

b) the amount of the Incentive-Based Compensation that would have been received in respect of the Recovery Period had the Incentive-Based Compensation been determined based on the restated amount.

4.7 The Compensation Committee shall promptly notify each Executive Officer with a written notice containing the amount of any Erroneously Awarded Compensation and a demand for repayment or return of such compensation.

4.8 The amount of any Erroneously Awarded Incentive-Based Compensation will be computed without regard to any taxes paid by the Executive Officer.

4.9 To the extent that the Executive Officer has already reimbursed the Corporation for any Erroneously Awarded Compensation Received under any duplicative recovery obligations established by the Corporation or applicable law, it shall be appropriate for any such reimbursed amount to be credited to the amount of Erroneously Awarded Compensation that is subject to recovery under this Policy.

4.10 Notwithstanding anything in this Policy, in no event will the Corporation be required to award any Executive Officer an additional payment or other compensation if the Accounting Restatement would have resulted in the grant, payment or vesting of Incentive-Based Compensation that is greater than the Incentive-Based Compensation actually received by the affected Executive Officer. The recovery of Erroneously Awarded Incentive-Based Compensation is not dependent on if or when the restatement is filed.

5. Reporting

Reporting of Erroneously Award Compensation

5.1 In the event of an Accounting Restatement pursuant to which the Compensation Committee has considered whether recovery of any Erroneously Awarded Incentive-Based Compensation is required, the Compensation Committee will prepare a report to management of the Corporation detailing the information required to be reported by the Corporation with respect to such Accounting Restatement on the Form 40-F or other form of annual report to be filed by the Corporation under the Exchange Act for the fiscal year in which the Accounting Restatement occurred and in any other filing required to be made by the Corporation under Securities Laws.

Documentation

5.2 The Compensation Committee will maintain documentation as to the determination of the amount of any Erroneously Awarded Incentive-Based Compensation, including any reasonable estimates made during the calculation process, and any efforts undertaken to recover Erroneously Awarded Incentive-Based Compensation. The Corporation will provide this information to Nasdaq upon its request.

6. Enforcement of Recovery

6.1 Upon a determination by the Compensation Committee that the Corporation is obligated to recover Erroneously Awarded Incentive-Based Compensation under Section 4.1, the Corporation will take steps to recover such Erroneously Awarded Incentive-Based Compensation other than in circumstances where each of (a) and (b) below apply:

a) one of the following circumstances exists:

   i. the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, provided that before concluding that it would be impracticable to recover any amount of Erroneously Awarded Incentive-Based Compensation based on expense of enforcement, the Corporation has made a reasonable attempt to recover such Erroneously Awarded Incentive-Based Compensation and documented such reasonable attempt(s) to recover (which documentation will be provided to Nasdaq at the request of Nasdaq);

   ii. recovery would violate any applicable Canadian federal or provincial law where that law was adopted prior to November 28, 2022, provided that the Corporation has obtained an opinion of its Canadian counsel, in a form acceptable to Nasdaq, that recovery would result in such a violation, and such opinion is provided to Nasdaq; or

   iii. recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder; and

b) the Compensation Committee, or a majority of the independent directors of the Board, has made a determination that recovery would be impracticable.

Deferred Payment Plans

6.2 The Compensation Committee may consider the establishment of a deferred payment where recovery is required from an Executive Officer and where the deferred payment plan allows the Executive Officer to repay the Erroneously Awarded Incentive-Based Compensation as soon as possible without unreasonable economic hardship to the Executive Officer, depending on the facts and circumstances; provided that any such deferred payment plan shall be narrowly tailored to the Erroneously Awarded Incentive-Based Compensation being recovered so as not to constitute a personal loan to the Executive Officer that is prohibited by Section 13(k) of the Exchange Act.

Recovery of Costs

6.3 If an Executive Officer fails to repay all Erroneously Awarded Incentive-Based Compensation when due, the Corporation will take all actions reasonable and appropriate to recover the Erroneously Awarded Incentive-Based Compensation from the Executive Officer, and in that case the Executive Officer will be required to reimburse the Corporation for all reasonable expenses incurred in recovering the Erroneously Awarded Incentive-Based Compensation from the Executive Officer.

Other Legal Remedies

6.4 Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Corporation under applicable law, regulation or rule, or under the terms of any similar policy or agreement in any employment agreement, offer letter, compensation plan, equity award agreement, or similar agreement and any other legal remedies available to the Corporation.

7. Prohibition on Indemnification

Prohibition on Indemnification

7.1 The Corporation shall not be permitted to indemnify or insure any Executive Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Corporation's enforcement of its rights under this Policy. Further, the Corporation shall not enter into any agreement that exempts any Incentive-based Compensation that is granted, paid or awarded to an Executive Officer from the application of this Policy or that waives the Corporation's right to recovery of any Erroneously Awarded Compensation, and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date of this Policy).

Insurance

7.2 The Corporation will not purchase or pay or reimburse any Executive Officer for any insurance policy to cover losses incurred by any Executive Officer under this Policy.

Other Recovery Rights

7.3 This Policy shall be binding and enforceable against all Executive Officers and, to the extent required by applicable law or guidance from the SEC or Nasdaq, their beneficiaries, heirs, executors, administrators or other legal representatives. The Board intends that this Policy will be applied to the fullest extent required by applicable law. Any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement with an Executive Officer shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Executive Officer to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Corporation under applicable law, regulation or rule or pursuant to the terms of any policy of the Corporation or any provision in any employment agreement, equity award agreement, compensatory plan, agreement or other arrangement.

APPENDIX A

ATTESTATION AND ACKNOWLEDGEMENT OF POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED INCENTIVE-BASED COMPENSATION

By my signature below, I hereby acknowledge and agree that:

- I have received and read the attached Policy for the Recovery of Erroneously Awarded Incentive-Based Compensation, as adopted by resolution of the Board of Directors of Organigram Holdings Inc..

- I hereby agree to abide by all of the terms of this Policy both during and after my employment with the Corporation, including, without limitation, by promptly repaying or returning any Erroneously Awarded Incentive-Based Compensation to the Corporation as determined in accordance with this Policy

DATED this _____ day of _____, 20__ .

_____
Signature

_____
Name (Please Print)

_____
Position (Please Print)

Exhibit 99.1

CERTIFICATION

I, Beena Goldenberg, 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: December 19, 2023

/s/ Beena Goldenberg
Beena Goldenberg
Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.2

CERTIFICATION

I, Paolo De Luca, 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: December 19, 2023

/s/ Paolo De Luca
Paolo De Luca
Interim Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. s.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 September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Beena Goldenberg, 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.

December 19, 2023

By:
/s/ Beena Goldenberg
Beena Goldenberg
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. s.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 September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paolo De Luca, Interim 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.

December 19, 2023

By:
/s/ Paolo De Luca
Paolo De Luca
Interim 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.

ORGANIGRAM



Q4 2023

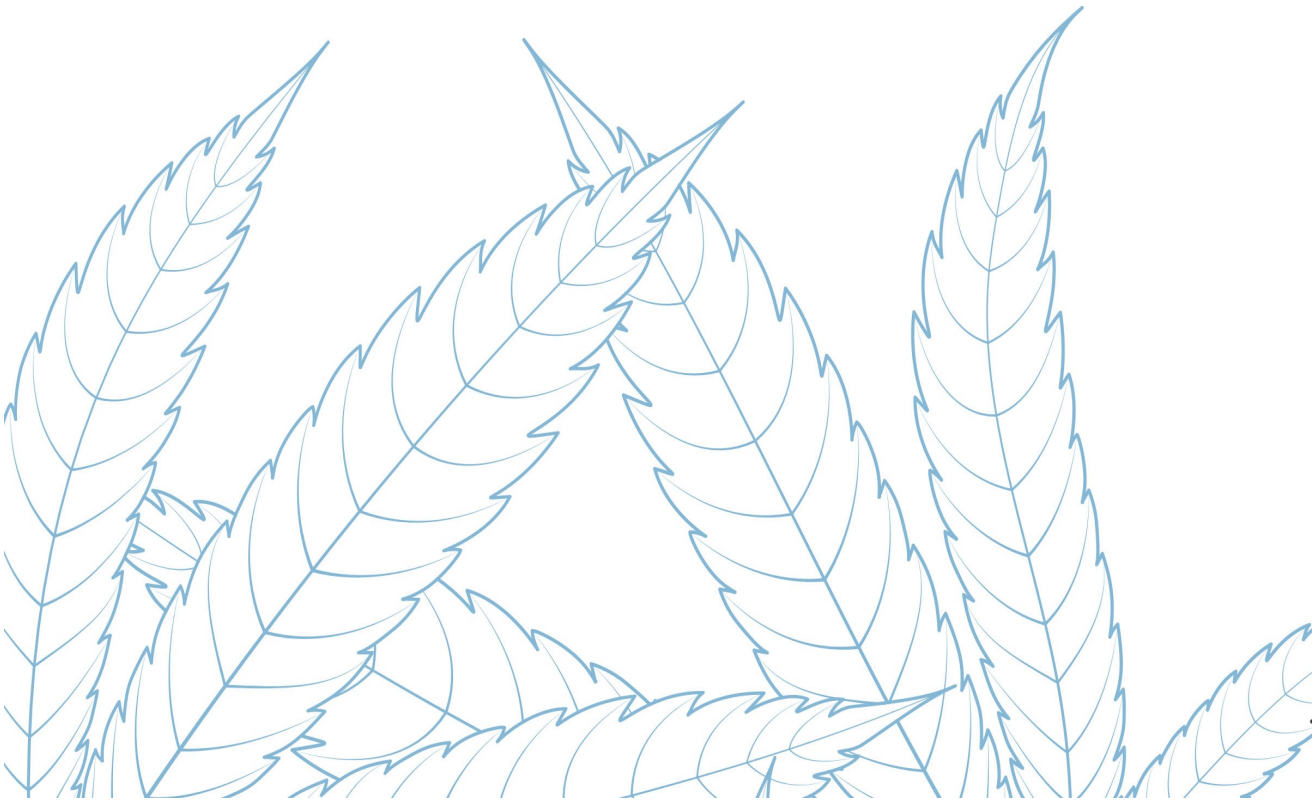
Organigram Holdings Inc.

Consolidated Financial Statements

For the thirteen months ended September 30, 2023
and the year ended August 31, 2022

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December 19, 2023

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.

(signed) 'Beena Goldenberg'
Chief Executive Officer
Toronto, Ontario

(signed) 'Paolo De Luca'
Chief Financial Officer
Toronto, Ontario

KPMG LLP
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Tel 905-265 5900
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www.kpmg.ca

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Organigram Holdings Inc. and subsidiaries (the Company) as of September 30, 2023 and August 31, 2022, the related consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the thirteen month period ended September 30, 2023 and the year ended August 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2023 and August 31, 2022, and the results of its operations and its cash flows for the thirteen month period ended September 30, 2023 and the year ended August 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated December 19, 2023 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the 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 consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of measurement of fair value of biological assets

As discussed in notes 3 iv and xx to the consolidated financial statements, 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 inventories after harvest. As disclosed in note 6 to the consolidated financial statements, as of September 30, 2023, the carrying value of the Company's biological assets was $17,355 thousand. The fair value less costs to sell of biological assets is determined using a model which utilizes an estimate of the expected average yield per plant in grams for plants currently being cultivated, multiplied by the average selling price per gram and then adjusted for any additional costs to be incurred, such as post-harvest costs.

We identified the assessment of the significant assumptions used to estimate the fair value less costs to sell of biological assets as a critical audit matter as a high degree of auditor judgment was required to evaluate the significant assumptions. The significant assumptions used to determine the fair value less costs to sell of biological assets are expected average yield per plant and average selling price per gram.

The following are the primary procedures we performed to address this critical audit matter. We tested the expected average yield per plant by observing the number of grams harvested from certain plants at a selection of post-harvest weigh ins and comparing the number to the actual harvest records. We tested the average selling price per gram by comparing to actual sales prices per gram as set out in sales invoices for transactions in the fourth quarter and subsequent to year end. We performed sensitivity analyses over the Company's significant assumptions used to determine the fair value less costs to sell of biological assets to assess the impact of changes in these assumptions on the Company's determination of fair value less costs to sell.

Determination of the recoverable amount of each individual cash generating unit ('CGU') and group of CGUs and the fair value less costs of disposal of property, plant and equipment of the Moncton Campus CGU

As discussed in Note 3 ix, goodwill and indefinite life intangible assets are tested annually for impairment during the fourth quarter, or more frequently when there is an indication that goodwill and indefinite life intangible assets may be impaired. Property, plant and equipment and definite life intangible assets are reviewed each reporting period for indicators of impairment. 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 Company monitors goodwill at the group of CGUs level and accordingly for the purpose of impairment testing, goodwill has been allocated to the group of CGUs. There may be an indication of an impairment of an individual CGU within a group of CGUs containing the goodwill. In such circumstances, the Company tests the individual CGU for impairment first, and recognizes any impairment loss for that CGU, before testing for impairment of the group of CGUs to which the goodwill is allocated. If the recoverable amount of the individual CGU is less than

its carrying amount, any resulting impairment loss is allocated to the assets within the individual CGU on a pro rata basis using the carrying amount of each asset within the individual CGU. If the recoverable amount of the group of CGUs is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis for each individual CGU. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset or lower level CGUs below its recoverable amount determined based on the higher of fair value less costs of disposal and value in use. As discussed in Note xx, the recoverable amount of an individual CGU and group of CGUs is determined based on value in use which involves the use of a discounted cash flow model and significant assumptions which include forecasted cash flows, terminal growth rate and post-tax discount rates. In allocating any impairment loss, the Company determines the recoverable amounts of its property, plant and equipment. The recoverable amount of property and plant is determined based on fair value less costs of disposal and involves the use of capitalization rates, market rentals, market transactions and demolition costs. The recoverable amount of equipment is determined based on fair value less costs of disposal and involves the use of replacement cost assumptions. The Company determined there were indicators of impairment on individual CGUs and the group of CGUs at May 31, 2023, and in addition to performing the annual impairment test, as at September 30, 2023. The Company identified indicators of impairment at each date, which resulted in impairment loss being recognized at each of these period ends. As discussed in Note 9 to the consolidated financial statements, the intangible assets and goodwill balance as of September 30, 2023 was $10,624 thousand after impairment of $44,856 thousand. As discussed in Note 8 to the consolidated financial statements, the property, plant and equipment balance as of September 30, 2023 was $99,046 thousand after impairment of $165,255 thousand.

We identified the determination of the recoverable amount of each individual CGU and the group of CGUs and the fair value less costs of disposal of property, plant and equipment of the Moncton Campus CGU as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate: (1) the forecasted cash flows, terminal growth rate and post-tax discount rate assumptions used in the Company's determination of the value in use for each individual CGU and group of CGUs; (2) the capitalization rates, market rental rates, market transactions and demolition costs assumptions used in the Company's determination of the fair value less costs of disposal of property and plant of the Moncton Campus CGU; (3) the replacement cost assumptions used in the Company's determination of the fair value less costs of disposal of equipment of the Moncton Campus CGU. These assumptions were challenging to test as they represented subjective determinations of future market and economic conditions that were also sensitive to variation. Changes to these assumptions could have had a significant impact on the Company's determination of the value in use of each individual CGU and group of CGUs and the Company's determination of the fair value less costs of disposal of property, plant and equipment for the Moncton Campus CGU, and the resulting impairment charges that were recognized. In addition, the audit effort associated with these estimates required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. For the determination of the value in use of the individual CGUs and the group of CGUs, we compared the Company's historical cash flow forecasts to actual results to assess the Company's ability to accurately forecast cash flows. We evaluated the reasonableness of the Company's forecasted cash flows by comparing the forecasted cash flows to historical actual results, planned business initiatives and external industry reports. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the terminal growth rate by considering the growth profile of the individual CGUs and group of CGUs and overall macroeconomic conditions

- assessing the Company's post-tax discount rate against discount rate ranges that were independently developed using publicly available market data for comparable companies
- performing sensitivity analyses over the Company's post-tax discount rate to assess the impact on the determination of the value in use
- assessing the reasonableness of fair value less costs of disposal of property and plant of the Moncton Campus CGU by evaluating the capitalization rate, market rentals, market transactions and demolition costs by comparing against publicly available market data, such as industry reports and market research
- assessing the reasonableness of fair value less costs of disposal of equipment of the Moncton Campus CGU by evaluating the Company's estimates of replacement cost by assessing the reasonableness of inflation indices applied to historical costs and vendor quotes and by comparing to secondary market data comparable transactions.

KPMG LLP

We have served as the Company's auditor since 2020.

Vaughan, Canada
December 19, 2023

KPMG LLP
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Tel 905-265 5900
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Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Organigram Holdings Inc.'s and subsidiaries' (the Company) internal control over financial reporting as of September 30, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of September 30, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of September 30, 2023 and August 31, 2022, the related consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the thirteen month period ended September 30, 2023 and the year ended August 31, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated December 19, 2023 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses related to the following have been identified and included in management's assessment:

- An ineffective control environment due to the lack of fully trained personnel in financial reporting, accounting and IT with assigned responsibility and accountability related to ICFR.
- An ineffective information process resulting from ineffective general IT controls, ineffective controls related to complex spreadsheets, and ineffective controls over information from service organizations, resulting in insufficient controls to ensure the relevance, timeliness and quality of information used in control activities.
- As a consequence of the above, the Company had ineffective control activities related to the design, implementation and operations of process level and financial statement close controls which had a pervasive impact on the Company's ICFR.

The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the September 30, 2023 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Evaluation of Internal Control over Financial Reporting" found in Management's Discussion and Analysis. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

Vaughan, Canada
December 19, 2023

ORGANIGRAM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2023 and August 31, 2022
(Expressed in CDN $000's except share and per share amounts)

	SEPTEMBER 30, 2023	AUGUST 31, 2022
ASSETS		
Current assets		
Cash	$ 33,864	$ 68,515
Short-term investments (Note 4)	—	30,092
Account and other receivables (Note 5)	30,157	46,372
Biological assets (Note 6)	17,355	17,968
Inventories (Note 7)	63,598	50,314
Prepaid expenses and deposits	11,002	8,362
	155,976	221,623
Restricted funds (Note 26)	17,893	26,820
Property, plant and equipment (Note 8)	99,046	259,819
Intangible assets and goodwill (Note 9)	10,624	56,239
Deferred charges and deposits (Note 8)	613	5,537
Other financial assets (Note 10)	8,437	—
Investments in associates (Note 17)	5,284	6,288
Net investment in sublease	582	781
	$ 298,455	$ 577,107
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 20,007	$ 40,864
Other liabilities (Note 11)	1,062	10,360
Income taxes payable (Note 25)	94	1,421
Provisions (Note 12)	90	2,560
Current portion of long-term debt (Note 13)	76	80
Derivative liabilities (Note 14)	1,102	—
	22,431	55,285
Long-term debt (Note 13)	79	155
Derivative liabilities (Note 14)	771	4,873
Other long-term liabilities (Note 16)	3,551	5,119
Deferred income taxes (Note 25)	—	3,617
	26,832	69,049
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	776,906	769,725
Equity reserves (Note 15)	33,404	28,338
Accumulated other comprehensive loss (Note 10)	(159)	(78)
Accumulated deficit	(538,528)	(289,927)
	271,623	508,058
	$ 298,455	$ 577,107

Subsequent events (Note 29)

On behalf of the Board:
/s/Beena Goldenberg, Director
/s/Peter Amirault, Director

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

ORGANIGRAM HOLDINGS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the thirteen months ended September 30, 2023 and year ended August 31, 2022

(Expressed in CDN $000's except share and per share amounts)

	THIRTEEN MONTHS ENDED SEPTEMBER 30, 2023	YEAR ENDED AUGUST 31, 2022
REVENUE		
Gross revenue (Note 21)	$ 233,647	$ 209,109
Excise taxes	(72,008)	(63,300)
Net revenue	161,639	145,809
Cost of sales (Note 7 and Note 22)	136,437	119,037
Gross margin before fair value adjustments	25,202	26,772
Realized fair value on inventories sold and other inventory charges (Note 7)	(56,187)	(35,204)
Unrealized gain on changes in fair value of biological assets (Note 6)	68,981	40,001
Gross margin	37,996	31,569
OPERATING EXPENSES		
General and administrative (Note 24)	53,030	42,908
Sales and marketing	19,348	16,860
Research and development	13,201	5,962
Share-based compensation (Note 15 (iv))	5,273	4,745
Impairment of property, plant and equipment (Note 8)	165,255	4,245
Impairment of intangible assets and goodwill (Note 9)	44,856	—
Total operating expenses	300,963	74,720
LOSS FROM OPERATIONS	(262,967)	(43,151)
Financing costs	301	429
Investment income	(3,993)	(1,487)
Insurance recoveries	(213)	(181)
Government subsidies	(194)	(154)
Share of loss from investments in associates (Note 17)	1,004	1,364
Impairment (recovery) of loan receivable	(66)	250
Loss on disposal of property, plant and equipment	418	6,580
Change in fair value of contingent share consideration (Note 16 (i))	(3,364)	(2,621)
Change in fair value of derivative liabilities and other financial assets (Note 10 and Note 14)	(4,372)	(32,650)
Legal provision recovery (Note 12 and Note 23)	(75)	(310)
Loss before tax	(252,413)	(14,371)
Income tax expense (recovery) (Note 25)		
Current, net	(195)	400
Deferred, net	(3,617)	(488)
NET LOSS	$ (248,601)	$ (14,283)
OTHER COMPREHENSIVE INCOME (LOSS)		
Exchange differences and change in fair value of investments at FVTOCI (Note 10)	(159)	—
NET LOSS AND COMPREHENSIVE LOSS	$ (248,760)	$ (14,283)
Net loss per common share, basic (Note 15 (v))	$ (3.058)	$ (0.185)
Net loss per common share, diluted (Note 15 (v))	$ (3.058)	$ (0.184)

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

ORGANIGRAM HOLDINGS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the thirteen months ended September 30, 2023 and year ended August 31, 2022
(Expressed in CDN $000's except share and per share amounts)

	NUMBER OF SHARES[1]	SHARE CAPITAL	EQUITY RESERVES	ACCUMULATED OTHER COMPREHENSIVE LOSS	ACCUMULATED DEFICIT	SHAREHOLDERS' EQUITY
Balance - September 1, 2021	74,696,506	$730,803	$24,724	$(78)	$ (275,644)	$479,805
Shares issued related to business combination, net of issue costs of $12 (Note 15 (iii) and Note 27)	259,798	3,488	—	—	—	3,488
Shares issued related to business combination, net of issue costs of $55 (Note 15 (iii) and Note 27)	2,724,111	27,513	—	—	—	27,513
Share-based compensation (Note 15 (iv))	—	—	5,127	—	—	5,127
Exercise of stock options (Note 15 (iii))	25,200	127	(53)	—	—	74
Exercise of restricted share units (Note 15 (iii))	64,751	1,239	(1,239)	—	—	—
Exercise of performance share units (Note 15 (iii))	18,584	221	(221)	—	—	—
Exercise of top-up rights, net of issue costs of $ 18 (Note 15 (iii))	664,929	6,334	—	—	—	6,334
Net loss	—	—	—	—	(14,283)	(14,283)
Balance - August 31, 2022	78,453,879	$ 769,725	$ 28,338	$ (78)	$ (289,927)	$ 508,058
Balance - September 1, 2022	78,453,879	$ 769,725	$ 28,338	$ (78)	$ (289,927)	$ 508,058
Shares issued to former shareholders of EIC, net of issue costs of $19 (Note 15 (iii) and Note 27)	2,621,370	6,481	—	—	—	6,481
Share-based compensation (Note 15 (iv))	—	—	5,727	—	—	5,727
Exercise of stock options (Note 15 (iii))	26,300	69	(30)	—	—	39
Exercise of restricted share units (Note 15 (iii))	59,138	621	(621)	—	—	—
Exercise of performance share units (Note 15 (iii))	948	10	(10)	—	—	—
Rounding of fractional shares after share consolidation	(5)	—	—	—	—	—
Net loss	—	—	—		(248,601)	(248,601)
Other Comprehensive loss	—	$ —	$ —	$ (81)	$ —	(81)
Balance - September 30, 2023	81,161,630	$ 776,906	$ 33,404	$ (159)	$ (538,528)	$ 271,623

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

[1] The Company implemented a consolidation of its common shares in July 2023 and the number of common shares have been retrospectively adjusted. Refer to Note 1 for further information.

ORGANIGRAM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the thirteen months ended September 30, 2023 and year ended August 31, 2022
(Expressed in CDN $000's except share and per share amounts)

	YEAR ENDED	
	SEPTEMBER 30, 2023	AUGUST 31, 2022
CASH PROVIDED (USED)		
OPERATING ACTIVITIES		
Net loss	$ (248,601)	$ (14,283)
Items not affecting operating cash:		
Share-based compensation (Note 15 (iv))	5,727	5,127
Depreciation and amortization (Note 8 and Note 9)	26,188	24,907
Loss on disposal of property, plant and equipment and intangibles	418	6,580
Impairment of property, plant and equipment (Note 8)	165,255	4,495
Impairment of intangible assets and goodwill (Note 9)	44,856	—
Realized fair value on inventories sold and other inventory charges (Note 7)	56,187	35,204
Unrealized gain on changes in fair value of biological assets (Note 6)	(68,981)	(40,001)
Financing costs	301	429
Investment income	(3,993)	(1,487)
Share of loss from investments in associates (Note 17)	1,004	1,364
Change in fair value of contingent consideration (Note 16 (i))	(3,364)	(2,621)
Legal provision recovery (Note 12 and Note 23)	(75)	(310)
Change in fair value of derivative liabilities (Note 14)	(4,372)	(32,650)
Income tax expense (recovery) (Note 25)	(3,812)	(88)
Cash used in operating activities before working capital changes	(33,262)	(13,334)
Changes in non-cash working capital:		
Net change in accounts and other receivables, biological assets, inventories, prepaid expenses and deposits	13,552	(37,656)
Net change in accounts payable and accrued liabilities, provisions and other liabilities	(19,068)	14,779
Net cash used in operating activities	(38,778)	(36,211)
FINANCING ACTIVITIES		
Share issue costs	(19)	(85)
Payment of lease liabilities, net of sublease receipts (Note 16 (ii))	(750)	(931)
Payment of long-term debt (Note 13)	(87)	(82)
Stock options and top-up-rights exercised (Note 15 (iii))	39	6,426
Net cash (used in) provided by financing activities	(817)	5,328
INVESTING ACTIVITIES		
Purchase of short-term investments (Note 4)	(10,000)	(15,000)
Proceeds from short-term investments (Note 4)	40,476	113,098
Investment income received	3,589	1,487
Investments in associates (Note 17)	—	(2,624)
Advances to restricted funds, net (Note 26)	8,927	4,289
Acquisition of subsidiary (Note 27)	—	(8,439)
Other financial assets (Note 10)	(8,647)	—
Proceeds on sale of property, plant and equipment	1,027	—
Purchase of property, plant and equipment (Note 8)	(29,142)	(48,748)
Purchase of intangible assets (Note 9)	(1,286)	(30)
Net cash provided by investing activities	4,944	44,033
(DECREASE) INCREASE IN CASH	$ (34,651)	$ 13,150
CASH POSITION		
Beginning of period	$ 68,515	$ 55,365
End of period	$ 33,864	$ 68,515

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 (the "Common Shares") trading on the Toronto Stock Exchange ("TSX") and on the Nasdaq Global Select Market ("NASDAQ") under the symbol "OGI". The head office of the Company is 1400-145 King Street West, Toronto, Ontario, Canada, M5H 1J8 and the registered office 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); (ii) 10870277 Canada Inc., a special purpose holding company for the Company; (iii) The Edibles and Infusions Corporation ("EIC"), a cannabis processor of confectionary goods; and (iv) Laurentian Organic Inc. ("Laurentian"), an LP specializing in high-quality artisanal craft cannabis and premium hash products. Organigram Inc. was incorporated under the Business Corporations Act (New Brunswick) on March 1, 2013. The Company was incorporated under the Business Corporations Act (British Columbia) on July 5, 2010, and continued under the Canada Business Corporations Act ("CBCA") on April 6, 2016. 10870277 Canada Inc. was incorporated under the CBCA on July 4, 2018. EIC was incorporated under the Business Corporations Act (Ontario) on September 20, 2018. Laurentian was incorporated under the CBCA on March 18, 2019.

In May 2023, to better align the Company's financial statement reporting requirements with other public companies and calendar quarters, the Company's Board of Directors approved a change in the Company's fiscal year end from August 31 to September 30. The Company's next fiscal year will commence from October 1, 2023 through September 30, 2024 (fiscal 2024). As a result of the change in year end, the current period in these consolidated financial statements is for the thirteen months from September 1, 2022 through September 30, 2023, whereas the comparative period is for the twelve months from September 1, 2021 through August 31, 2022.

On June 19, 2023, the Company's Board of Directors approved the consolidation of the Company's issued and outstanding Common Shares at a consolidation ratio of four (4) pre-consolidation Common Shares for every post-consolidation common share (the "Share Consolidation"). The Share Consolidation was implemented with effect from July 5, 2023 to facilitate compliance with NASDAQ's listing requirements with respect to the minimum bid price for listed securities, reduce volatility, and to enhance the marketability of the Common Shares to institutional investors. In accordance with the International Financial Reporting Standards ("IFRS"), the change has been applied retrospectively and as a result, all disclosures of Common Shares, per Common Share data and data related to stock options, restricted share units ("RSU"), performance share units ("PSU"), warrants and top-up-rights in the accompanying consolidated financial statements and related notes reflect this Share Consolidation for all years presented.

2. BASIS OF PREPARATION

i. Statement of compliance

These consolidated financial statements have been prepared in accordance with the 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 December 19, 2023.

ii. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for biological assets, share-based compensation, contingent share consideration, short-term investments, other financial assets and derivative liabilities, 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 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 Company. The results of subsidiaries acquired during the year are consolidated from the date of acquisition.

Associates are all entities over which the Company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method after initial recognition at cost. Joint operations are arrangements in

which the Company has joint control. The Company includes its proportionate share of the assets acquired and expenses incurred of the joint operation.

iv. 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 as described in Note 17, 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 rates prevailing at the dates of the transactions. 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 operations and comprehensive loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at 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 the consolidated statements of operations and comprehensive loss within other comprehensive (loss) income and are accumulated in accumulated other comprehensive (loss) income.

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 (loss) income related to the foreign operation are recognized in the consolidated statements of operations and comprehensive 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 (loss) income 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.

iii. Financial assets

Accounts and other receivables are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, financial assets are classified as measured at: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

Financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that

otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Subsequent to initial measurement, financial assets are measured as follows:

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statements of operations and comprehensive loss.
- Financial assets at amortized costs: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statements of operations. Any gain or loss on derecognition is recognized in the consolidated statements of operations and comprehensive loss.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of operations. Other net gains and losses are recognized in other comprehensive income (loss). On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statements of operations and comprehensive loss.
- Equity instruments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized in income in the consolidated statement of operations unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to the consolidated statements of operations and comprehensive loss.

iv. 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 labour, 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. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position and unrealized fair value gains/losses on growth of biological assets are recorded on the consolidated statements of operations and comprehensive loss.

v. Inventories

Inventories of finished goods and packaging and supplies are initially valued at cost, and subsequently at the lower of cost and net realizable value on the consolidated statement of financial position. 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 operations and comprehensive loss at the time the inventory is sold.

vi. 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 asset 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, if any.

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:

Buildings	25 years
Growing and processing equipment	2-10 years
Computer equipment	5 years
Vehicles	5 years
Furniture and fixtures	10 years
Leasehold improvements	5 years
Right-of-use assets	term of lease

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 the consolidated statements of operations and comprehensive loss.

Construction in process is 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 each 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.

vii. 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, if any. The Company monitors goodwill at the group of cash-generating unit ("CGU") level and accordingly for the purpose of impairment testing, goodwill has been allocated to the group of CGUs.

Goodwill is tested annually for impairment at year end, or more frequently when there is an indication that goodwill may be impaired. If the recoverable amount, representing the higher of its fair value less cost to sell and its value in use, of the group of CGUs is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis, but not below the fair value of the assets, for each CGU. Any goodwill impairment loss is recorded in the consolidated statements of operations and comprehensive loss in the period of impairment. Previously recognized impairment losses for goodwill are not reversed in subsequent periods.

viii. Assets held for sale

Assets and liabilities held for sale are no longer depreciated and are presented separately in the consolidated 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.

ix. Impairment of non-financial assets

Goodwill and indefinite life intangible assets are tested annually for impairment during the fourth quarter, or more frequently when there is an indication that goodwill and indefinite life intangible assets may be impaired. Property, plant and equipment and definite life intangible assets are reviewed each reporting period for indicators of impairment. 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 Company monitors goodwill at the group of CGUs level and accordingly for the purpose of impairment testing, goodwill has been allocated to the group of CGUs. There may be an indication of an impairment of an individual CGU within a group of CGUs containing the goodwill. In such circumstances, the Company tests the individual CGU for impairment first, and recognizes any impairment loss for that CGU, before testing for impairment of the group of CGUs to which the goodwill is allocated. If the recoverable amount of the individual CGU is less than its carrying amount, any resulting impairment loss is allocated to the assets within the individual CGU on a pro rata basis using the carrying amount of each asset within the individual CGU. If the recoverable amount of the group of CGUs is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis for each individual CGU. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset or lower level CGUs below its recoverable amount determined based on the higher of fair value less costs of disposal and value in use.

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.

x. Share-based payments

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation cost 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 option pricing model and fair value for RSUs and 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 cost recognized is reflected in the period the estimate is revised. Cancellations of unvested equity settled share-based payments are accounted for as an acceleration of vesting and any remaining unamortized costs are recognized immediately in profit or loss.

For stock options granted to non-employees, the cost 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 payment cost is transferred from equity reserves to share capital.

xi. Investments in associates and joint operations

Associates are companies over which the Company has significant influence. 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.

The Company recognizes its share of the assets, liabilities, revenue and expenses of joint operations in accordance with the related agreements (Note 26).

Investments in associates are considered impaired and impairment losses are recognized if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. In such cases, the carrying value of the associate is written down to its recoverable amount which is the higher of value in use and fair value less costs of disposal.

xii. 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 intangible assets is recorded 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. Other intangible assets with a definite useful life are amortized over the estimated useful lives which are as follows:

License agreements	1-5 years
Brands	5 years
Non-compete agreements	5 years

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, but are tested for impairment annually. The Company does not have intangible assets not yet in use or indefinite lived intangible assets.

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 related expenditures that are not eligible to be capitalized are recognized as an expense in the consolidated statements of operations and comprehensive loss as incurred.

xiii. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation based on past events, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reasonably estimated. Provisions are measured at the present value of the estimated expenditures expected to settle the obligation, if the effect of the time value of money is material.

xiv. Loss per share

Basic and diluted loss per share is calculated by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding during the year. When there is net income, diluted loss per share is calculated in a similar manner, but with adjustments to give effect to all dilutive potential common shares outstanding during the year. The dilutive effect of warrants, options, top-up rights, RSUs and PSUs is calculated using the treasury stock method. Anti-dilutive effects of potential conversions of securities are ignored for this calculation.

xv. Revenue recognition

Revenue from the direct sale of cannabis dried flower and cannabis derivative products for a fixed price is recognized when the Company transfers control of the goods to the customer, which is at point of delivery.

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 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.

xvi. Derivative liabilities

Derivative liabilities are initially recognized at fair value at the date on which the derivative contract was entered into. Any attributable transaction costs are recognized in the consolidated statements of operations and comprehensive loss as incurred. Subsequent to initial recognition, derivative liabilities are measured at fair value at each reporting date until settlement, with the re-measurement gain or loss being recognized immediately in the consolidated statements of operations and comprehensive loss. The Company does not enter into or hold derivative financial instruments for trading or speculative purposes.

For more details on derivative liabilities consisting of warrants, top-up rights, and a secured convertible loan, see Note 14.

xvii.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 in the consolidated statements of operations and comprehensive 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 year, using tax rates enacted, or substantively enacted, as at the end of the reporting year. Current tax expense (recovery) included in the consolidated statements of operations and comprehensive loss reflects the current tax for the reporting year, plus adjustments to the current tax of prior years, 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 consolidated 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 date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

xviii. 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 years presented.

xviii. Business combinations

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a

minimum, an input and substantive process and whether the acquired set of assets and activities has the ability to produce outputs.

The Company has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable assets acquired and liabilities assumed. Goodwill is the excess of consideration transferred over the fair value of the net tangible and intangible assets acquired, at the acquisition date and is tested annually for impairment, or when indicators of impairment arise. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of any pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

xix. 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 consolidated statements of operations and comprehensive 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 a subsidy related to assets, requires recording it as deferred income or deducting it from the carrying amount of the asset.

xx. 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 consolidated 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 the average selling price per gram and expected average yield per 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, forecast demand and average selling price for obsolete and unsaleable inventories. Refer to Notes 6 and 7 for further information.

2. **Useful lives and impairment of property, plant and equipment and finite-life intangible assets**
   Amortization of property, plant and equipment and finite life intangibles assets 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.

3. **Share-based payments**
   In determining the fair value of options and related costs, management estimates the expected life of the option, the expected volatility of the Company's share price, the risk-free interest rate, and the rate of forfeitures. Refer to Note 15 for further information.
4. **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.

5. **Impairment of non-financial assets**
   The recoverable amount of an individual CGU and group of CGUs is determined based on value in use which involves the use of a discounted cash flow model and significant assumptions which include forecasted cash flows, terminal growth rate and post-tax discount rates. In allocating any impairment loss, the Company determines the recoverable amounts of its property, plant and equipment. The recoverable amount of property and plant is determined based on fair value less costs of disposal and involves the use of capitalization rates, market rentals, market transactions and demolition costs.

The recoverable amount of equipment is determined based on fair value less costs of disposal and involves the use of replacement cost assumptions. The Company determined there were indicators of impairment on individual CGUs and the group of CGUs at May 31, 2023, and in addition to performing the annual impairment test, as at September 30, 2023. The Company identified indicators of impairment at each date, which resulted in impairment loss being recognized at each of these period ends.

6. Derivative liabilities

Warrants issued pursuant to equity offerings that are potentially exercisable in cash or on a cashless basis resulting in a variable number of shares being issued are considered derivative liabilities and therefore measured at fair value through profit or loss. The Company uses the Black-Scholes option pricing model to estimate the fair value of such warrants at inception, on each exercise, and subsequently at the period end date. The key assumption used in the model is the expected future volatility in the price of the Company's Common Shares.

The potential Common Share issuances in regards to top-up rights are considered derivative liabilities and therefore measured at fair value through profit or loss. The Company uses the Monte Carlo pricing model to estimate the fair value of such top-up rights at inception, on each exercise, and subsequently at year end. The key assumption used in the model is the expected future volatility of the price of the Company's Common Shares. The impact of changes in these key assumptions is described in Note 14.

7. Business combinations

Management performs a valuation analysis to allocate the purchase price based on the acquisition date fair values of the identifiable assets acquired and liabilities assumed. Determining the fair value of identifiable assets acquired and liabilities assumed on the acquisition date and contingent share consideration requires the use of judgment and estimates. With respect to the acquisitions, the significant assumptions related to estimating the fair value of the acquired licenses, brands and non-compete agreement, include: the royalty rate, forecasted revenues, forecasted cash flows, gross margin, and estimating time to market with or without key management. Management also exercises judgment in estimating the probability and timing of when earnout milestones are expected to be achieved, which is used for estimating fair values. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

8. Recognition and measurement of Secured Convertible Loan

In determining the initial and subsequent recognition and measurement of the Secured Convertible Loan (as defined herein), management has applied significant judgment and estimations in regards to identifying and accounting for a derivative. The Company uses the Cox-Ross-Rubinstein binomial lattice option pricing model to estimate the fair value of Secured Convertible Loan. The key assumptions used in the model are the likelihood and timing of the federal legalization or decriminalization of cannabis in the United States, completion of certain milestones by the borrower and the expected conversion price. Refer to Note 10 and 20 for further information.

New and amended accounting standards effective for the current year

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment apply retrospectively for annual reporting periods beginning on or after January 1, 2022, with early application permitted.

The Company adopted these amendments to IAS 37 effective September 1, 2022 and determined that none of the contracts existing at September 1, 2022 would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at September 1, 2022 as a result of the change.

Amendments to IAS 16: Property Plant and Equipment: Proceeds before Intended Use

The amendment clarify the accounting for the net proceeds from selling any items produced while bringing an item of property plant and equipment into use. The amendments prohibit a company from deducting from the cost of property plant and equipment proceeds from selling items produced while the company is preparing that asset for its intended use. A company will recognize such sales proceeds and related costs in profit or loss. The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2022 with early application permitted.

The Company adopted these amendments to IAS 16 effective September 1, 2022 and had no impact on the consolidated financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Amendment to IFRS 9: Financial Instruments

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted.

The amendment had no impact on the consolidated financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

Amendments to IFRS 3: Business Combinations
In May 2020, the IASB issued *Reference to the Conceptual Framework (Amendments to IFRS 3)* with amendments to IFRS 3, which refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also added a requirement that for obligations within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, ("IAS 37"), an acquirer applies IAS 37 or IFRIC 21, Levies, instead of the Conceptual Framework to identify the liabilities that have been assumed. Finally, the amendments also state that the acquirer does not recognize contingent assets acquired in a business combination. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

The Company adopted these amendments effective September 1, 2022 and had no impact on the consolidated financial statements of the Company.

Amendments to IAS 41: Agriculture
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

While the Company's biological assets are within the scope of IAS 41*Agriculture*, these amendments had no impact on the Company's consolidated financial statements as the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 *Inventories.*

Accounting standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations when they become effective.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 apply to situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, under IFRS 10, when an investor loses control of a subsidiary that does not contain a business as a result of a transaction involving an associate or a joint venture that is accounted for using the equity method, the gain or loss resulting from the transaction is recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. The full gain or loss continues to be recognized if the subsidiary contains a business. Similarly, IAS 28 is amended such that a full gain or loss is recognized when a downstream transaction involves assets that constitute a business.

These amendments shall be applied prospectively to the sale or contribution of assets occurring after the effective date. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
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. These amendments also clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 8: Definition of Accounting Estimates
These amendments introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1: Disclosure of Accounting Policies
These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments require entities to disclose their *material accounting policy information* rather than their *significant accounting policies*. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and are to be applied prospectively. Earlier application is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. 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 include the following as at September 30, 2023 and August 31, 2022:

DESCRIPTION	SEPTEMBER 30, 2023	AUGUST 31, 2022
Guaranteed Investment Certificates (GIC)	$ —	$ 30,072
Bond - Canada Revenue Agency	—	20
	$ —	$ 30,092

During the thirteen months ended September 30, 2023, Guaranteed Investment Certificates (GICs) that were outstanding as at August 31, 2022 matured and the Company realized a maturity amount of $30,269. The Company also purchased a new GIC amounting to $10,000 having an interest rate of 4.2% per annum. This GIC matured during the thirteen months ended September 30, 2023 and the Company realized a maturity amount of $10,207.

5. ACCOUNT AND OTHER RECEIVABLES

The Company's accounts receivable include the following balances as at September 30, 2023 and August 31, 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Gross trade receivables	$ 28,791	$ 44,983
Less: reserves for product returns and price adjustments	(810)	(1,050)
Less: expected credit losses	(524)	(71)
Trade receivables	27,457	43,862
Sales taxes receivable	9	1,419
Current portion of net investment in subleases	508	304
Other receivables	2,183	787
	$ 30,157	$ 46,372

6. 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 at September 30, 2023 and August 31, 2022 are as follows:

	CAPITALIZED COST	BIOLOGICAL ASSET FAIR VALUE ADJUSTMENT	AMOUNT
Balance, August 31, 2021	$ 5,765	$ 6,357	$ 12,122
Unrealized gain on changes in fair value of biological assets	—	40,001	40,001
Production costs capitalized	48,502	—	48,502
Transfer to inventory upon harvest	(45,551)	(37,289)	(82,840)
Balance, August 31, 2022	$ 8,753	$ 9,215	$ 17,968
Unrealized gain on changes in fair value of biological assets	—	68,981	68,981
Production costs capitalized	52,502	—	52,502
Transfer to inventory upon harvest	(54,310)	(67,786)	(122,096)
Balance, September 30, 2023	$ 6,945	$ 10,410	$ 17,355

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, then adjusts that amount for the average selling price per gram, and for any additional costs to be incurred, such as post-harvest costs. The following unobservable inputs, all of which are classified as Level 3 within the fair value hierarchy (see Note 20), 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. expected average yield per plant – represents the number of grams of finished cannabis inventory which is expected to be obtained from each harvested cannabis plant currently under cultivation;
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;
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; and
v. stage of completion in the cultivation process – calculated by taking the average number of weeks in production over a total average grow cycle of approximately 14 weeks.

The Company estimates the harvest yields for the cannabis on plants at various stages of growth, based on expected yield of mature plants. As of September 30, 2023, it is expected that the Company's biological assets will yield 26,917 kg (August 31, 2022 – 27,405 kg) of cannabis when eventually harvested. The Company's estimates are, by their nature, subject to change, and differences from the expected 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 14-week growing cycle would be ascribed approximately50% 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			EFFECT ON FAIR VALUE	
	September 30, 2023	August 31, 2022	SENSITIVITY	September 30, 2023	August 31, 2022
Average selling price per gram	$ 1.52	$ 1.49	Increase or decrease by 10% per gram	$ 1,690	$ 1,766
Expected average yield per plant	173 grams	132 grams	Increase or decrease by 10 grams	$ 978	$ 1,339

The expected average yield per plant at September 30, 2023 primarily reflects the average yield of the flower component of the plant (with the exception being cannabidiol ("CBD") dominant strains where trim is also harvested for extraction).

7. INVENTORIES

The Company's inventories are comprised of the following balances as at September 30, 2023 and August 31, 2022:

	SEPTEMBER 30, 2023		
	CAPITALIZED COST	FAIR VALUE ADJUSTMENT	CARRYING VALUE
Plants in drying stage	$ 1,033	$ 949	$ 1,982
Dry cannabis			
Available for packaging	15,250	16,398	31,648
Packaged inventory	4,634	1,559	6,193
Flower and trim available for extraction	1,180	1,602	2,782
Concentrated extract	3,745	2,111	5,856
Formulated extracts			
Available for packaging	3,681	366	4,047
Packaged inventory	2,224	80	2,304
Packaging and supplies	8,786	—	8,786
	$ 40,533	$ 23,065	$ 63,598

	AUGUST 31, 2022		
	CAPITALIZED COST	FAIR VALUE ADJUSTMENT	CARRYING VALUE
Plants in drying stage	$ 1,439	$ 1,346	$ 2,785
Dry cannabis			
Available for packaging	14,631	6,089	20,720
Packaged inventory	3,843	1,404	5,247
Flower and trim available for extraction	783	889	1,672
Concentrated extract	3,726	1,995	5,721
Formulated extracts			
Available for packaging	1,450	85	1,535
Packaged inventory	3,090	227	3,317
Packaging and supplies	9,317	—	9,317
	$ 38,279	$ 12,035	$ 50,314

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, hash, beverage and vaporizable products.

The amount of inventory expensed in cost of sales for the thirteen months ended September 30, 2023 was $101,853 (August 31, 2022 - $95,638). The amount of inventory provisions and processing and packaging waste for the thirteen months ended September 30, 2023 was $20,883 (August 31, 2022 - $10,252), which includes, provisions for excess and unsaleable inventories of $5,678 (August 31, 2022 - $4,048), adjustments to net realizable value of $9,334 (August 31, 2022 - $498) and processing and packaging waste of $5,871 (August 31, 2022 - $5,706), which comprised of the production or purchase costs of these inventories and biological assets.

The amount of realized fair value on inventories sold and other inventory charges for the thirteen months ended September 30, 2023 was $36,187 (August 31, 2022 - $35,204), including realized fair value on inventories sold of $43,524 (August 31, 2022 - $31,133). Inventory provisions to adjust to net realizable value during the thirteen months ended September 30, 2023 were $21,997 (August 31, 2022 - $4,569), consisting of $9,334 (August 31, 2022 - $498) recognized in cost of sales and $12,663 (August 31, 2022 - $4,071) recognized in fair value adjustments.

8. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	CONSTRUCTION IN PROCESS	GROWING & PROCESSING EQUIPMENT	OTHER	RIGHT-OF-USE ASSETS	TOTAL
Cost							
Balance, August 31, 2021	$ 4,075	$ 135,763	$ 2,092	$ 139,410	$ 10,323	$ 5,317	$ 296,980
Acquisitions through business combinations	230	781	2,930	397	143	1,759	6,240
Additions	400	7,326	26,021	18,051	1,210	2,931	55,939
Transfers	—	961	—	—	—	(961)	—
Construction completed	—	1,539	(20,671)	18,659	473	—	—
Disposals	—	(100)	—	(11,379)	(75)	(5,447)	(17,001)
Balance, August 31, 2022	$ 4,705	$ 146,270	$ 10,372	$ 165,138	$ 12,074	$ 3,599	$ 342,158
Additions	—	348	6,146	17,314	2,938	2,300	29,046
Construction completed	—	14,544	(16,518)	1,692	282	—	—
Disposals	—	(182)	—	(17,204)	(455)	(1,299)	(19,140)
Balance, September 30, 2023	$ 4,705	$ 160,980	$ —	$ 166,940	$ 14,839	$ 4,600	$ 352,064
Accumulated depreciation and impairment							
Balance, August 31, 2021	$ —	$ (13,659)	$ —	$ (41,647)	$ (4,578)	$ (1,157)	$ (61,041)
Depreciation	—	(5,933)	—	(13,853)	(1,550)	(925)	(22,261)
Transfers	—	—	—	—	—	—	—
Disposals	—	—	—	4,715	59	434	5,208
Impairment	—	—	—	(4,245)	—	—	(4,245)
Balance, August 31, 2022	$ —	$ (19,592)	$ —	$ (55,030)	$ (6,069)	$ (1,648)	$ (82,339)
Depreciation	—	(2,023)	—	(18,166)	(1,817)	(713)	(22,719)
Disposals	—	38	—	16,146	367	744	17,295
Impairment	(2,721)	(78,320)	—	(79,521)	(4,074)	(619)	(165,255)
Balance, September 30, 2023	$ (2,721)	$ (99,897)	$ —	$ (136,571)	$ (11,593)	$ (2,236)	$ (253,018)
Net book value							
August 31, 2022	$ 4,705	$ 126,678	$ 10,372	$ 110,108	$ 6,005	$ 1,951	$ 259,819
September 30, 2023	$ 1,984	$ 61,083	$ —	$ 30,369	$ 3,246	$ 2,364	$ 99,046

Included in deferred charges and deposits is $222 (August 31, 2022 - $5,507) paid to secure the acquisition of manufacturing equipment. The amounts will be recorded into property, plant and equipment as equipment is received.

i. Impairment/Accelerated Depreciation

During the thirteen months ended September 30, 2023, the Company determined that indicators of impairment existed in relation to two of its three cash generating units (CGUs) and as a result, the Company performed an impairment test. Refer to Note 9 for further information.

Moncton Chocolate Line

During the year ended August 31, 2022, due to the decline in utilization of the equipment and declining revenues, the Company made the strategic decision to cease manufacturing chocolate at its Moncton Campus. As a result, the asset is measured at the lower of its carrying amount and fair value less costs to sell and the Company recognized an impairment loss of $3,978 in relation to this asset. Additionally, management reassessed the useful life of the chocolate manufacturing equipment at its Winnipeg site and recognized accelerated depreciation of $267 during the year ended August 31, 2022.

ii. 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:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Additions (including right-of-use lease assets)	$ 29,046	$ 62,179
Additions related to business combinations	—	(6,240)
Additions related to right-of-use lease assets (Note 16(ii))	(2,300)	(2,931)
Net change in deferred charges and deposits related to purchases of property, plant and equipment	(5,285)	2,319
Net change in accounts payable and accrued liabilities related to purchases of property, plant and equipment	7,681	(6,579)
Purchases of property, plant and equipment	$ 29,142	$ 48,748

9. INTANGIBLE ASSETS AND GOODWILL

	GOODWILL	SUPPLY AGREEMENT	LICENSE AGREEMENTS	BRANDS	COMPUTER SOFTWARE	NON-COMPETE AGREEMENT	TOTAL
Cost							
Balance, August 31, 2021	$ 14,321	$ 227	$ 2,298	$ —	$ 878	$ 585	$ 18,309
Acquisitions through business combinations	27,658	—	7,933	6,258	26	—	41,875
Additions	—	—	—	—	30	—	30
Disposals	—	(227)	—	—	(86)	—	(313)
Balance, August 31, 2022	$ 41,979	$ —	$ 10,231	$ 6,258	$ 848	$ 585	$ 59,901
Additions	—	—	2,710	—	—	—	2,710
Disposals	—	—	—	—	—	—	—
Balance, September 30, 2023	$ 41,979	$ —	$ 12,941	$ 6,258	$ 848	$ 585	$ 62,611
Accumulated amortization and impairment							
Balance, August 31, 2021	$ —	$ (227)	$ (373)	$ —	$ (614)	$ (49)	$ (1,263)
Amortization	—	—	(1,562)	(836)	(131)	(117)	(2,646)
Disposals	$ —	$ 227	$ —	$ —	$ 20	$ —	$ 247
Balance, August 31, 2022	$ —	$ —	$ (1,935)	$ (836)	$ (725)	$ (166)	$ (3,662)
Amortization	—	—	(2,006)	(1,238)	(98)	(127)	(3,469)
Impairment	(41,979)	—	(1,586)	(1,266)	(25)	—	(44,856)
Balance, September 30, 2023	$ (41,979)	$ —	$ (5,527)	$ (3,340)	$ (848)	$ (293)	$ (51,987)
Net book value							
August 31, 2022	$ 41,979	$ —	$ 8,296	$ 5,422	$ 123	$ 419	$ 56,239
September 30, 2023	$ —	$ —	$ 7,414	$ 2,918	$ —	$ 292	$ 10,624

i. CGU Impairment

As at May 31, 2023, the Company assessed whether there were events or changes in circumstances that would indicate that any of its CGUs were impaired. The Company considered external and internal factors including overall financial performance and relevant entity and CGU specific factors. As part of this assessment, management identified impairment indicators for its Moncton Campus and Lac-Supérieur CGUs and as a result performed an impairment test for both CGUs. The recoverable amount of each CGU was determined based on a value in use calculation using cash flow projections from financial budgets and/or forecasts approved by senior management covering a period of 4.33 years. The forecasted cash flows beyond a period of4.33 years was extrapolated using a 3.0% growth rate based on projected consumer price inflation and industry growth. The post-tax discount rate applied to forecasted cash flows was 14.8% and 15% for the Moncton Campus and Lac-Supérieur, respectively. Management concluded that the recoverable amounts of $176,510 and $16,840 were lower than the carrying value as at May 31, 2023 by approximately $148,848 and $7,366 of the Moncton Campus and Lac-Supérieur CGUs, respectively and hence, impairment loss of $156,214 was recognized for these CGUs which was allocated to property, plant and equipment and intangible assets.

As at September 30, 2023, the Company reassessed whether there were events or changes in circumstances that would indicate that any CGU was further impaired. The Company considered external and internal factors including overall financial performance and relevant entity and CGU specific factors. As part of this assessment, management identified impairment indicators for its Moncton CGU and as a result performed an impairment test for this CGU. The recoverable amount of the CGU was determined based on a value in use calculation using cash flow projections from financial budgets and/or forecasts approved by senior management covering a period of 4-years. The forecasted cash flows beyond a period of4-years was extrapolated using a 3.0% growth rate based on projected consumer price inflation and industry growth. The post-tax discount rate applied to forecasted cash flows was 15.5%. Management concluded that the recoverable amount of $89,409 was lower than the carrying value by $87,805, however, in allocating the impairment loss, the Company determined

FVLCD for its property, plant and equipment and did not allocate impairment to assets for which the FVLCD was higher than the carrying amount. As a result, only $11,918 of impairment loss was allocated to property, plant and equipment.

ii. **Goodwill**

As at May 31, 2023, as a result of the impairment triggers identified at certain CGUs noted above, the Company determined that indicators of impairment existed in relation to the group of CGUs to which goodwill has been allocated. Management performed an impairment test and determined the recoverable amount of the group of CGUs based on a value in use calculation using cash flow projections from financial budgets and/or forecasts approved by senior management covering a period of 4.33 years. Management concluded that the recoverable amount of $224,530 was lower than the carrying value of the group of CGUs and hence, an impairment loss of $35,028 was recognized against goodwill.

As at September 30, 2023, the Company performed its annual goodwill impairment test. The recoverable amount of the group of CGUs to which goodwill is allocated was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a four-year period. Management concluded that the recoverable amount of the group of CGUs of $163,152 was lower than the carrying value by approximately $55,583, however, in allocating the impairment loss, the Company did not allocate impairment to assets and lower level CGUs for which the recoverable amounts was higher than the carrying amount. As a result, only $6,951 of impairment loss was recognized against goodwill.

The significant assumptions applied in the determination of the recoverable amount as at September 30, 2023 and May 31, 2023 are described below:

- **a.** Forecasted cash flows: Estimated cash flows were projected based on actual operating results and the growth plans for the future. Forecasted cash flows are based on the expanded production capacity that was partially achieved during fiscal 2023, market size and the forecasted market share assumptions;
- **b.** Post-tax discount rate: The post-tax discount rate applied to forecasted cash flows as at September 30, 2023 and May 31, 2023 was15.5% (August 31, 2022 - 13.4%) and 14.8%, respectively, which was reflective of the group of CGUs weighted average cost of capital ("WACC");
- **c.** Terminal value growth rate: The forecasted cash flows beyond a period offour-years and 4.33 years, as the case is, are extrapolated using a3.0% growth rate based on projected consumer price inflation and industry growth.

A sensitivity analysis for change in the key assumptions was not presented as it was deemed that the impact of reasonable changes in these assumptions would not have significant impact on the impairment loss that was recognized during the thirteen months ended September 30, 2023.

10. OTHER FINANCIAL ASSETS

i. Weekend Holdings Corp.

On March 30, 2023, the Company entered into a product purchase agreement withGreen Tank Technologies Corp. ("Greentank"), a leading vaporization technology company and a subscription agreement with Greentank's parent company, Weekend Holdings Corp. ("Weekend Holdings"). The product purchase agreement provides the Company with an exclusivity period in Canada for the new technology incorporated into 510 vape cartridges (along with other formats) for use with cannabis, including the development of a custom all-in-one device that will be proprietary to Organigram. Under the terms of the subscription agreement, the Company subscribed for preferred shares for an aggregate subscription price of US $4.0 million ($5,504 including transaction costs of $73) representing an approximate 2.6% interest in WHC.

At initial recognition, the investment inWeekend Holdings is classified as an equity investment and the Company irrevocably elected to measure this investment at fair value through other comprehensive income. As at September 30, 2023, the investment had a fair value of $5,345 and the company recognized the change in fair value of $159 in the consolidated statements of operations and comprehensive loss within other comprehensive income (loss).

ii. Phylos Bioscience Inc.

On May 25, 2023, the Company entered into a secured convertible loan agreement (the "Secured Convertible Loan Agreement") with Phylos Bioscience Inc. ("Phylos"), a cannabis genetics company and provider of production ready seeds, based in Portland, Oregon. Under the terms of this agreement, the Company will advance up to US $8 million to Phylos inthree tranches structured as a secured convertible loan (the "Secured Convertible Loan"). The Company advanced Phylos an initial US $3.25 million ($4,429) on the initial closing date of the Secured Convertible Loan Agreement with a commitment to fund up to an additional US $4.75 million over two tranches within 12 and 24 months from the initial closing date, upon the completion of certain milestones. The secured convertible loan will accrue paid-in-kind interest ("PIK") at a rate of the U.S. Prime Rate plus 3.5% (with an overall cap of11%) subject to certain conditions. The maturity date of the Secured Convertible Loan will be on the fifth anniversary of the initial closing date subject to one-year extensions at the Company's discretion and certain other conditions stipulated in the agreement. The Secured Convertible Loan (principal and PIK outstanding) is convertible into common share equity of Phylos under certain circumstances.

In conjunction with a Secured Convertible Loan Agreement, the Company also entered into Genetics Product and Conversion Assistance Agreement with Phylos. The intellectual property (rights and licenses) acquired under the Genetics Product and

Conversion Assistance Agreement are recognized as an intangible assets per IAS 38 with its value (amounting to $2,710) being the residual consideration after deducting the fair value of the Secured Convertible Loan from the total advance amount and the derivative liability as of initial closing date.

The Company's commitment to fund an additional US $4.75 million over two tranches within 12 and 24 months from the initial closing date, meets the definition of a derivative under IFRS 9 *Financial Instruments* and accordingly, the value of such derivative was considered as part of the overall transaction price in the initial recognition of the Secured Convertible Loan and intangible assets. The subsequent measurement of the derivative liability is measured at FVTPL. Refer to Note 14 (iii) for further information.

As at September 30, 2023, the Secured Convertible Loan had a fair value of $3,092 and the Company recognized the change in fair value of $52 in the consolidated statements of operations and comprehensive loss.

11. OTHER LIABILITIES

The Company's other liabilities include the following balances as of September 30, 2023 and August 31, 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Advance from joint operator	$ —	$ 2,444
Contingent share consideration (Notes 16 (i) and 27)	49	7,000
Current portion lease liability (Note 16 (ii))	1,013	916
	$ 1,062	$ 10,360

The advance from a joint operator is related to the Product Development Collaboration Agreement ("PDC Agreement") as described in Note 26.

12. PROVISIONS

	AMOUNT
Balance - August 31, 2022	$ 2,560
Adjustments	—
Reversal	(75)
Payments	(2,395)
Balance - September 30, 2023	$ 90

The Company has estimated a provision for litigation. Provisions are calculated based on a current estimate of the amount that will be incurred in settling outstanding legal matters. The legal provision as at September 30, 2023 includes a reserve for legal proceedings described in Note 23.

13. LONG-TERM DEBT

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Atlantic Canada Opportunities Agency ("ACOA") Business Development Program loan maturing September 1, 2024 with a 7-year amortization, bearing interest at a rate of 0%	$ 145	$ 210
Vehicle loans - 5-year term maturing June 17, 2024	16	38
Deferred financing costs	(6)	(13)
	155	235
Less: current portion of long-term debt	(76)	(80)
Long-term portion	$ 79	$ 155

Principal repayments required on the Company's remaining long-term debt for the next five years as at September 30, 2023 are disclosed in Note 20.

14. DERIVATIVE LIABILITIES

i. Warrants

On November 12, 2020, the Company closed an underwritten public offering of units of the Company (the "Units") for total gross proceeds of $9,143 (the "Offering"). The Company sold 9,343,750 Units at a price of $7.40 per Unit, including 1,218,750 Units sold pursuant to the full exercise of the over-allotment option granted to the underwriters. The offering was underwritten by a syndicate of underwriters led by Canaccord Genuity Corp. Each Unit consisted 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”), therefore resulting in 4,671,875 Warrants being issued. Each Warrant was exercisable to acquireone Common Share of the Company (a “Warrant Share”) for a period ofthree years following the closing date of the Offering (i.e. until November 12, 2023) at an exercise price of $10 per Warrant Share, subject to adjustment in certain events. The holders of the Warrants issued pursuant to the Offering were entitled to elect, if the Company did not have an effective registration statement under the U.S. Securities Act 1933, as amended, or the prospectus contained therein was not available for the offer and sale of the Common Shares to the Warrant holder, in lieu of exercising the Warrants for cash, a cashless exercise option to receive Common Shares equal to the fair value of the gain implied by the Warrants at the time of exercise. The fair value was to be determined by multiplying the number of Warrants to be exercised by the weighted average market price less the exercise price with the difference being divided by the weighted average market price. If a Warrant holder exercised this option, there would have been variability in the number of shares issued per Warrant.

In accordance with IAS 32 *Financial Instruments: Presentation*, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the statement of operations and comprehensive loss at each reporting period. The derivative liabilities are expected to ultimately be converted into the Company’s equity (Common Shares) when the Warrants are exercised or will be extinguished on the expiry of the outstanding Warrants and will not result in the outlay of any cash by the Company.

At initial recognition on November 12, 2020, the Company recorded derivative liabilities of $2,894 based on the estimated fair value of the Warrants at that date using the Black-Scholes option pricing model. Issue costs were $4,305, of which $803 were allocated to the derivative liabilities based on a pro-rata allocation and expensed in the consolidated statement of operations and comprehensive loss and the balance of $3,502 was allocated to the Common Shares and recorded in share capital.

There were no exercises of Warrants during the thirteen months ended September 30, 2023 (August 31, 2022 - Nil warrants). During the thirteen months ended September 30, 2023, the Company revalued the remaining derivative liabilities and recorded a decrease in the estimated fair value of $4,138 (August 31, 2022 - $30,881).

The Company’s derivative liabilities included the following balances and changes in the carrying value of Warrants as of September 30, 2023:

	NUMBER OF WARRANTS	AMOUNT
Balance - August 31, 2022	4,235,913	$ 4,138
Revaluation of Warrants	—	(4,138)
Balance - September 30, 2023	4,235,913	$ —

The following inputs were used to estimate the fair value of the Warrants at September 30, 2023 and August 31, 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Risk free interest rate	4.83 %	3.64 %
Life of Warrants (years)	0.12	1.20
Market price of Common Shares	$ 1.76	$ 1.42
Expected future volatility of Common Shares	91.00 %	77.30 %
Fair value per Warrant	$ —	$ 0.24

ii. Top-up Rights

On March 10, 2021, through the strategic investment from a wholly-owned subsidiary of British American Tobacco P.L.C. (together "BAT"), the Company issued 14,584,098 Common Shares, resulting in BAT's beneficial ownership in the Company of approximately19.9%.

Pursuant to the Investor Rights Agreement (the "IRA") between the Company and BAT, the Company granted BAT certain rights, including pre-emptive rights, to participate in distributions of Common Shares to maintain its proportionate ownership in certain circumstances, as well as other rights ("Top-up Rights") to subscribe for additional Common Shares in specified circumstances where the pre-emptive rights are not applicable (referred to in the IRA as "Exempt Distributions") and in specified circumstances where pre-emptive rights were not exercised (referred to in the IRA as “bought deal Distributions”).

The price per Common Share to be paid by BAT pursuant to the exercise of its Top-up Rights will equal the price paid by other participants in the Exempt Distribution or bought deal Distribution, subject to certain restrictions (including, if such price is not permitted pursuant to applicable securities laws, at the lowest price permitted thereunder).

The Company has classified the Top-up Rights as a derivative liability, and pursuant to the exercise of stock options, restricted share units, performance share units and warrants that were outstanding at initial recognition on March 10, 2021 (the date of

the IRA), the Company recorded a derivative liability of $2,740 based on the estimated fair value of the Top-up Rights at this date using a Monte Carlo pricing model.
As at September 30, 2023, the Company revalued the Top-up Rights at an estimated fair value of $130 (August 31, 2022 – $735). The Company recorded a decrease in the estimated fair value change of the Top-up Rights for the thirteen months ended September 30, 2023 of $605 (August 31, 2022 - $1,769).

The following inputs were used to estimate the fair value of the Top-up Rights at September 30, 2023, and August 31, 2022:

	SEPTEMBER 30, 2023			
	STOCK OPTIONS	WARRANTS	PSUs	RSUs
Average exercise price[1]	$1.20 - $45.08	$2.50	$—	$—
Risk free interest rate	4.11% - 4.54%	3.59%	3.65%	3.78%
Expected future volatility of Common Shares	70.00% - 90.00%	90.00%	85.00%	85.00%
Expected life[1]	1.34 - 5.12	0.12	5.92	5.18
Forfeiture rate	10%	—%	25%	6%

	AUGUST 31, 2022			
	STOCK OPTIONS	WARRANTS	PSUs	RSUs
Average exercise price[1]	$2.40 - $38.12	$10.00	$—	$—
Risk free interest rate	3.15% - 3.71%	3.75%	3.16%	3.13%
Expected future volatility of Common Shares	70.00% - 95.00%	70.00%	90.00%	85.00%
Expected life[1]	1.34 - 5.12	1.20	4.91	5.47
Forfeiture rate	10%	—%	25%	6%

[1]Exercise price and expected life for stock options were determined using the range of exercise prices disclosed in Note 15(iv).

iii. Secured Convertible Loan Agreement

On May 25, 2023, the Company entered into the Secured Convertible Loan Agreement with Phylos. Under the terms of this agreement, upon the completion of certain milestones the Company has a commitment to fund US $4.75 million over two tranches within 12 and 24 months from the initial closing date. This commitment meets the definition of a derivative and the value of such derivative was considered as part of the overall transaction price in the initial recognition of the secured convertible loan and intangible assets. At initial recognition, the Company recorded a derivative liability of $1,424 based on the estimated fair value of the secured convertible loan. As at September 30, 2023, the Company revalued this commitment at an estimated fair value of $1,743 and recorded a change in fair value of $319 for the thirteen months ended September 30, 2023. Of the total derivative liability, $1,102 is included in the current derivative liabilities and the remaining amount is included in non-current derivative liabilities.

15. 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 September 30, 2023, the Company's issued and outstanding share capital consisted of81,161,630 (August 31, 2022 – 78,453,879) Common Shares with a carrying value of $776,906 (August 31, 2022 - $769,725).

iii. Issuances of share capital

The Edibles and Infusions Corporation acquisition

During the year ended August 31, 2022, the Company issued259,798 Common Shares on EIC's achievement of the first milestone earnout set in the EIC share purchase agreement for share consideration of $3,500, less share issuance costs of $12 (Note 27). During the thirteen months ended September 30, 2023, EIC met the second earnout milestone and the Company issued 2,621,370 Common Shares for share consideration of $6,500, less share issuance costs of $19 (Note 27).

The Laurentian Organic Inc. acquisition

During the year ended August 31, 2022, the Company issued2,724,111 Common Shares in connection with its acquisition of Laurentian as described in Note 27. The fair value of the Common Shares issued was $27,568 based on market price on December 21, 2021 of $10.12 per share. Share issuance costs incurred were $55 related to listing fees and were allocated to the Common Shares recorded in share capital.

Private placement - Organigram and BAT Strategic Investment and Product Development Collaboration ("PDC Agreement")
As described in Note 14, the Company granted BAT certain rights to subscribe for additional Common Shares in specified circumstances. During the thirteen months ended September 30, 2023, BAT exercised Nil (August 31, 2022 – 664,929) shares for consideration of Nil (August 31, 2022 – $6,352, less share issuance costs of $18).

Exercise of stock options
During the thirteen months ended September 30, 2023,26,300 (August 31, 2022 – 25,200) share options were exercised at an average exercise price of $1.47 (August 31, 2022 - $2.79) for cash proceeds of $39 (August 31, 2022 - $74) and an increase of $69 (August 31, 2022 - $127) to share capital and a decrease to equity reserves of $30 (August 31, 2022 - $53).

Exercise of RSU
During the thirteen months ended September 30, 2023,59,138 (August 31, 2022 – 64,751) RSUs were exercised for an increase of $621 (August 31, 2022 - $1,239) to share capital and a decrease to equity reserves of $621 (August 31, 2022 - $1,239).

Exercise of PSU
During the thirteen months ended September 30, 2023,948 (August 31, 2022 – 18,584) PSUs were exercised for an increase of $10 (August 31, 2022 - $221) to share capital and a decrease to equity reserves of $10 (August 31, 2022 - $221).

Exercise of warrants
During the thirteen months ended September 30, 2023,Nil (August 31, 2022- Nil) warrants were exercised.

iv. Share-based compensation
During the thirteen months ended September 30, 2023, the Company recognized total share-based compensation charges, including those related to production employees that are charged to biological assets and inventory, of $5,727 (August 31, 2022 – $5,127).

Stock options
The following table summarizes changes in the Company's outstanding stock options for the thirteen months ended September 30, 2023:

	NUMBER		WEIGHTED AVERAGE EXERCISE PRICE
Balance - August 31, 2022	2,762,734		$11.08
Granted	321,000	$	4.68
Exercised	(26,300)	$	1.47
Cancelled / Forfeited	(227,758)	$	17.33
Balance - September 30, 2023	2,829,676	$	9.94

The following is a summary of the outstanding stock options as at September 30, 2023:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE
Range of Exercise Prices	Quantity Outstanding	Weighted Average Remaining Contractual Life (years)	Quantity Exercisable
$1.20 - $3.00	83,307	5.2	59,857
$3.01 - $5.00	293,937	7.4	212,437
$5.01 - $10.00	1,549,740	8.3	1,140,129
$10.01 - $20.00	663,367	5.9	619,167
$20.01 - $30.00	105,575	5.2	105,575
$30.01 - $45.08	133,750	5.6	133,750
	2,829,676	7.3	2,270,915

Total share-based compensation charges, including related to production employees that are charged to biological assets and inventory for the thirteen months ended September 30, 2023 were $3,376 (August 31, 2022 – $3,490) related to the Company's stock option plan. The fair value of options granted during the thirteen months ended September 30, 2023 was $1,075 (August 31, 2022 - $6,029). These options are measured at fair value at the date of grant and are expensed over the option's vesting period, which is typically a three year term with options vesting in annual tranches evenly over this time period. The Company used the Black-Scholes option pricing model to estimate the fair value of options granted.

The following inputs were used to fair value the options that were granted during the thirteen months ended September 30, 2023 and the year ended August 31, 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Risk free interest rate	3.03% - 3.47%	1.18% - 2.98%
Expected life of options	5.0 - 6.0 years	5.0 - 6.0 years
Expected annualized volatility	83.68% - 87.51%	85.28% - 88.78%
Expected dividend yield	—	—
Forfeiture rate	11.3% - 11.7%	11.4% - 11.7%

Expected volatility was estimated by using the weighted average historical volatility of the Company. 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
During the thirteen months ended September 30, 2023, the Company has granted both RSUs and PSUs under the 2017 Equity Incentive Plan and under the 2020 New Equity Incentive Plan. The grant price of any RSU or PSU was determined based on the 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 *Share-based Payment*.

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

	NUMBER
Balance - August 31, 2022	586,459
Granted	371,317
Exercised	(59,138)
Cancelled / Forfeited	(17,489)
Balance - September 30, 2023	881,149

The estimated fair value of the equity settled RSUs granted during the thirteen months ended September 30, 2023 was $1,828 (August 31, 2022 - $2,612), 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 three years for most grants. For the thirteen months ended September 30, 2023, $2,192 (August 31, 2022 - $1,611) has been recognized as share-based compensation expense.

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

	NUMBER
Balance - August 31, 2022	66,233
Granted	211,544
Exercised	(948)
Cancelled / Forfeited	(16,116)
Balance - September 30, 2023	260,713

The estimated fair value of the equity settled PSUs granted during the thirteen months ended September 30, 2023 was $1,042 (August 31, 2022 - $522), which was based on the Company's share price at the grant date, adjusted for an estimate of likelihood of forfeiture, and will be recognized as an expense over the vesting period of the PSUs, which is three years for most grants. For the thirteen months ended September 30, 2023, $159 (August 31, 2022 - $26) has been recognized as share-based compensation expense.

v. Loss per share

Basic and diluted loss per share represents net loss attributable to common shareholders divided by the weighted average number of Common Shares outstanding during the period.

The weighted average number of Common Shares, used in the calculation of basic and diluted loss per share for the thirteen months ended September 30, 2023 was 81,292,869 (August 31, 2022 - 77,228,918).

16. OTHER LONG-TERM LIABILITIES

The carrying value of other long-term liabilities consists of:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Contingent share consideration (i)	$ —	$ 2,913
Lease liabilities (ii)	3,551	2,206
	$ 3,551	$ 5,119

i. Contingent share consideration

In connection with the Company's investment in Laurentian, the Company has commitments to deliver additional consideration, contingent upon achievement of certain milestones. Refer to Note 27 for further information.

ii. Leases

The Company records its leases in accordance with IFRS 16, and as a result recognizes the right-of-use ("ROU") assets and corresponding lease liabilities. ROU assets are recorded under property, plant, and equipment (Note 8) with current and long-term portion of lease liabilities recorded under other liabilities.

The changes in the carrying value of current and non-current lease liabilities are as follows:

	SEPTEMBER 30, 2023
Balance, August 31, 2022	$ 3,122
Lease additions	2,300
Lease payments	(1,157)
Interest expense on lease liabilities	299
Balance, September 30, 2023	4,564
Current portion (included in other liabilities)	(1,013)
Long-term portion	$ 3,551

The undiscounted contractual payments relating to the current and future lease liabilities is:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Less than 1 year	$ 1,251	$ 1,060
1 to 2 years	1,081	1,009
2 to 3 years	503	778
3 to 4 years	459	241
4 to 5 years	461	131
Thereafter	1,944	240
Total	$ 5,699	$ 3,459

17. INVESTMENTS IN ASSOCIATES

The carrying value of investments in associates consists of:

	ALPHA-CANNABIS PHARMA GMBH [3]	EVIANA HEALTH CORPORATION [4]	HYASYNTH BIOLOGICALS INC.	TOTAL
Participating share [1]	25.0 %	19.9 %	49.9 %	
Balance, August 31, 2022	$ —	$ —	$ 6,288	$ 6,288
Share of net loss [2]	—	—	(1,004)	(1,004)
Balance, September 30, 2023	$ —	$ —	$ 5,284	$ 5,284

[1] % Interest includes the potential ownership interest that could result from the conversion of debentures and exercise of warrants.
[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 thirteen months ended September 30, 2023, the Company utilized its associates' results for the 13 months ended July 31, 2023).
[3] During the year ended August 31, 2021, the Company identified indicators of impairment with respect to its investment in ALPHA-CANNABIS PHARMA GMBH, resulting in impairment which reduced the carrying value of the investment to $nil.
[4] During the year ended August 31, 2020, the Company identified indicators of impairment with respect to its investment in Eviana Health Corporation, resulting in impairment which reduced the carrying value of the investment to $nil.

a. 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. The first tranche ("Tranche 1") was issued on that date, the second tranche (“Tranche 2”) was issued on October 23, 2020 (as described below), and the third tranche ("Tranche 3") was issued on December 22, 2021 (as described below).

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 49.9% based on the cumulative investment from Tranche 1, Tranche 2 and Tranche 3.

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.

Tranche 1 of the convertible debentures has a face value of $5,000, bears interest at 8.0% per annum, is secured, and matures 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 is 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.

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.

On December 22, 2021, the previously issued debenture agreement was amended to waive the milestone requirement for the Tranche 3 convertible debenture. Subsequently, the Company advanced an additional $2,500 (plus transaction costs of $124) to Hyasynth for the Tranche 3 convertible debentures bringing the Company's total investment in Hyasynth to $10,000, which provides the Company with a potential ownership interest of up to 49.9% on a fully diluted basis. The proceeds have been designated to advance Hyasynth's production scalability as well as investment in new cannabinoid technologies, business development and company growth.

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. The Company has appointed two nominee directors to the board of Hyasynth.

Following the maturity date of the debentures, the Company has the right to give Hyasynth 30 days prior written notice to convert the debentures to common equity or demand repayment of the outstanding balance of the debentures. As at September 30, 2023, the Company has neither converted nor demanded the outstanding balance of the debentures.

As at September 30, 2023, the Company determined that no indicators of impairment existed with respect to its investment in Hyasynth, and therefore no impairment test was required.

18. RELATED PARTY TRANSACTIONS

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 Board of Directors.

Management and Board compensation

For the thirteen months ended September 30, 2023 and the year ended August 31, 2022, the Company’s expenses included the following management and Board of Directors compensation:

	THIRTEEN MONTHS ENDED SEPTEMBER 30, 2023	YEAR ENDED AUGUST 31, 2022
Salaries and consulting fees	$ 4,737	$ 3,891
Share-based compensation	3,525	3,713
Total key management compensation	$ 8,262	$ 7,604

During the thirteen months ended September 30, 2023, 206,250 stock options (August 31, 2022 – 821,750) were granted to key management personnel with an aggregate fair value of $665 (August 31, 2022 – $3,407). In addition, during the thirteen months ended September 30, 2023, 285,191 RSUs (August 31, 2022 – 95,093), were granted to key management personnel

with an aggregate fair value of $1,325 (August 31, 2022 – $1,022). For the thirteen months ended September 30, 2023, 136,920 PSUs, (August 31, 2022 – 39,742) were issued to key management personnel with an aggregate fair value of $305 (August 31, 2022 – $167).

Significant Transactions with Associates and Joint Operations

The Company has transactions with related parties, as defined in IAS 24*Related Party Disclosures*, all of which are undertaken in the normal course of business.

For the thirteen months ended September 30, 2023, under the PDC Agreement, BAT incurred $3,134 (August 31, 2022 - $2,404) for direct expenses and the Company incurred $10,638 (August 31, 2022 - $6,818) of direct expenses and capital expenditures of $1,768 (August 31, 2022 - $3,548) related to the Center of Excellence ("CoE"). The Company recorded for the thirteen months ended September 30, 2023, $6,886 (August 31, 2022 - $2,837) of these expenditures in the consolidated statement of operations and comprehensive loss. For the thirteen months ended September 30, 2023, the Company recorded $884 (August 31, 2022 - $1,774), of capital expenditures which are included in the consolidated statement of financial position.

During the thirteen months ended September 30, 2023, BAT exercisednil (August 31, 2022 - 664,929) Top-up Rights. As at September 30, 2023, there is a receivable balance of $167 (August 31, 2022 - payable of $2,444) from BAT.

19. CAPITAL MANAGEMENT

The Company considers its capital to consist of long-term debt, derivative liabilities, share capital, equity reserves, accumulated other comprehensive loss, and accumulated deficit, which as at September 30, 2023 is $273,651 (August 31, 2022 - $513,166). 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 loss is entirely comprised of fair value losses recorded on the Company's investment in Greentank.

The Company manages its capital structure and adjusts it based on funds available to the Company, in order to fund its growth. 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 manages capital during the year.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

i. Fair value of financial instruments

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy 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 values of cash, short-term investments and restricted funds approximate their carrying amounts due to their short-term nature. The fair value of long-term debt approximates $155 (August 31, 2022 – $235), which is its carrying value.

The fair value of the investment in Weekend Holdings is primarily based on Level 3 unobservable inputs and is determined using a market-based approach, based on revenue multiples for comparable companies.

In determining the impairment loss, the FVLCD of property, plant and equipment was determined based on a third-party appraisal using market and replacement cost approaches. Consideration is given to information from historical data and industry standards which constitute both observable and unobservable inputs (level 2 and level 3).

The fair value of the Secured Convertible Loan advanced to Phylos was determined using the Cox-Ross-Rubinstein binomial lattice option pricing model and has been classified as level 3 in the fair value hierarchy. The fair value of the Secured Convertible Loan was based on certain assumptions, including likelihood, and timing of the federal legalization or decriminalization of cannabis in the United States. Similarly, the fair value of the commitment to fund an additional US

$4.75 million over two tranches was based on certain assumptions, including the probability of Phylos meeting certain required milestones.

The fair value of the Laurentian contingent share consideration is primarily based on Level 3 unobservable inputs in a Monte Carlo pricing model. The determination of the fair value of this liability is primarily driven by the Company's expectations of Laurentian achieving its business objectives. The key assumptions used in the model are the expected future sales volumes and selling prices used in determining Laurentian's future adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") and WACC.

As at September 30, 2023, the fair value of the Laurentian contingent share consideration was revalued to $49. A sensitivity analysis for change in key inputs such as WACC was not presented as it was deemed that the impact of reasonable changes in inputs would not be significant.

The fair value of derivative warrant liabilities is based on Level 1 and 2 inputs utilized in a Black-Scholes option pricing model to estimate the fair value of such Warrants. The key assumption used in the model is the expected future volatility in the price of the Company's Common Shares. A sensitivity analysis for change in expected future volatility in the common share price of the Company was not presented as it was deemed that the impact of reasonable changes in this input would not be significant.

The fair value of the Top-up Rights is based on Level 3 inputs utilized in a Monte Carlo pricing model to estimate the fair value of such Top-up Rights. The key assumptions used in the model are the expected future price of the Company's Common Shares, the weighted average expected life of the instruments and the expected future volatility in the price of Common Shares. A sensitivity analysis for changes in key inputs was not presented as it was deemed that the impact of reasonable changes in key inputs would not be significant.

During the year, 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:

(a) Credit risk arises from deposits with banks, short-term investments, outstanding trade and loan receivables, and restricted funds. 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, outside 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, loan receivable, other financial assets, and restricted funds on the consolidated statement of financial position as at September 30, 2023 approximates $90,351 (August 31, 2022 - $171,799).

As of September 30, 2023 and August 31, 2022, the Company's aging of trade receivables was as follows:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
0-60 days	$ 22,946	$ 42,961
61-120 days	5,845	2,022
Gross trade receivables	$ 28,791	$ 44,983
Less: Expected credit losses and reserve for product returns and price adjustments	(1,334)	(1,121)
	$ 27,457	$ 43,862

(b) 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. As at September 30, 2023, the Company had $33,864 (August 31, 2022 – $68,515) of cash and working capital of $133,545 (August 31, 2022 - $166,338). Further, the Company may potentially access equity capital through the capital markets if required.

The Company is obligated to the following contractual maturities relating to their undiscounted cash flows as at September 30, 2023:

	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	$ 20,007	$ 20,007	$ 20,007	$ —	$ —	$ —
Long-term debt	155	161	76	85	—	—
	$ 20,162	$ 20,168	$ 20,083	$ 85	$ —	$ —

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

In connection with the Company's facilities, the Company is contractually committed to approximately $850 of capital expenditures, mostly related to its Moncton Campus and Laurentian Facility.

(c) 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 is comprised 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's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rate. The Company has determined that a 1% change in rates would not have a material impact on the consolidated financial statements.

21. 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.

Gross revenue for the thirteen months ended September 30, 2023 and year ended August 31, 2022 is disaggregated as follows:

	THIRTEEN MONTHS ENDED SEPTEMBER 30, 2023	YEAR ENDED AUGUST 31, 2022
Adult-use recreational wholesale revenue (Canadian)	$ 209,001	$ 184,686
Direct to patient medical and medical wholesale revenue (Canadian)	3,584	7,872
International wholesale (business to business)	18,874	15,138
Wholesale to licensed producers (Canadian)	2,129	1,298
Other revenue	59	115
Gross revenue	$ 233,647	$ 209,109
Excise taxes	(72,008)	(63,300)
Net revenue	$ 161,639	$ 145,809

Adult-use recreational revenue is primarily comprised of provincial government bodies and large retailers that sell cannabis through their respective distribution models, whereas international and domestic 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 thirteen months ended September 30, 2023, the Company hadthree customers (August 31, 2022 – three customers), that individually represented more than 10% of the Company's net revenue.

22. COST OF SALES

Cost of sales is comprised of the cost of inventories sold during the year, shipping expenses, the production cost of late-stage biological assets that are disposed of, provisions for inventory that do not pass the Company's quality assurance standards and obsolete products and packaging, and other production overhead.

During the thirteen months ended September 30, 2023, the Company recorded provisions in relation to excess and unsaleable inventories and biological assets as well as adjustments to net realizable value totaling $15,012 (August 31, 2022 - $4,546), which are detailed in Note 7.

During the thirteen months ended September 30, 2023, the Company recorded $nil (August 31, 2022 - $709) in charges for unabsorbed fixed overhead related to reduced production volumes.

23. 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.

Nova Scotia Claim

On March 3, 2017, a claim in connection with a proposed class-action lawsuit (the "NS Claim") was filed with the Supreme Court of Nova Scotia (the "NS 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. Between 2017 and 2021, various proceedings took place and the NS Claim was amended several times.

On April 26, 2022, the Company entered into a Settlement Agreement (the "Settlement") with the representative plaintiff on behalf of the class for an aggregate of $2,310 (the "Settlement Amount"). The Settlement Amount was used to provide claimants a refund of the amounts paid to purchase the voluntarily recalled product, less any refunds they have already received, as well as the payment of legal fees. The Company reported the NS Claim to its insurance provider which appointed counsel to defend the NS Claim. The Company received insurance proceeds of $532 during the year ended August 31, 2022 to cover all remaining costs associated with the NS Claim. On August 31, 2022, the Settlement was approved by the NS Court. Settlement funds of $2,310 were deposited by Organigram with the administrator in October 2022 in accordance with the Settlement Agreement. The administrator disbursed funds to the claimants during the period from October 2022 to October 2023. On October 31, 2023, the Company received notice from the administrator that the disbursement process had been completed, with any unclaimed funds being donated to charity as per the Settlement Agreement.

Alberta Claim

On June 16, 2020, a claim in connection with a proposed national consumer protection class-action lawsuit (the "Alberta Claim") was filed with the Court of Queen's Bench in Alberta (the "AB Court") seeking damages against several Canadian cannabis companies including the Company (the "Defendants"). 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. In order to proceed as a class action, the AB Court must certify the action as a class action. A certification hearing has not yet been scheduled. The Company has reported the Alberta Claim to its insurers.

Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above. No provision for the Alberta Claim has been recognized as at September 30, 2023 (August 31, 2022 -nil).

Aa at September 30, 2023, a provision of $90 (August 31, 2022 - $2,560) in regards to claims and other contingencies was included in the consolidated statement of financial position. For the thirteen months ended September 30, 2023, payments of $2,395 (August 31, 2022 - $412) were made and a reversal of the provision of $75 (August 31, 2022 - $222) was recognized. For the thirteen months ended September 30, 2023, the Company also received insurance proceeds of $nil (August 31, 2022 - $532) related to the litigation resulting in a net recovery of $75 (August 31, 2022 - $310) in the consolidated statements of operations and comprehensive loss.

24. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

	THIRTEEN MONTHS ENDED	YEAR ENDED
	SEPTEMBER 30, 2023	AUGUST 31, 2022
Office and general	$ 18,355	$ 18,271
Wages and benefits	14,379	12,018
Professional fees	13,271	6,458
Depreciation and amortization	5,639	5,299
Travel and accommodation	788	519
Utilities	598	343
Total general and administrative expenses	$ 53,030	$ 42,908

25. INCOME TAXES

Components of income tax recovery are as folows:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Current tax		
Current expense	$ 30	$ 225
Prior year adjustments	(225)	175
	$ (195)	$ 400
Deferred tax		
Origination and reversal of temporary differences	$ (57,438)	(11,809)
Change in unrecognized temporary differences	48,344	11,750
Prior year adjustments	5,477	(429)
	$ (3,617)	$ (488)
Total income tax recovery	$ (3,812)	$ (88)

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

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Loss before income taxes	$ (252,413)	$ (14,371)
Statutory income tax rate	29.0 %	29.0 %
Tax calculated at statutory rate	(73,200)	(4,168)
Non-deductible (non-taxable) items	11,489	(8,000)
Change in unrecognized temporary differences	48,495	11,750
Tax rate differences and tax rate changes	4,152	604
Other	—	154
Prior year tax adjustments	5,252	(428)
Income tax recovery	$ (3,812)	$ (88)

Recognized deferred tax assets and liabilities consist of the following:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Deferred tax assets are attributable to the following:		
Non-capital losses	$ 12,136	$ 6,479
Property, plant and equipment	475	—
Other	114	—
Lease liabilities	1,041	862
Deferred tax assets	13,766	7,341
Set-off of tax	(13,766)	(7,341)
Net deferred tax asset	$ —	$ —
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	$ (1,300)	$ (581)
Intangible assets	(2,137)	(3,719)
Biological assets	(2,832)	(2,628)
Inventories	(6,422)	(3,165)
Right-of-use assets	(731)	(550)
Net investment in sublease	(316)	(315)
Other	(27)	—
Deferred tax liabilities	(13,765)	(10,958)
Set-off of tax	13,765	7,341
Net deferred tax liability	$ —	$ (3,617)

The changes in temporary differences during the thirteen months ended and year ended September 30, 2023 and August 31, 2022, respectively, were as follows:

	NET BALANCE AT AUGUST 31, 2022	RECOGNIZED IN PROFIT OR LOSS	ACQUIRED IN A BUSINESS COMBINATION	NET BALANCE AT SEPTEMBER 30, 2023
Non-capital losses	$ 6,479	$ 5,657	$ —	$ 12,136
Property, plant and equipment	(1,131)	(426)	—	(1,557)
Intangible assets	(3,719)	1,602	—	(2,117)
Biological assets	(2,628)	(204)	—	(2,832)
Inventories	(3,165)	(3,163)	—	(6,328)
Lease liabilities	862	179	—	1,041
Net investment in sublease	(315)	(1)		(316)
Other	—	(27)	—	(27)
Net tax (liabilities) assets	$ (3,617)	$ 3,617	$ —	$ —

	NET BALANCE AT AUGUST 31, 2021	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED DIRECTLY IN EQUITY & OCI	NET BALANCE AT AUGUST 31, 2022
Non-capital losses	$ 5,078	$ 1,401	$ —	$ 6,479
Property, plant and equipment	(1,146)	130	(115)	(1,131)
Intangibles	(652)	666	(3,733)	(3,719)
Biological assets	(1,755)	(834)	(39)	(2,628)
Inventories	(2,670)	(266)	(229)	(3,165)
Lease liabilities	1,544	(693)	11	862
Net investment in sublease	(398)	83	—	(315)
Other	(1)	1	—	—
Net tax (liabilities) assets	$ —	$ 488	$ (4,105)	$ (3,617)

As at September 30, 2023, the Company has $313,727 (August 31, 2022 - $260,647) non-capital loss carryforwards available to offset future taxable income in Canada, which begin to expire in 2035.

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:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Deductible temporary differences	$ 166,739	$ 24,667
Tax losses	273,774	238,595
	$ 440,513	$ 263,262

26. PRODUCT DEVELOPMENT COLLABORATION

On March 10, 2021, in conjunction with the strategic investment received as described herein, the Company and BAT entered into a PDC Agreement pursuant to which the CoE was established to focus on developing the next generation of cannabis products with an initial focus on CBD. The CoE is located at the Company's Moncton Campus, which holds the Health Canada licenses required to conduct research and development ("R&D") activities with cannabis products. Both companies are contributing scientists, researchers, and product developers to the CoE and it is supervised by a steering committee consisting of an equal number of senior members from both companies. Under the terms of the PDC Agreement, both the Company and BAT have access to certain of each other's intellectual property ("IP") and, subject to certain limitations, have the right to independently, globally commercialize the products, technologies and IP created by the CoE pursuant to the PDC Agreement.

Pursuant to the terms of the PDC Agreement, $31,109 of the investment proceeds were reserved as restricted funds in order to satisfy certain of the Company's future obligations under the PDC Agreement, including the Company's portion of its funding obligations under a mutually agreed initial budget for the CoE. Costs relating to the CoE are funded equally by the Company and BAT. Balances are transferred from restricted funds to the Company's general operating account as CoE related expenditures are periodically reconciled and approved. The balance in restricted funds as at September 30, 2023 is $17,893 (August 31, 2022 - $26,820).

The CoE is accounted for as a joint operation, in which the Company and BAT contribute 50% each. The Company recognized its share of the expenses incurred by the CoE in the statement of operations and comprehensive loss under Research and development. For the thirteen months ended September 30, 2023, $6,886 (August 31, 2022 - $2,837) of expenses have been recorded in the statement of operations and comprehensive loss.

27. ACQUISITION OF SUBSIDIARIES

i. Laurentian Organic Inc.

On December 21, 2021, the Company acquired 100% of the shares and voting interests of the non-listed Laurentian for $36,000, consisting of $10,000 in cash consideration, $7,000 on closing and $3,000 held back, with the remaining $26,000 in share consideration at the acquisition date. The Company has agreed to provide the seller additional share consideration based on Laurentian's future adjusted EBITDA over a period of two years. The acquisition of Laurentian is expected to enable the Company to penetrate a new product category and provides the Company with access to Laurentian's expertise in the hash manufacturing space. The acquisition is also expected to provide the Company with an increased share of the craft flower and hash market.

The Company elected not to apply the optional concentration test and, as such, carried out a detailed analysis of inputs, outputs and substantive processes. Included in the identifiable assets acquired and liabilities assumed at the date of acquisition of Laurentian are inputs (production equipment, manufacturing facility and a cultivation, processing and sales license), production processes and an organized workforce. The Company determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Company has concluded that the acquired set is a business.

Equity Instruments Issued

The fair value of the 2,724,111 Common Shares issued was $27,568, based on the TSX listed share price of $10.12 per share of the Company on closing of December 21, 2021. The number of Common Shares issued was calculated by dividing the total share consideration of $26,000, per the share purchase agreement, by the 5-day volume-weighted average TSX listed share price of the Company preceding the closing date of $9.56.

Contingent Share Consideration

The acquisition included contingent share consideration as follows (all capitalized terms used below not otherwise defined herein have the respective meanings described to them in the Company's agreement to acquire Laurentian):

a) First Year Earnout calculated for the period January 1, 2022 to December 31, 2022, as the greater of (i) zero and (ii) the difference obtained when the sum of $2,000 and 50% of the agreed capital expenditures is subtracted from 30% of the First Year adjusted EBITDA Multiple, payable in Common Shares, provided that, the sum of the Initial Consideration and the First Year Earnout Amount shall not exceed the First Year adjusted EBITDA Multiple; and
b) Second Year Earnout calculated for the period January 1, 2023 to December 31, 2023, as 19% of the Second Year adjusted EBITDA Multiple less the remaining balance of the agreed capital expenditures, payable in Common Shares, provided that, the sum of the Initial Consideration, the First Year Earnout Amount and the Second Year Earnout Amount shall not exceed the Second Year EBITDA Multiple.

Earnout payments paid in Common Shares shall be priced based on the five-day volume-weighted average price of the Company's Common Shares on the TSX as of the day prior to settlement. As at the acquisition date, the fair value of the contingent consideration was estimated to be $6,996 and subsequently as at August 31, 2022 adjusted to $2,913, to reflect changes in estimates.
The first year earnout milestone was not met. During the thirteen months ended September 30, 2023, a change in fair valuation of $2,864 is recognized in the statement of operations and comprehensive loss. As at September 30, 2023, the contingent share consideration for the second year earnout milestone has been adjusted to $49.

ii. The Edibles and Infusions Corporation

On April 6, 2021, the Company acquired 100% of the shares and voting interests of the non-listed EIC, including SUHM Investments Inc. and Quality Confections Corporation who collectively owned 100% of EIC for $22,000 of share consideration at the acquisition date. The Company has agreed to provide the seller additional share consideration of $13,000 should EIC achieve its milestones. On August 26, 2021, SUHM Investments Inc, Quality Confections Corporation and EIC amalgamated with the continuing entity being EIC. The fair value of the Common Shares issued was based on the TSX listed share price of the Company on closing of April 5, 2021 of $17.44 per share. The Company incurred acquisition-related costs of $620 on legal fees and due diligence. Of these costs $555 had been included in the statement of operations and comprehensive loss and $65 had been capitalized to share issuance costs.

Contingent share consideration

The acquisition includes contingent share consideration based on various milestones as follows:

i) $3,500 to be paid in Common Shares upon the first listing of EIC or Organigram branded product (which was manufactured at the EIC facility) prior to December 31, 2021 in either the Ontario or Alberta recreational market. This was achieved in the year ended August 31, 2021 and settled subsequently on September 8, 2021.
ii) $7,000 to be paid in Common Shares on the generation of $15 million in net revenue during the 12 months ended December 31, 2022.
iii) $2,500 to be paid in Common Shares on the generation of $7 million in adjusted EBITDA for the 12 months ended December 31, 2022.

Milestone payments paid in Common Shares shall be priced based on the five-day volume-weighted average price of the Company's Common Shares on the TSX as of the day prior to settlement. As at the acquisition date, the fair value of the contingent consideration was estimated to be $5,249. During the year ended August 31, 2021, the contingent consideration was adjusted to $9,038 to reflect changes in estimates.

During the year ended August 31, 2022, the first milestone was met and the Company issued 259,798 Common Shares as consideration to the former shareholders of EIC. As at August 31, 2022, the remaining contingent consideration was adjusted to $7,000.

During the thirteen months ended September 30, 2023, EIC met the second milestone and the Company issued 2,621,370 Common Shares as consideration to the former shareholders of EIC, for a total value of $6,500. The remaining $500 has been irrevocably disclaimed and waived as part of a negotiated settlement and the Company recorded it as a change in fair value of contingent share consideration during the thirteen months ended September 30, 2023. The third milestone, calculated based on the adjusted EBITDA for the 12 months ended December 31, 2022, was not met.

28. OPERATING SEGMENTS

An operating segment is a component of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Company's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and that engages in business activities from which it may earn revenue and incur expenses. The Company only has one operating segment.

29. SUBSEQUENT EVENTS

i. **In November 2023**, the Company announced a $124.6 million dollar follow-on investment from BAT. Subject to the receipt of certain regulatory approvals, approval from Organigram's shareholders and other conditions, BAT will subscribe for 38,679,525 shares at a price of $3.2203 per share, for gross proceeds of $124.6 million across three tranches. BAT will subscribe for 12,893,175 million shares on the closing of the first tranche (currently expected to be on or around January 16, 2024) for gross proceeds of $41.5 million with the remaining 25,786,350 shares to be subscribed for in two further equal tranches on or around August 30, 2024 and February 28, 2025. To the extent BAT exceeds 30.0% holding of outstanding Common Shares, it will be issued non-voting Class A convertible preferred shares ("Preferred Shares"). The Preferred Shares will be eligible for conversion into voting Common Shares at BAT's option, provided that such conversion would not result in BAT's voting interest in the Company exceeding 30%. Each Preferred Share shall be economically equivalent to a Common Share and will be convertible into Common Shares at the option of BAT without payment of any additional consideration. The conversion ratio shall initially be one-for-one, and post-issuance shall increase at a rate of 7.5% per annum, compounded annually, until such time as the Preferred Shares are converted into Common Shares or the aggregate equity interest of BAT in Organigram (inclusive of both the Common Shares and Preferred Shares as if converted into Common Shares) reaches 49%. BAT shall be periodically required to convert Preferred Shares to the extent that it holds less than 30% of the Common Shares outstanding.

ii. **On October 1, 2023**, Organigram Inc. amalgamated with EIC and Laurentian, both then 100% owned subsidiaires of the Company (the "Amalgamation") and continued as a single corporation under the name "Organigram Inc.", a 100% owned subsidiary of the Company. This change is expected to streamline the Company's financial reporting process.

iii. **In November 2023**, the Company announced that Phylos achieved the first milestone under the Secured Convertible Loan Agreement and the Company advanced the second tranche of US$2.75 million to Phylos.


ORGANIGRAM

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Q4 2023

Organigram Holdings Inc.

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

For the thirteen months ended September 30, 2023
and the year ended August 31, 2022

INTRODUCTION

This Management's Discussion and Analysis dated December 19, 2023 (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 thirteen months ended September 30, 2023 and the twelve months ended August 31, 2022 ("Q4 Fiscal 2023" when referring to the four months ended September 30, 2023), including the accompanying notes thereto.

In May 2023, to better align the Company's financial statement reporting requirements with other public companies and calendar quarters, the Company's Board of Directors approved a change in the Company's fiscal year end from August 31 to September 30. Fiscal 2024 commenced on October 1, 2023 and continues through September 30, 2024. As a result of the change in year end, the financial information presented in this MD&A for the current period is for Q4 Fiscal 2023 and Fiscal 2023 whereas the comparative period is for Q4 Fiscal 2022 and Fiscal 2022, respectively.

References to "Fiscal 2023" are to the thirteen months from September 1, 2022 through September 30, 2023, references to "Fiscal 2022" are to the twelve months from September 1, 2021 through August 31, 2022 and references to "Fiscal 2021" are to the twelve months from September 1, 2020 through August 31, 2021. Except as otherwise stated, for each fiscal year, references to "Q1" are to the three months from September 1 through November 30, references to "Q2" are to the three months from December 1 through February 28, references to "Q3" are to the three months from March 1 through May 31, and references to Q4 are to the three months from June 1 through August 31, with the exception of Q4 Fiscal 2023, which is for the four month period from June 1, 2023 through September 30, 2023.

Financial data in this MD&A is based on the Financial Statements of the Company for the thirteen months ended September 30, 2023, 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 and $ billions, per gram ("g") or kilogram ("kg") of dried flower and per milliliter ("mL") or liter ("L") of cannabis extracts calculations.

This MD&A contains forward-looking information within the meaning of applicable securities laws, and the use of Non-IFRS Measures (as defined herein). Refer to "Cautionary Statement Regarding Forward-Looking Information" and "Cautionary Statement Regarding Certain Non-IFRS Measures" included within this MD&A.

The financial information in this MD&A also 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:

- Gross margin before fair value adjustments;
- Adjusted gross margin;
- Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"); and
- Free cash flow ("FCF").

The Company believes that these Non-IFRS 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 Measures are defined in the sections in which they appear. Adjusted gross margin and Adjusted EBITDA are reconciled to IFRS in the "Financial Results and Review 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 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. Refer to "Cautionary Statement Regarding Certain Non-IFRS Measures" included within this MD&A.

This MD&A contains information concerning our industry and the markets in which we operate, including our market position and market share, which is based on information from independent third-party sources. Although we believe these sources to be generally reliable, market and industry data is inherently imprecise, subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey or data collection process. We have not independently verified any third-party information contained herein.

The Company's wholly-owned subsidiary, Organigram Inc. ("OGI"), 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 former wholly-owned subsidiaries, The Edibles and Infusions Corporation ("EIC") and Laurentian Organic Inc. ("Laurentian"), were also licensed under the Cannabis Act until their amalgamation with Organigram Inc. effective October 1, 2023 to form a single entity as "OGI".

The Company's head office is located at 1400-145 King Street West, Toronto, Ontario, M5H 1J8. The Company's 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 by email to investors@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.sedarplus.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 in this MD&A is 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), Winnipeg Facility (as defined herein) and Lac-Supérieur Facility (as defined herein) licensing and production capacity and timing thereof;
- Expectations regarding production capacity, facility size, THC (as defined herein) content, costs and yields;
- Expectations regarding the prospects of the Company's collaboration and proposed investment transaction with a wholly-owned subsidiary of British American Tobacco p.l.c. ("BAT");
- Expectations regarding the prospects for the Company's subsidiary Organigram Inc. (formerly, Organigram, EIC and Laurentian);
- Expectations regarding the outcome and timing of the Health Canada redetermination following the Judicial Review decision in respect of the Company's Edison Jolts product ("Jolts");
- Expectations around demand for cannabis and related products, future opportunities and sales, including the relative mix of medical versus adult-use recreational cannabis products, the relative mix of products within the adult-use recreational category including wholesale and international, the Company's financial position, future liquidity and other financial results;
- Changes in legislation related to permitted cannabis types, forms and potency and legislation of additional cannabis types and forms for adult-use recreational cannabis in Canada, including regulations relating thereto, the timing 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;
- Expectations about the Company's ability to develop current and future vapour hardware, and the Company's ability to enter and expand its share of the vapour market;
- The scope of protection the Company is able to establish and maintain, if any, for its intellectual property ("IP") rights;
- Strategic investments and capital expenditures, and expected related benefits;
- The expectation that the planned technical arrangement between Organigram and Phylos Bioscience Inc. ("Phylos") will permit Organigram to transition a portion of its garden to seed-based cultivation over time, and the anticipated benefits of seed-based production;
- The expectations regarding the Company's investment in Greentank (as defined herein);
- 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 those relating to the recreational and/or medical cannabis markets domestically and internationally;
- Changes in laws, regulations, guidelines and policies, including those related to minor cannabinoids;
- The price of cannabis and derivative cannabis products;
- Expectations around the availability and introduction of new genetics including consistency and quality of seeds and plants and the characteristics thereof;
- The 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 Common Shares;
- The treatment of the Company's business under governmental regulatory regimes and tax laws, including the *Excise Act* 2001 and the renewal of the Company's licenses thereunder and the Company's ability to obtain export licenses from time to time;
- The treatment of the Company's business under international regulatory regimes and impacts on changes thereto to the Company's international sales;
- Expectations related to the war between Israel and Hamas and its impact on the supply of product and collection of accounts receivable in the market and the demand of product in Israel;
- The Company's growth strategy, targets for future growth and forecasts of the results of such growth;
- Expectations concerning access to capital and liquidity, the consummation of the Follow-on BAT Investment (as defined below) and the Company's ability to access the public markets from time to time 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 regarding the Company's ability to generate cost savings from new operational effectiveness and automation initiatives;
- Expectations regarding capital expenditures, current and targeted production capacity and timing thereof; and
- Expectations concerning the Company's performance during Q1 Fiscal 2024, including with respect to revenue, adjusted gross margin, selling, general and administrative expenses ("SG&A"), Adjusted EBITDA and Free cash flows ("FCF").

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. 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. 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. 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. These and other factors may cause actual results or events to differ materially from those anticipated in the forward-looking information.

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; cyber security risks; dependence on senior management and other key personnel, 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 and in anticipated volumes; industry competition; global events, including heightened economic and industry uncertainty as a result of COVID-19 (as defined herein) and governmental action in respect thereto, including with respect to impacts on production, operations, disclosure controls and procedures or internal control over financial reporting, and supply chain and distribution disruptions; 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; inflationary risk, 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 subsidiary's and its investees' ability to, where applicable, obtain and/or maintain their status as Licensed Producers or other applicable licenses; risk factors affecting its investees; availability of any required financing on commercially attractive terms or at all; 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 derivative products, and the sufficiency of the retail networks to supply such demand; ability of the Company to develop current and future vapour hardware and to expand into the vapour market; ability to enter and participate in international market opportunities; general economic, financial market, regulatory, industry and political conditions affecting the Company, expectations related to the war between Israel and Hamas and its impact on the supply of product in the market and the demand for product in Israel as well as the impact of the war on collection of accounts receivable; te 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 control over financial reporting and disclosure controls and procedures; risk relating to potential failure of the Company's information technology (IT) system; the timing for the stabilization of the Company's enterprise resource planning ("ERP") system; continuing to meet listing standards for the TSX and the NASDAQ; risk relating to the Company's IP; liquidity risk; concentration risk; and, other risks and factors described from time to time in the documents filed by the Company with securities regulators in Canada and the United States. Material factors and assumptions used in establishing forward-looking information include that production activities will proceed as planned, and

demand for cannabis and related products will change in the manner expected by management. 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.SEDARPLUS.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.

CAUTIONARY STATEMENT REGARDING CERTAIN NON-IFRS MEASURES

This MD&A contains certain financial and operational performance measures that are not recognized or defined under IFRS ("Non-IFRS Measures"). As there are no standardized methods of calculating these Non-IFRS Measures, the Company's approaches may differ from those used by others, and, this data may not be comparable to similar data presented by other Licensed Producers of cannabis and cannabis companies. For an explanation of these measures to related comparable financial information presented in the Financial Statements prepared in accordance with IFRS, refer to the discussion below.

The Company believes that these Non-IFRS Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operating performance of the Company. These Non-IFRS Measures include, but are not limited, to the following:

- Gross margin before fair value adjustments is calculated by subtracting cost of sales, before the effects of unrealized gain on changes in fair value of biological assets, realized fair value on inventories sold and other inventory charges from total net revenue. Gross margin before fair value adjustments percentage is calculated by dividing gross margin before fair value adjustments (defined above) by net revenue.

  Management believes that these measures provide useful information to assess the profitability of our cannabis operations as they exclude the effects of non-cash fair value adjustments on inventory, biological assets and other charges, which are required by IFRS.
- Adjusted gross margin is calculated by subtracting cost of sales, before the effects of: (i) unrealized gain on changes in fair value of biological assets; (ii) realized fair value on inventories sold and other inventory charges; (iii) provisions (recoveries) of inventories and biological assets; (iv) provisions to net realizable value; and (v) unabsorbed overhead relating to underutilization of the production facility grow rooms and manufacturing equipment, most of which is related to non-cash depreciation expense, from net revenue. Adjusted gross margin percentage is calculated by dividing adjusted gross margin by net revenue. Adjusted gross margin is reconciled to the most directly comparable IFRS financial measure in the "Financial Results and Review of Operations" section of this MD&A.

  Management believes that these measures provide useful information to assess the profitability of our operations as they represent the normalized gross margin generated from operations and exclude the effects of non-cash fair value adjustments on inventories and biological assets, which are required by IFRS. The most directly comparable measure to adjusted gross margin calculated in accordance with IFRS is gross margin before fair value adjustments.

- Adjusted EBITDA is calculated as net income (loss) excluding: financing costs, net of investment income; income tax expense (recovery); depreciation, amortization, reversal of/or impairment, normalization of depreciation add-back due to changes in depreciable assets resulting from impairment charges, (gain) loss on disposal of property, plant and equipment (per the consolidated statement of cash flows); share-based compensation (per the consolidated statement of cash flows); share of loss from investments in associates and impairment loss (recovery) from loans receivable; change in fair value of contingent consideration; change in fair value of derivative liabilities and other financial assets; expenditures incurred in connection with research and development activities (net of depreciation); unrealized gain on changes in fair value of biological assets; realized fair value on inventories sold and other inventory charges; provisions (recoveries) and net realizable value adjustments related to inventory and biological assets; Government subsidies and insurance recoveries; legal provisions (recoveries); incremental fair value component of inventories sold from acquisitions; ERP implementation costs; transaction costs; and share issuance costs. Adjusted EBITDA is reconciled to the most directly comparable IFRS financial measure in the "Financial Results and Review of Operations" section of this MD&A.

Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and derives expectations of future financial performance for the Company, and excludes adjustments that are not reflective of current operating results. The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is net income (loss).

- FCF is a non-IFRS financial measure that deducts capital expenditures from net cash provided by or used in operating activities. The Company believes this to be a useful indicator of its ability to operate without reliance on additional borrowing or usage of existing cash. FCF is intended to provide additional information only and does not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. FCF is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate this measure differently.

Non-IFRS Measures should be considered together with other data prepared in accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to the Company's management. 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.

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

The Company is also authorized to distribute cannabis for medical use. In Fiscal 2022, Organigram made a strategic decision to shift its medical distribution fulfillment approach from direct shipment to patients from the Company to fulfillment via Medical Cannabis by Shoppers Drug Mart. On March 28, 2023, Shoppers Drug Mart announced that it would be transferring its medical cannabis business to Avicanna Inc. In July 2023, Organigram announced its products became available on Avicanna's MyMedi platform, providing Organigram products to medical patients across Canada.

The Company conducts its operations at its facilities located in Moncton, New Brunswick, Winnipeg, Manitoba and Lac-Supérieur, Québec. The Company has expanded its main facility in Moncton over time to create additional production capabilities by strategically acquiring land and buildings adjacent to the main facility (the "Moncton Campus"), including to add capacity for the manufacture of derivative product forms. In Fiscal 2022, the Phase 4C expansion at Moncton was completed which increased the grow rooms available for flowering to 115 and the approximate annual capacity to 85,000 kg of flower. The total capacity of the Moncton Campus will continue to fluctuate as the Company further refines its growing methods and room utilization.

In March 2021, the Company formed a Product Development Collaboration ("PDC") with BAT, a leading, multi-category consumer goods business, and established a "Centre of Excellence" (the "CoE") to focus on the next generation of cannabis products across a range of cannabinoids and product formats. The CoE is located at the Moncton Campus, which holds the Health Canada licenses required to conduct research and development activities with cannabis products. Both companies contributed scientists, researchers, and product developers to the CoE which is governed and supervised by a steering committee consisting of an equal number of senior members from both companies. Under the terms of the Product Development Collaboration agreement between the parties dated March 10, 2021, (the "PDC Agreement"), both Organigram and BAT have access to certain of each other's IP and, subject to certain limitations, have the right to independently, globally commercialize the products, technologies and IP created by the CoE pursuant to the PDC Agreement. In November 2023, the Company announced a $124.6 million follow-on strategic equity investment from BT DE Investments Inc., a wholly-owned subsidiary of BAT (the "Follow-on BAT Investment").

During April 2021, the Company expanded its manufacturing and production footprint with the acquisition of EIC, located in Winnipeg, Manitoba (the "Winnipeg Facility"). The Winnipeg Facility holds a research license and standard sale and processing license under the Cannabis Act. The acquisition enabled the Company to penetrate a new product category and gain expertise in the confectionary space. By leveraging its consumer product and marketing expertise, as of the end of Fiscal Q4 2023 Organigram held the #1 share of the gummy category[1] after the integration of the Winnipeg Facility.

The Company has additional cannabis production capacity at its facility located in Lac-Supérieur, Québec (the "Lac-Supérieur Facility"), acquired on December 21, 2021 as part of the Company's acquisition of Laurentian Organic Inc. The Lac-Supérieur Facility has a cultivation focus on artisanal craft flower and on the production of hash, a cannabis derivative. The Lac-Supérieur Facility provides the Company with a foothold in the important Québec market, and also adds to the Company's premium product portfolio, providing further opportunities for margin expansion. The Lac-Supérieur Facility holds a standard processing and

[1] As of September 30 2023 - Multiple sources (Hifyre, Weedcrawler, Provincial Board Data, Internal Modelling)

cultivation license under the Cannabis Act. As of the end of Fiscal Q4 2023, Organigram holds the #1 position in the Hash category nationally. Site expansion at Lac-Supérieur was completed in Fiscal 2023, and the Company harvested its first craft cannabis from new grow rooms in December 2023.

STRATEGY

Organigram's strategy is to leverage its broad brand and product portfolio and culture of innovation to increase market share, drive profitability and grow into an industry leader that delivers long-term shareholder value.

The pillars of the Company's strategy are:

1. Innovation;
2. Consumer Focus;
3. Efficiency; and
4. Market Expansion.

1. Innovation

Meeting the demands of a fast-growing industry with changing consumer preferences requires the ability to innovate and create breakthrough products that are embraced by the market and establish a long-term competitive advantage.

The Company is committed to maintaining a culture of innovation and has established a track record of introducing differentiated products that are able to quickly capture market share, specifically:

- **SHRED:** the first milled flower product blended to create curated flavour profiles;
- **Edison Jolts:** Canada's first flavoured high-potency lozenge with 100 mg of tetrahydrocannabinol ("THC") per package. See the "July 2023" update in the "Key Developments During the Quarter and Subsequent to September 30, 2023" section of this MD&A. The outcome and timing of the Health Canada redetermination as to proper categorization of the Company's Edison Jolts product as an "extract" or "edible" under the Cannabis Regulations, which has been ordered in response to the Company's application for Judicial Review (as defined herein), remains uncertain;
- **Monjour Wellness gummies:** The CBD-focused wellness brand available in a large format and providing multiple flavours in one package;
- **SHRED X Rip-Strip hash:** Botanical terpene-infused hash with 10 pre-cut strips available in a two gram format is the first of its kind in the Canadian cannabis industry;
- **SHRED X Heavies:** A line of ultra-high THC infused pre-rolls, infused with both diamonds and distillate. SHRED X Heavies is the first pre-roll offering from Organigram that has a potency of over 40% THC. The infusion of botanical terpenes further enhances the natural terpene profile of the cannabis blends;
- **THCV gummies:** Launched under Organigram's SHRED and Trailblazer brands, delivering the first whole-flower derived tetrahydrocannabivarin (THCV) products in the Canadian market. THCV offers consumers a differentiated experience compared to THC, with reports of appetite suppression and a more calm and focused experience; and
- **SHRED Dartz and Holy Mountain Holy Smokes tube-style pre-rolls:** These pre-rolls deliver a consumer friendly and familiar format in a sleek and low-profile package.

Consistent with its innovation culture, in Fiscal 2021, the Company announced the launch of its CoE as part of its PDC with BAT, a leading multi-category consumer goods business. The CoE focuses on research and development to develop the next generation of cannabis products, with an initial focus on cannabidiol (CBD) that has since broadened to include other cannabinoids and novel product formats.

2. Consumer Focus

The Company seeks to address the changing needs of the adult cannabis consumer through its broad product portfolio with offerings in the most popular categories and price points. Based on ongoing consumer research, the portfolio is refreshed frequently with different flower strains, new package formats and new product introductions. The Company's alignment with consumers is evidenced by its #2 market position[2] at the end of Fiscal Q4, 2023, and category leadership:

- **SHRED** products have been introduced in multiple categories with the brand producing ~$190 million in retail sales in the last 12 month[3];
- **Hash:** after acquiring the Lac Superieur Facility in December 2021, the Company expanded Tremblant Hash distribution nationally and added new SKUs to its hash offering, including the innovative Rip-Strip Hash product. On September 30, 2023, the Company held the #1 market position[3] in the hash category;
- **HOLY MOUNTAIN:** a new offering in the value sector consisting of unique flower strains, pressed hash, and tube-style pre-rolls;

[2] As of September 30, 2023 - Multiple sources (Hifyre, Weedcrawler, OCS wholesale sales and e-commerce orders shipped data, provincial boards data and internal sales data)
[3] Hifyre, September 30, 2023

- **Edison Jolts:** #1 position for capsules[4]. See the "July 2023" update in the "Key Developments During the Quarter and Subsequent to September 30, 2023" section of this MD&A; and
- **SHRED'ems gummies and Monjour soft chews**: among the top-selling gummies in Canada. As of the end of Fiscal Q4, 2023, Organigram holds the #1 market position in the gummy category[2] with Monjour being the best-selling CBD-only gummy.

In addition to third-party and direct consumer research, the Company maintains close contact with consumers through an active social media presence and has established the Cannabis Innovators Panel. This online panel engages with up to 2,500 cannabis consumers across Canada on a regular basis and helps to inform the Company on product development and brand initiatives.

3. Efficiency
From its inception, the Company has remained committed to being an efficient operator.

The Company's growing facility in Moncton, New Brunswick utilizes three-tier cultivation technology to maximize square footage. The facility has proprietary information technology in place to track all aspects of the cannabis cultivation and harvest process. The Company maintains a continuous improvement program designed to maximize harvest yield while reducing operating costs. This is complemented by the introduction of automation in post-harvest production, including high-speed pouch packing, pre-roll machines and automated excise stamping.

The Winnipeg Facility is highly-automated and is able to efficiently handle both small-batch artisanal manufacture of edibles as well as large-scale nutraceutical-grade production. The Winnipeg Facility provides the Company with the ability to produce a wide range of high-quality edible products at attractive price points.

The Lac-Supérieur Facility houses a cultivation and derivatives processing facility. As at September 30, 2023, the cumulative post acquisition capital investment has been approximately $13 million. This investment has expanded the Lac-Supérieur Facility to increase capacity, processing and storage space, and deliver on automation.

Key efficiency milestones achieved in Fiscal 2023 include:
- Significant reduction in cultivation costs at the Moncton Campus, achieving a 32% reduction to the cost of cultivation from Fiscal 2022's average amount;
- Increasing the harvested volume by over 60% and increasing volume of flower exceeding 24% THC levels compared toFiscal 2022 at the Moncton Campus. THC levels were up 14% on average compared to FY2022;
- Internal testing including cannabinoid testing and Radsource machine implementation in Moncton;
- Completion of conversion to 17,000 LED lights in Moncton, resulting in 37% energy consumption savings;
- Transitioned to fractional watering and staggered lighting in Moncton, reducing water consumption and lowering peak energy consumption rates;
- Completion of Cantos and CME machine installations resulting in pre-roll volume of up to 2.8 million pre-rolls per month; and
- $4.3 million in cost savings realized in Fiscal 2023 related to automating pouch lines, internalizing testing and remediation, rapid drying, fractional watering, and strategic sourcing initiatives.

4. Market Expansion
The Company is committed to expanding its market presence by adding to its product offerings and enhancing its geographical presence. This strategy is enabled by strategic merger and acquisition opportunities and assessing expansion into international markets.

Examples of market expansion include:
- The strategic acquisitions of (i) EIC which added a purpose-built, highly-automated, 51,000-square-foot cannabis edibles manufacturing facility, and (ii) Laurentian, whose Lac-Supérieur Facility added craft cultivation and hash to Organigram's product portfolio and increased the Company's presence in Québec; and
- Shipments to Canndoc Ltd. ("Canndoc") in Israel and Cannatrek Medical Pty Ltd. ("Cannatrek") and MedCan Australia Pty Ltd. ("MedCan") in Australia to supply bulk cannabis into these markets. In fiscal Q3, 2023, the Company signed additional supply agreements with Sanity Group GmbH ("Sanity Group") to supply medical cannabis to the German market, and 4C Labs Ltd. ("4C LABS") to supply medical cannabis to the UK market.

[4] Hifyre, February 28, 2023, data extracted from March 28, 2023

KEY QUARTERLY FINANCIAL AND OPERATING RESULTS

	Q4-2023	Q4-2022	CHANGE	% CHANGE
Financial Results				
Gross revenue	$ 71,458	$ 65,657	$ 5,801	9 %
Net revenue	$ 46,040	$ 45,480	$ 560	1 %
Cost of sales	$ 42,885	$ 36,718	$ 6,167	17 %
Gross margin before fair value adjustments[2]	$ 3,155	$ 8,762	$ (5,607)	(64) %
Gross margin % before fair value adjustments[1]	7 %	19 %	(12)%	(63) %
Operating expenses	$ 45,550	$ 22,788	$ 22,762	100 %
Other income	$ (1,275)	$ (2,097)	$ 822	39 %
Adjusted EBITDA[2]	$ (2,360)	$ 3,232	$ (5,592)	(173) %
Net loss	$ (32,991)	$ (6,144)	$ (26,847)	(437) %
Net cash used in operating activities	$ 17,017	$ 19,695	$ (2,678)	(14) %
Adjusted Gross Margin[2]	$ 7,939	$ 10,362	$ (2,423)	(23) %
Adjusted Gross Margin %[2]	17 %	23 %	(6)%	(26) %
Operating Results				
Kilograms harvested - dried flower	28,071	16,101	11,970	74 %
Kilograms sold - dried flower	19,429	18,102	1,327	7 %

Note 1: Equals gross margin before fair value adjustments (as reflected in the Financial Statements) divided by net revenue.
Note 2: Gross Margin Before Fair Value Adjustments, Adjusted EBITDA, Adjusted Gross Margin and Adjusted Gross Margin % are non-IFRS measures. See "Cautionary Statement Regarding Certain Non-IFRS Measures" and "Financial Results and Review of Operations" in this MD&A.

REVENUE

For Q4 Fiscal 2023, the Company reported $46,040 in net revenue. Of this amount $44,596 (97%) was attributable to sales to the adult-use recreational cannabis market, $469 (1%) to the international market, $707 (2%) to the medical market and $268 (1%) to other revenues. Q4 Fiscal 2023 net revenue increased 1%, or $560, from Q4 Fiscal 2022 net revenue of $45,480, primarily due to an increase of $7,075 in adult-use recreational cannabis revenue, which was mostly offset by a decrease in international revenue of $5,427, and a decrease in medical revenue by $981.

Sale of flower from all product categories in the recreational market comprised 66% of total net revenue in the quarter. The average net selling price ("ASP") of recreational flower decreased to $1.59 per gram in Q4 Fiscal 2023 as compared to $1.75 per gram in Q4 Fiscal 2022, as both the Company and the Canadian cannabis industry continued to experience general price compression in the adult-use recreational markets as the customer and product mix evolved to focus more on value offerings. 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 and it is revitalizing its Trailblazer brand and adding craft flower to its Laurentian brand, supplied by its Lac-Supérieur facility.

The volume of flower sales in grams increased 7% to 19,429 kg in Q4 Fiscal 2023 compared to 18,102 kg in the prior year comparative quarter, primarily as a result of the four months period compared to the three months period in the comparative year. This increase was partially offset by a reduction in recreational flower sales during the current period.

COST OF SALES

Cost of sales for the four months ended September 30, 2023 increased to $42,885 compared to $36,718 in Q4 Fiscal 2022, primarily as a result of an increase in inventory provisions and sales volume in the adult-use recreational cannabis market. Included in Q4 Fiscal 2023 cost of sales æ $4,784 of inventory provisions for unsaleable inventories. The prior fiscal year's comparative quarter had inventory provisions adjustments of $1,600.

GROSS MARGIN BEFORE FAIR VALUE ADJUSTMENTS AND ADJUSTED GROSS MARGIN

The Company realized gross margin before fair value adjustments[5] for the four months ended September 30, 2023 of $3,155, or 7% as a percentage of net revenue, compared to $8,762, or 19%, in the prior year comparative period. The decrease in gross margin before fair value adjustments as a percentage of net revenue is primarily due to lower international revenue and higher cost of s

[5] Gross margin before fair value adjustments is a non-IFRS financial measure. See the cautionary statement regarding non-IFRS financial measures in the "Introduction" section of this MD&A, and the discussion under the heading "Gross margin before fair value adjustments" and the reconciliation to IFRS measures in the "Financial Results and Review of Operations" section of this MD&A.

ales per unit. The cost of sales per unit was higher primarily due to higheinventory provisions for unsaleable inventories and net realizable value adjustments.

Adjusted gross margin[6] for the four months ended September 30, 2023 was$7,939, or 17% as a percentage of net revenue, compared to $10,362, or 23%, in the prior year comparable quarter. The decline is attributable to lower international revenue, higher cost of sales per unit and the restriction of sale imposed by Health Canada on Edison Jolts described in the "Key Developments During the Quarter and Subsequent to September 30, 2023" section of this MD&A. Please refer to the “Financial Results and Review of Operations” section of this MD&A for a reconciliation of adjusted gross margin to net revenue.

OPERATING EXPENSES

	Q4-2023	Q4-2022	CHANGE	% CHANGE
General and administrative	$ 15,599	$ 11,546	$ 4,053	35 %
Sales and marketing	5,973	4,111	1,862	45 %
Research & development	4,007	2,390	1,617	68 %
Share-based compensation	1,102	2,496	(1,394)	(56) %
Impairment of intangible assets and goodwill	6,951	—	6,951	N/A
Impairment of property, plant and equipment	11,918	2,245	9,673	431 %
Total operating expenses	$ 45,550	$ 22,788	$ 22,762	100 %

GENERAL AND ADMINISTRATIVE
General and administrative expenses of $15,599 increased from the prior year's comparison quarter of $11,546, primarily due to the current year period being four months compared to three months period of the comparative prior year. The increase in current period expenses is also marginally attributable to increased audit and legal fees.

SALES AND MARKETING
Sales and marketing expenses of $5,973 increased from the prior year's comparative quarter of $4,111, primarily due to the fact that the current year period is for a four month period compared to a three month period in the comparative year.

RESEARCH AND DEVELOPMENT
Research and development costs of $4,007 increased from the prior year's comparative quarter of $2,390, as the Company increased activity under the PDC Agreement and other internal product innovation projects.

SHARE-BASED COMPENSATION
Share-based compensation expense of $1,102 decreased from the prior year's comparative quarter of $2,496, primarily due to employee equity awards issued during the early months of Q4 Fiscal 2022. These equity awards were partially vested in the current period and the Company issued less awards in Q4 Fiscal 2023 when compared to Q4 Fiscal 2022.

IMPAIRMENT
Impairment on property, plant, equipment of $11,918 increased from the prior year's comparative quarter of $2,245. During Q4 Fiscal 2023, management identified impairment indicators for its Moncton Campus CGU and as a result performed an impairment test as at September 30, 2023. The impairment test considered several factors including forecasted operational cash flows (net of tax impact), on-going investments in working capital and sustaining capital expenditures, post-tax discount rates, terminal value growth rate and this analysis resulted in the recognition of an impairment loss of $11,918. A meaningful contributing factor to the quantum of the impairment charge was related to the impact to flower sales and margins due to continued THC inflation. The prior year's comparative quarter had an impairment loss of $2,245 in relation to a chocolate manufacturing line at Moncton Campus.

The Company also performed its annual goodwill impairment test as at September 30, 2023 and recognized impairment loss of $6,951 against goodwill.

[6] 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, and the discussion under the heading “Adjusted EBITDA” and the reconciliation to IFRS measures in the "Financial Results and Review of Operations" section of this MD&A.

OTHER (INCOME) / EXPENSES

	Q4-2023	Q4-2022	CHANGE	% CHANGE
Financing costs	$ 133	$ 168	$ (35)	(21) %
Investment income	(1,056)	(532)	(524)	(98) %
Insurance recoveries	(213)	—	(213)	— %
Government subsidies	(194)	—	(194)	100 %
Share of loss from investments in associates	15	528	(513)	(97) %
Impairment (recovery) of loan receivable	(66)	—	(66)	100 %
Loss on disposal of property, plant and equipment	159	837	(678)	(81) %
Change in fair value of contingent consideration	(466)	317	(783)	(247) %
Change in fair value of derivative liabilities	413	(3,415)	3,828	112 %
Legal provision (recovery)	—	—	—	— %
Total other (income)/expenses	$ (1,275)	$ (2,097)	$ 822	(39) %

INVESTMENT INCOME
Investment income of $1,056 was earned during the four months ended September 30, 2023, compared to $532 for the three months ended August 31, 2022. The change in investment income was due to higher interest rates and one additional month in the current period as compared to the prior year comparative period.

CHANGE IN FAIR VALUE OF CONTINGENT CONSIDERATION
Change in fair value of contingent consideration was a gain of $466 during Q4 Fiscal 2023 compared to a loss of $317 in Q4 Fiscal 2022. The current period gain was primarily on account of $500 being waived as part of a negotiated settlement with the former shareholders of EIC.

CHANGE IN FAIR VALUE OF DERIVATIVE LIABILITIES
Change in fair value of derivative warrant liabilities was a loss of $413 during Q4 Fiscal 2023 compared to a gain of $3,415 in Q4 Fiscal 2022. The decrease in gain is primarily due to the shorter remaining life of the warrants in the current period.

ADJUSTED EBITDA
Negative Adjusted EBITDA[7] was $2,360 in Q4 Fiscal 2023 compared to positive Adjusted EBITDA o $3,232 in Q4 Fiscal 2022. The $5,592 decrease in Adjusted EBITDA from the comparative period is primarily attributable to lower net flower revenue, the decrease in adjusted gross margins[8] and higher SG&A expenses. Please refer to the “Financial Results and Review of Operations” section of this MD&A for a reconciliation of Adjusted EBITDA to net loss.

NET LOSS
The net loss was $32,991 in Q4 Fiscal 2023 compared to a net loss of $6,144 in Q4 Fiscal 2022. The increase in net loss from the comparative period is primarily due to lower international revenue and impairment losses of $11,918 on the Company's property, plant, and equipment and $6,951 on intangibles and goodwill.

KEY DEVELOPMENTS DURING THE QUARTER AND SUBSEQUENT TO SEPTEMBER 30, 2023

In June 2023, the Company introduced SHRED X Heavies ("Heavies"), its first infused pre-roll offering with THC content surpassing 40% THC, to address the growing consumer demand for flavourful, higher THC and ready-to-consume products. Each Heavies package contains three 0.5g infused pre-rolls and is available in Tropic Thunder and Gnarberry, two of SHRED's best-selling pre-milled blends, as well as the popular Blueberry Blaster flavour.

In June 2023, the Company announced a one-for-four share consolidation (the "Share Consolidation") to facilitate compliance with NASDAQ's listing requirements with respect to the minimum bid price for listed securities, reducing volatility, and to enhance the marketability of the Company's Common Shares to institutional investors. The Share Consolidation took legal effect on July 5, 2023.

In July 2023, the Company commenced a judicial review in the Federal Court of Canada (the "Court") pertaining to the Company's March 2023 announcement that it had received notification from Health Canada that Health Canada had determined

[7] Adjusted EBITDA is a non-IFRS financial measure. See "Cautionary Statement Regarding Certain Non-IFRS Measures" in the “Introduction” section of this MD&A, and the discussion under the heading “Adjusted EBITDA” and the reconciliation to IFRS measures in the "Financial Results and Review of Operations" section of this MD&A.
[8] Adjusted gross margin is a non-IFRS financial measure. See "Cautionary Statement Regarding Certain Non-IFRS Measures".

that certain Jolts lozenge products in their 100 mg THC per package format (the “Products”) had been improperly classified as an “extract” rather than an “edible” under the Cannabis Regulations. On March 31, 2023, the Company filed a notice of application for Judicial Review (the "Judicial Review") of Health Canada's decision with the Federal Court of Canada. The Judicial Review hearing occurred on July 25, 2023. On August 8, 2023, the Court granted Organigram’s application for judicial review of a decision of Health Canada determining that the Edison Jolts lozenges are to be classified as edible cannabis. The Court found there was a breach of procedural fairness by Health Canada. The matter was remitted back to Health Canada for redetermination taking the Court’s reasons into consideration. Organigram has restarted Jolts production and intends to continue selling Jolts pending a final redetermination from Health Canada. There can be no assurance as to the outcome and timing of Health Canada's final redetermination of the matter, or that the Company will be able to continue production and commercialization of this product in the future.

In August 2023, the Company introduced its new tube-style pre-rolls, SHRED Dartz and Holy Smokes. These tube-style pre-rolls marked the inception of 0.4g pre-rolls for Organigram, crafted using the state-of-the-art, high-speed Cantos tube-style rolling machine, complemented by cutting-edge packaging capabilities. Organigram today, is one of a small number of licensed producers in Canada that possess the equipment and expertise to manufacture this sophisticated tube-style pre-roll format.

In August 2023, the Company announced that it expanded its global footprint by entering into a supply agreement (“the Agreement”) to provide dried medical cannabis flower to 4C LABS, a rapidly scaling healthcare, technology, and pharmaceutical company focused on virtual prescribing, pharmaceutical distribution, and clinical development of cannabis-based products for human health in the United Kingdom. Under the terms of the Agreement, the Company expects to supply approximately 600 kilograms of high-quality, indoor-grown dried flower product to 4C LABS within the first year of the Agreement, and granted 4C LABS strain exclusivity within the geographical boundaries of the United Kingdom and Channel Islands for as long as minimum purchase commitments are satisfied.

In August 2023, the Company relaunched one of Canada’s best known cannabis brands, Trailblazer, exemplifying the Company’s commitment to keeping consumer insights at the heart of its brand and product development strategy. Featuring THCV gummies, CBG infused pre-rolls and a high-potency 1x0.5g pre-roll, Trailblazer is re-entering the market with a range of differentiated offerings.

In August 2023, the Company launched its first range of whole-flower derived THCV products through the Company’s popular SHRED and Trailblazer brands.

In September 2023, the Company announced that Ms. Caroline Ferland resigned from the Board of Directors. Ms. Ferland was a board member nominee appointed by BAT. Ms. Ferland left the Board of Directors as a result of her appointment to Group Company Secretary & Assistant General Counsel for BAT, based in the UK.

In October 2023, the Company obtained a receipt for a final short form base shelf prospectus (the “Base Shelf Prospectus”) filed with the securities commissions in each of the provinces and territories of Canada. A corresponding shelf registration statement on Form F-10 (the “Registration Statement”) was filed with the United States Securities and Exchange Commission (the "SEC") (SEC File No. 333-274686) and was subsequently declared effective by the SEC on November 29, 2023. The Base Shelf Prospectus and corresponding Registration Statement enable Organigram to qualify the distribution of up to $500,000,000 of common shares, debt securities, subscription receipts, warrants, and units during the 25-month period that the Base Shelf Prospectus remains effective. The specific terms of any future offering of securities will be disclosed in a prospectus supplement filed with the applicable Canadian regulatory authorities and the SEC. The Base Shelf Prospectus will provide flexibility for financing options to pursue the Company’s objectives.

In October 2023, the Company provided a corporate update highlighting updates in national market share, category leadership, facility improvements, product launches, the strategic investment in Phylos, the PDC with BAT, and its change in fiscal year end.

Market share: the Company announced that it achieved the #2 market share position[2] in the prior two months, August and September, driven in large part by the success of its growing pre-roll business. Market share strength was also buoyed with strength in gummies, hash, and flower.

Category leadership: the Company announced that it achieved a category leadership position in two growing categories: hash and gummies. The Company achieved the #1 market share position in hash as of November 2022 driven by innovative product launches on Tremblant, Holy Mountain and SHRED, including yet another first to market innovation, the ultra-convenient and flavourful Rip-Strips. Organigram has also secured the #1 market share position in gummies in, August and September.[2]

Facility improvements:

- **Moncton**: The Company was designated an Energy Champion by New Brunswick Power ("NB Power") as a result of the reduction in its environmental footprint through the conversion of 17,000 LED fixtures. With this change, Organigram’s energy footprint per room was reduced by 30%. The Company also continues to identify initiatives to reduce its energy

usage through a partnership with NB Power in the New Brunswick Strategic Energy Management Program. Further, Organigram commissioned its high-speed pre-roll tube-style machine in June, enabling the Company to enter the growing tube-style pre-roll joint segment with its popular SHRED and Holy Mountain brands. This investment in automated pre-roll technology has helped Organigram secure the #2 position in the category.

- **Lac Supérieur**: Construction at Organigram's Lac Supérieur craft cultivation facility is now complete with the addition of four new grow rooms and an expanded packaging area. With power at the facility, equipment commissioned, and all growing, harvesting, and drying rooms being completed, Organigram is now in a position to begin growing top shelf craft quality, small batch flower out of its signature craft facility. Clones are now onsite, and Organigram expects to see the first harvest out of that facility by early December. Organigram has also finished the implementation of its new ERP system at the Lac Supérieur Facility, which is expected to provide the most up to date, accurate and timely data needed to deliver actionable business insights.

Product launches: Organigram continued its commitment to bringing high-quality cannabis products to the market that meet the evolving needs of our various consumer segments, from the price-conscious, experienced user, to the more wellness-oriented individual looking to fulfill targeted needs through cannabis. The Company outlined the launch of 11 new products designed to meet these consumer needs.

Phylos: Realizing the benefits from the investment in Phylos continues to be a key focus as Organigram moves towards seed-based production in its Moncton facility. Three seed trials have already been harvested with two more nearing completion. Overall, eight F1 Hybrid cultivars are being tested with the first production scale trial room load scheduled in December 2023 and first full-scale commercial harvest planned for March 2024. Organigram is on track to convert up to 30% of harvests to seed based production by end of 2024 with Phylos investment milestones tracking towards early completion.

Product Development Collaboration with BAT: Organigram and BAT continue to work together through their PDC on new workstreams to develop innovative technologies in the edible, vape and beverage categories in addition to new disruptive inhalation formats aimed at addressing the biggest consumer pain points that exist in the category today. Organigram is preparing to deliver new products in these spaces and the immediate launch priority includes gummies which will feature a new nano-emulsion technology, scheduled to begin commercialization in the first half of 2024.

Change in fiscal year end: As previously disclosed, Organigram recently changed its fiscal year end to better reflect its operating and financial cycles. Organigram's new fiscal year began on October 1, 2023, and will end on September 30, 2024. As a result, fiscal year 2023 had 13 months and reflected the period starting September 1, 2022, and ending September 30, 2023.

In November 2023, the Company announced the Follow-on BAT Investment. The majority of the $124.6 million investment will be used by Organigram to create a strategic investment pool, named Jupiter. Jupiter will target investments in emerging cannabis opportunities that will enable Organigram to apply its industry-leading capabilities to new markets. Management has identified that geographic expansion is a strategic priority and this opportunity presents the Company with the capital to lay global foundations as the legal recreational cannabis market continues to see significant growth. Organigram maintains the highest level of regulatory and product stewardship and will continue to monitor the cannabis regulatory environment carefully. As a result, all potential investments will undertake rigorous legal compliance and due diligence processes. Subject to the receipt of certain regulatory approvals, approval from Organigram's shareholders and other conditions, BAT will subscribe for 38,679,525 shares at a price of $3.2203 per share, for gross proceeds of $124.6 million across three tranches. BAT will subscribe for 12,893,175 million shares on the closing of the first tranche (currently expected to be on or around January 16, 2024) for gross proceeds of $41.5 million with the remaining 25,786,350 shares to be subscribed for in two further equal tranches on or around August 30, 2024 and February 28, 2025. To the extent BAT exceeds 30.0% holding of outstanding Common Shares, it will be issued non-voting Class A convertible preferred shares ("Preferred Shares"). Accordingly, in aggregate, based on Organigram's current 81,161,630 Common Shares outstanding, 12,999,231 Common Shares will be issued, and the remaining 25,680,294 shares will be initially issued as Preferred Shares. The Preferred Shares will be eligible for conversion into voting Common Shares at BAT's option, provided that such conversion would not result in BAT's voting interest in the Company exceeding 30%. Each Preferred Share shall be economically equivalent to a Common Share and will be convertible into Common Shares at the option of BAT without payment of any additional consideration. The conversion ratio shall initially be one-for-one, and post-issuance shall increase at a rate of 7.5% per annum, compounded annually, until such time as the Preferred Shares are converted into Common Shares or the aggregate equity interest of BAT in Organigram (inclusive of both the Common Shares and Preferred Shares as if converted into Common Shares) reaches 49%. BAT shall be periodically required to convert Preferred Shares to the extent that it holds less than 30% of the Common Shares outstanding. In connection with the closing of the first tranche, Organigram and BAT will enter into an amended and restated investor rights agreement, pursuant to which BAT will be eligible to appoint up to 30% of the Board of Directors.

In November 2023, the Company announced that Derrick West informed Organigram that he would transition away from his role as Chief Financial Officer ("CFO") in order to take time to focus on his health and recovery following surgery. Paolo De Luca,

current Chief Strategy Officer, was appointed interim CFO effective November 13, 2023, while the Company completes a search for a new permanent CFO. Paolo previously served as the Company's CFO between 2017 and 2020.

In November 2023, the Company announced that Phylos achieved the first milestone under the loan agreement entered into in May 2023 (the "Loan Agreement") and closed the second tranche under the Loan Agreement with Organigram advancing US$2.75 million to Phylos. This second tranche followed the initial tranche of US$3.25 million advanced in May 2023 for a total of US$6 million in senior secured convertible loans ("Secured Convertible Loan") currently outstanding. Organigram's ongoing trials using Phylos technology have resulted in highly-uniform, predictable, and fast-growing seedlings.

Organigram will now advance the conversion of its grow rooms with custom designed, F1 Hybrid seeds and expects to soon be able to begin low-cost production of high-potency, terpene-rich cultivars destined for various products and blends across its brand portfolio. Organigram is also on track to convert more than 30% of its cultivation space in the Moncton facility to F1 Hybrid seed grow by end of Fiscal 2024.

In December 2023, the Company announced that Greg Guyatt is appointed as new CFO and will join the Company effective January 8, 2023. Greg is a seasoned financial executive with over 25 years of public and private equity backed company experience.

OPERATIONS AND PRODUCTION

Moncton Cultivation Campus

At the Moncton Campus, the Company continues to make progress on its ongoing improvement program.This includes implementation of various new initiatives which have resulted in an increase in an average THC. The Phase 4C expansion at Moncton was completed in Fiscal 2022 which increased the approximate annual capacity to 85,000 kg of flower. The Company has also identified additional changes to its growing and harvesting methodologies, that should assist the operating conditions of the Moncton Campus, resulting in higher quality flower and a reduction in production costs. The total capacity of the Moncton Campus will continue to fluctuate as the Company further refines its growing methods and room utilization.

In Q3 Fiscal 2023, the Company continued to invest in driving operational efficiencies through automation and internalizing certain post-harvest processes including commissioning a new automated packaging line for SHRED milled products, internalizing THC testing, internalizing remediation, and commissioning new drying machines. These initiatives reduced headcount and significantly reduced costs while increasing time savings. The Company had realized a portion of these savings beginning in Q2 Fiscal 2023. Further, Organigram anticipates realizing approximately $10 million in annual savings from these initiatives in Fiscal 2024.

The Company harvested 28,071 kg of dried flower during Q4 Fiscal 2023 compared to 16,031 kg of dried flower in Q4 Fiscal 2022. The increase of 12,040 kg (75%) from the comparative period was primarily related to one additional month in the current period and increased cultivation, planting and environmental upgrades along with additional rooms being available in the current period.

Moncton Derivatives Facility

Contained in the 56,000 square foot expansion referred to as Phase 5 of the Moncton Campus is the Company's derivatives facility ("Phase 5"). Phase 5 includes Supercritical CO_2, dry sift and cold water extraction laboratories, as well as in-house formulation and finishing of ingestibles, extracts, vape oils and concentrates, in addition to high speed cart filling, bottling and automated packaging.

Winnipeg Facility

The Company has a purpose-built, highly-automated, 51,000 square-foot manufacturing facility in Winnipeg, Manitoba. The Winnipeg Facility has been designed to handle both smaller-batch artisanal manufacturing as well as large-scale nutraceutical-grade high-efficiency manufacturing, and to produce highly customizable, precise, and scalable cannabis-infused products in various formats and dosages including pectin, gelatin, sugar-free soft chews (gummies) and lozenges with novel capabilities such as infusions, striping and the possibility of using fruit purees. Automation and efficiency investments in the Winnipeg Facility have resulted in an increase in production. As of September 30, 2023, the Winnipeg Facility has produced up to 3.2 million gummies monthly. In Fiscal Q4 2023, the Company began recalibrating its gummy manufacturing equipment, resulting in temporary fluctuations in production output.

The Winnipeg Facility currently holds a research license and a standard sale and processing license issued under the Cannabis Act, and commenced commercial operations during Fiscal 2021.

Lac-Supérieur Concentrates and Craft Flower Facility

The Company acquired the Lac-Supérieur Facility in December 2021. The Lac-Supérieur Facility had 6,800 square feet of cultivation are, which was expanded to 33,000 square feet in Q4 Fiscal 2023. The Lac-Supérieur Facility was initially equipped to produce approximately 600 kilograms of flower and 1 million packaged units of hash annually. The now completed expansion

program increases annual capacity to 2,400 kilograms of flower and over 2 million packaged units of hash annually. The production of SHRED X Rip Strip Hash started in February 2023 using ultrasonic knife technology with a capacity of 150 units per minute. A second ultrasonic knife was installed in Q4 Fiscal 2023 to keep up with demand. Management believes that there may be future opportunities for cost savings from further investments in automation and increased capacity. The first craft grow rooms resulting from the expansion plans came online in October, 2023. Organigram has begun growing craft quality, small batch flower out of its signature craft facility. Organigram completed its first Lac-Supérieur harvest in December 2023.

CANADIAN ADULT-USE RECREATIONAL CANNABIS MARKET

Organigram continues to increase its focus on generating meaningful consumer insights and applying these insights to the ongoing optimization of its brand and product portfolio with the goal of ensuring that they are geared towards meeting consumer preferences. The Company has aggressively and successfully revitalized its product portfolio to meet rapidly evolving consumer preferences and through its increased focus on insights, has continued its expansion of brands and products aimed at driving continued momentum in the marketplace.

DRIED FLOWER AND PRE-ROLLS

Dried flower and pre-rolls remain the first and second largest product categories, respectively, in the Canadian adult-use recreational cannabis market[9] and the Company believes that these categories will continue to dominate based on the market data from mature legal markets in certain U.S. states as well as regulatory restrictions on other form factors (e.g. the 10 mg per package THC limit in the edibles category). While the Company expects consumer preferences will slowly evolve away from THC content and price being the key purchase drivers, today they appear to be the most important attributes to consumers for flower products. Over time, the Company expects that genetic diversity and other quality related attributes such as terpene profile, bud density, the presence of minor cannabinoids, and aroma, will become increasingly important to consumers. While the Company's efforts are focused on delivering on consumer expectations today, it is concurrently planning for the eventual evolution towards a more nuanced approach to cannabis appreciation through its ongoing work in genetic breeding, pheno-hunting, and transitioning a portion of production to seed-based cultivation, with the goal of offering a unique, consistent, and relevant assortment to consumers. Additionally, the strategic acquisition of Laurentian in December 2021 allows the Company the opportunity to participate in the growing craft cannabis segment, through its craft facility located in the province of Québec.

The Company's portfolio of brands continues to show strong momentum within the flower segment in Canada and as of September 30, 2023, Organigram holds the #3 share in the flower category[3]. The growth and significant contribution of dried flower value segment brands, however, have contributed to overall margin pressure for Organigram and many of its peers over the last number of quarters. To counteract this phenomenon, Organigram is revitalizing its Trailblazer brand and adding craft flower to its Laurentian brand, supplied by its Lac-Supérieur facility. If any of these initiatives are completed, it is expected to increase premium flower sales, which have a higher average sales price than value brands and therefore attract higher margins. To address the growing demand for strain differentiation in the value segment, the Company expanded the strains available in its Big Bag O' Buds product line and also introduced Holy Mountain, a value-sector brand offering hash and dry flower strains in the 3.5 and 28 gram formats.

CANNABIS DERIVATIVES

While dried flower and pre-rolls are currently the largest categories in Canada, derivative cannabis products, including vapes, concentrates and edibles, are projected to continue to increase in market share over the next several years at the expense of dried flower.

Organigram is committed to these growing categories. The strategic acquisition of the Winnipeg Facility has enabled the Company to produce high quality, ingestible products such as soft chews (gummies) and lozenges, at scale, positioning the Company to effectively compete in this segment. The acquisition of the Lac-Supérieur Facility provided the Company with the ability to produce high-quality products in the growing hash segment. Since the Laurentian acquisition, the Company has leveraged its industry-leading national distribution and field sales network to accelerate the distribution and sale of Tremblant Cannabis, its flagship hash brand, to all provinces in Canada. In Fiscal 2023, the Company has expanded its hash offering through its new Holy Mountain brand and introduced the innovative product, Rip-Strip Hash under the SHRED X brand. As of September 30, 2023, Organigram continues to hold #1 market share in the hash category[10].

In Q4 Fiscal 2023, Organigram achieved the number #1 position in the gummy category between its SHRED'ems and Monjour brands[3]. The Company currently has 13 SKUs in market under its SHRED'ems brand. In August 2023, the Company launched an additional flavour containing THCV.
Monjour, Organigram's wellness brand, has eight pure CBD SKUs in market. The large format and assorted flavours proved to be disruptive to the sector and in Q4 Fiscal 2023, Monjour's Berry Good Day CBD gummy was in the top five of gummies sold in

[9] Hifyre, September 30, 2023
[10] Hifyre, September 30, 2023

Canada and the leading pure CBD-infused gummy.[4] The Monjour product line has been further expanded with gummies that contain minor cannabinoids in addition to CBD. The CBN Bedtime Blueberry Lemon gummies combine the cannabinoid cannabidiol ("CBN") with CBD and THC, and the Twilight Tranquility gummies combine CBD, CBN and the cannabinoid cannabigerol ("CBG").

Edison Jolts, high potency THC lozenges that were developed using proprietary IP that has been patented, combine the benefits of sublingual oil with the convenience and portability of soft gels. Jolts held the #1 position in net sales in the capsules and mints category in Q2 Fiscal 2023[4]. See the "July 2023" update in the "Key Developments During the Quarter and Subsequent to September 30, 2023" section of this MD&A.

Organigram continues to focus on building share within the vape category through unique formulations, premium hardware, and high-quality inputs. The Company currently has seven SKUs under the SHRED brand in the popular 510 cartridge format, two under Holy Mountain, and one under the Edison brand. During this quarter, Organigram announced a product purchase agreement that it expects will accelerate its performance in the vape category. The product purchase agreement with Greentank provides the Company with an exclusivity period in Canada for new technology incorporated into vape cartridges, including the development of a custom all-in-one device that will be proprietary to Organigram.

RESEARCH AND PRODUCT DEVELOPMENT

The Company's management believes the cannabis industry is still in the nascent stages of product development and that product innovation backed by core fundamental research and development is necessary to establish a long-term competitive advantage in the industry. Research and development and innovation remain a hallmark of Organigram. The Company has made several investments in the past and anticipates it will continue and strengthen the Company's focus in this area. These efforts are expected to allow Organigram to continue to position itself to be at the forefront of launching new, innovative, differentiated products and formulations that appeal to adult consumers.

BAT Product Development Collaboration and Centre of Excellence

In early Q4 Fiscal 2021, the Company announced the successful launch of the CoE pursuant to the PDC Agreement with BAT. The CoE was established to focus on research and product development activities for the next generation of cannabis products, as well as fundamental cannabinoid science, with an initial focus on CBD. The CoE is located at the Moncton Campus, which holds the Health Canada licenses required to conduct research and development activities with cannabis products.

Under the PDC Agreement, both Organigram and BAT have access to certain of each other's IP and have the right to independently and globally commercialize the products, technologies, and IP created. Costs relating to the CoE are being funded equally by Organigram and BAT. Approximately $31 million of BAT's investment in Organigram has been reserved for Organigram's portion of its funding obligations.

The CoE development and scientific process is supporting discovery and development efforts on novel vapour ingredients and substrates, and will guide the optimization of the existing traditional extract and distillate ingredients. Extensive evaluation of novel vape formulation aerosols versus existing inhalation products in the category has been completed. The supporting scientific data also provides an industry leading vapour data set that will serve as part of a foundation for future development activities, including consumer safety, product quality and performance. The CoE's state-of-the-art biological experiment laboratory ("BioLab") has been operational since June 2022. It is expected that the work being undertaken, including development of genetic toolboxes for research of key cannabis traits, will accelerate R&D activities and has already been used to support several plant science discoveries that will eventually benefit Organigram's existing own plant portfolio and long-term growing strategies.

With all of the state of the art facilities complete, both the PDC and the Organigram commercial business are seeing significant benefits both from a scientific development standpoint and in terms of revenue driving commercial capability. The in-house extraction laboratory capabilities have resulted in the commercialization of high potency THCV extract derived from exclusive whole plant THCV flower, followed by THCV isolate.

Via the R&D lab and the GPP (Good Production Practices, as prescribed by Part 5 of the Cannabis regulations)pilot scale production, Organigram has been able to test and learn about the inclusion of several minor cannabinoids, which has allowed it to expand into more complex minor cannabinoid stacks across several brand portfolios in the Company's high speed, high throughput Winnipeg Facility. The focus in all facilities has been rapid transfer from R&D to commercial process to allow Organigram to fine tune manufacturing operations in real time.

The PDC is in late stage development of a suite of emulsions, novel vapour formulations, flavour innovations, and packaging solutions which are planned to be used alone, and in combination, across the Organigram portfolio of products.

The broad focus has been the development of improved cannabinoid delivery, rapid and predictable onset and products that target and satisfy a range of mood states. For improved ingestible innovations, Organigram is currently conducting

pharmacokinetic studies after completing initial research and development, so that the Company can quantify and substantiate the benefit of these innovations in a clinical setting. Moving to clinical studies has been a key and significant milestone in the development journey, and will provide a broad and robust dataset validating our development so far allowing Organigram to complete a number of work streams.

Organigram is aiming to test and learn this technology via a small market launch in New Brunswick this fall and will be leading with an easy to understand and consumer relevant functional claim relating to onset that the Company believes will provide a significant consumer benefit. The manufacturing trials of this nano-emulsion-based gummy are already complete at the Winnipeg Facility as Organigram is now moving to large-scale trials to allow for appropriate stability and validation prior to test launch. The Company expects to launch nano-emulsion gummies in the first half of Fiscal 2024.

The Biolab is continuing the development of genetic toolboxes for research of key cannabis traits, which will accelerate R&D activities and has already been used to support several plant science discoveries that will eventually benefit Organigram's existing plant portfolio and long term growing strategies. Immediate discovery has yielded early stage gender typing capability and the Company is moving towards identification of disease markers in the cannabis plant with the goal of helping accelerate rapid screening programs and continue optimizing the quality and viability of Organigram flower.

Plant Science, Breeding and Genomics Research and Development in Moncton

Organigram's cultivation program, a key strategic advantage for the Company, has continued its expansion with the addition of a dedicated cultivation R&D space. The new space has accelerated rapid assessment and screening, delivering 20 to 30 unique cultivars every two months while freeing up rooms for commercial grow operations. The plant science team continues to move the garden towards unique, high terpene and high THC, in-house grown cultivars, while also leveraging the BioLab for ongoing plant science innovation focusing on quality, potency and disease-resistance marker discovery to enrich the future flower pipeline. This activity is supported further by the wide-ranging technical collaboration being undertaken as part of Organigram's strategic investment in Phylos in Q3 Fiscal 2023.

OUTLOOK

The Company's outlook remains positive on the cannabis market both in Canada and internationally. Canada-wide recreational retail sales are expected to total $7.18 billion in the 2027 calendar year.[11]

The cannabis industry in Canada is highly competitive and has been oversupplied versus the current market demand considering both regulated LPs and the still largely unfettered operations of the illicit market including many online delivery platforms. Consumer trends and preferences continue to evolve, including strong demand 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 ready to consume products. Organigram continues to revitalize its product portfolio to address these changing consumer trends and preferences in order to grow sales and capture market share. The Company has also seen supply and demand dynamics brought into a more equilibrated state as many LPs have shuttered surplus cultivation capacity including as a direct result of M&A and liquidation activities.

Against the backdrop of strong industry growth, Organigram has identified a trend of inflated THC potency values being labeled on flower products. As Health Canada regulations limit consumers' ability to obtain fulsome information about various product attributes from LPs, they are most often making purchase decisions based on price and potency alone. Organigram's research indicates that 67%[12] of consumers trust the potency listed on their cannabis label. It is Organigram's view that labelled potency should come from representative samples tested at regulated laboratories.

The increasingly widespread practice of THC inflation by certain Licensed Producers can be achieved in several different ways. The first is cherry picking by the LP, the practice of hand-picking certain flowers on a plant that are high in trichomes that will yield a higher potency result, or sample manipulation, the practice of adding kief back into a sample, boosting its THC value prior to testing.

The next is lab shopping, whereby some Licensed Producers will obtain their Certificate of Analysis (COA) indicating potency, from a lab that is widely known for providing higher than actual values due to non-standard testing practices. In the context of today's regulations, this is happening because Health Canada has not yet prescribed specific and rigorous testing standards for cannabis as they have in the tobacco category as an example.

In the Company's view, this practice leveraged by some LPs and labs to gain market share and win testing contracts not only undermines the credibility of the nascent sector but also erodes consumer confidence in the integrity of the industry. As a responsible industry leader, Organigram has not engaged in, nor does it intend to engage in, the practice of seeking inflated THC levels for the purpose of garnering more sales.

[11] BDSA Canada Market Forecast, September 2023
[12] CIP flower study, 2023

The Company's firm stance on this issue may have a temporary impact on its growth trajectory in flower, but it believes that encouraging all industry stakeholders to unequivocally support delivering high quality products with accurate THC potency is paramount to the continued success of the industry and the safety and well-being of our consumers. As such, Organigram is firmly committed to addressing the issue of THC inflation by working collaboratively with key stakeholders in the industry.

In November 2023, the Ontario Cannabis Store ("OCS") announced that it would begin secondary testing of what it deems to be high-THC flower products to verify the accuracy of potency claims on labels. Products whose potencies fall outside an acceptable range of variance will not be released for sale. This initiative by OCS, the largest provincial government purchaser of cannabis in Canada, signals the seriousness of inflated THC potency, and affirms the Company's stance on the issue.

When considering the significant sales and margin that flower product categories (dried flower, milled flower, pre-rolls infused pre-rolls ("IPR") and international flower sales) contribute to Organigram's financial results, the Company believes this THC inflation was a key driver to the amount of the impairment loss. While the cost of legal and ethical compliance is increasing in this current market, the Company believes its refusal to engage in THC inflation is the right thing to do to protect its business and its reputation.

Despite the aforementioned headwinds, strong demand for the Company's products is evidenced by Organigram's national adult-use recreational cannabis retail market share ("market share") in Canada. In Q4 Fiscal 2023, the Company reached the #2 position in market share, with Organigram holding the #1 position in milled flower, the #1 position in hash and the #1 position in gummies nationally.[2] With expected revenue growth from tube-style pre-rolls, infused pre-rolls, and craft flower from the expansion of the Lac-Supérieur Facility, management expects that the Company will generate higher revenue in Fiscal 2024 as compared to Fiscal 2023. In addition to the domestic sales growth, the Company expects higher international revenue as new international shipments to the German market via a new supply agreement with Sanity Group, and new shipments to the UK market through its supply agreement with 4C LABS were signed in Fiscal 2023.

Organigram considers innovation to be a primary growth lever. The Company's recent investment in Phylos in May, 2023 garners several strategic advantages that should help to propel product differentiation, production efficiency, and margin rate. The Phylos investment grants Organigram exclusive access to cultivars with high concentrations of the novel cannabinoid THCV. Similar to CBD, THCV is an antagonist to THC, counteracting certain of its effects. Most notably, THCV reportedly counteracts the appetite stimulation observed with THC, earning it the colloquial title of "Diet Weed" in the media. Alone, THCV is reported to have a calming, euphoric, and focusing effect. However, cultivating cannabis with sufficient THCV concentrations that are viable for extraction for derivative products is very difficult. Organigram anticipates it will be the only Licensed Producer able to produce a wide array of product formats containing THCV for a differentiated consumer experience in the near-mid term. Further to the competitive advantage associated with THCV, Organigram and Phylos' innovative relationship is expected to allow Organigram to transition a portion of its garden to seed-based cultivation over time. Compared to the clone-based production which most cultivators today undertake, seed-based production has a variety of advantages. It is cheaper, faster, utilizes less footprint, and produces more robust and consistent plants. While Organigram anticipates seed-based production will eventually deliver significant cost savings and higher-quality flower, the Company will continue to use clone-based production and experimentation in its cross-breeding and pheno-hunting efforts. Organigram is evaluating formulations of THC:THCV ratios in derivative products like vapes that could have a positive impact on margin.

Organigram's investment in Phylos is synergistic with its investment in Greentank made in March, 2023. Greentank's vapour heating technology is the first of its kind in the world. With exclusive access to this technology for 18-months from commercialization, Organigram expects to launch a true product innovation in the vape category. As Greentank vape cartridges are capable of delivering superior flavour that lasts throughout the entire life of the vape cartridge, while eliminating the clogging seen with legacy vapes in the market, Organigram expects to achieve significant growth in this category as consumers repeatedly report flavour decline and clogging as primary issues when using vapes. Further, Greentank vapes produce a characteristically different vape cloud which may result in increased perceived potency per puff. Organigram intends to combine THCV with Greentank enabled vape cartridges to deliver a truly unique vape experience for customers. The Company is expecting commercialization to begin in Q2 Fiscal 2024.
The Company intends to continue to leverage its Moncton Campus which it believes can provide a sustainable competitive advantage over its peers as a result of having over 131 three-tiered cultivation rooms each with the ability to deliver bespoke growing environmental conditions (lighting, humidity, fertigation, plant density) tailored individually to a wide variety of genetics (115 of these rooms are used for the flowering period). With an improved genetics portfolio, (including contributions from the dedicated cultivation R&D space at the newly-commissioned BioLab and the Company's access to high THCV cultivars through its recent investment in Phylos) and a higher average THC being grown than the previous year, the Company believes it is well positioned to take advantage of the dried flower and pre-roll categories which collectively represents approximately 70%[13] of the Canadian legal market.

[13] Source: Hifyre data extract from September 30, 2023

Opportunities to scale up new genetics require a patient and deliberate process where cultivation protocols are trialed for each strain and adjusted through multiple growth cycles before full roll-out to multiple rooms in the facility. Organigram's commitment to invest in new genetics continues, and the Company expects to launch new high THC and high terpene genetics in the near term.

In addition to traditional dried flower and pre-roll offerings, Organigram expects to be in a position to generate more revenue growth from the production of soft chews and other confectionary products with the specialized equipment at the Winnipeg Facility, with the inclusion of novel minor cannabinoids like THCV. The Company completed its first sales of Winnipeg Facility manufactured soft chews during Q4 Fiscal 2021, and launched several line extensions during Fiscal 2022. Organigram's shipped sales growth in the gummy category was over 100% in Fiscal 2023 compared to Fiscal 2022. Management expects continued growth in this product category in Fiscal 2024.

The Lac-Supérieur Facility was acquired in December 2021 and added hash and artisanal craft cannabis to the Company's product offerings. The application of the Company's direct sales force and national distribution has been successful at achieving national distribution for the hash products and is expected to generate additional revenues from these operations for the remainder of Fiscal 2023. In Q4 Fiscal 2023, expansion at Lac-Supérieur was completed. Organigram completed its first Lac-Supérieur harvest in December 2023.

The Company's adjusted gross margin[14] decreased from 19% in Q3 Fiscal 2023 to 17% in Q4 Fiscal 2023. This decline was primarily due to a significant decrease in international sales which attract a higher ASP, combined with lower net flower revenue due to price compression and THC inflation, and the impact of lost sales attributed to Edison Jolts. The Company's adjusted gross margin increased from 23% in Fiscal 2022 to 25% in Fiscal 2023.

The Company expects to continue its trend of increasing margins and positive Adjusted EBITDA on a year-over-year basis. However, the margin rate is impacted by many factors including: the cost of production; flower yields; domestic versus international sales; and product mix by categories and brand. The margin rate is also impacted by the overall sales and production levels, as during periods of lower sales and/or production, the fixed operational costs will negatively impact the margin rate for all product categories.

Organigram has identified the following sales mix opportunities which it believes have the potential to improve adjusted gross margins over time:

- Increased sales from the Company's higher-margin ready-to-consume products, such as tube-style and infused pre-rolls, Greentank-enabled vapes, and the introduction of nano-emulsion gummies;
- The larger volume of higher margin sales expected from craft flower produced at the Company's Lac-Supérieur Facility; and
- Continued focus on increasing market share in Western Canada to optimize the Company's provincial mix.

Outside of Canada, the Company serves international markets (mainly Israel and Australia) from Canada via exports and seeks to augment sales channels internationally over time in other markets. In Fiscal 2023, the Company secured supply agreements with medical cannabis distributors in Germany and the UK, and expects shipments to commence in Fiscal 2024. The Company continues to monitor regulatory developments in other jurisdictions. In early Q1 Fiscal 2021, the Israeli Ministry of Health amended its quality standard for imported medical cannabis, Israeli Medical Cannabis Standard (IMC-GAP). In June 2021, the Company received its Good Agricultural Practice (GAP) certification from Control Union Certifications under the Control Union Medical Cannabis Standard ("CUMCS") in order to permit it to continue its shipments to Israel under the amended Israeli quality standard. The Company has sought, and during May 2022, received an updated CUMCS-GAP certification which has been benchmarked against IMC-GAP, to demonstrate it continues to meet the evolving Israeli quality standards. On November 25, 2022, Organigram was notified by the CUMCS that future testing must be conducted at the cloning stage of production rather than at the harvest stage, which was previously acceptable. The Company worked to resolve the complexity resulting from this new testing requirement, seeking a temporary alternative from the CUMCS. On March 17, 2023, Organigram was notified that the proposed alternative would not be acceptable, resulting in a temporary delay in shipments to Israel in Q3 Fiscal 2023. The CUMCS-GAP certification is subject to ongoing audit and annual renewal requirements. In addition, the Australian government implemented regulatory changes under Therapeutic Goods Order 93 ("TGO 93"), which took effect on July 1, 2023. TGO 93 sets out new quality standards for cannabis imports, including GMP equivalency standards for cannabis products. As a result of TGO 93, Australian cannabis suppliers can no longer import finished goods that do not comply with GMP. As such, the Company may only continue to export bulk flower to Australia until such time as it meets one of the GMP equivalency standards. Organigram submitted its EU GMP certification application subsequent to Q4 Fiscal 2023 and expects to enter into an audit phase in Fiscal 2024.

[14] Adjusted gross margin is a Non-IFRS Measure. See "Cautionary Statement Regarding Certain Non-IFRS Measures" and "Financial Results and Review of Operations" in this MD&A.

On November 17, 2022, the Company entered into a multi-year agreement with Canndoc that contemplates shipping up to 20,000 kilograms of dried flower. To date 4,900 kilograms have been shipped under this agreement.

Future shipments to Australia and Israel are also contingent upon the timing and receipt of regulatory approval from Health Canada, including obtaining an export permit, as well as timing and receipt of regulatory approval from the purchaser's regulatory authority, including obtaining an import permit.

In Fiscal Q3 we experienced a slowdown in international exports due to these newly enforced testing requirements in Israel. We believed historical export volumes would resume in Q4 however, we experienced delays relating to cultivar selection and shipping challenges. Our lower Q4 international sales did impact our margins, but we anticipate stronger demand for our products on the international stage in Fiscal 2024 as shipments to Australia and Israel are expected to resume.

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) remain difficult to predict. In addition to its recent investment in U.S. domiciled Phylos, the Company continues to monitor and develop a potential U.S. entry strategy that could include THC, CBD and other minor cannabinoids. International expansion initiatives are expected to be supported in Fiscal 2024 and beyond by the Follow-on BAT Investment, which remains subject to certain approvals, including shareholder and regulatory approval. Approximately $83 million of the Follow-on BAT Investment is earmarked toward "Jupiter", a strategic investment pool targeting international growth opportunities, which positions the Company to expand into the U.S. and further international markets at the appropriate time and subject to applicable laws. The Company continues to monitor recreational legalization opportunities in European jurisdictions with a particular focus on German opportunities based on the size of the addressable market and recent regulatory changes.

In March 2021, the Company and BAT entered into the PDC Agreement. Under the PDC Agreement the Company is granted a worldwide, royalty-free, sub-licensable, perpetual license to exploit IP developed under the PDC Agreement in any field. This license, which is non-exclusive outside of Canada and sole in Canada will also enhance Organigram's ability to enter markets outside of Canada, including through sublicensing arrangements with established operators.

Without limiting the generality of risk factors disclosed in the "Risk Factors" section of this MD&A and in the "Risk Factors" section of the Company's current AIF, the expectations concerning revenue, adjusted gross margin and SG&A (comprised of general and administrative and selling and marketing expense) are based on the following general assumptions: consistency of revenue experience with indications of performance to date, consistency of ordering and return patterns or other factors with prior periods and no material change in legal regulation, market factors or general economic conditions. The Company disclaims any obligation to update any of the forward looking information except as required by applicable law. See "Cautionary Statement Regarding Forward-Looking Information".

MEDICAL MARKET

The cannabis data company, BDSA, estimated that the Canadian medical market value for the 2023 calendar year at $360M, a 9% year-over-year decline[15]. Also, the number of medical patients is projected to further decrease within the year, largely due to migration to the recreational channel. In Fiscal 2022, Organigram transitioned its patient base from direct fulfillment to the Medical Cannabis by Shoppers platform offered by Shoppers Drug Mart. On March 28, 2023, Shoppers Drug Mart announced that it would be transferring its medical cannabis business to Avicanna Inc ("Avicanna"). In July 2023, Organigram announced its products became available on Avicanna's MyMedi platform, providing Organigram products to medical patients across Canada.

STRATEGIC INVESTMENTS AND DEVELOPMENTS

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

Hyasynth Strategic Investment

The Company entered into a strategic investment to purchase an aggregate of $10,000 convertible secured debentures of Hyasynth Biologicals Inc., a biotechnology company based in Montreal and pioneer in the field of cannabinoid science and biosynthesis, in three separate tranches. This provides the Company with a potential ownership interest of up to 49.9% on a fully diluted basis. The Company has appointed one nominee director and one observer to the board of Hyasynth, which currently has six members and one observer.

Hyasynth has patent-pending enzymes, yeast strains and processes that make it possible to produce cannabinoids for a fraction of the cost of traditional plant-based production. 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. While the

[15] BDSA Market Forecast, September 2023

Company expects that there will always be a need for premium indoor-grown cannabis flowers, working with Hyasynth offers the potential to respond more quickly to market demand for pure and consistent cannabinoid-based ingredients.

Green Tank Strategic Investment

The Company entered into a product purchase agreement (the Purchase Agreement") with Green Tank Technologies Corp. ("Greentank") a leading vapourization technology company and a subscription agreement (the "Subscription Agreement") with Greentank's parent company, Weekend Holdings Corp ("Weekend Holdings"). The Purchase Agreement provides Organigram with an exclusivity period in Canada for the new technology incorporated into 510 vape cartridges (along with other formats) for use with cannabis, including the development of a custom all-in-one device that will be proprietary to Organigram.

Pursuant to the terms of the Subscription Agreement, Organigram has subscribed for preferred shares for an aggregate subscription price of US$4.0 million (~$5.5 million CAD) representing an approximate 2.6% interest in Weekend Holdings. Organigram's investment combined with the Purchase Agreement is expected to transform Organigram's current and future vapour hardware lineup across its portfolio of recreational brands.

Phylos Strategic Investment

The Company made its first US strategic investment in Phylos, a U.S. cannabis genetics company and provider of production ready seeds, based in Portland, Oregon, to initiate a wide-ranging technical and commercial relationship in Canada. This innovation relationship is expected to further support Organigram's industry leading cultivation efforts in Canada with patent-pending foundational technologies and genetics. In the future, subject to receipt of any required approvals and permits, Organigram intends to export THCV products to select legal international markets. This arrangement creates a commercial path from seed to flower that is expected to significantly reduce operating costs and improve margins. Using genetically identical seeds with stabilized characteristics such as potency, terpene profile, aroma, minor cannabinoid concentrations, and more, precludes the need for cloning and propagation, decreasing genetic maintenance and increasing plant vigor and health.

FINANCIAL RESULTS AND REVIEW OF OPERATIONS

CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES

The Company uses certain non-IFRS performance measures such as Adjusted EBITDA and adjusted gross margin in its MD&A and 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, and the following discussion.

FINANCIAL HIGHLIGHTS

Below is the period-over-period analysis of the changes that occurred between the thirteen months ended September 30, 2023 and the year ended August 31, 2022. Commentary is provided in the pages that follow.

	Fiscal 2023	Fiscal 2022	$ CHANGE	% CHANGE	Fiscal 2021
Financial Results					
Gross revenue	$ 233,647	$ 209,109	$ 24,538	12 %	$ 109,859
Net revenue	$ 161,639	$ 145,809	$ 15,830	11 %	$ 79,163
Cost of sales	$ 136,437	$ 119,037	$ 17,400	15 %	$ 103,567
Gross margin before fair value adjustments	$ 25,202	$ 26,772	$ (1,570)	(6) %	$ (24,404)
Gross margin % before fair value adjustments	16 %	18 %	(2)%	(11) %	(31)%
Realized loss on fair value on inventories sold and other inventory charges	$ (56,187)	$ (35,204)	$ 20,983	60 %	$ (35,721)
Unrealized gain on changes in fair value of biological assets	$ 68,981	$ 40,001	$ 28,980	72 %	$ 31,726
Gross margin	$ 37,996	$ 31,569	$ 6,427	20 %	$ (28,399)
Operating expenses	$ 300,963	$ 74,720	$ 226,243	303 %	$ 63,421
Loss from operations	$ (262,967)	$ (43,151)	$ (219,816)	(509) %	$ (91,820)
Other (income) expenses	$ (10,554)	$ (28,868)	$ (18,314)	63 %	$ 38,884
Net loss	$ (248,601)	$ (14,283)	$ (234,318)	(1641) %	$ (130,704)
Net loss per common share, basic	$ (3.058)	$ (0.185)	$ (2.873)	(1,553) %	$ (0.510)
Net loss per common share, diluted	$ (3.058)	$ (0.185)	$ (2.873)	(1,553) %	$ (0.510)
Net cash used in operating activities	$ 38,778	$ 36,211	$ 2,567	7 %	$ 28,589
Adjusted Gross Margin[1]	$ 40,214	$ 33,390	$ 6,824	20 %	$ 3,563
Adjusted Gross Margin %[1]	25 %	23 %	2%	9 %	5%
Adjusted EBITDA[1]	$ 5,951	$ 3,484	$ 2,467	71 %	$ (27,643)
Financial Position					
Working capital	$ 133,545	$ 166,338	$ (32,793)	(20) %	$ 234,349
Inventory and biological assets	$ 80,953	$ 68,282	$ 12,671	19 %	$ 48,818
Total assets	$ 298,455	$ 577,107	$ (278,652)	(48) %	$ 554,017
Non-current financial liabilities[2]	$ 3,630	$ 2,361	$ 1,269	54 %	$ 4,881

Note 1: Non-IFRS measures that have been defined and reconciled within their respective subsections in this section of the MD&A.
Note 2: Non-current financial liabilities excludes non-monetary balances related to contingent share consideration, derivative liabilities and deferred income taxes.

NET REVENUE

Net revenue for the Company is defined as gross revenue, net of customer fees, discounts, rebates, and sales returns and recoveries, less excise taxes. Revenue consists primarily of dried flower and cannabis derivative products sold to the adult-use recreational cannabis, medical cannabis, wholesale, and international cannabis marketplaces.

For the thirteen months ended September 30, 2023, the Company recorded an increase of 11% in net revenue to $161,639 from $145,809 for the year ended August 31, 2022. Net revenue increased on a period-over-period basis primarily due to an increase in recreational revenue of $15,830 and international revenue of $3,736, partially offset by a decrease in medical sales.

For the thirteen months ended September 30, 2023, the net ASP of recreational flower decreased to $1.65 per gram compared to $1.83 per gram for the year ended August 31, 2022, due to a shift towards value-oriented large format products and general price compression.

Sales volumes of all flower in grams increased 12% to 63,774 kg for the thirteen months ended September 30, 2023 compared to 57,003 kg in the prior year, primarily due to the current period covering thirteen months as opposed to the twelve months in the comparative year.

REVENUE COMPOSITION

The Company's revenue composition by product category was as follows for the thirteen months ended September 30, 2023 and the year ended August 31, 2022:

	Fiscal 2023	Fiscal 2022
International Flower and Oil	$18,874	$15,138
Medical, net of excise duty	3,507	7,309
Recreational Flower, net of excise duty	89,546	92,612
Recreational Vapes, net of excise duty	4,094	5,573
Recreational Hash, net of excise duty	11,885	6,297
Recreational Infused Pre-rolls, net of excise duty	2,871	117
Recreational Edibles, net of excise duty	23,556	12,269
Recreational Ingestible Extracts, net of excise duty	5,107	5,010
Wholesale and Other	2,199	1,484
Total Net Revenue	$161,639	$145,809

COST OF SALES AND GROSS MARGIN

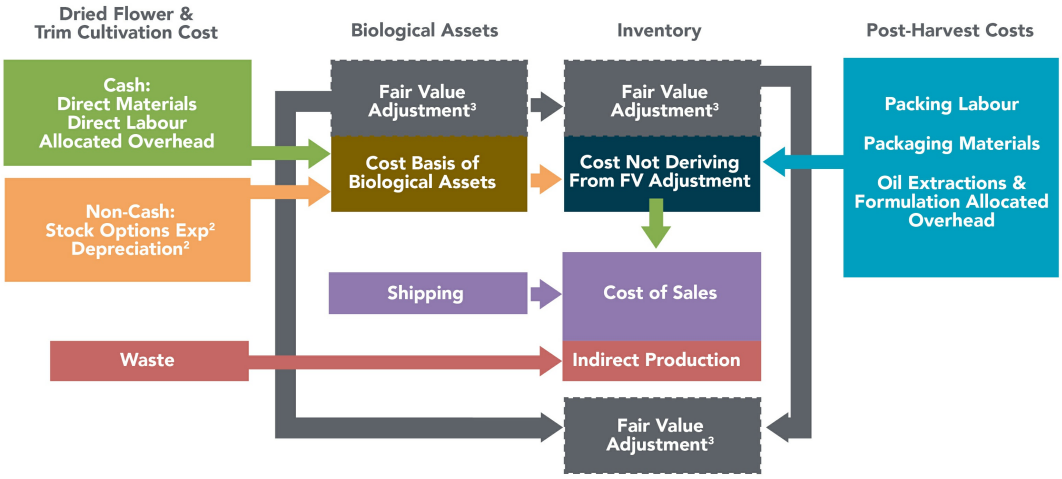
The gross margin for the thirteen months ended September 30, 2023 was $37,996, compared to $31,569 for the year ended August 31, 2022. The changes and significant items impacting the thirteen months ended September 30, 2023 were primarily as a result of: (i) higher sales including increased international sales; (ii) lower cultivation and post-harvest costs; (iii) higher unrealized gains on changes in the fair value of biological assets; and (iv) net of the impact of lower net ASP from increased competition and the ongoing evolution of the customer and product mix.

Included in gross margin are the changes in the fair value of biological assets related to IFRS standard IAS 41 – Agriculture. The net increase in fair value adjustments on a period-over-period basis is due to an increase in harvested and in-progress plants resulting in an increase in fair value on the growth of biological assets of $68,981 compared to $40,001 in the comparative period, which was offset by the realization of the fair value increment for inventory sold of $43,524 (August 31, 2022 – $31,133) and adjustments to the net realizable value of inventory of $12,663 (August 31, 2022 – $4,071). The net increase in fair value adjustments for the thirteen months ended September 30, 2023 compared to the prior year comparative period is primarily due to the decrease in cultivation costs and the increase to the overall number of plants from increased planting room usage in the current period.

Cost of sales primarily consists of the following:

- Costs of sales of cannabis (dried flower, pre-rolls, and wholesale/international bulk flower), cannabis extracts, 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 building and equipment. This includes cultivation costs (growing, harvesting, drying, and processing 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 costs of late-stage biological assets that are disposed of, plants destroyed that do not meet the Company's quality assurance standards, provisions for excess and unsaleable inventories and provisions related to adjustments to net realizable value that reduce the carrying value of inventory below the original production or purchase cost, and other production overhead; and
- Unabsorbed fixed overhead charges, comprised of depreciation, insurance, and property taxes, resulting from the underutilization of cultivation and production capacity.

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



Note 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 to the Financial Statements for the official accounting policies.
Note 2: The majority of stock options and depreciation expense related to the manufacturing and operations departments are capitalized as part of cultivation and inventory production costs; however, a certain amount of these expenses that relate to overhead departments and underutilization of the Moncton Campus are expensed directly to cost of sales.
Note 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 (fair value adjustments) to "Realized fair value on inventories sold and other inventory charges" on the consolidated statements of operations and comprehensive income (loss).
Note 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 statements of operations and comprehensive income (loss).

ADJUSTED GROSS MARGIN

Adjusted gross margin is a non-IFRS measure that the Company defines as net revenue less: (i) unrealized gain on changes in fair value of biological assets; (ii) realized fair value on inventories sold and other inventory charges; (iii) provisions (recoveries) of inventories and biological assets; (iv) provisions to net realizable value; and (v) unabsorbed overhead relating to underutilization of the production facility grow rooms and manufacturing equipment, most of which is related to non-cash depreciation expense. Management believes that this measure provides useful information to assess the profitability of our operations as it represents the normalized gross margin generated from operations and excludes the effects of non-cash fair value adjustments on inventories and biological assets, which are required by IFRS. See "Cautionary Statement Regarding Certain Non-IFRS Measures". The most directly comparable measure to adjusted gross margin calculated in accordance with IFRS is gross margin before fair value adjustments.

	Q1-F22	Q2-F22	Q3-F22	Q4-F22	Q1-F23	Q2-F23	Q3-F23	Q4-F23	Fiscal 2023
Net revenue	$ 30,378	$ 31,836	$ 38,115	$ 45,480	$ 43,321	$ 39,493	$ 32,785	$ 46,040	$ 161,639
Cost of sales before adjustments	24,903	23,581	28,817	35,118	30,492	26,121	26,711	38,101	121,425
Adjusted Gross margin [1]	5,475	8,255	9,298	10,362	12,829	13,372	6,074	7,939	40,214
Adjusted Gross margin % [1]	18 %	26 %	24 %	23 %	30 %	34 %	19 %	17 %	25 %
Less:									
Provisions (recoveries) of inventories and biological assets	1,845	686	(83)	1,600	1,067	1,256	2,823	532	5,678
Provisions to net realizable value	467	25	6	—	62	2,265	2,755	4,252	9,334
Realized fair value on inventories sold from acquisitions	—	663	700	—	—	—	—	—	—
Unabsorbed overhead	709	—	—	—	—	—	—	—	—
Gross margin before fair value adjustments	$ 2,454	$ 6,881	$ 8,675	$ 8,762	$ 11,700	$ 9,851	$ 496	$ 3,155	$ 25,202
Gross margin % (before fair value adjustments)	8 %	22 %	23 %	19 %	27 %	25 %	2 %	7 %	16 %
Add:									
Realized fair value on inventories sold and other inventory charges	$ (12,313)	$ (5,314)	$ (7,386)	$ (10,191)	$ (12,528)	$ (14,170)	$ (13,588)	$ (15,901)	$ (56,187)
Unrealized gain on changes in fair value of biological assets	$ 10,469	$ 7,502	$ 6,353	$ 15,677	$ 24,714	$ 14,121	$ 8,395	$ 21,751	$ 68,981
Gross margin[1]	$ 610	$ 9,069	$ 7,642	$ 14,248	$ 23,886	$ 9,802	$ (4,697)	$ 9,005	$ 37,996
Gross margin %[1]	2 %	28 %	20 %	31 %	55 %	25 %	(14)%	20 %	24 %

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

The adjusted gross margin and gross margin before fair value adjustments have generally improved since Q1 Fiscal 2022, with the exception of Q3 Fiscal 2023 and Q4 Fiscal 2023. Lower net flower sales, lower international sales, and lost sales attributable to Edison Jolts had the largest margin impacts in Q3 Fiscal 2023 and Q4 Fiscal 2023.

OPERATING EXPENSES

	Fiscal 2023	Fiscal 2022	CHANGE	% CHANGE
General and administrative	$ 53,030	$ 42,908	$ 10,122	24 %
Sales and marketing	19,348	16,860	2,488	15 %
Research and development	13,201	5,962	7,239	121 %
Share-based compensation	5,273	4,745	528	11 %
Impairment of property, plant and equipment	165,255	4,245	161,010	3,793 %
Impairment of intangible assets and goodwill	44,856	—	44,856	N/A
Total operating expenses	$ 300,963	$ 74,720	$ 226,243	303 %

GENERAL AND ADMINISTRATIVE

For the thirteen months ended September 30, 2023, the Company incurred general and administrative expenses of $53,030 compared to $42,908 for the year ended August 31, 2022. The increase in expenses mainly relates to one additional month in the current period, higher employee costs due to more general and administrative full-time employees to support the Company's growth, higher depreciation and amortization, general wage increases, higher audit and legal fees and higher technology costs which includes $7,687 (August 31, 2022: $3,203) in ERP installation costs.

SALES AND MARKETING

For the thirteen months ended September 30, 2023, the Company incurred sales and marketing expenses of $19,348 or 12% of net revenues as compared to $16,860 or 12% of net revenues for the year ended August 31, 2022.

RESEARCH AND DEVELOPMENT

Research and development costs of $13,201 increased from the prior year cost of $5,962, as the Company ramped up activity under the PDC Agreement and other internal product innovation projects.

SHARE-BASED COMPENSATION

For the thirteen months ended September 30, 2023, the Company recognized $5,273, in share-based compensation expense in relation to selling, marketing, general and administrative, and research and development employees compared to $4,745 for the year ended August 31, 2022 due to a greater number of equity awards issued and outstanding during the current period as compared to the prior comparative period.

Total share-based compensation charges, including those related to production employees that are charged to biological assets and inventory and amounts amortized for the thirteen months ended September 30, 2023, were $5,727 compared to $5,127 for the comparable period, the changes being consistent with those noted above.

For the thirteen months ended September 30, 2023, 321,000 options were granted, valued at $1,075, compared to 1,369,250 options granted in the year ended August 31, 2022, valued at $6,029. Included in the thirteen months ended September 30, 2023 were 206,250 options granted to key management personnel compared to 821,750 options granted for the year ended August 31, 2022.

During the thirteen months ended September 30, 2023, 371,317 restricted share units (“RSUs”) were granted to employees (year ended August 31, 2022 – 361,174), of which 285,191 RSUs were issued to key management personnel, which includes members of the Board of Directors, compared to 95,093 issued for the year ended August 31, 2022.

During the thirteen months ended September 30, 2023, 211,544 performance share units (“PSUs”) were granted to employees (year ended August 31, 2022 – 47,071), of which 136,920 PSUs were issued to key management personnel compared to 39,742 issued for the year ended August 31, 2022.

Share-based compensation represents 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.

IMPAIRMENT

During Fiscal 2023, as a consequence of the Company's market capitalization trading significantly below its shareholders' equity, combined with the Company's operational results and an increase in its post-tax discount rate, management determined that there were economic indicators of impairment warranting a calculation of the recoverable amount of the assets as at May 31, 2023 and September 30, 2023. These analyses were done on a consolidated basis and also by cash generating unit ("CGU"). The impairment tests considered several factors including forecasted operational cash flows (net of tax impact), on-going investments in working capital and sustaining capital expenditures, post-tax discount rates, terminal value growth rate and these analyses resulted in the recognition of an impairment loss of $210,111 against property, plant and equipment and intangible assets and goodwill. A meaningful contributing factor to the quantum of the impairment charge was related to the impact to flower sales and margins due to THC inflation (see Outlook section of the MD&A). When considering the significant sales and margin that flower product categories (dried flower, milled flower, pre-rolls, IPR and international flower sales) contribute to Organigram's financial results, this was a key driver to the amount of the impairment loss. The impairment loss was allocated to intangible assets and goodwill in the amount of $44,856 and $165,255 in relation to property, plant and equipment (refer to Note 8 and Note 9 of the Consolidated Financial Statements for further information).

During Fiscal 2022, the Company made the strategic decision to cease manufacturing chocolate at its Moncton Campus and as a result, the asset was revalued to the lower of its carrying amount and fair value less costs and the Company recognized an additional impairment loss of $3,978 in relation to this asset.

OTHER (INCOME) EXPENSES

	Fiscal 2023	Fiscal 2022	CHANGE	% CHANGE
Financing costs	$ 301	$ 429	$ (128)	(30) %
Investment income	(3,993)	(1,487)	2,506	169 %
Insurance recoveries	(213)	(181)	32	18 %
Government subsidies	(194)	(154)	40	26 %
Share of loss from investments in associates	1,004	1,364	(360)	(26) %
Impairment (recovery) of loan receivable	(66)	250	(316)	(126) %
Loss on disposal of property, plant and equipment	418	6,580	(6,162)	(94) %
Change in fair value of contingent consideration	(3,364)	(2,621)	743	(28) %
Change in fair value of derivative liabilities	(4,372)	(32,650)	(28,278)	87 %
Legal provision (recovery)	(75)	(310)	(235)	76 %
Total other (income)/expenses	$ (10,554)	$ (28,780)	$ 18,226	(63) %

INVESTMENT INCOME

Investment income of $3,993 was earned for the thirteen months ended September 30, 2023, compared to $1,487 for the year ended August 31, 2022. The change in investment income was primarily due to higher interest rates and one additional month in the current period as compared to the year ended August 31, 2022.

INVESTMENTS IN ASSOCIATES AND CONTINGENT CONSIDERATION

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 thirteen months ended September 30, 2023, the Company's share of loss from these investments in associates was $1,004, compared to a loss of $1,364 in the year ended August 31, 2022.

In connection with the Company's acquisition of EIC as described in Note 27 of the Financial Statements, the Company has commitments to deliver additional consideration. During the thirteen months ended September 30, 2023, EIC met the second milestone and the Company issued 2,621,370 Common Shares as consideration to the former shareholders of EIC, for a total value of $6,500. The remaining $500 has been waived as part of a negotiated settlement and recorded as a change in fair value of contingent share consideration during the thirteen months ended September 30, 2023. At September 30, 2023, the outstanding balance is Nil (August 31, 2022 – $7,000).

In connection with the Company's acquisition of Laurentian as described in Note 27 of the Financial Statements, the Company has commitments to deliver additional consideration. At September 30, 2023, the Company revalued the contingent liability to an estimated fair value of $49, resulting in a gain in fair value recorded in the consolidated statement of operations and comprehensive loss of $2,864 for the thirteen months ended September 30, 2023. At September 30, 2023, all of the balance is included in other current liabilities.

DERIVATIVE WARRANT LIABILITIES

On November 12, 2020, the Company closed an underwritten public offering of units of the Company (the "Units") for total gross proceeds of $69,143 (the "Offering"). The Company sold 37,375,000 Units at a price of $1.85 per Unit, including 4,875,000 Units sold pursuant to the full exercise of the over-allotment option granted to the underwriters. The offering was underwritten by a syndicate of underwriters led by Canaccord Genuity Corp. Each Unit consisted 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"), therefore resulting in 18,687,500 Warrants being issued. Each Warrant was 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 (i.e. until November 12, 2023) at an exercise price of $2.50 per Warrant Share and the Warrants have since expired.

In accordance with IAS 32 *Financial Instruments: Presentation*, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the consolidated statement of operations and comprehensive loss at each reporting period. The derivative warrant liabilities were expected to ultimately be converted into the Company's equity (Common Shares) when the Warrants are exercised or will be extinguished on the expiry of the outstanding Warrants and will not result in the outlay of any cash by the Company.

At initial recognition on November 12, 2020, the Company recorded derivative liabilities of $12,894 based on the estimated fair value of the Warrants at this date using the Black-Scholes option pricing model. Share issuance costs of $803 were recognized and allocated to derivative liabilities, such amount represents on a pro-rata allocation of total issuance costs attributable to the Units sold in the Offering based on the relative fair value of the underlying Common Shares and Warrants.

There were no exercises of Warrants during the thirteen months ended September 30, 2023 (year ended August 31, 2022 - Nil). As at September 30, 2023, the Company revalued the remaining derivative warrant liabilities at an estimated fair value of $Nil (August 31, 2022 – $4,138) using the Black-Scholes option pricing model. The Company recorded a decrease in the estimated fair value of the derivative warrant liabilities for the thirteen months ended September 30, 2023 of $4,138 (year ended August 31, 2022 - $30,881). The warrants expired on November 12, 2023.

DERIVATIVE TOP-UP RIGHTS LIABILITIES

On March 10, 2021, through the strategic investment from BAT, the Company issued 58,336,392 Common Shares, resulting in BAT's beneficial ownership in the Company at approximately 19.9%, as described in Note 14 of the Financial Statements.

Pursuant to the investor rights agreement (the "IRA") between the Company and BAT, the Company granted BAT certain rights, including pre-emptive rights, to participate in distributions of Common Shares to maintain its proportionate ownership in certain circumstances, as well as other rights ("Top-up Rights") to subscribe for additional Common Shares in specified circumstances where the pre-emptive rights are not applicable (referred to in the IRA as "Exempt Distributions") and in specified circumstances where pre-emptive rights were not exercised (referred to in the IRA as "bought deal Distributions").

The price per Common Share to be paid by BAT pursuant to the exercise of its Top-up Rights will equal the price paid by other participants in the Exempt Distribution or bought deal Distribution, subject to certain restrictions (including, if such price is not permitted pursuant to stock exchange requirements, at the lowest price permitted thereunder).

The Company has classified the Top-up Rights as a derivative liability and pursuant to the exercise of stock options, RSUs, PSUs and warrants that were outstanding at initial recognition on March 10, 2021 (the date of the IRA), the Company recorded a derivative liability of $2,740 based on the estimated fair value of the Top-up Rights at this date using a Monte Carlo pricing model.

During the thirteen months ended September 30, 2023, no Top-up Rights were exercised (year ended August 31, 2022 - 664,929), for gross proceeds ‹ $Nil (year ended August 31, 2022 - $6,348). The Top-up Rights are fair valued using the Monte Carlo Pricing model.

As at September 30, 2023, the Company revalued the Top-up Rights at an estimated fair value of $130 (August 31, 2022 – $735). The Company recorded a decrease in the estimated fair value change of the Top-up Rights for the thirteen months ended September 30, 2023 of $605 (year ended August 31, 2022 - $1,769).

OTHER

During the thirteen months endec September 30, 2023, the Company recorded a loss on disposal of property, plant and equipment of $418 (year ended August 31, 2022 - $6,580). During Fiscal 2022, the Company completed a number of upgrades to its growing rooms, including the installation of LED light fixtures, which are expected to further improve the operating conditions of the Moncton Campus resulting in higher quality flower and a reduction to production costs. As a result of this work, certain assets that had not yet been fully depreciated were replaced, resulting in a loss on disposal of property, plant and equipment during the year ended August 31, 2022.

During the thirteen months ended September 30, 2023, the Company recovered a loan that was receivable from 703454 N.B. Inc. (carrying business as 1812 Hemp) of $66 (year ended August 31, 2022 - loss of $250) and partially reversed an impairment charge that was recognized during the year ended August 31, 2022.

During the thirteen months ended September 30, 2023, the Company recorded a legal provision recovery relating to claims and other contingencies in the amount of $75 compared to $310 for the year ended August 31, 2022.

NET LOSS

Net loss for the thirteen months ended September 30, 2023 was $248,601 or $3.058 per Common Share (basic and diluted), compared to $14,283 or $0.185 per Common Share (basic and diluted) for the year ended August 31, 2022. The increase in net loss from the comparative period is primarily due to the higher impairment loss, as well as a lower gain on the change in fair value of derivative liabilities in the current year period.

SUMMARY OF QUARTERLY RESULTS

	Q1-F22	Q2-F22	Q3-F22	Q4-F22	Q1-F23	Q2-F23	Q3-F23	Q4-F23
Financial Results								
Adult-use recreational cannabis revenue (net of excise)	$ 25,020	$ 24,887	$ 34,521	$ 37,521	$ 35,859	$ 27,415	$ 29,202	$ 44,596
Medical revenue (net of excise)	$ 1,908	$ 1,920	$ 1,793	$ 1,688	$ 1,486	$ 769	$ 545	$ 707
International, wholesale and other revenue	$ 3,450	$ 5,029	$ 1,801	$ 6,271	$ 5,976	$ 11,309	$ 3,038	$ 737
Net revenue	$ 30,378	$ 31,836	$ 38,115	$ 45,480	$ 43,321	$ 39,493	$ 32,785	$ 46,040
Net income (loss)	$ (1,305)	$ (4,047)	$ (2,787)	$ (6,144)	$ 5,329	$ (7,488)	$ (213,451)	$ (32,991)
Net income (loss) per common share, basic	$ (0.004)	$ (0.013)	$ (0.009)	$ (0.020)	$ 0.017	$ (0.024)	$ (0.677)	$ (0.105)
Net income (loss) per common share, diluted	$ (0.004)	$ (0.013)	$ (0.009)	$ (0.020)	$ 0.017	$ (0.024)	$ (0.677)	$ (0.105)
Operational Results								
Dried flower yield per plant (grams)	129	122	132	141	168	156	144	163
Harvest (kg) - dried flower	11,603	10,037	13,141	16,101	22,296	20,624	18,604	28,071
Employee headcount (#)	738	841	865	887	921	939	923	935

In Q1 Fiscal 2023, continued growth in net revenues, lower cost of production (on a per unit basis) and lower asset impairment charges, resulted in net income as compared to net losses recognized during Fiscal 2022. In Q2 Fiscal 2023, the Company recorded a net loss primarily due to a lower gain on the change in fair value of derivative liabilities. In Q3-Q4 Fiscal 2023, the Company recorded a higher net loss than historical periods primarily due to impairment charges recognized and lower net flower revenue.

Adjusted EBITDA

This is a Non-IFRS Measure and the Company calculates Adjusted EBITDA is calculated as net income (loss) excluding: financing costs, net of investment income; income tax expense (recovery); depreciation, amortization, reversal of/or impairment, normalization of depreciation add-back due to changes in depreciable assets resulting from impairment charges, (gain) loss on disposal of property, plant and equipment (per the consolidated statement of cash flows); share-based compensation (per the consolidated statement of cash flows); share of loss from investments in associates and impairment loss (recovery) from loans

receivable; change in fair value of contingent consideration; change in fair value of derivative liabilities and other financial assets; expenditures incurred in connection with research and development activities (net of depreciation); unrealized gain on changes in fair value of biological assets; realized fair value on inventories sold and other inventory charges; provisions (recoveries) and net realizable value adjustments related to inventory and biological assets; Government subsidies and insurance recoveries; legal provisions (recoveries); incremental fair value component of inventories sold from acquisitions; ERP implementation costs; transaction costs; and share issuance costs. Management believes that Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and derives expectations of future financial performance for the Company, and excludes adjustments that are not reflective of current operating results. See "Cautionary Statement Regarding Certain Non-IFRS Measures". The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is net income (loss).

During Fiscal 2022, management changed the calculation of Adjusted EBITDA to include ERP implementation costs, transaction costs and the fair value component of inventories sold from acquisitions.

Adjusted EBITDA (Non-IFRS Measure)

Adjusted EBITDA Reconciliation	Q1-F22	Q2-F22	Q3-F22	Q4-F22	Q1-F23	Q2-F23	Q3-F23	Q4-F23	Fiscal 2023
Net (loss) income as reported	$ (1,305)	$ (4,047)	$ (2,787)	$ (6,144)	$ 5,329	$ (7,488)	$ (213,451)	$ (32,991)	$ (248,601)
Add/(deduct):									
Financing costs, net of investment income	(243)	(217)	(234)	(364)	(815)	(1,051)	(903)	(923)	(3,692)
Income tax expense (recovery)	—	(97)	308	(299)	(232)	1	(1,302)	(2,279)	(3,812)
Depreciation, amortization, and (gain) loss on disposal of property, plant and equipment (per statement of cash flows)	6,378	11,024	6,515	7,570	7,183	6,867	6,975	5,581	26,606
Normalization of depreciation add-back due to changes in depreciable assets resulting from impairment charges	—	—	—	—	—	—	—	3,037	3,037
Impairment of intangible assets and goodwill	—	—	—	—	—	—	37,905	6,951	44,856
Impairment of property, plant and equipment	—	2,000	—	2,245	—	—	153,337	11,918	165,255
Share of loss (gain) from investments in associates and impairment loss (recovery) from loan receivable	394	499	193	528	406	296	287	(51)	938
Change in fair value of contingent consideration	(182)	666	(3,422)	317	18	(24)	(2,892)	(466)	(3,364)
Realized fair value on inventories sold and other inventory charges	12,313	5,314	7,386	10,191	12,528	14,170	13,588	15,901	56,187
Unrealized gain on changes in fair value of biological assets	(10,469)	(7,502)	(6,353)	(15,677)	(24,714)	(14,121)	(8,395)	(21,751)	(68,981)
Share-based compensation (per statement of cash flows)	680	877	761	2,809	1,852	1,342	1,325	1,208	5,727
Government subsidies and insurance recoveries	—	—	(335)	—	—	—	—	(407)	(407)
Legal provisions (recovery)	—	—	(310)	—	—	(75)	—	—	(75)
Share issuance costs and change in fair value of derivative liabilities and other financial assets	(12,698)	(10,633)	(5,904)	(3,415)	(1,030)	(2,433)	(1,322)	413	(4,372)
Incremental fair value component on inventories sold from acquisitions	—	663	700	—	—	—	—	—	—
ERP implementation costs	—	—	1,410	1,793	1,334	1,377	2,561	2,415	7,687
Transaction costs	—	1,148	1,424	(188)	318	27	538	580	1,463
Provisions (recoveries) and net realizable value adjustments related to inventory and biological assets	2,312	711	(77)	1,600	1,129	3,521	5,578	4,784	15,012
Adjusted EBITDA as Previously Reported	$ (2,820)	$ 406	$ (725)	$ 966	$ 3,306	$ 2,409	$ (6,171)	$ (6,080)	$ (6,536)
Add/(Deduct): Research and development expenditures, net of depreciation	933	1,150	1,308	2,266	2,271	3,239	3,257	3,720	12,487
Adjusted EBITDA (Revised)	$ (1,887)	$ 1,556	$ 583	$ 3,232	$ 5,577	$ 5,648	$ (2,914)	(2,360)	5,951
Divided by: net revenue	30,378	31,836	38,115	45,480	43,321	39,493	32,785	46,040	161,639
Adjusted EBITDA Margin % (Revised) (Non-IFRS Measure)	(6)%	5 %	2 %	7 %	13 %	14 %	(9)%	(5)%	4 %

The Q2 Fiscal 2022 Adjusted EBITDA was a positive $1.6 million which was a $3.4 million increase from the Q1 Fiscal 2022 and was as a result of increased revenues and reductions to the cost of production. The Q3 Fiscal 2022 Adjusted EBITDA was $1.0 million less than the Q2 Fiscal 2022 as a result of the impact from a delayed international shipment. In Q4 Fiscal 2022, the Company achieved Adjusted EBITDA of $3.2 million due to completion of the international shipment scheduled for Q3 Fiscal 2022 and record-high recreational revenues during the quarter.

Due to the higher adjusted gross margin, resulting from lower cultivation and post-harvest costs, Adjusted EBITDA in Q1 Fiscal 2023 increased to $5.6 million, which was the highest that the Company had reported in the preceding eight quarters. The Company continued its track record of Adjusted EBITDA growth with $5.6 million reported in Q2 Fiscal 2023. During Q3 Fiscal 2023, due to lower international sales, continued price concession in adult-use recreational market, low flower yields that increased the cost of cultivation which lowered the margin on flower sales, and higher SG&A costs, the Company's Adjusted EBITDA decreased to a loss of $2.9 million. In Q4 Fiscal 2023, the Company continued to experience price compression in the adult-use recreational market and had lower international sales which together resulted in a decrease in Adjusted EBITDA to a loss of $2.4 million.

BALANCE SHEET, LIQUIDITY AND CAPITAL RESOURCES

The following represents selected balance sheet highlights of the Company at the end Fiscal 2023 and Fiscal 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022	% CHANGE
Cash & short-term investments	$ 33,864	$ 98,607	(66) %
Inventories	$ 63,598	$ 50,314	26 %
Working capital	$ 133,545	$ 166,338	(20) %
Total assets	$ 298,455	$ 577,107	(48) %
Total current and long-term debt	$ 155	$ 235	(34) %
Non-current financial liabilities[1]	$ 3,630	$ 2,361	54 %
Total shareholders' equity	$ 271,623	$ 508,058	(47) %

Note 1: Non-current financial liabilities excludes non-monetary balances related to contingent share consideration, derivative liabilities and deferred income taxes.

On September 30, 2023, the Company had unrestricted cash and short-term investments balance of $33,864 compared to $98,607 at August 31, 2022. The decrease is primarily a result of cash used in operating activities of $38,778, capital expenditures of $29,142 and investments of $10,470 (including transaction costs) in Greentank and Phylos.

The Company completed its Phase 4C expansion in Q4 Fiscal 2022 and that has significantly increased the production capacity enabling the Company to better meet the increased consumer demand for its products. The Company began harvesting from the Phase 4C grow rooms and this has resulted in an increase in inventory on September 30, 2023. In addition, throughout Q4 Fiscal 2023, Organigram completed its expansion at its Lac-Supérieur Facility and completed its first harvest from the expansion in December 2023.

Management believes its capital position is healthy and that there is sufficient liquidity available for the near to medium term. In the event that the Company is unable to finance any new acquisitions from cash on hand, or the $124.6 million follow-on investment from BAT, it could, if necessary and subject to prevailing market conditions, obtain liquidity through the capital markets as the Common Shares are listed for trading on both the NASDAQ and TSX and there is broad analyst coverage amongst sell-side brokerages. The Company filed a base shelf prospectus and form F-10 registration statement in September 2023.

The Company generated positive cash flows from operating activities during Q1 Fiscal 2023, which was achieved primarily due to positive Adjusted EBITDA and a reduction to receivables. In Q2 Fiscal 2023, due to an increase in net working capital assets, primarily from an increase to receivables and inventories combined with a reduction to payables, the Company used cash in operating activities. In Q3 and Q4, Fiscal 2023, Adjusted EBITDA decreased to a loss of $2.9 million and $2.4 million, respectively, and the Company used cash in operating activities. While the Company expects to return to positive Adjusted EBITDA, periods when the Company achieves significant increases to sales will result in increase in the working capital needs and may negatively impact cash flows from operating activities. In Fiscal 2023, the Company completed its budgeted $29 million cash capex programs at its three facilities. These spends related to the completion of the expansion at the Lac-Supérieur Facility and included automation and enhancements investments at the Winnipeg Facility and Moncton Campus. The completion of these capex spends will contribute to the Company's ability to achieve FCF.

The following highlights the Company's cash flows during the four months and thirteen months ended September 30, 2023 and the three months and year ended August 31, 2022:

	Q4-F23	Q4-F22	Fiscal 2023	Fiscal 2022
Cash provided (used) by:				
Operating activities	$ (17,017)	$ (19,695)	$ (38,778)	$ (36,211)
Financing activities	(244)	(161)	(817)	5,328
Investing activities	(1,590)	(38,965)	4,944	44,033
Cash provided (used)	$ (18,851)	$ (58,821)	$ (34,651)	$ 13,150
Cash position				
Beginning of period	52,715	127,336	68,515	55,365
End of period	$ 33,864	$ 68,515	$ 33,864	$ 68,515
Short-term investments	—	30,092	—	30,092
Cash and short-term investments	$ 33,864	$ 98,607	$ 33,864	$ 98,607

Cash used in operating activities for the four months and thirteen months ended September 30, 2023 was $17,017 and $38,778, respectively, compared to cash used in operating activities of $19,695 and $36,211 in the comparable periods, respectively. The increase to cash used in operating activities is primarily due higher ERP implementation expense in the current period.

Cash used by financing activities for the four months and thirteen months ended September 30, 2023 was $244 and $817, respectively. In comparison, for the three months and the year ended August 31, 2022, cash (used) provided by financing activities was $(161) and $5,328, respectively, which was primarily driven by the $6,348 in net equity proceeds from the issuance of common shares to BAT as they exercised their Top-up Rights.

Cash (used) provided by investing activities for the four months and thirteen months ended September 30, 2023 was $(1,590) and $4,944, respectively, compared to cash (used) provided by investing activities of $(38,965) and $44,033 in the comparable periods, respectively. The decrease in cash (used) provided is primarily due to lower capital assets and short-term investments purchases and proceeds from short-term investments.

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements during the four months and thirteen months ended September 30, 2023.

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 Board of Directors. The transactions are conducted at arm's length and in the normal course of operations.

For the four months and thirteen months endedSeptember 30, 2023 and the three months and year ended August 31, 2022, the Company's expenses included the following management and Board of Directors compensation:

	Q4-F23	Q4-F22	Fiscal 2023	Fiscal 2022
Salaries and consulting fees	$ 650	$ 1,067	$ 4,737	$ 3,891
Share-based compensation	724	1,365	3,525	3,713
Total key management compensation	$ 1,374	$ 2,432	$ 8,262	$ 7,604

During the four months and thirteen months endedSeptember 30, 2023, 6,250 and 206,250 stock options (August 31, 2022 – 696,750 and 821,750) were granted to key management personnel with an aggregate fair value of $34 and $665, respectively (August 31, 2022 – $2,509 and $3,407). In addition, during the four months and thirteen months ended September 30, 2023, nil and 285,191 RSUs, (August 31, 2022 – nil and 95,093), were granted to key management personnel with an aggregate fair value of $nil and $1,325, respectively (August 31, 2022 – $nil and $1,022). For the four months and thirteen months ended September 30, 2023, nil and 136,920 PSUs, (August 31, 2022 – nil and 39,742) were issued to key management personnel with an aggregate fair value of $nil and $305, respectively (August 31, 2022 – $nil and $167).

SIGNIFICANT TRANSACTIONS WITH ASSOCIATES AND JOINT OPERATIONS

The Company has transactions with related parties, as defined in IAS 24*Related Party Disclosures*, all of which are undertaken in the normal course of business.

For the four months and thirteen months ended September 30, 2023, under the PDC Agreement, BAT incurred $635 and $3,134 (August 31, 2022 - $592 and $2,404) for direct expenses and the Company incurred $3,764 and $10,638 (August 31, 2022 - $2,288 and $6,818) of direct expenses and capital expenditures of $462 and $1,768 (August 31, 2022 - $1,172 and $3,548) related to the CoE, respectively. The Company recorded $2,001 and $6,886 (August 31, 2022 - $854 and $2,837) of these expenditures in the consolidated statement of operations and comprehensive loss. For the four months and thirteen months ended September 30, 2023, the Company recorded $231 and $884 (August 31, 2022 - $586 and $1,774) of capital expenditures in the consolidated statement of financial position.

During the four months and thirteen months ended September 30, 2023, BAT exercised nil and nil Top-up Rights. At September 30, 2023, there is a receivable balance of $167 (August 31, 2022 - payable of $2,444) from BAT.

FAIR VALUE MEASUREMENTS

(i) Financial Instruments

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy 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 values of cash, short-term investments and restricted funds approximate their carrying amounts due to their short-term nature. The fair value of long-term debt approximates $155.
The fair value of the investment in Weekend Holdings is primarily based on Level 3 unobservable inputs and is determined using a market-based approach, based on revenue multiples for comparable companies.

In determining the impairment loss, the FVLCD of property, plant and equipment was determined based on a third-party appraisal using market and replacement cost approaches. Consideration is given to information from historical data and industry standards which constitute both observable and unobservable inputs (level 2 and level 3).

The fair value of the Secured Convertible Loan advanced to Phylos was determined using the Cox-Ross-Rubinstein binomial lattice option pricing model and has been classified as level 3 in the fair value hierarchy. The fair value of the Secured Convertible Loan was based on certain assumptions, including likelihood, and timing of the federal legalization or decriminalization of cannabis in the United States. Similarly, the fair value of the commitment to fund an additional US $4.75 million over two tranches was based on certain assumptions, including the probability of Phylos meeting certain required milestones. Please refer to the "November 2023" Phylos update in "Key Developments During the Quarter and Subsequent to September 30, 2023".

The fair value of the Laurentian contingent share consideration is primarily based on Level 3 unobservable inputs in a Monte Carlo pricing model. The determination of the fair value of this liability is primarily driven by the Company's expectations of Laurentian achieving its business objectives. The key assumptions used in the model are the expected future sales volumes and selling prices used in determining Laurentian's future EBITDA and the weighted average cost of capital ("WACC").

At September 30, 2023, the fair value of the Laurentian contingent share consideration was revalued to $49. A sensitivity analysis for changes in key inputs such as WACC was not presented as it was deemed that the impact of reasonable changes in inputs would not be significant.

The fair value of derivative warrant liabilities is based on Level 1 and 2 inputs utilized in a Black-Scholes option pricing model to estimate the fair value of such Warrants. The key assumption used in the model is the expected future volatility in the price of the Company's Common Shares.

The fair value of the Top-up Rights is based on Level 3 inputs utilized in a Monte Carlo pricing model to estimate the fair value of such Top-up Rights. The key assumptions used in the model are the expected future price of the Company's Common Shares, the weighted average expected life of the instruments and the expected future volatility in the price of Common Shares.

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

Derivative Warrant Liabilities
At initial recognition on November 12, 2020, the Company recorded derivative liabilities of $12,894 based on the estimated fair value of the Warrants at that date using the Black-Scholes option pricing model. Issue costs were $4,305, of which $803 were allocated to the derivative liabilities based on a pro-rata allocation and expensed in the consolidated statement of operations and comprehensive loss and the balance of $3,502 was allocated to the Common Shares and recorded in share capital.

There were no exercises of Warrants during the thirteen months ended September 30, 2023 (August 31, 2022 - nil warrants). During the thirteen months ended September 30, 2023, the Company revalued the remaining derivative liabilities and recorded a decrease in the estimated fair value of $4,138 (August 31, 2022 - a decrease $30,881).

The Company's derivative liabilities included the following balances and changes in the carrying value of Warrants as of September 30, 2023:

	NUMBER OF WARRANTS	AMOUNT
Balance - August 31, 2022	4,235,913	$ 4,138
Revaluation of Warrants	—	(4,138)
Balance - September 30, 2023	4,235,913	—

The Warrants outstanding as at September 30, 2023, as referenced above, have expired in November 2023. See "Other (Income) Expenses - Derivative Warrant Liabilities" in this MD&A for further information.

The following inputs were used to estimate the fair value of the Warrants at September 30, 2023 and August 31, 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Risk free interest rate	4.83 %	3.64 %
Life of Warrants (years)	0.12	1.20
Market price of Common Shares	1.76	1.42
Expected future volatility of Common Shares	91.00 %	77.30 %
Fair value per Warrant	—	0.24

A sensitivity analysis for change in expected future volatility in the common share price of the Company was not presented as it was deemed that the impact of reasonable changes in this input would not be significant.

Top-up Rights

On March 10, 2021, through the strategic investment from BAT, the Company issued 14,584,098 Common Shares, resulting in BAT's beneficial ownership in the Company of approximately 19.9%.

Pursuant to the IRA, the Company granted BAT certain Top-up Rights to subscribe for additional Common Shares in specified circumstances where the pre-emptive rights are not applicable (i.e. Exempt Distributions) and in specified circumstances where pre-emptive rights were not exercised (i.e. bought deal Distributions).

The price per Common Share to be paid by BAT pursuant to the exercise of its Top-up Rights will equal the price paid by other participants in the Exempt Distribution or bought deal Distribution, subject to certain restrictions (including, if such price is not permitted pursuant to applicable securities laws, at the lowest price permitted thereunder).

The Company has classified the Top-up Rights as a derivative liability, and pursuant to the exercise of stock options, restricted share units, performance share units and warrants that were outstanding at initial recognition on March 10, 2021 (the date of the IRA), the Company recorded a derivative liability of $2,740 based on the estimated fair value of the Top-up Rights at this date using a Monte Carlo pricing model.

As at September 30, 2023, the Company revalued the Top-up Rights at an estimated fair value of $130 (August 31, 2022 – $735). The Company recorded a decrease in the estimated fair value change of the Top-up Rights for the thirteen months ended September 30, 2023 of $605 (August 31, 2022 - $1,769).

The following inputs were used to estimate the fair value of the Top-up Rights at September 30, 2023, and August 31, 2022:

	SEPTEMBER 30, 2023			
	STOCK OPTIONS	WARRANTS	PSUs	RSUs
Average exercise price[1]	$1.20 - $45.08	$2.50	$—	$—
Risk free interest rate	4.11% - 4.54%	3.59%	3.65%	3.78%
Expected future volatility of Common Shares	70.00% - 90.00%	90.00%	85.00%	85.00%
Expected life[1]	1.34 - 5.12	0.12	5.92	5.18
Forfeiture rate	10%	—%	25%	6%

	August 31, 2022			
	STOCK OPTIONS	WARRANTS	PSUs	RSUs
Average exercise price[1]	$2.40 - $38.12	$10.00	—	—
Risk free interest rate	3.15% - 3.71%	3.75%	3.16%	3.13%
Expected future volatility of Common Shares	70.00% - 95.00%	70.00%	90.00%	85.00%
Expected life[1]	1.34 - 5.12	1.20	4.91	5.47
Forfeiture rate	10%	—%	25%	6%

[1]Exercise price and expected life for stock options were determined using the range of exercise prices disclosed in Note 15(iv) in the Financial Statements

(ii) 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 at September 30, 2023 are as follows:

	CAPITALIZED COST	BIOLOGICAL ASSET FAIR VALUE ADJUSTMENT	AMOUNT
Balance, August 31, 2022	$ 8,753	$ 9,215	$ 17,968
Unrealized gain on change in fair value of biological assets	—	68,981	68,981
Production costs capitalized	52,502	—	52,502
Transfer to inventory upon harvest	(54,310)	(67,786)	(122,096)
Carrying amount, September 30, 2023	$ 6,945	$ 10,410	$ 17,355

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, then adjusts that amount for the average selling price per gram, and for any additional costs to be incurred, such as post-harvest costs. The following unobservable inputs, all of which are classified as Level 3 within the fair value hierarchy (see Note 20 of the Financial Statements), 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. expected average yield per plant – represents the number of grams of finished cannabis inventory which is expected to be obtained from each harvested cannabis plant currently under cultivation;

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;

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; and

v. stage of completion in the cultivation process – calculated by taking the average number of weeks in production over a total average grow cycle of approximately 14 weeks.

The Company estimates the harvest yields for the cannabis on plants at various stages of growth, based on expected yield of mature plants. As of September 30, 2023, it is expected that the Company's biological assets will yield 26,917 kg (August 31, 2022 – 27,405 kg) of cannabis when eventually harvested. The Company's estimates are, by their nature, subject to change, and differences from the expected 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 14-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			EFFECT ON FAIR VALUE	
	SEPTEMBER 30, 2023	AUGUST 31, 2022	SENSITIVITY	SEPTEMBER 30, 2023	AUGUST 31, 2022
Average selling price per gram	$ 1.52	$ 1.49	Increase or decrease by 10% per gram	$ 1,690	$ 1,766
Expected average yield per plant	173 grams	132 grams	Increase or decrease by 10 grams	$ 978	$ 1,339

The expected average yield per plant at September 30, 2023 primarily reflects the average yield of the flower component of the plant (with the exception being cannabidiol ("CBD") dominant strains where trim is also harvested for extraction).

OUTSTANDING SHARE DATA

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

The following table sets out the number of Common Shares, options, warrants, Top-up Rights, RSUs and PSUs outstanding of the Company as at September 30, 2023 and December 15, 2023:

	SEPTEMBER 30, 2023	DECEMBER 15, 2023
Common shares issued and outstanding	81,161,630	81,161,630
Options	2,829,676	2,796,353
Warrants	4,235,913	—
Top-up rights	2,035,448	976,677
Restricted share units	881,149	881,149
Performance share units	260,713	260,713
Total fully diluted shares	91,404,529	86,076,522

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 the average selling price per gram and expected average yield per 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, forecast demand and average selling price for obsolete and unsaleable inventories. Refer to Notes 6 and 7 to the Financial Statements for further information.

2. **Useful lives and impairment of property, plant and equipment and finite-life intangible assets**

Amortization of property, plant and equipment and finite life intangibles assets 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.

3. **Share-based payments**

In determining the fair value of options and related costs, management estimates the expected life of the option, the expected volatility of the Company's share price, the risk-free interest rate, and the rate of forfeitures. Refer to Note 15 to the Financial Statements for further information.

4. **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.

5. Impairment of non-financial assets
For the purpose of impairment testing, the Company monitors and tests goodwill at the group of cash-generating unit ("CGU") level to which the goodwill has been allocated. The recoverable amount of an individual CGU and group of CGUs is determined based on value in use which involves the use of a discounted cash flow model and significant assumptions which include forecasted cash flows, terminal growth rate and post-tax discount rates. In allocating any impairment loss, the Company determines the recoverable amounts of its property, plant and equipment. The recoverable amount of property and plant is determined based on fair value less costs of disposal and involves the use of capitalization rates, market rentals, market transactions and demolition costs. The recoverable amount of equipment is determined based on fair value less costs of disposal and involves the use of replacement cost assumptions. The Company determined there were indicators of impairment on individual CGUs and the group of CGUs at May 31, 2023, and in addition to performing the annual impairment test, as at September 30, 2023. The Company identified indicators of impairment at each date, which resulted in impairment loss being recognized at each of these period ends.

6. Derivative liabilities
Warrants issued pursuant to equity offerings that are potentially exercisable in cash or on a cashless basis resulting in a variable number of shares being issued are considered derivative liabilities and therefore measured at fair value through profit or loss. The Company uses the Black-Scholes option pricing model to estimate the fair value of such warrants at inception, on each exercise, and subsequently at the period end date. The key assumption used in the model is the expected future volatility in the price of the Company's Common Shares.

The potential Common Share issuances in regards to top-up rights are considered derivative liabilities and therefore measured at fair value through profit or loss. The Company uses the Monte Carlo pricing model to estimate the fair value of such top-up rights at inception, on each exercise, and subsequently at year end. The key assumption used in the model is the expected future volatility of the price of the Company's Common Shares.

The impact of changes in these key assumptions is described in Note 14 of the Financial Statements.

7. Business combinations
Management performs a valuation analysis to allocate the purchase price based on the acquisition date fair values of the identifiable assets acquired and liabilities assumed. Determining the fair value of identifiable assets acquired and liabilities assumed on the acquisition date and contingent share consideration requires the use of judgment and estimates. With respect to the acquisitions, the significant assumptions related to estimating the fair value of the acquired licenses, brands and non-compete agreement, include: the royalty rate, forecasted revenues, forecasted cash flows, gross margin, and estimating time to market with or without key management. Management also exercises judgment in estimating the probability and timing of when earnout milestones are expected to be achieved, which is used for estimating fair values. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

8. Recognition and measurement of Secured Convertible Loan
In determining the initial and subsequent recognition and measurement of the Secured Convertible Loan (as defined herein), management has applied significant judgment and estimations in regards to identifying and accounting for a derivative. The Company uses the Cox-Ross-Rubinstein binomial lattice option pricing model to estimate the fair value of Secured Convertible Loan. The key assumptions used in the model are the likelihood and timing of the federal legalization or decriminalization of cannabis in the United States, completion of certain milestones by the borrower and the expected conversion price. Refer to Note 10 and 20 to the Financial Statements for further information.

Accounting standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations when they become effective.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 apply to situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, under IFRS 10, when an investor loses control of a subsidiary that does not contain a business as a result of a transaction involving an associate or a joint venture that is accounted for using the equity method, the gain or loss resulting from the transaction is recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. The full gain or loss continues to be recognized if the subsidiary contains a business.

Similarly, IAS 28 is amended such that a full gain or loss is recognized when a downstream transaction involves assets that constitute a business.

These amendments shall be applied prospectively to the sale or contribution of assets occurring after the effective date. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
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. These amendments also clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 8: Definition of Accounting Estimates
These amendments introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1: Disclosure of Accounting Policies
These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments require entities to disclose their *material accounting policy information* rather than their *significant accounting policies*. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and are to be applied prospectively. Earlier application is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

PRODUCT DEVELOPMENT COLLABORATION

On March 10, 2021, in conjunction with the strategic investment received as described herein, the Company and BAT entered into the "PDC Agreement" pursuant to which the CoE was established to focus on developing the next generation of cannabis products with an initial focus on CBD. The CoE is located at the Company’s indoor Moncton Campus, which holds the Health Canada licenses required to conduct research and product development activities with cannabis products. Both companies are contributing scientists, researchers, and product developers to the CoE, which is governed and supervised by a steering committee consisting of an equal number of senior members from both companies. Under the terms of the PDC Agreement, both Organigram and BAT have access to certain of each other’s IP and, subject to certain limitations, have the right to independently, globally commercialize the products, technologies and IP created by the CoE pursuant to the PDC Agreement.

Pursuant to the terms of the PDC Agreement, $31,109 of BAT's original investment in Organigram was reserved as restricted funds in order to satisfy certain of the Company’s future obligations under the PDC Agreement, including the Company’s portion of its funding obligations under a mutually agreed initial budget for the CoE. Costs relating to the CoE are funded equally by the Company and BAT. Balances are transferred from restricted funds to the Company's general operating account as CoE related expenditures are periodically reconciled and approved. The balance in restricted funds as at September 30, 2023 is $17,893 (August 31, 2022 - $26,820).

The CoE is accounted for as a joint operation, in which the Company and BAT contribute50%. The Company recognized its share of the expenses incurred by the CoE in the statement of operations and comprehensive loss. For the thirteen months ended

September 30, 2023, $6,886 (August 31, 2022 - $2,837) of expenses have been recorded in the statement of operations andcomprehensive loss.

ACQUISITION OF SUBSIDIARIES

i. Laurentian Organic Inc.

On December 21, 2021, the Company acquired 100% of the shares and voting interests of the non-listed Laurentian for $36,000, consisting of $10,000 in cash consideration, $7,000 on closing and $3,000 held back, with the remaining $26,000 in share consideration at the acquisition date. The Company has agreed to provide the seller additional share consideration based on Laurentian's future Adjusted EBITDA over a period of two years.

Taking control of Laurentian has enabled the Company to penetrate a new product category and has provided the Company with access to Laurentian's expertise in the hash manufacturing space. The acquisition also provided the Company with an increased share of the craft flower andhash market.

Equity Instruments Issued

The fair value of the 2,724,111 Common Shares issued was $27,568, based on the TSX listed share price of $10.12 per share of the Company on closing of December 21, 2021. The number of Common Shares issued was calculated by dividing the total share consideration of $26,000, per the share purchase agreement, by the 5-day volume-weighted average TSX listed share price of the Company preceding the closing date of $9.56

Contingent Share Consideration

The acquisition included contingent share consideration as follows (all capitalized terms used below not otherwise defined herein have the respective meanings ascribed to them in the Company's agreement to acquire Laurentian):

a) First Year Earnout calculated for the period January 1, 2022 to December 31, 2022, as the greater of (i) zero and (ii) the difference obtained when the sum of $2,000 and 50% of the agreed capital expenditures is subtracted from 30% of the First Year adjusted EBITDA Multiple, payable in Common Shares, provided that, the sum of the Initial Consideration and the First Year Earnout Amount shall not exceed the First Year adjusted EBITDA Multiple; and
b) Second Year Earnout calculated for the period January 1, 2023 to December 31, 2023, as 19% of the Second Year adjusted EBITDA Multiple less the remaining balance of the agreed capital expenditures less, payable in Common Shares, provided that, the sum of the Initial Consideration, the First Year Earnout Amount and the Second Year Earnout Amount shall not exceed the Second Year EBITDA Multiple.

Earnout payments paid in Common Shares shall be priced based on the five-day volume-weighted average price of the Company's Common Shares on the TSX as of the day prior to settlement. As at the acquisition date, the fair value of the contingent consideration was estimated to be $6,996. As at September 30, 2023, the contingent share consideration has been adjusted to $49, to reflect changes in estimates.

Refer to Note 27 to the Financial Statements for further information.

ii. The Edibles and Infusions Corporation

On April 6, 2021, the Company acquired 100% of the shares and voting interests of EIC, including intermediate holding companies SUHM Investments Inc. and Quality Confections Corporation who collectively owned 100% of EIC, for $22,000 of share consideration at the acquisition date. The Company has agreed to provide the seller additional share consideration of $13,000 if EIC achieves various milestones. On August 26, 2021, SUHM Investments Inc, Quality Confections Corporation and EIC amalgamated with the continuing entity being EIC. The fair value of the Common Shares issued was based on the TSX listed share price of the Company on closing of April 5, 2021 of $17.44 per share. The Company incurred acquisition-related costs of $620 on legal fees and due diligence costs. Of these costs $555 had been included in the consolidated statement of operations and comprehensive loss for the year ended August 31, 2021 and $65 were capitalized to share issuance costs.

Contingent share consideration

The acquisition included contingent share consideration based on various milestones as follows:

a) $3,500 to be paid in Common Shares upon the first listing of EIC or Organigram branded product (which was manufactured at the EIC facility) prior to December 31, 2021 in either the Ontario or Alberta recreational market. This was achieved prior to August 31, 2021 and settled subsequently on September 8, 2021;
b) $7,000 to be paid in Common Shares on the generation of $15 million in net revenue during the 12 months ended December 31, 2022; and
c) $2,500 to be paid in Common Shares on the generation of $7 million in adjusted EBITDA for the 12 months ended December 31, 2022.

Milestone payments paid in Common Shares shall be priced based on the five-day volume-weighted average price of the Company's Common Shares on the TSX as of the day prior to settlement. As at the acquisition date, the fair value of the contingent consideration was estimated to be $5,249. During the year ended August 31, 2021, the contingent consideration was adjusted to $9,038 to reflect changes in estimates.

During the year ended August 31, 2022, the first milestone was met and the Company issued 259,798 Common Shares as consideration to the former shareholders of EIC. As at August 31, 2022, the remaining contingent consideration was adjusted to $7,000.

During the thirteen months ended September 30, 2023, EIC met the second milestone and the Company issued 2,621,370 Common Shares as consideration to the former shareholders of EIC, for a total value of $6,500. The remaining $500 has been irrevocably disclaimed and waived as part of a negotiated settlement and the Company recorded it as a change in fair value of contingent share consideration during the thirteen months ended September 30, 2023. The third milestone, calculated based on the adjusted EBITDA for the 12 months ended December 31, 2022, was not met.
Refer to Note 27 to the Financial Statements for further information.

iii. Goodwill Impairment Test

During Q4 Fiscal 2023, the Company performed its annual goodwill impairment test and concluded that the recoverable amount of its group of CGUs was lower than the carrying value as at September 30, 2023, hence, impairment loss of $6,951 was recognized. See Note 9 of the Consolidated Financial Statements for further information.

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.

Nova Scotia Claim

On March 3, 2017, a claim in connection with a proposed class-action lawsuit (the "NS Claim") was filed with the Supreme Court of Nova Scotia (the "NS 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. Between 2017 and 2021, various proceedings took place and the NS Claim was amended several times.

On April 26, 2022, the Company entered into a Settlement Agreement (the "Settlement") with the representative plaintiff on behalf of the class for an aggregate of $2,310 (the "Settlement Amount"). The Settlement Amount was used to provide claimants a refund of the amounts paid to purchase the voluntarily recalled product, less any refunds they have already received, as well as the payment of legal fees. The Company reported the NS Claim to its insurance provider which appointed counsel to defend the NS Claim. The Company received insurance proceeds of $532 during the year ended August 31, 2022 to cover all remaining costs associated with the NS Claim. On August 31, 2022, the Settlement was approved by the NS Court. Settlement funds of $2,310 were deposited by Organigram with the administrator in October 2022 in accordance with the Settlement Agreement. The administrator disbursed funds to the claimants during the period from October 2022 to October 2023. On October 31, 2023, the Company received notice from the administrator that the disbursement process had been completed, with any unclaimed funds being donated to charity as per the Settlement Agreement.

Alberta Claim

On June 16, 2020, a claim in connection with a proposed national consumer protection class-action lawsuit (the "Alberta Claim") was filed with the Court of Queen's Bench in Alberta (the "AB Court") seeking damages against several Canadian cannabis companies including the Company (the "Defendants"). 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. In order to proceed as a class action, the AB Court must certify the action as a class action. A certification hearing has not yet been scheduled. The Company has reported the Alberta Claim to its insurers.

Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above. No provision for the Alberta Claim has been recognized as at September 30, 2023 (August 31, 2022 - nil).

Aa at September 30, 2023, a provision of $90 (August 31, 2022 - $2,560) in regards to claims and other contingencies was included in the consolidated statement of financial position. For the thirteen months ended September 30, 2023, payments of $2,395 (August 31, 2022 - $412) were made and a reversal of the provision of $75 (August 31, 2022 - $222) was recognized. For the thirteen months ended September 30, 2023, the Company also received insurance proceeds of Nil (August 31, 2022 - $532) related to the litigation resulting in a net recovery of $75 (August 31, 2022 - $310) in the consolidated statements of operations and comprehensive loss.

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.

The Company engaged KPMG LLP to perform an "integrated audit" which encompassed an opinion on the fairness of presentation of the Company's annual consolidated financial statements for the thirteen months ended September 30, 2023, as well as an opinion on the effectiveness of the Company's ICFR. KPMG LLP, the Company's independent registered public accounting firm, has audited the Company's consolidated financial statements and has issued an adverse report on the effectiveness of ICFR. KPMG LLP's audit report on the Company's ICFR is incorporated by reference into the Company's annual report on Form 40-F under the Exchange Act for the thirteen months ended September 30, 2023.

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 and operation of our DCP was completed as of September 30, 2023 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 ICFR described below, our DCP were not effective as of such date.

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.

MATERIAL CHANGES TO INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been a change to the Company's ICFR during the four months ended September 30, 2023 that has materially affected, or is likely to materially affect, the Company's ICFR. During the four months ended September 30, 2023, the Company substantially progressed its Enterprise Resource Planning (ERP) system implementation with the preparation for launch of the first phase of the ERP beyond the Moncton facility including the implementation of finance and supply chain modules at the Winnipeg and Lac-Supérieur facilities with a launch date of October 1, 2023. Subsequent to the end of Q4 Fiscal 2023, the Company announced the departure of Derrick West, Chief Financial Officer and the appointment of Paolo De Luca as Interim Chief Financial Officer.

Risk Assessment

Throughout the year the Company worked to and was successful in remediating its material weakness related to risk assessment. The Company undertook the following actions:

- We enhanced our understanding of assessed risks;
- We formalized and improved risk assessment and monitoring activities with continued regular reporting to those charged with governance at an appropriate frequency including formalizing and streamlining risk assessment programs such as enterprise and fraud risk management programs.

During Q4 Fiscal 2023, the Company completed its evaluation of the impact of these actions and concluded that this material weakness related to risk assessment was successfully remediated.

Control Environment

With respect to the material weakness related to the control environment during the first nine months of Fiscal 2023, the Company took the following actions:

- Bolstered the financial reporting and accounting department's internal controls and accounting knowledge by hiring new full-time employees including those in more senior roles;
- Implemented retention efforts to complement our hiring;
- Implemented additional ongoing oversight, training and communication programs for management and personnel to reinforce the Company's control standards and expectations and clarified individual responsibility for control activities at various levels within the Company. Roles and responsibilities are continually assessed with a view to meeting the needs of the Company's internal control environment;
- Prepared a delegation of authority matrix to enforce desired limits of authority for key transactions, events and commitments, and have revised the matrix to reflect recent organizational changes and have formally communicated these limits of authority to certain relevant personnel throughout the Company.

The Company believes these actions will likely remediate the material weakness related to the control environment; however, the Company continues to monitor the effectiveness of these actions and whether more actions are necessary. Turnover in the accounting and financial reporting function during the year meant that there was insufficient time for the Company to conclude on the effectiveness of its actions.

Information Process

With respect to the material weakness related to the information process during the first nine months of Fiscal 2023 we:

- Began to implement an ERP project which is expected to streamline financial data management processes, improved functionality and reduce reliance on manual spreadsheets. The ERP has multiple phases at various stages of development including scoping, design, development and testing. The first phase of the ERP was implemented on March 1, 2023 following the deployment of substantial human and financial resources to this project. This change during the four months ended September 30, 2023 is described above;
- We have hired a Chief Information Officer (CIO) and a Director of IT to oversee and enhance the IT department, support the remediation of deficiencies in general IT controls and facilitate the development and implementation of the new ERP system. Under the direction of the CIO and the Director of IT, the Company continued to make progress during the period in remediating certain IT general controls.

Control Activities

With respect to the material weakness related to control activities, we have hired more senior internal audit specialists and continue to retain external audit specialists to assist management in evaluating internal controls and provide advisory services in designing the remediation plans.

MANAGEMENT'S EVALUATION OF 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 defined by NI 52-109 and Rule 13a-15(f) of the Exchange Act as of September 30, 2023, using the criteria set forth by the COSO 2013 Framework. Based on this evaluation, management concluded that the Company's ICFR was not effective as of September 30, 2023, due to material weaknesses in internal control over ICFR that have been previously identified but continue to exist.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Management has identified the following material weaknesses:

- An ineffective control environment due to the lack of fully trained personnel in financial reporting, accounting and IT with assigned responsibility and accountability related to ICFR.
- An ineffective information process resulting from ineffective general IT controls, ineffective controls related to complex spreadsheets, and ineffective controls over information from service organizations, resulting in insufficient controls to ensure the relevance, timeliness and quality of information used in control activities.
- As a consequence of the above, the Company had ineffective control activities related to the design, implementation and operations of process level and financial statement close controls which had a pervasive impact on the Company's ICFR.

STATUS OF REMEDIATION PLAN

The Company was successful in remediating the material weakness related to risk assessment and made progress in remediating other control deficiencies as discussed above under “Material Changes to Internal Control Over Financial Reporting” as at the end of Fiscal 2023. Management, with the assistance of external and internal specialists, has continued reviewing and revising its ICFR. Management remains committed to implementing changes to its ICFR to ensure that the control deficiencies that contributed to the remaining material weaknesses are remediated.

The following remedial activities remain in progress as at the date of this MD&A and are expected to continue at least throughout the first half of Fiscal 2024. The controls associated with these remedial activities have not yet been subject to control testing to conclude on the design or operational effectiveness.

- As of September 30, 2023, the Company continues to work on the design and implementation of robust internal controls over the ERP system, however this represents a change in the control environment demonstrating the Company's commitment to remediation.
- We have been evaluating options to implement a new HRIS system in Fiscal 2024. Any such system is intended to further streamline internal processes, support employee retention efforts and facilitate remediation activities.
- We have hired more senior internal audit specialists and continue to retain external audit specialists to assist management in evaluating internal controls and provide advisory services in designing the remediation plans. These specialists will enhance our continuing efforts in Fiscal 2024 to evaluate significant financial reporting processes to identify any new processes that need to be documented, continue to design controls to assess risks related to financial reporting, and re-evaluate the design and operating effectiveness of key controls within those processes.
- Under the direction of the CIO and the Director of IT, the Company will continue to remediate certain IT general controls.
- We will continue to use senior internal audit specialists and external audit specialists to assist management in evaluating internal controls and provide advisory services in designing the remediation plans.
- We will continue to work on implementing controls that are intended to evaluate information from organizations providing services to the Company.
- We will continue to streamline our complex spreadsheet models to reduce the risk of errors in mathematical formulas and to improve the ability to verify the logic of complex spreadsheets.

Following the substantial improvement and remediation of the material weakness described above, senior management has discussed the remaining material weaknesses with the Audit Committee which will continue to review progress on these remediation activities. While we believe these actions including the ERP system will contribute to the remediation of material weaknesses, we have not yet completed all of the corrective processes, procedures and related evaluation or remediation that we believe are necessary. As we continue to evaluate and work to remediate the remaining material weaknesses, we may need to take additional measures to address the deficiencies. Until the remediation steps set forth above, including the efforts to implement any additional control activities identified in the process, are fully implemented and operate for a sufficient period of time that they can be concluded to be operating effectively, the remaining material weaknesses described above will not be considered fully remediated. While significant progress has been made toward remediation of the remaining material weaknesses, no assurance can be provided at this time that the actions and remediation efforts will effectively remediate the remaining material weaknesses described above or prevent the incidence of other material weaknesses in the Company’s ICFR in the future. We do not know the specific timeframe needed to fully remediate the remaining material weaknesses identified above. See “Risk Factors” in this MD&A and the AIF.

Management, including the CEO and CFO, does not expect that DCP or ICFR will prevent all misstatements, even as the remediation measures are implemented and further improved to address the material weaknesses. The design of any system of internal controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving the stated goals under all potential future conditions.

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 AIF, which is (a) available under the Company's issuer profile on SEDAR+ at www.sedarplus.com, and (b) incorporated into and forms part of the Company's annual report on Form-40F filed 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 ensuring 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, outstanding trade and other receivables, restricted funds and other financial assets. 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, outside of the normal course of business, management generally obtains guarantees and general security agreements. The maximum exposure to credit risk of cash, short-term investments, restricted funds, other financial assets and accounts receivable and other receivables on the statement of financial position at September 30, 2023 approximates $90,351 (August 31, 2022 - $171,799).

As of September 30, 2023 and August 31, 2022, the Company's aging of trade receivables was as follows:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
0-60 days	$ 22,946	$ 42,961
61-120 days	5,845	2,022
Gross trade receivables	$ 28,791	$ 44,983
Less: Expected credit losses and reserve for product returns and price adjustments	(1,334)	(1,121)
	$ 27,457	$ 43,862

(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. As at September 30, 2023, the Company had $33,864 (August 31, 2022 – $68,515) of cash and working capital of $133,545 (August 31, 2022 - $166,338). Further, the Company may potentially access equity capital through the capital markets if required.

The Company is obligated to the following contractual maturities relating to their undiscounted cash flows as at September 30, 2023:

	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	$ 20,007	$ 20,007	$ 20,007	$ —	$ —	$ —
Long-term debt	155	161	76	85	—	—
	$ 20,162	$ 20,168	$ 20,083	$ 85	$ —	$ —

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

In connection with the Company's facilities, the Company is contractually committed to approximately $850 of capital expenditures, mostly related to its Moncton Campus and Laurentian Facility.

(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 is comprised of interest rate risk, which 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's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rate. The Company has determined that a 1% change in rates would not have a material impact on the consolidated financial statements.

(iv) Concentration risk

The Company's accounts receivable are primarily due from provincial government agencies (three of which, individually, represented more than 10% of the Company's revenues during the thirteen months ended September 30, 2023), corporations

(none 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.

(v) Risks related to the listing of Company's Common Shares on TSX and NASDAQ

On January 23, 2023, the Company received notification from NASDAQ that it is not in compliance with the minimum bid price requirement in NASDAQ Listing Rule 5450(a)(1) for continued listing on NASDAQ (the "Minimum Bid Requirement"), since the closing bid price for the Company's common shares listed on NASDAQ was below US$1.00 for 30 consecutive trading days. Under NASDAQ Listing Rule 810(c)(3)(A), the Company has a period of 180 calendar days from the date of notification, or until July 24, 2023, to regain compliance with the Minimum Bid Requirement, during which time the Common Shares will continue to trade on NASDAQ. To regain compliance, the closing bid price of the Common Shares must remain at or above US$1.00 per share for a minimum of 10 consecutive business day. In the event the Company does not regain compliance with the Minimum Bid Requirement by July 24, 2023, the Company may be eligible for an additional period of 180 calendar days to regain compliance or may be subject to delisting of the Common Shares from NASDAQ.

The Company has effected the Share Consolidation regaining compliance with the Minimum bid Requirement, with legal effect from July 5, 2023. However, there can be no assurance that the Company will remain compliant with the Minimum Bid Requirement or otherwise maintain compliance with any of the other NASDAQ listing requirements. Any delisting of the Common Shares from NASDAQ could adversely affect the Company's ability to attract new investors, reduce the liquidity of the outstanding Common Shares, reduce the Company's ability to raise additional capital, reduce the price at which the Common Shares trades on the TSX, result in, negative publicity and increase the transaction costs inherent in trading such shares with overall negative effects for the Company's stockholders. In addition, delisting of the Common Shares could deter U.S. broker-dealers from making a market in or otherwise seeking or generating interest in the Common Shares and might deter certain institutions or persons from investing in the Company's securities at all. For these reasons and others, delisting of the Common Shares from NASDAQ could adversely affect the Company's business, financial condition and liquidity.

(vi) Risks related to the production and sale of the Edison Jolts lozenges

On March 13, 2023, the Company announced that it had received notification from Health Canada that Health Canada determined that the Edison Jolts were improperly classified as an "extract" rather than an "edible" under the Cannabis Regulations. The Company launched the Edison Jolts in August 2021 following significant research, development and regulatory work. On August 10, 2023, the Company announced that the Court had granted the Company's application for Judicial Review of the decision of Health Canada. The matter has been remitted back to Health Canada for redetermination taking the court's reasons into consideration. There can be no assurance as to outcome and timing of Health Canada's final redetermination of the matter, or that the Company will be able to continue production and commercialization of this product in the future.

(vii) Risks related to third party data

The Company relies on independent third party data for market share position and there is no assurance third party data provides an accurate representation of actual sales as some third parties use different methodologies or calculations to estimate market share position, and because market and industry data is inherently imprecise, subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey or data collection process. The Company also relies on its own market research and internal data to determine the accuracy of such third-party data.

(vii) Risks related to international sales

The Company currently sells its products in a number of jurisdictions and the sale of the products are subject to a variety of laws that vary by jurisdiction, many of which are unsettled and still developing. There is no assurance that the Company will continue to meet the legal and regulatory requirements applicable to each jurisdiction. Any change in laws or regulations may adversely impact the Company's ability to sell its products in certain jurisdiction.

(ix) Israel-Hamas war and conditions in Israel

On October 7, 2023, a war began between the terrorist organization Hamas and Israel. The Company continues to monitor the conflict in Israel and impacts the conflict has had and potential impacts the conflict could have on the Company's business in Israel, including in respect of its sales to Canndoc and collection of its accounts receivable. The extent to which the conflict may continue to impact the Company's business and activities will depend on future developments which remain highly uncertain and cannot be predicted.

The Company's commercial insurance may not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, there can be no assurance that this government coverage will be maintained or that it will sufficiently cover potential damages incurred by the Company. Any losses or damages incurred by the Company could have a material adverse effect on its business.

Prior to the Hamas attack in October 2023, the Israeli government pursued extensive changes to Israel's judicial system, which sparked extensive political debate and unrest. In response to such initiative, many individuals, organizations and institutions, both within and outside of Israel, have voiced concerns that the proposed changes may negatively impact the business environment in Israel including due to reluctance of foreign investors to invest or transact business in Israel as well as to increased currency fluctuations, downgrades in credit rating, increased interest rates, increased volatility in security markets, and other changes in macroeconomic conditions. To the extent that any of these negative developments do occur, they may have an adverse effect on the Company's business and results of operations.

(x) Risks relating to IT systems and implementing the new ERP system

The Company's business operations are managed through a variety of IT systems. Certain of the Company's key IT systems are dated and require, or are in the process of, modernization. The Company's IT systems may also be vulnerable to damage or interruption from circumstances beyond the Company's control, including fire, flood, natural disasters, systems failures, network or communications failures, power outages, public health emergencies, security breaches, cyber-attacks and terrorism. If one of the Company's key IT systems were to suffer a failure, no assurance can be given that the Company's backup systems or contingency plans will sustain critical aspects of the Company's operations, and the Company's business, results of operations or financial condition could be materially adversely affected. Further, the Company relies on large outsourcing contracts for IT services with major third-party service providers, and if such service providers were to fail or the relationships with the Company were to end, and the Company were unable to find suitable replacements in a timely manner, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company is continually modifying and enhancing its IT systems and technologies to increase productivity, efficiency and security. As new systems and technologies are implemented, the Company could experience unanticipated difficulties resulting in unexpected costs and adverse impacts to its financial reporting and manufacturing and other business processes. When implemented, the systems and technologies may not provide the benefits anticipated and could add costs and complications to ongoing operations, which may have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is currently in the midst of implementing a new ERP system, which will replace its existing financial and operating systems. The design and implementation of the ERP system requires an investment of significant personnel and financial resources, including substantial expenditures for outside consultants, system hardware and software in addition to other expenses in connection with the transformation of the Company's organizational structure and financial and operating processes. The Company may not be able to implement the ERP system successfully without experiencing delays, increased costs and other difficulties, including potential design defects, miscalculations, testing requirements, and the diversion of management's attention from day-to-day business operations. If it is unable to implement the new ERP system as planned, the effectiveness of the internal control over financial reporting could be adversely affected, the ability to assess those controls adequately and to disseminate its financial documents could be delayed, the Company's operations can be affected and the Company's financial condition, results of operations and cash flows could be negatively impacted.

(xi) COVID-19 and other infectious disease

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID-19") and resulted in governments worldwide enacting emergency measures to combat its spread. These measures, which included the implementation of travel restrictions, quarantine periods and physical distancing requirements, affected economies and disrupted business operations for the Company and its customers.

On May 5, 2023, the World Health Organization ended the global COVID-19 emergency; however, there is ongoing uncertainty regarding new and potential variants and continued global spread. The extent to which COVID-19 may impact the Company's business, including its operations, market for its securities and its financial condition, will depend on future developments which are highly uncertain and cannot be predicted at this time. The Company will continue to monitor and assess the impact of COVID-19 on its judgments, estimates, accounting policies and amounts recognized in the Financial Statements.


ORGANIGRAM



2023 ANNUAL INFORMATION FORM OF ORGANIGRAM HOLDINGS INC.

For the Thirteen Month Period Ended September 30, 2023

Dated December 15, 2023

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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 September 30, 2023 unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain information that may constitute "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws (collectively, "forward-looking statements") which are necessarily based upon the Company's current internal expectations, estimates, forecasts, assumptions and beliefs regarding, among other things, the future performance and results of the Company's business and operations, general economic conditions, global events and applicable regulatory regime. 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, and all 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:

- Moncton Campus (as defined herein), Winnipeg Facility (as defined herein) and Lac-Supérieur Facility (as defined herein) licensing and production capacity and timing thereof;
- Expectations regarding production capacity, facility size, tetrahydrocannabinol ("THC") content, costs and yields;
- Expectations regarding the prospects of the Company's collaboration and proposed investment transaction with a wholly-owned subsidiary of British American Tobacco p.l.c. ("BAT");
- Expectations regarding the prospects for the Company's subsidiary Organigram Inc. (formerly, Organigram, EIC and Laurentian);
- Expectations regarding the outcome and timing of the Health Canada redetermination following the Judicial Review decision in respect of the Company's Edison Jolts product (as defined herein);
- Expectations around demand for cannabis and related products, future opportunities and sales, including the relative mix of medical versus adult-use recreational cannabis products, the relative mix of products within the adult-use recreational category including wholesale and international, the Company's financial position, future liquidity and other financial results;
- Changes in legislation related to permitted cannabis types, forms and potency and legislation of additional cannabis types and forms for adult-use recreational cannabis in Canada, including regulations relating thereto, the timing 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;
- Expectations about the Company's ability to develop current and future vapour hardware, and the Company's ability to enter and expand its share of the vapour market;

- The scope of protection the Company is able to establish and maintain, if any, for its intellectual property ("IP") rights;
- Strategic investments and capital expenditures, and expected related benefits;
- The expectation that the planned technical arrangement between Organigram and Phylos Bioscience Inc. ("Phylos") will permit Organigram to transition a portion of its garden to seed-based cultivation over time, and the anticipated benefits of seed-based production;
- The expectations regarding the Company's investment in Green Tank Technologies Corp. ("Greentank");
- 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 those relating to the recreational and/or medical cannabis markets domestically and internationally;
- Changes in laws, regulations, guidelines and policies, including those related to minor cannabinoids;
- The price of cannabis and derivative cannabis products;
- Expectations around the availability and introduction of new genetics including consistency and quality of seeds and plants and the characteristics thereof;
- The 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 Common Shares;
- The treatment of the Company's business under governmental regulatory regimes and tax laws, including the Excise Act 2001 and the renewal of the Company's licenses thereunder and the Company's ability to obtain export licenses from time to time;
- The treatment of the Company's business under international regulatory regimes and impacts on changes thereto to the Company's international sales;
- Expectations related to the war between Israel and Hamas and its impact on the supply of product and collection of accounts receivable in the market and the demand of product in Israel;
- The Company's growth strategy, targets for future growth and forecasts of the results of such growth;
- Expectations concerning access to capital and liquidity, the consummation of the Follow-on BAT Investment (as defined below) and the Company's ability to access the public markets from time to time 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; and
- Expectations regarding capital expenditures, current and targeted production capacity and timing thereof.

Certain of the forward-looking statements 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, but are not limited to, risks related to competition, changes in the Canadian cannabis industry and market, governmental regulation, changes in laws, regulations and guidelines, reliance primarily on a single cultivation facility, volatility in the wholesale and retail prices of cannabis, the Company's success in developing new products and finding a market for the sale of new products, licence renewal risks, risk inherent in the agricultural business, rising energy costs, negative cash flows from operations, dividends, competition from illicit markets, acquisition and integration risk, volatility in the market for the Company's securities, limited operating history and history of losses, product liability, sufficiency of insurance, TSX and NASDAQ requirements, management of growth, financing risks, risks relating to developing and maintaining effective internal controls for reliable financial reporting and for fraud prevention, reliance on key personnel, risks relating to the ongoing COVID-19 pandemic and catastrophic events, product recalls, risks relating to litigation and securities class actions, difficulties with forecasts, uninsured and uninsurable events risks, risks relating to inflation, unknown health impacts of the use of cannabis and cannabis-derivatives, reliance on third-party transportation, ability to meet target production capacity, scale of operations, supply chain and distribution disruptions, facility and technological risks, packaging and shipping logistics, potential time frame for the implementation of legislation to legalize cannabis internationally, risks relating to the ability of the Company to obtain and/or maintain their status as a licensed producer, the potential size of the regulated adult-use recreational cannabis market, demand for and changes to products, the development of the vapour market, political conditions, market opportunities, timing for the stabilization of the Company's new enterprise resource planning system ("ERP system"), contracts or other arrangements with provincial governments are not guaranteed, continuing to meet listing standards for the TSX and the NASDAQ, risks relating to the Company's designation as a "large accelerated filer", differing shareholder protections across jurisdictions, increased volatility for dual-listed shares, market liquidity risks, investment risk, risks relating to the Company's status as a foreign private issuer in the U.S., risks relating to expansion into new markets, foreign investment risk, risk of corruption and fraud in emerging markets and relating to ownership of real property, risks relating to the Israel-Hamas war, risks relating to the Company's intellectual property, credit risk, liquidity risk, concentration risk, risks associated with significant shareholders, dividends, publicity or consumer perception, cyber security and privacy, product security, environmental and employee health and safety regulations, reliance on key inputs, regulatory proceedings, investigations and audits, fraudulent or illegal activity by employees, restrictions on foreign investors, regulatory and operational risks associated with expansion into foreign jurisdictions, reliance on international advisers and consultants, anti-money laundering laws and regulation risks, anti-corruption and anti-bribery laws, global economic risks, future acquisitions, general business risks and liabilities, dilution, constraints on marketing products, provincial legislative controls, suppliers and skilled labour, conflicts of interest, risks associated with the Company's status as a holding company and the other risks described in this Annual Information Form under the heading "Risk Factors". 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 only to provide the reader with a description of management's expectations relating to future periods, and, as such, forward-looking statements are not 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. On April 6, 2016, the Company was continued under the Canada Business Corporations Act ("CBCA").

The Company graduated from the TSX-V to 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 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.

In May 2023, the Company decided to change its financial year end from August 31 to September 30, resulting in a 13 month period for the financial year ending September 30, 2023.

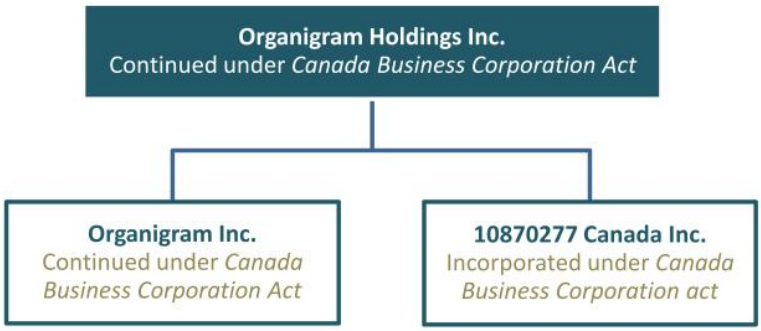
The Company's core operations are based in Moncton, New Brunswick with two other facilities in Winnipeg, Manitoba and Lac-Supérieur, Québec. The Company's head office is located at 1400-145 King Street West, Toronto, Ontario, and the registered office is located at 35 English Drive, Moncton, New Brunswick. The Company's telephone number is 1 (844) 644-4726 and its corporate website is www.organigram.ca.

Subsidiaries

Organigram Inc. was incorporated under the Business Corporations Act (New Brunswick) on March 1, 2013. On October 1, 2023, Organigram Inc. amalgamated with The Edibles and Infusions Corporation ("EIC") and Laurentian Organic Inc. ("LAU"), both then 100% owned subsidiaries of Organigram Holdings Inc. (the "Amalgamation"), and continued as a single corporation under the name "Organigram Inc." ("OGI"), a 100% owned subsidiary of Organigram Holdings Inc.

10870277 Canada Inc., incorporated under the CBCA on July 4, 2018, is a 100% 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 December 15, 2023, the Company's corporate structure:



Certain subsidiaries of the Company, each of which does not represent more than 10% of the consolidated assets of the Company and not more than 10% of the consolidated revenue of the Company, and all of which, in the aggregate, represent not more than 20% of the total consolidated assets and the total consolidated revenue of the Company as at the most recent financial year end of the Company, have been omitted from the chart above.

GENERAL DEVELOPMENT OF THE BUSINESS

Licences

On March 26, 2014, Organigram Inc. was issued a producer's licence under the Marihuana for Medical Purposes Regulations ("MMPR") promulgated under the Controlled Drugs and Substances Act (Canada) (the "CDSA"). Pursuant to this licence, 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 March 27, 2016, the licence held by Organigram Inc. was amended by Health Canada to authorize the manufacturing of cannabis oil extracts under the class exemption available under Section 56 of the CDSA. In June 2016, this licence was further amended by Health Canada to also include the sale of cannabis oil extracts.

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 licence issued under the MMPR was continued under the ACMPR and remained valid until that licence expired or was revoked. Health Canada issued a licence (the "OGI Licence") to Organigram Inc. under Section 35 of the ACMPR with an effective date of August 10, 2017. The OGI Licence permitted Organigram Inc. to produce, sell, possess and ship medical marijuana, in conformity with the ACMPR.

On May 15, 2018, Organigram Inc. received a dealer's licence under the CDSA from Health Canada (the "Dealer's Licence"). The Dealer's Licence authorized the Company to develop, test, export and import for the purposes of reformulating 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 Licence was amended under the CDSA.

Effective October 17, 2018, cannabis became regulated under the Cannabis Act as further described herein under "Canadian Regulatory Landscape" and is no longer regulated under the CDSA. As a result of the Cannabis Act coming into effect, every licence 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 licence under the Cannabis Act.

On November 9, 2018, Health Canada reissued the OGI Licence to Organigram Inc. under the Cannabis Act as a licence for standard cultivation, standard processing and sale for medical purposes while also authorizing the sale of dried cannabis and cannabis oil products to adult-use recreational sales channels.

On October 21, 2019, after an amendment to the Cannabis Regulations, Health Canada amended the OGI Licence to expand the classes of cannabis products that may be sold to adult-use recreational sales channels or sold for medical purposes, to include cannabis topicals, cannabis extracts and edible cannabis. OGI most recently renewed its standard cultivation and processing licence with Health Canada for the Company's Moncton Campus on December 7, 2022; the OGI Licence remains valid until March 20, 2025. The Company intends to renew its licences and it is anticipated that Health Canada will extend or renew such licences at the end of their respective terms. See "Risk Factors - Reliance on Licence Renewal".

OGI also holds a cannabis licence under the Excise Act, 2001 (the "Excise Act") most recently renewed on October 17, 2022 and expiring October 16, 2024. All holders of a licence under the Cannabis Act who are authorized to cultivate, produce and package cannabis products are required to hold a cannabis licence under the Excise Act. This licence applies to all three of the Company's operational sites in Moncton, NB, Winnipeg, MB, and Lac-Supérieur, QC. The Company intends to renew this licence prior to expiry.

On October 23, 2019, Health Canada issued a research licence to Organigram Inc. under the Cannabis Act for research (the "Research Licence"). The Research Licence 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, on human research subjects for assessments of taste, sight, smell or touch. The activities authorized under the Research Licence support the Company's commercialization of cannabis products in the cannabis extracts and edible cannabis classes of cannabis. The Research Licence has an expiry date of October 23, 2024. The Company intends to continue conducting assessments of taste, sight, smell and touch for cannabis by applying for a Non-Therapeutic Research on Cannabis (NTRC) licence, which is expected over time to replace the current research licence regime under the Cannabis Act.

Prior to the Amalgamation, EIC held a research licence having an effective date of November 22, 2019 and expiring on November 22, 2024 allowing EIC to develop confectionary cannabis product formulations. Further, on December 11, 2020, Health Canada issued EIC a standard processing and medical sales licence under the Cannabis Act, expiring on December 11, 2023. On May 3, 2022, Health Canada issued EIC an amended licence authorizing the sale of cannabis extracts, edible cannabis and topical cannabis products to adult-use recreational sales channels, such license having an expiry date of November 29, 2028 (the "EIC Licences").

Prior to the Amalgamation, LAU held a standard cultivation and standard processing licence, originally issued April 17, 2020, authorizing the cultivation of cannabis and manufacturing of dried cannabis, cannabis extract, edible and topical products. On December 3, 2020, Health Canada issued LAU an amended licence authorizing the sale of dried cannabis, cannabis extract, edible and topical products to adult recreational sales channels, such licence having an expiry date of April 17, 2025 (the "LAU Licence").

As a result of the Amalgamation, the licence holder for the EIC Licences and LAU Licence has been changed to OGI.

Facilities

The Company acquired its Moncton campus (the "Moncton Campus") located in Moncton, New Brunswick in March 2014, and undertook a series of expansions since its acquisition.

The Company continually assesses the critical facets of the lighting and environmental elements in its facilities in an effort to drive maximum quality and yield in the plants it produces. It is the Company's intention to continually improve and refine its cultivation and post-harvesting practices in an effort to achieve a competitive advantage in the space. In July, 2022, the Company completed the expansion of 29 additional grow rooms. With the addition of environmental enhancements and the expansion, the Moncton Campus now has the capacity to produce approx. 85,000 kg of flower annually. In June 2023, the Company commissioned its high-speed pre-roll tube-style machine enabling the Company to enter the growing tube-style pre-roll joint segment with its popular SHRED and Holy Mountain brands.

The Company has a purpose-built, highly-automated manufacturing facility in Winnipeg, Manitoba (the "Winnipeg Facility") that was acquired in 2021 as part of the EIC Acquisition (defined below). Health Canada has issued an updated licence in the name of OGI for the Winnipeg Facility as the licence was held by EIC prior to the Amalgamation. The facility design and the equipment specifications were designed under EU GMP standards and were also designed to handle both smaller-batch artisanal manufacturing as well as large-scale nutraceutical-grade high-efficiency manufacturing, and to produce highly customizable, precise and scalable cannabis-infused products in various formats and dosages including pectin, gelatin, sugar-free soft chews (gummies), and toffee and caramel with novel capabilities such as infusions, striping and the possibility of using fruit purees. In May, 2022, a high speed packaging line for pouches was commissioned as part of the Company's effort to optimize the Winnipeg Facility.

The Company also has a facility in Lac-Supérieur that was acquired in 2021 as part of the acquisition of LAU (the "Lac-Supérieur Facility"). The Lac-Supérieur Facility was recently expanded with the addition of four new grow rooms and expanded packaging area and the Company expects to see the first harvest from the new grow rooms in the coming weeks.

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, 2021

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.

On October 23, 2020, the Company announced the funding of an additional $2.5 million investment in Hyasynth Biologicals Inc. ("Hyasynth") in accordance with the terms of the debenture purchase agreement dated September 12, 2020, between the Company and Hyasynth. This brought the Company's total face value of convertible debentures investment in Hyasynth to $7.5 million, which provided the Company with a potential ownership interest of up to 46.7% on a fully diluted basis.

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 (the "Offering"), including the full exercise of the over-allotment option, underwritten by a syndicate of underwriters led by Canaccord Genuity Corp. Each Unit was 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 was 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 Offering closed on November 12, 2020 and the Warrants have since expired.

On November 27, 2020, the Company amended its credit 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 million to $60 million (the "Term Loan") based on a repayment of $55 million to be made on December 1, 2020 of the outstanding Term Loan balance of $115 million, (ii) have repayments on the balance of the Term Loan commence on February 28, 2021 in an amount equal to $1.5 million per quarter, (iii) reduce the revolver commitment to $2 million from up to $25 million, (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 million, which was already inclusive of the $8 million restricted investment then currently outstanding. The interest rate margin was fixed from November 27, 2020 through to maturity on May 31, 2021. The Company incurred an amendment fee of $217,000 plus legal expenses in connection with the amendment and restatement. On April 1, 2021, the Company repaid the $58.5 million outstanding balance under the facilities provided under the Amended and Restated Credit Agreement.

On December 22, 2020, the Company announced the launch of three new Edison Indica strains, namely, high potency Black Cherry Punch and Ice Cream Cake (I.C.C.) and full flavour Slurricane.

On January 11, 2021, the Company announced the appointment of Marni Wieshofer to the Company's board of directors. Ms. Wieshofer was Organigram's first U.S. domiciled director and assumed her board position effective January 12, 2021.

On February 2, 2021, the Company announced the departure of Matt Rogers, Senior Vice President, Operations who left the Company at the end of May 2021 to pursue other interests. Further, on the same date, the Company announced the appointment of Nathalie Batten as the Company's plant manager. Effective June 1, 2021, Nathalie Batten was appointed as the Company's Vice President, Operations.

On March 2, 2021, the Company announced the launch of two new additions to its adult-use recreational cannabis product portfolio which are SHRED Tropic Thunder Jar of Joints and Trailblazer SNAX Milk Chocolate Bars. SHRED's Tropic Thunder is a combination of strains with citrus and tropical aromas featuring THC of 18% or more, and is available in a Jar of Joints. See "Distribution and Sales – Cannabis Edibles".

On March 11, 2021, the Company announced a $221 million strategic investment from a wholly-owned subsidiary of BAT, which subscribed for approximately 58.3 million Common Shares of the Company at $3.792 per Common Share, which represented a 19.9% equity interest in the Company on a post-transaction basis at the time of announcement. Concurrent with the investment, Organigram Inc. and BAT also entered into a product development collaboration agreement (the "PDC Agreement") pursuant to which a "Center of Excellence" (a "CoE") was established at the Moncton Campus to focus on developing the next generation of cannabis products.

On March 11, 2021, the Company announced it had added Mr. Jeyan Heper to the board of directors, as one of the two nominees that BAT was entitled to nominate in connection with BAT's strategic investment in the Company and the PDC Agreement. Mr. Jeyan Heper resigned from the Board effective October 31, 2021.

On April 6, 2021, the Company announced it had acquired all of the issued and outstanding shares of EIC (the "EIC Acquisition") for share consideration of $22.0 million, plus up to an additional $13.0 million in shares payable upon EIC's business achieving certain earnout milestones. The EIC Acquisition further broadened the Company's continuum of product offerings and provided an operational footprint in Western Canada. On September 8, 2021, the Company issued 1,039,192 Common Shares on EIC's achievement of the first milestone earnout.

On April 22, 2021, the Company announced the launch of two new Edison brand dried flower strains – GMO Cookies and MAC1. Both strains contain a THC range of 20-26% feature a distinct phenotypic profile, flavour and aroma as a result of being grown in one of Organigram's strain specific micro-climates and are available in 3.5g format or a package of three x 0.5g pre-rolls.

On May 3, 2021, the Company announced that Greg Engel had stepped away from his role as CEO and that he would continue to act as a special advisor to the board of directors through a transition period until a new permanent CEO was appointed. Peter Amirault, chair of the board of directors, was appointed by the board of directors to serve as executive chair on an interim basis, and to oversee the day-to-day management of the Company until a permanent CEO was appointed.

On May 10, 2021, the Company announced the appointment of Borna Zlamalik as the Company's Vice President of Innovation. Mr. Zlamalik oversees all R&D and product development and sits as one of Organigram's representatives on the steering committee for the CoE. See "New Product Development".

On May 18, 2021, the Company announced the launch of Big Bag o' Buds, a lineup of dried flower products featuring a roster of well-known genetics and an exciting rotation of one-time offerings in a 28g format. Big Bag o' Buds offers a minimum of 17% THC and a rich genetics assortment that includes Ultra Sour, a pungent, Sativa-leaning sour featuring the tartness of Meyer lemon and the diesel and pungent notes from the strain's kush undertones.

On May 31, 2021, the Company announced the appointment of Megan McCrae as the Company's Senior Vice President of Marketing and Communications.

On June 3, 2021, the Company announced the official launch of the CoE as outlined in the PDC Agreement. See "New Product Development".

On July 15, 2021, the Company announced the launch of the Cannabis Innovators Panel, a cannabis consumer panel offering real-time insights into consumer preferences, usage occasions, and future development opportunities. This online panel engages with up to 2,500 participants across Canada on an ongoing basis, and contributes feedback on both existing product categories as well as guide areas of future research and development including flower, vapes, concentrates, edibles, flower and pre-rolls.

On August 4, 2021, the Company announced that Beena Goldenberg, formerly Chief Executive Officer of The Supreme Cannabis Company Inc. and previously Chief Executive Officer at Hain-Celestial Canada, ULC, was appointed as the Company's new CEO. Ms. Goldenberg assumed the role on September 9, 2021.

On August 17, 2021, the Company announced the launch of Edison JOLTS, Canada's first flavoured high potency THC lozenge. Edison JOLTS are available in a package of 10 mint flavoured lozenges with 10 mg of THC per lozenge for a total of 100mg per pack. Edison JOLTS are intended for sublingual or buccal

absorption, which generally allows for faster absorption of active ingredients (in this case, THC) compared to a product that is chewed and swallowed. Edison JOLTS are also low-calorie and vegan friendly.

On August 25, 2021, the Company announced the launch of SHRED'ems, high-quality and bold flavoured cannabis-infused gummies. SHRED'ems is an extension of the Company's value-priced SHRED product portfolio which includes SHRED milled flower and SHRED Jar of Joints. Reflecting the SHRED portfolio's commitment to value, convenience, and bold flavour, SHRED'ems is competitively priced and is available in three bold, all-natural flavours. SHRED'ems gummies are also vegan friendly.

On August 31, 2021, the Company obtained a receipt for a short form base shelf prospectus with the securities commissions in each of the provinces and territories of Canada, and concurrently filed a base shelf registration statement with the SEC on Form F-10 under the United States Securities Exchange Act of 1933, as amended, pursuant to the Multijurisdictional Disclosure System. The base shelf prospectus allowed the Company to qualify the distribution of up to $500 million of Common Shares, preferred shares, debt securities, subscription receipts, warrants, and units during the 25-month period that the base shelf prospectus remained effective. This base shelf prospectus has since expired.

Developments during the financial year ended August 31, 2022

On November 1, 2021, the Company announced it made an international shipment to Canndoc Ltd. ("Canndoc") in the first quarter of Fiscal 2022 pursuant to an agreement with Canndoc. The Company also announced it had signed a supply agreement with the Yukon Liquor Corporation adding territorial distribution to its existing 10 provincial distribution arrangements.

On November 18, 2021, the Company announced the launch of Monjour, the Company's wellness brand, offering high quality, CBD-forward products. Monjour's first offerings included both vegan-friendly as well as sugar-free soft chews, both in assorted flavours.

On December 21, 2021, the Company announced the acquisition of LAU for $36 million, net of working capital adjustments, plus earnout share consideration, if any. The acquisition added more premium products to the Company's portfolio and strengthened its presence in the province of Québec.

On December 22, 2021, the Company announced that it had made an additional $2.5 million investment in Hyasynth. The Company has to date invested $10 million in Hyasynth.

On February 23, 2022, the Company announced that the BAT nominee, Mr. Simon Ashton, was appointed to the Company's board of directors.

On March 1, 2022, the Company announced that BAT had invested $6.3 million to exercise its rights pursuant to the Investor Rights Agreement (as defined below) to enhance its equity ownership position in the Company to 19.5% (as at December 31, 2021) from 18.8%.

On March 17, 2022, the Company launched its social impact strategy, Organigram Operating for Good, joining the 'Pledge 1%' movement by donating up to 1% of employee time towards causes aimed at "Building Healthy Communities Where We Live and Work."

On June 23, 2022, the Company announced that it had reached a proposed settlement (the "Settlement") in a class action related to a medical cannabis that was voluntarily recalled in December 2016 and January 2017. As part the Settlement, the Company agreed to pay a settlement amount in the aggregate of $2,310,000. On August 31, 2022, the Supreme Court of Nova Scotia held a hearing and approved the Settlement. See "Legal Proceedings and Regulatory Actions".

Developments during the financial year ended September 30, 2023

On November 17, 2022, the Company announced that it had entered into a new multi-year agreement for the supply of dried flower to Canndoc (the "2022 Canndoc Agreement"). The 2022 Canndoc Agreement provides for a commitment of 10,000kg of dried flower with an option for Canndoc to elect to order up to an additional 10,000kg during the three-year term. As of December 15 2023, approximately 4,900kg has been delivered to Canndoc and credited against the total volume commitment under the 2022 Canndoc Agreement. The Company's has agreed to exclusively supply Canndoc in Israel during the three-year term of the 2022 Canndoc Agreement. Additionally, the Company granted exclusivity to Canndoc on certain popular genetics for distribution into Canndoc's international supply chain, subject to local regulations.

On November 23, 2022, the Company announced the launch of HOLY MOUNTAIN, the Company's value brand, featuring an initial lineup of dried flower strains and entering the market with value pressed hash.

On December 8, 2022, the Company announced that it had won KIND Magazine's Cannabis Company of the Year award and Most Innovative Product of the Year for the Company's Edison Cannabis Co. brand's Edison JOLTS.

On January 26, 2023, the Company announced that it received notification (the "Notification") from NASDAQ that it was not in compliance with the minimum bid price requirement in NASDAQ Listing Rule 5450(a)(1) for continued listing on the NASDAQ Global Select Market, as the closing bid price for the Company's common shares listed on NASDAQ was below US$1.00 for 30 consecutive trading days. NASDAQ Listing Rule 5450(a)(1) requires the issuer's common shares to maintain a minimum bid price of US$1.00 per share (the "Minimum Bid Requirement"), and NASDAQ Listing Rule 5810(c)(3)(A) provides that failure to meet such requirement exists if the deficiency continues for a period of 30 consecutive business days. The Notification had no immediate effect on the listing of the Company's common shares on the NASDAQ. Under NASDAQ Listing Rule 5810(c)(3)(A), the Company had a period of 180 calendar days from the date of Notification, being until July 24, 2023, to regain compliance with the Minimum Bid Requirement.

On February 27, 2023, the Company announced the launch of SHRED X Rip-Strip Hash, which is an extension of the Company's SHRED product portfolio that includes SHRED pre-milled flower, SHRED Jar of Joints, SHRED'ems gummies and SHRED X Vapes.

On March 13, 2023, the Company announced that it had received notification from Health Canada that Health Canada has determined that certain Edison JOLTS lozenge products in the 100 mg THC per package format (the "Products") had been improperly classified as an "extract" rather than an "edible" under the Cannabis Regulations. The Company launched the Products in August 2021 following significant research, development and regulatory work. See "Risk Factors - Risks Related to the Production and Sales of the Edison JOLTS lozenges".

On March 21, 2023, the Company announced that BAT had designated Caroline Ferland as a nominee to the Company's board of directors. On September 1, 2023, the Company announced that Caroline Ferland had resigned from the Company's board of directors as a result of her appointment to Group Company Secretary & Assistant General Counsel for BAT.

On March 31, 2023, the Company announced that it had entered into a product purchase agreement ("Purchase Agreement") with Greentank and a subscription agreement (the "Greentank Subscription Agreement") with Greentank's parent company, Weekend Holdings Corp ("Weekend Holdings"). The Purchase Agreement provided the Company with an exclusivity period in Canada for new technology incorporated into 510 vape cartridges (along with other formats) for use with cannabis, including the development of a custom all-in-one device that will be proprietary to the Company. Pursuant to the terms

of the Greentank Subscription Agreement, the Company subscribed for preferred shares for an aggregate subscription price of US$4.0 million (~$5.5 million CAD) representing an approximate 2.6% interest in Weekend Holdings.

On May 12, 2023, the Company filed a notice that the Company had decided to change its financial year end from August 31 to September 30, resulting in a 13 month period for the financial year ending September 30, 2023. The change was undertaken by the Company on the basis that it would better align the Company's financial statement reporting requirements with other public companies and calendar quarters.

On May 23, 2023, the Company announced that it had entered into a supply agreement (the "Supply Agreement") for dried flower with the medical division of German cannabis company Sanity Group, a health and life sciences company based in Berlin, Germany, dedicated to the medical applications of cannabinoids. Under the terms of the Supply Agreement, the Company will provide high-quality, indoor-grown dried flower product to Sanity Group and grant Sanity Group strain exclusivity on certain genetics.

On May 25, 2023, the Company announced that it had reached agreement with Phylos, a U.S. cannabis genetics company and provider of production ready seeds, based in Portland, Oregon, to initiate a wide-ranging technical and commercial relationship in Canada. Under the terms of the loan agreement with Phylos, the Company will advance up to US$8 million to Phylos in three tranches. The Company advanced Phylos an initial US$3.25 million on May 25, 2023 ("Initial Closing Date") with a commitment to fund up to an additional US$4.75 million over two tranches within 12 and 24 months from the Initial Closing Date, upon the completion of certain milestones. The convertible loan will accrue paid-in-kind interest, subject to certain conditions. The maturity date of the convertible loan will be on the fifth anniversary of the Initial Closing Date subject to one-year extensions and subject to certain conditions. The convertible loan (principal and paid-in-kind interest outstanding) is convertible into common share equity of Phylos under certain circumstances (including but not limited to federal legalization or decriminalization of cannabis in the United States). In November 2023, the Company announced that Phylos achieved the first milestone under the loan agreement and closed the second tranche under the loan agreement with Organigram advancing US$2.75 million to Phylos.

On June 21, 2023, the Company announced the launch of SHRED X Heavies, a line of innovative infused pre-rolls.

On July 5, 2023, the Company completed a consolidation of its issued and outstanding Common Shares at a consolidation ratio of four pre-consolidation Common Shares for every one post-consolidation Common Share (the "Share Consolidation"). The Share Consolidation was implemented to ensure the Company continues to comply with NASDAQ Minimum Bid Requirement.

On August 2, 2023, the Company announced the launch of its new tube-style pre-rolls, SHRED Dartz and Holy Smokes.

On August 10, 2023, the Company announced that the Federal Court of Canada had granted the Company's application for judicial review of the decision of Health Canada in respect of the Products. The matter is being remitted back to Health Canada for redetermination taking the court's reasons into consideration.

On August 15, 2023, the Company announced that it had entered into a supply agreement to provide dried medical cannabis flower to 4C LABS, a healthcare, technology, and pharmaceutical company focused on virtual prescribing, pharmaceutical distribution, and clinical development of cannabis-based products for human health in the United Kingdom. Under the terms of the agreement, the Company expects to supply approximately 600 kilograms of high-quality, indoor-grown dried flower product to 4C LABS within the first year of the agreement, and grant 4C LABS strain exclusivity within the geographical boundaries of the United Kingdom and Channel Islands for as long as minimum purchase commitments are satisfied.

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 licence issued under the Cannabis Act, see "Canadian Regulatory Framework – Licences, Permits and Authorizations".

Principal Products and Brands

The Company has been working on establishing strong brands for use in the adult-use recreational cannabis market place and is seeking to create a portfolio of diverse brands and products. The Company's adult-use recreational cannabis 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 portfolio of adult-use recreational cannabis brands to specifically meet the diverse needs of Canada's adult-use recreational cannabis consumers. Based on a robust consumer segmentation study, Organigram has and will continue to develop a competitive range of brands designed to deliver profitable growth across the largest product categories. The suite of brands includes SHRED, Holy Mountain, Big Bag O' Buds, Monjour, Trailblazer, Edison Cannabis Co., Tremblant and Laurentian. Each brand is unique to a specific consumer segment with a product offering designed to meet the needs of its target audience, as described below, including potencies, cannabinoid content and price point.

	SHRED	HOLY MOUNTAIN	BIG BAG O' BUDS	monjour	NEW Trailblazer	EDISON CANNABIS CO	TREMBLANT	FLEUR ARTISANALE LAURENTIAN CRAFT FLOWER
Pricing Segment	Value	Value	Value	Mainstream	Mainstream	Mainstream	Premium	Craft
Available / Planned Formats	Pre-Milled Flower, Pre-Roll Joints, Infused Gummies, 510 Vape Carts, Rip-Strip Hash & Infused Pre-Rolls	Whole Flower Pressed Hash	Whole Flower	CBD & Minor Cannabinoid Gummies	Pre-Rolls, Infused Pre-Rolls, THC & Minor Cannabinoid Gummies	Whole Flower, Pre-Roll Joints & Lozenges	Hashish, Hash Infused Pre-rolls & Pre-rolls	Whole Flower Pre-Roll Joints
Tangible Brand Attributes	Good THC Potency Great Value Big Flavour	Iconic Strains High Potency Products Killer Prices	Strain Specific Flower High Quality Genetics Good value	Assorted Flavours Vegan & Sugar-free Offerings	Assorted Flavours Vegan & Sugar-free Offerings	Potent & Flavourful Strains Unparalleled Genetics Strain Specific Grow Rooms	Authentic Recipes High Potency Hash	Hand Trimmed Hand Packed Hang Dried

Medical Cannabis

The Company offers a broad range of medical cannabis products to patients in Canada as well as through our international partners. Our range of products available to medical retailers includes whole flower, milled flower, pre-rolls, infused pre-rolls, vapes, gummies & concentrates.

New Product Development and Innovation

Research & Development

The Company continues to focus on consumer insight driven innovation, research and product development across all key strategic categories. Continued improvements have been made to improve process efficiency and ability to execute efficiently while seeking to reduce product input cost and waste.

Development work continues across all workstreams with special focus on operationalization of pre-rolls and infused pre-rolls at high throughput speed, development and re-launch of vapour portfolio across a number of brands and pricing tiers, as well as continued investment into milled flower, gummies and hash portfolios with robust pipeline of both disruptive and innovative product initiatives. The efforts are supported by further enhanced and streamlined for efficiency sensory, competitive benchmarking and product quality programs.

R&D efforts in the extraction and raw material processing have resulted in a significant yield, throughput and quality improvements across the CO2, solventless and isolations capabilities. The Company has begun extraction and isolation of several minor cannabinoids such as THCV and CBN at scale, and developed methods and processes to assess, analyse and extract a robust range of minor and rare cannabinoids that are being cultivated and grown in the Moncton Campus garden via novel and proprietary high potency cultivars.

CoE

The PDC Agreement entered into with BAT in March 2021 and the strategic investment of approximately $221 million in the Company by BAT is another example of the Company's hallmark dedication to consumer driven product innovation. The strategic collaboration with BAT strengthens Organigram's ability to create innovative, differentiated products that appeal to adult consumers. 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".

The Company and BAT entered into the PDC Agreement pursuant to which the CoE has been established to focus on research and product development activities for the next generation of cannabis products with an initial focus on CBD. The CoE is located at the Moncton Campus, which holds the Health Canada licences required to conduct R&D activities with cannabis products. Both companies are contributing scientists, researchers, and product developers to the CoE which is governed and supervised by a steering committee consisting of an equal number of senior members from both companies. Under the terms of the PDC Agreement, both Organigram and BAT have access to certain of each other's intellectual property ("IP") and, subject to certain limitations, have the right to independently, globally commercialize the products, technologies and IP created by the CoE pursuant to the PDC Agreement.

Per the PDC Agreement, Organigram and BAT have agreed to jointly develop cannabis vapour products, cannabis oral products and any other products, IP or technologies the parties mutually agree to develop. BAT will own all IP developed under this collaboration and will grant to Organigram a royalty-free, perpetual, global licence to all such IP. Each party has also agreed to grant to the other a non-exclusive, perpetual and irrevocable licence to certain existing IP of such party and its affiliates for purposes of conducting the development activities and exploiting the products, technologies and IP created by the CoE per the PDC Agreement, subject to certain restrictions.

All key working spaces of the CoE have now been completed including the R&D laboratories, enhanced analytics space, quality assurance and control laboratory, GPP (Good Production Practices, as prescribed by Part 5 of the Cannabis Regulations) production space, sensory testing laboratory and a state-of-the-art biolab for advanced plant science research. The CoE has now completed the first generation of product concepts across the gummies, vapour and novel beverage formats with clinical studies underway, the results of which are expected by spring 2024. The clinical studies, safety, and consumer testing should contribute to the commercialization of several product formats. Organigram expects to begin commercialization of several CoE driven innovations throughout 2024 as the R&D development now shifts to the second generation of product development in line with latest category and consumer insights.

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 adult-use recreational cannabis. As such the distribution model for adult-use 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 licence for wholesale distribution of adult-use recreational cannabis and certain derivative products in all provinces of Canada and in Yukon, and has supply arrangements in different forms with the responsible government agency or equivalent in each province and in Yukon.

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 potency, yield, flavours, occasions, price points, volume discounts or promotional pricing. As the industry matures, certain seasonal sales trends are starting to emerge such as an increased popularity for pre-rolls during the summer months and an increased popularity for vape pens during the winter months. 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 MeMedi.ca, the online medical cannabis platform by Avicanna Inc. The online medical cannabis platform offers a wide range of medical products and dedicated customer service. 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. The Company is also able to ship wholesale medical cannabis products to certain international jurisdictions by obtaining the required approvals and permits from Health Canada and the applicable regulatory authority of the purchaser. 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. The Company subsequently began evaluating future prospects for its chocolate production line based on its declining utilization and declining revenues from its chocolate output and ultimately made the strategic decision to cease manufacturing chocolate products. Following the EIC acquisition, the Company launched SHRED'ems cannabis-infused gummies and Monjour, a brand focusing on CBD-forward products.

Cannabis Extracts and Concentrates

The Company continues to expand its vape pen offering by having introduced a live resin vape cartridge as well as three ShredX vapes featuring distillate and proprietary botanical terpene blends. Following the acquisition of LAU, the Company has also established a robust hash innovation pipeline, has expanded the

Tremblant hash brand nationally via new higher potency hash temple balls, and has launched two new hash products into the market.

Cannabis Vapour Products

In March 2023, Organigram entered into an agreement with Greentank for the development and commercialization of novel vapour heating technology. The Company is expecting commercialization to begin in Q2 Fiscal 2024. The Greentank hardware is expected to deliver to the consumer greater vapour volume, stronger flavour and cannabinoid performance through improved and smaller particle size in vapour with their new heating engine.

Operations

The Company has assembled a capable management team with significant experience in the management and growth of successful enterprises.

Presently, a significant portion 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. The Moncton Campus has 115 grow rooms with staggered cultivation cycles averaging 14 weeks per cycle. As the grow rooms are all indoor, seasonality has negligible impact on cultivation cycles.

In July 2022, the Company acquired the Winnipeg Facility which it had been previously leasing. EIC held a research licence, standard processing licence and sales licence issued under the Cannabis Act, which were transitioned to be held by OGI as a result of the Amalgamation. The Company is currently producing cannabis-infused gummies and cannabis-infused lozenges at the Winnipeg Facility.

In September 2023, the Company completed the expansion of the Lac-Supérieur Facility adding four hybrid greenhouses increasing the cultivation footprint to 14,500 sq. ft. The Lac-Supérieur Facility is destined to produce craft flower with a staggered cultivation cycle averaging 11-12 weeks per cycle as the Lac-Supérieur Facility receives clones ready for transplant.

Cultivation

The Company's breeding and phenotyping program continues to produce a robust and strategic flower pipeline, with significant progress made to increase the quality, potency and terpene concentrations of the Company's flower portfolio. Several large scale garden strategies have begun implementation, including start-up of seed based manufacturing, move to segment plant care based on cultivar and portfolio value, as well as ongoing introduction of improved irrigation practices, specific LED light recipes and crop cycle changes to improve quality output while reducing crop cycle, drying and curing time.

In May 2023, Organigram entered into an innovation agreement with Phylos to develop and operationalize F1 hybrid seed based production which will scale to up to 30% of harvests by end of Fiscal 2024, significantly reducing the garden cost profile while improving economics on certain milled and ready to consume brands in the portfolio. Eight seed trials have already been completed with the first commercial room being planted in December 2023. In addition, Organigram has further capitalized on the investment with the launch of first to market, whole flower THCV offerings in both edible and vapour categories. Organigram expects to expand the offering with further development of a range of novel high potency rare cannabinoids via the proprietary, patent protected cultivation methods developed by Phylos.

the Company and its competitors are 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, they have become a large market for licensed producers. Edibles are an attractive alternative that appeals to a broader audience, particularly to those who are not interested in combustion The Company continues to invest in new product development through research and development, the acquisition of new technologies and the acquisition of other businesses where appropriate. The Company deploys 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.

There is potential that the Company will face intense competition from other cannabis producers, some of which having 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. In addition, over the past year the cannabis industry has experienced, and continues to experience, price compression, which may adversely impact the Company's profitability. In addition, such price compression, as well as, or together with, the oversupply of certain types of inventory in the industry, may result in the Company incurring additional impairment losses on inventory in the event the cost of our inventory exceeds its net realizable value. Ongoing and potential changes of these market conditions represent uncertainties that may affect the Company's future financial results.

Employees

As of September 30, 2023, the Company employed approximately 935 employees and 971 as of December 15, 2023.

Canadian Regulatory Framework

On October 17, 2018, the Cannabis Act and 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 cultivation, processing, importation, exportation, testing, transportation, sale, possession and disposal of cannabis both for medical and non-medical use (i.e. adult recreational use). This scheme replaced the ACMPR for purposes of the medical cannabis regime.

The Cannabis Act allows for the import and export of cannabis only for medical or scientific purposes. Import and export permits are applied for and received on a case-by-case basis.

Transitional provisions of the Cannabis Act provided that every licence, permit and security clearance 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 licence or permit issued under the Cannabis Act and that such licence 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 licences to cultivate, process and sell cannabis for medical purposes. These categories of licence 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, amendments to the Cannabis Act and Cannabis Regulations came into force. The Cannabis Act and Cannabis Regulations were amended to, among other things, allow for the production, distribution and sale of cannabis extracts, cannabis topicals and edible cannabis in addition to the other previously permitted product categories. The Cannabis Regulations set out certain requirements for the sale of cannabis products, including limiting the THC content and size of certain product forms.

Certain provinces have imposed restrictions on the launch and sale of edible and vaporizable cannabis products in their markets, including Québec and Newfoundland and Labrador. Additionally, in February 2021 Health Canada announced its intent to restrict the use of flavours in vaporizable products, and in June 2021 Health Canada proposed amendments that would restrict inhalable cannabis extracts from having a flavour other than the flavour of cannabis. These amendments were expected to come into force in 2022, however they are not yet in force as of the date hereof. As the market and regulations continue to develop the impact of these announcements is not readily determinable at this time. See "Risk Factors - Changes in Laws, Regulations and Guidelines".

Licences, Permits and Authorizations

The Cannabis Regulations establish six classes of licences under the Cannabis Act: cultivation licences; processing licences; analytical testing licences; licences for sale; research licences; and cannabis drug licences. The Cannabis Regulations also establish subclasses for cultivation licences (standard cultivation, micro-cultivation and nursery) and processing licences (standard processing and micro-processing). Different licences 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 licence category and subclass. The Cannabis Regulations provide that all licences issued under the Cannabis Act must include both the effective date and expiry date of the licence, and may be renewed on or before the expiry date.

The Cannabis Regulations permit licence holders to conduct activities only at the site and building set out in the licence (except for destruction, antimicrobial treatment and distribution) and no licensed activities can take place in a "dwelling-house". The holder of a licence 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 define "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 licencees, 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 licence holders are required to use this system to submit monthly reports to the Minister, among other things.

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 licence holders. On October 17, 2019, there was an amendment to the Cannabis Regulations adding edibles 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 size of cannabis products is limited by the Cannabis Regulations. Effective October 17, 2020 cannabis oil was deleted from the Cannabis Act and must now be sold as a cannabis extract, subject to compliance with other prohibitions and requirements of the Cannabis Regulations. See "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 address of the producer, 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 and the Yukon. 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 adult-use recreational purposes within those jurisdictions. Most of these Canadian jurisdictions have a minimum age of 19 years old for buying, using or possessing cannabis, 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 licenced by the provincial government; (ii) government run retail stores; and (iii) a combination of both frameworks. Regardless of the framework, the adult-use recreational cannabis market is ultimately supplied by federally licenced 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 licenced cultivators and processors. The following chart outlines the current basic regime for adult-use 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 Yukon Northwest Territories	British Columbia Québec New Brunswick Nova Scotia Prince Edward Island
Online Adult Use Sale	Alberta Saskatchewan Manitoba Nunavut Yukon	British Columbia Ontario Québec New Brunswick Nova Scotia Prince Edward Island Newfoundland and Labrador Northwest Territories

Foreign Operations

Our business operates entirely in Canada but a significant portion of our business depends on partnerships located in foreign jurisdictions, including the United States, Germany, Israel and Australia. See "Risk

Factors - *The Company's Operations in Emerging Markets are Subject to Political and Other Risks* Associated with Operating in a Foreign Jurisdiction" and "Risk Factors - Israel-Hamas War and Conditions in Israel".

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 licences 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 clear and detailed standards and requirements for obtaining licences for all such aspects of the medical cannabis.

The MOH issued, in December 2016 (last updated in November 2021) 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 licences are required to be obtained in order to be granted cannabis import licence (for medical and research uses): (i) IMCA granted licence to possess and operate in the medical cannabis field, (ii) a licence 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 licence to import a dangerous drug, granted by the Department of Pharmaceutical Imports and Narcotics within the MOH. The IMCA has the discretion to grant or refuse to grant an import licence, as well as to revoke a licence previously granted. According to Procedure 109, importation of raw materials (cannabis inflorescence) will only be permitted if such plant materials were grown and cultivated in a post-harvest IMC-GAP certified facility (or an equivalent certification, such as CUMCS), or alternatively if the farm is GACP certificated (or equivalent), and the post-harvest facility if EU-GMP certified. Finished medical cannabis products are only allowed to be imported if they were manufactured in accordance with IMC-GMP or equivalent standard (e.g. EU-GMP).

On January 31, 2022, the Economic Affairs Committee of the Israeli Parliament held a discussion regarding the adverse effect of substantial import of medical cannabis on the local industry. The discussion was summoned with a request that the MOH would study the matter and consider halt of importation until a balance is reached between import and export of medical cannabis. In July 2022, a committee appointed by the Director General of the MOH for the purpose of examination of the professional and regulatory framework that will allow the transition from a licensing regime to a prescriptions' regime with respect to the use of medical cannabis (the "Committee"), published its recommendations. The Committee concluded that it was advisable to transition from the grant of personal patient licences to the issuance of prescriptions available through public healthcare services (the "Reform"). The new regulations adapting this Reform (the "Reform Regulations") were presented for public comments. The Reform Regulations proposed to amend the Dangerous Drugs Ordinance, transitioning from a licensing regime to a prescription regime, to allow medical cannabis to be prescribed by physicians, trained and certified as stipulated in the Reform Regulations, and to be held and distributed by pharmacies. The Reform was approved by the Israeli

Parliament's health committee in June 2023, and published in July 2023. The Reform will enter into effect on December 29, 2023. The MOH is expected to publish guidelines and directives for health maintenance organizations, hospitals and patients relating to the implementation of the Reform.

On August 30, 2023, following issuance of the recommendations of the Committee, the Director General of the MOH appointed an additional committee, authorized to comprehensively examine which cannabinoids and parts of the cannabis plant have a psychoactive-addictive effect and therefore there is a justification to maintain their classification as a "dangerous drug" under the definition set forth in the Dangerous Drugs Ordinance (the "2023 Committee"). The 2023 Committee has been requested to provide its recommendations by January 1, 2024.

German Regulatory Framework

The Company, through its wholly-owned subsidiary 10870277 Canada Inc., has acquired a 25% interest in the capital of alpha-cannabis Pharma GmbH ("ACG"). In addition, the Company has 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, for which the Company has provided notice of termination.

On March 10, 2017, significant changes to the German Federal Law on Narcotic Drugs (Betäubungsmittelgesetz) as well as changes of other related legal rules entered into force. The standards 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 established a so-called "Cannabis Agency" (Cannabisagentur) (the "Cannabis Agency") 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 medical 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 only distributes cannabis that is grown in accordance with the "Good Agricultural and Collection Practice" for drugs and other relevant guidelines. The cultivation and distribution of cannabis is not technically executed by the Cannabis Agency. The agency therefore enters into "supply contracts and distribution contracts" with agricultural businesses and distributors. The supply contracts are limited in respect of their duration and the quantity of cannabis the business is allowed to grow. Cultivation of medical cannabis is therefore not allowed by granting general licences. To enter into a supply contract or distribution contract as mentioned before, 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 medical 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.

Australian Regulatory Framework

Under Australia's federal system, activities related to medical cannabis are regulated at both the Commonwealth (national/federal) level and at the individual state and territory level.

In October 2016, the Australian Government introduced amendments to the Narcotic Drugs Act 1967 (Cth) (the "ND Act"), through the Narcotic Drugs Amendment Act 2016 (Cth), and a new Narcotic Drugs Regulation 2016 (Cth) (the "ND Regulation") which introduced a Commonwealth (national) licensing and permit scheme for the cultivation, production and manufacture of medical cannabis and medical cannabis products. The scheme is administered primarily by the Office of Drug Control (the "ODC") within the Commonwealth Department of Health and Aged Care. The scheme was amended in 2021 by the passage of the Narcotic Drugs Amendment (Medicinal Cannabis) Act 2021 (Cth), to streamline the current Commonwealth licensing and permit scheme. Licences and permits for cultivation, production and manufacture of medical cannabis and medical cannabis products are issued and managed by the Medicinal Cannabis Section of the ODC and compliance is monitored by the Monitoring and Compliance Section of the ODC.

The Therapeutic Goods Act 1989 (Cth) (the "TG Act") and its subordinate legislation (particularly the Therapeutic Goods Regulations 1990 (Cth)) also operate at the Commonwealth level in parallel to the ND Act and ND Regulation to more generally regulate therapeutic goods, including medical cannabis products. Such regulation covers their import into or export from Australia, and their manufacture, advertisement and supply in Australia, including the import, export and production of medical cannabis raw materials for use in the manufacture of finished therapeutic goods. The Commonwealth therapeutic goods regime is administered by the Therapeutic Goods Administration.

Further, for medical cannabis materials or products that are imported into or exported from Australia, there is an additional import/export regime that applies under the Customs Act 1901 (Cth), and the Customs (Prohibited Imports) Regulations 1956 (Cth) (the "CPI Regulations") and the Customs (Prohibited Exports) Regulations 1958 (Cth) (the "CPE Regulations"). Although the regimes under the ND Act and TG Act described above touch on import and/or export activities, the import and export of medical cannabis materials and products also requires compliance with the additional import-specific and export-specific requirements of the CPI Regulations and CPE Regulations respectively.

As 'prohibited drugs' under those regulations, cannabis and medical cannabis products (whether raw/starting materials, refined active ingredients or finished dosage forms) can only be imported by a person holding an import licence and import permit under the CPI Regulations. A licence must be obtained from the Narcotics Control Section (the "NCS") of the ODC, which requires, among other things, establishing the qualifications and experience of the applicant, whether they are a fit and proper person to hold and fitness of the applicant to hold the licence and undertake the proposed activities, and that adequate security arrangements will be implemented in respect of the goods. Similarly, cannabis and medical cannabis products in their various forms can only be exported by a person holding an export licence and export permit under the CPE Regulations, which also must be obtained from the NCS pursuant to a similar assessment of the applicant's qualifications, experience and suitability to hold an export licence. An important additional requirement for obtaining an export permit for a consignment of medical cannabis materials or products is demonstrating that the competent authority in the receiving country has given its prior approval to the proposed import into that country.

All medical cannabis materials and products manufactured in Australia, or manufactured overseas and imported for human therapeutic use in Australia, must also meet all mandatory standards applicable to such goods under the TG Act. Key among these are the standards set out in Therapeutic Goods (Standard for Medicinal Cannabis) (TGO 93) Order 2017 ("TGO 93"). Significant amendments to TGO 93 were made in March 2022, which were subject to transition periods to allow industry time to make any

necessary changes in respect of their products, with all medical cannabis products released for supply in Australia on or after July 1, 2023 having needed to comply with these requirements.

The states and territories regulate lawful dealings in medicines and poisons primarily by reference to their scheduling status. Medicines and poisons are categorized into different schedules depending on their intended use(s) and potential for harm, with the intention that different levels of control will be applied by reference to the different schedules. There is a measure of national uniformity due to the fact that the categorization of substances into schedules occurs at the Commonwealth level, through promulgation and regular amendment of the Standard for the Uniform Scheduling of Medicines and Poisons (the "Poisons Standard") (most recently made – as at the date of preparation of this summary – as the Therapeutic Goods (Poisons Standard—October 2023) Instrument 2023). However, each state and territory individually, through its own laws, adopts the Poisons Standard (with occasional jurisdictional modifications) and to a similar (but not identical) extent the various intended controls.

Medical cannabis products for human therapeutic use are mostly in Schedule 8, a category which the Poisons Standard describes as 'controlled drugs', being substances which should be available for use but require restrictions on manufacture, supply, distribution, possession and use to reduce abuse, misuse and physical or psychological dependence. A limited class of medical cannabis products containing predominantly cannabidiol are also listed in Schedule 4 (being 'prescription-only' medicines) and in Schedule 3 ('pharmacist-only medicines'). Cannabis products for non-human research are in Schedule 9 – such 'prohibited substances' are susceptible to abuse or misuse and their manufacture, possession, sale or use should be prohibited by law except when required for medical or scientific research or for analytical, teaching or training purposes with approval of Commonwealth and/or state or territory health authorities.

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.

Risk Related to the Strategic Equity Investment from BT DE Investments Inc.

On November 5, 2023, the Company entered into a subscription agreement with the Investor, a wholly owned subsidiary of BAT, pursuant to which the Investor will subscribe for a total of 38,679,525 Shares in the capital of the Company over the course of three tranches, for aggregate subscription proceeds of C$124,559,674.36 (the "Subscription Agreement"). The Investment involves certain risks, which are summarized below.

- If the Company is unable to complete the Investment (or any tranche thereof) or if completion of the Investment (or any tranche thereof) is delayed, there could be an adverse effect on the ***Company's business and the market price of its Common Shares***

Although the Company expects the Investment to be completed, there can be no certainty, nor can the Company provide any assurance, that all conditions precedent to the Investment will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver.

The completion of the first tranche, the second tranche and the third tranche, as applicable, are subject to the satisfaction of certain closing conditions, some of which are outside the control of the parties, including, without limitation, receipt of the approval by the shareholders of the Company, stock exchange approval, there having not occurred a BAT Material Adverse Effect or a Change in Law (each as defined in the Subscription Agreement), and the satisfaction of certain other customary closing conditions. The Company is also required to certify, as of the closing of each tranche, that certain fundamental representations and warranties of the Company remain true and correct, and all other representations and warranties of the Company remain true and correct to a materially correct standard. The Company's inability to bring-down its representations and warranties, a substantial delay in obtaining satisfactory approvals and/or the imposition of unfavourable terms or conditions in the approvals to be obtained could result in the termination of the Subscription Agreement.

If the Investment is not completed: (i) the market price of the Common Shares could be adversely affected, and may decline to the extent the current market price reflects an assumption that the Investment will be completed, (ii) certain costs related to the Investment, such as the Company's legal fees, must be paid by the Company even if the Investment (or any tranche thereof) is not completed, and, subject to the first tranche occurring, a certain amount of the Investor's legal fees, regardless of whether the second tranche or third tranche are not completed, (iii) the Company may not be successful in finding another business opportunity that is of equal or greater benefit to the Company, and (iv) the time and attention of the Company's management will have been diverted away from the conduct of the Company's business in the ordinary course.

- If the Subscription Agreement is terminated by the Investor or the Company, there could be an adverse effect on the Company

Each of the Investor and the Company has the right, in certain circumstances, to terminate the Subscription Agreement. Accordingly, there can be no certainty, nor can the Company provide any assurance, that the Subscription Agreement will not be terminated by either the Investor or the Company prior to the completion of the Investment. If the Subscription Agreement is terminated and the Company is unable to complete the Investment, there could be an adverse effect on the Company's business, financial condition, operating results and the price of its Common Shares. Further, a termination of the Subscription Agreement could materially adversely affect the relationship between the Company and the Investor, which the Company believes is important to its successful growth.

- If the Investment is completed, shareholders of the Company will be diluted and BAT will have significant influence over the Company which may impact the liquidity of the Common Shares

Upon completion of the Investment, it is anticipated that the Investor will own 30.0% of the Company's post-issuance issued and outstanding Common Shares on a fully-diluted basis and an approximate 45.0% overall economic interest (excluding any accretion of the Class A Preferred Shares). As a result, the current holdings of the shareholders of the Company (other than the Investor) will be significantly diluted following the completion of the Investment.

In light of such ownership, the Investor will be in a position to exercise significant influence over certain matters, affecting, or submitted to a vote of, the shareholders of the Company, including the election of directors and the determination of significant corporate actions. Pursuant to an amended and restated investment rights agreement to be entered into by the Company and the Investor (the "Amended & Restated IRA") upon the closing of the first tranche, the Investor will have the right to designate up to 30% of the nominees to the Company's board of directors so long as the Investor continues to maintain certain share ownership thresholds and specific approval rights over certain fundamental actions taken by the Company. Accordingly, on completion of the Investment, the Investor will have significant influence

over the Company and there can be no assurance that the Investor's interests will align with the interests of the Company or other shareholders of the Company.

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

- The Company may not realize the expected returns of the Investment which could have an ***adverse effect on the Company's business and results of operations***

The Company believes that the completion of the Investment will allow it to capitalize on the significant growth opportunities in cannabis worldwide. As part of its growth strategy, the Company will use proceeds from the Investment to invest in emerging cannabis opportunities and expand into international markets. However, certain risks and uncertainties are associated with such an investment strategy and expansion into new markets. For example, the Company may be unable to: identity suitable target investments that satisfy the investment parameters set out in the Amended & Restated IRA; successfully obtain and/or maintain any required regulatory approvals in foreign jurisdictions, potentially causing delays or impacting the development of its operations; and achieve satisfactory returns on acquired companies, particularly in countries where the Company does not currently operate. The failure to successfully implement any of the Company's strategic initiatives following the Investment could have a material adverse effect on the Company's business and results of operations.

If the Company succeeds in expanding its existing business, that expansion may place increased demands on the Company's management, operating systems, internal controls and financial and physical resources. If not managed effectively, these increased demands may adversely affect the Company's financial condition and results of operations. Additionally, the process of integrating acquired businesses, particularly in new markets, may involve unforeseen difficulties and may require a disproportionate amount of the Company management's attention and the Company's financial and other resources. The Company can give no assurance that the Company will ultimately be able to effectively manage the operations of any acquired business or realize anticipated synergies.

- The Investor may not maintain its equity interest in the Company

Subject to certain temporary restrictions set out in the Amended & Restated IRA, the Investor is not obligated to maintain its equity stake in the Company at current levels or at all. Subject to compliance with applicable securities laws, the Investor may sell some or all of its Shares in the future. The Amended & Restated IRA contains demand and piggyback registration rights, on terms customary for a significant shareholder, pursuant to which the Company has agreed to facilitate sales of Shares by the Investor. If the Investor sells some or all of its Shares, including the Shares issued in connection with the Investment, the Company may not realize the benefits of the Investor's strategic partnership. No prediction can be made as to the effect, if any, future sales by the Investor of Shares or other securities will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by the Investor, or the perception that such sales could occur, could adversely affect prevailing market prices for the Common Shares.

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 licence 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 licence holders.

Competition

There is potential that the Company will face intense competition from other companies, some of which having longer operating histories and more financial resources and production and marketing experience than the Company.

The cannabis industry and businesses ancillary to and directly involved with cannabis businesses are undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. As such, we face competition from companies that may have greater capitalization, access to public equity markets, more experienced management or more maturity as a business. We are likely to continue to face increasing and intense competition from these companies. Increased competition by larger and better financed competitors could materially and adversely affect our business, financial condition and results of operations. We expect that competition will become more intense as current and future competitors begin to offer an increasing number of diversified products to respond to such increased demand. To remain competitive, we will require a continued investment in research and development, marketing, sales and client support. We may not have sufficient resources to maintain sufficient levels of investment in research and development, marketing, sales and client support efforts to remain competitive, which could materially and adversely affect our business, financial condition and results of operations.

Acquisitions or other consolidating transactions in the cannabis industry could harm us in a number of ways, including losing customers, revenue and market share, or forcing us to expend greater resources to meet new or additional competitive threats, all of which could harm our operating results. As competitors enter the market and become increasingly sophisticated, competition in our industry may intensify and place downward pressure on retail prices for our products and services, which could negatively impact our profitability.

The Company has identified a trend of certain Licensed Producers inflating THC potency values being labeled on flower products in order to gain market share. As the Company has not engaged in, nor does it intend to engage in, the practice of seeking inflated THC level, this practice has negatively impacted the Company's flower sales and margins and may continue to do so for the foreseeable future.

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.

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 Key Personnel

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its executive and senior 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 a member of the Company's executive and senior 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 licencee 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. As announced on November 10, 2023, Derrick West resigned as Chief Financial Officer of the Company and Paolo De Luca has been appointed interim Chief Financial Officer while the Company completes a search for a new permanent Chief Financial Officer.

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 extracts, 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 licences 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.

Risks Related to the Production and Sales of the Edison JOLTS lozenges

On March 13, 2023, the Company announced that it had received notification from Health Canada that Health Canada had determined that the Products were improperly classified as an "extract" rather than an "edible" under the Cannabis Regulations. The Company launched the Products in August 2021 following significant research, development and regulatory work. On August 10, 2023, the Company announced that the Federal Court of Canada had granted the Company's application for judicial review of the decision of Health Canada. The matter has been remitted back to Health Canada for redetermination taking the court's reasons into consideration. There is no assurance as to Health Canada's redetermination of the matter, or that the Company will be able to resume production and commercialize this type of product in the future.

Negative Cash Flow from Operations

During the thirteen months ended September 30, 2023, the Company had negative cash flow from operating activities. The Company's cash and short-term investments as at September 30, 2023, were approximately $33.9 million (excluding restricted cash).

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 cannabis 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.

Cyber Security

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.

Recent Developments in the Canadian Cannabis Industry and Market

As a licence holder authorized to process, formulate and manufacture cannabinoid-based products, the Company is operating its business in a relatively new industry and market, and the Company's success in the cannabis market will depend in part on its ability to attract and retain customers, develop and maintain commercial relationships with Canadian and international cannabis brands and develop innovative products. In addition to being subject to general business risks applicable to a business involving an agricultural product and a regulated consumer product, the Company will need to make significant investments in its business strategy. These investments include the procurement of raw material, equipment relating to the distillation, extraction and formulation of cannabis products, site improvements and research and development projects. The Company expects that competitors will undertake similar investments to compete with it. Competitive conditions, consumer preferences, customer requirements and spending patterns in this industry and market are relatively unknown and may have unique circumstances that differ from other existing industries and markets and cause the Company's future efforts to develop its business to be unsuccessful or to have undesired consequences for it. As a result, the Company may not be successful in its efforts to attract customers, leverage its commercial partnerships or to develop new cannabis products and produce and distribute these cannabis products, or these activities may require significantly more resources than it currently anticipates in order to be successful.

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, theft, misappropriation or non compliance with applicable laws 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, the Winnipeg Facility and the Lac-Supérieur Facility 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 licences or the prospect of renewing its licences.

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. 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.

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 Company's ability to forecast demand for its products could have a material adverse effect on the business, results of operations and financial condition of the Company.

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.

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.

Reliance Primarily on a Single Cultivation Facility

To date, the Company's cultivation activities have been primarily focused on the Moncton Campus in Moncton, New Brunswick and the Company will continue to primarily 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.

The Failure of t*he Company's* IT Systems and Difficulties in Implementing its New ERP System Could Materially Adversely Affect the Company

The Company's business operations are managed through a variety of IT systems. Certain of the Company's key IT systems are dated and require, or are in the process of, modernization. The Company's IT systems may also be vulnerable to damage or interruption from circumstances beyond the Company's control, including fire, flood, natural disasters, systems failures, network or communications failures, power outages, public health emergencies, security breaches, cyber-attacks and terrorism. If one of the Company's key IT systems were to suffer a failure, no assurance can be given that the Company's backup systems or contingency plans will sustain critical aspects of the Company's operations, and the Company's business, results of operations or financial condition could be materially adversely affected. Further, the Company relies on large outsourcing contracts for IT services with major third-party service providers, and if such service providers were to fail or the relationships with the Company were to end, and the Company were unable to find suitable replacements in a timely manner, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company is continually modifying and enhancing its IT systems and technologies to increase productivity, efficiency and security. As new systems and technologies are implemented, the Company could experience unanticipated difficulties resulting in unexpected costs and adverse impacts to its financial reporting and manufacturing and other business processes. When implemented, the systems and technologies may not provide the benefits anticipated and could add costs and complications to ongoing operations, which may have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is currently in the midst of stabilizing a new ERP system, which replaces its previous financial system. The stabilization of the ERP system requires an investment of significant personnel and financial resources, including substantial expenditures for outside consultants, cloud computing and software costs, in addition to other expenses in connection with the transformation of the Company's organizational structure and financial and operating processes. The stabilization of the new ERP system may result in delays, increased costs and other difficulties, including potential design defects, miscalculations, testing requirements, and the diversion of management's attention from day-to-day business operations. If it is unable to stabilize the new ERP system as planned, the effectiveness of the internal control over financial reporting could be adversely affected, the ability to assess those controls adequately and to disseminate its financial documents could be delayed, the Company's operations could be affected and the Company's financial condition, results of operations and cash flows could be negatively impacted.

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 the fiscal year ended September 30, 2023. There is no assurance that our efforts to design, 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. We do not know the specific time frame needed to fully remediate the material weaknesses identified below.

The design of any system of internal controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving the stated goals under all potential future conditions. In addition, regardless of how well controls 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 International Financial Reporting Standards, as issued by the International Accounting Standards Board.

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 September 30, 2023, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 Framework. Based on this evaluation, management concluded that internal control over financial reporting was not effective as of September 30, 2023, due to the following material weaknesses in internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Management has identified the following material weaknesses:

- An ineffective control environment due to the lack of fully trained personnel in financial reporting, accounting and information technology system ("IT") with assigned responsibility and accountability related to ICFR.
- An ineffective information process resulting from ineffective general IT controls, ineffective controls related to complex spreadsheets, and ineffective controls over information from service organizations, resulting in insufficient controls to ensure the relevance, timeliness and quality of information used in control activities.
- As a consequence of the above the Company had ineffective control activities related to the design, implementation and operations of process level and financial statement close controls which had a pervasive impact on the Company's ICFR.

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 adult-use 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, Australia and Israel, may change in ways currently unforeseen by the Company. The Cannabis Act became effective on October 17, 2018, however, continued uncertainty exists with respect to the future implementation, interpretation and evolution 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 and territorial governments. Effective January 1, 2020, the legal age to buy adult-use recreational cannabis increased to 21 in Québec and the Québec 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 licence issued under Section 9 of the IHR, it may purchase industrial hemp from such licencees. Any change to the Cannabis Act or the IHR 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.

On December 5, 2023, Health Canada published new guidance on cannabis products with what it deems to be intoxicating cannabinoids other than THC. The guidance identifies the cannabinoids CBN and THCV as "intoxicating" and recommends that they be regulated in the same manner as THC, whose potency is capped in the edible and extract categories. While the guidance encourages licensed processors to follow recommended controls, it does not mandate any action and does not have the force of law without legislative change. The guidance does, however, create some uncertainty regarding the manner in which certain cannabinoids may be regulated in the future.

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.

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'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 licences, 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, licences, 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 licences, 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.

Israel-Hamas War and Conditions in Israel

On October 7, 2023, a war began between the terrorist organization Hamas and Israel. The Company continues to monitor the conflict in Israel and impacts the conflict has had and potential impacts the conflict could have on the Company's business in Israel, including in respect of its sales to Canndoc and collection of its accounts receivable. The extent to which the conflict may continue to impact the Company's business and activities will depend on future developments which remain highly uncertain and cannot be predicted.

Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business.

Prior to the Hamas attack in October 2023, the Israeli government pursued extensive changes to Israel's judicial system, which sparked extensive political debate and unrest. In response to such initiative, many individuals, organizations and institutions, both within and outside of Israel, have voiced concerns that the proposed changes may negatively impact the business environment in Israel including due to reluctance of foreign investors to invest or transact business in Israel as well as to increased currency fluctuations,

downgrades in credit rating, increased interest rates, increased volatility in security markets, and other changes in macroeconomic conditions. To the extent that any of these negative developments do occur, they may have an adverse effect on our business and our 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). 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, certified and now settled, as more particularly described in these risk factors under the subheadings "Product Liability", "Litigation" and "Legal Proceedings and Regulatory Actions".

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.

Rising Energy Costs

The Company's extraction and manufacturing operations consume considerable energy, making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

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, lower THC or less desirable products 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.

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.

Acquisition and Integration Risk

The Company has in the past made and may in the future make acquisitions and investments that could divert management's attention, result in operating difficulties and dilution to shareholders and otherwise disrupt the operations of the Company. The Company may have difficulty integrating any such acquisitions successfully or realising the anticipated benefits therefrom, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. See "Developments during the financial year ended August 31, 2021" and "Developments during the financial year ended August 31, 2022" as it relates to the Company's acquisitions of EIC and LAU, respectively.

Pursuing potential strategic acquisitions or investment opportunities is one possible growth strategy. Any transactions that the Company enters into could be material to its business, financial condition, results of operations, cash flows and prospects. The process of acquiring and integrating another company or technology could create unforeseen operating difficulties and expenditures. Acquisitions and investments involve a number of risks, including:

- diversion of management time and focus from operating the Company's business;
- use of resources that are needed in other areas of the Company's business;
- integration of the acquired company;
- implementation or remediation of controls, procedures and policies of the acquired company;
- difficulty integrating the accounting systems and operations of the acquired company;
- coordination of product, engineering and selling and marketing functions, including difficulties and additional expenses associated with supporting legacy services and products and hosting infrastructure of the acquired company;
- retention and integration of employees from the acquired company, and preservation of our corporate culture;
- the potential loss of key employees;
- unforeseen costs or liabilities, including the use of substantial portions of our available cash to consummate the acquisition;
- adverse effects to our existing business relationships with customers as a result of the acquisition or investment;
- the possibility of adverse tax consequences;
- litigation or other claims arising in connection with the acquired company or investment; and

- the need to integrate potential operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

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.

Global Economic 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 favourable 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.

Continuance of Contractual or Other Relations with Provincial and Territorial 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 and territories. There are many factors which could impact the Company's contractual arrangements with the provinces and territories, 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 and territories 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 and territories 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 and territories contain purchase commitments or otherwise obligate the provincial or territorial wholesaler to buy a minimum or fixed volume of cannabis products from the Company. The amount of cannabis that the provincial and territorial 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 and territorial wholesalers. If any of the provincial or territorial 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.

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.

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 medical 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.

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.

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-use recreational cannabis business has only been operative since legalization in October 2018. 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.

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.

Litigation

On June 16, 2020, a claim in connection with a proposed national consumer protection class-action lawsuit (the "Alberta Claim") was filed with the Court of Queen's Bench in Alberta (the "AB Court") seeking damages against several Canadian cannabis companies including the Company (the "Defendants"). The Alberta Claim does not particularize all of the claims against the Defendants; however, it makes allegations with respect to the content of THC and CBD in the Defendants' products. In order to proceed as a class action, the AB Court must certify the Alberta Claim as a class action. A certification hearing has not yet been scheduled. The Company has reported the Alberta Claim to its insurers.

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.

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 favourable 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.

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.

Significant Shareholder

The Company has a significant shareholder, BT DE Investments Inc., a wholly owned subsidiary of BAT, that could significantly influence matters submitted to the shareholders for approval, including the election of directors and the approval of certain corporate transactions. In some cases, the significant shareholder's interests may not be the same as those of the other shareholders.

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.

Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations, and 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.

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.

Marketing Risks Arising from Provincial Legislative Controls

The provincial and territorial adult-use recreational cannabis 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 such adult-use recreational cannabis markets. Further, regulations like those currently implemented in Québec 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.

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.

Scale of Operations

The Company has implemented supplier arrangements that it believes will adequately meet demand for its product. Should demand for the Company's products increase, there exists the risk of the Company being unable to fulfil demand. Although the Company is currently on track to meet its intended capacity goals, delays in meeting its capacity goals could result in unfulfilled purchase orders and the Company may lose a significant amount of sales. Any inability to secure the required supply of cannabis to meet the demands of supplier agreements either by means of internal generation or through acquisition could have a materially adverse impact on operating results of the Company.

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; cargo insurance; credit 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.

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, other than BAT, 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 2020 Equity Incentive Plan (as defined below) pursuant to which the Company has issued options, restricted share units and performance share units.

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.

Inflationary Risk

General inflationary pressures, such as those that have been evident in the economy since early in 2022, may affect labour and other operating costs, which could have a material adverse effect on the Company's financial condition, results of operations, and the capital expenditures required to advance the Company's business plans. While central banks in Canada, the United States, and globally have taken actions such as raising interest rates in 2022 and 2023 to combat the current inflationary environment, there can be no assurance that any governmental action that has or will be taken to control inflationary or deflationary cycles will be effective, or whether any governmental action may contribute to economic uncertainty or a recession. Governmental action to address inflation or deflation may also affect currency values. Accordingly, inflation and any governmental response thereto may have a material adverse effect on the Company's business, results of operations, cash flow, financial condition, and the trading price of its shares.

Currency Risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates. The Company is exposed to foreign currency risk, specifically with respect to the United States Dollar (USD). The translation of foreign currencies to Canadian dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date, and for revenues and expense using an average exchange rate for the period. Therefore, fluctuations in the value of the Canadian dollar affect the reported amounts of net revenue, expenses, assets and liabilities. The resulting translation adjustments are reported as a component of accumulated other comprehensive income or loss on the consolidated balance sheet. As a result, changes arising from these risks have impacted the Company previously and we may be impacted for the foreseeable future.

Interest Risk

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 may be exposed to interest rate risk pursuant to any long-term debt that it incurs from time to time.

The Company May Not be Able to Successfully Develop New Products or Find a Market for Their Sale

The medical and adult-use 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. 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.

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.

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 the ability of its directors and officers 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. 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.

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 on May 21, 2019.

The Company is required 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.

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 sustaining a minimum bid price for 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.

On January 23, 2023, the Company received the Notification from NASDAQ that it is not in compliance with the Minimum Bid Requirement, since the closing bid price for the Company's common shares listed on NASDAQ was below US$1.00 for 30 consecutive trading days. Under NASDAQ Listing Rule 810(c)(3)(A), the Company has a period of 180 calendar days from the date of notification, or until July 24, 2023, to regain compliance with the Minimum Bid Requirement, during which time the Common Shares will continue to trade on the NASDAQ Global Select Market. To regain compliance, the closing bid price of the Common Shares must remain at or above US$1.00 per share for a minimum of 10 consecutive business day. In the event the Company does not regain compliance with the Minimum Bid Requirement by July 24, 2023, the Company may be eligible for an additional period of 180 calendar days to regain compliance or may be subject to delisting of the Common Shares from NASDAQ. The Company has effected the Share Consolidation with the view to facilitating compliance with the Minimum Bid Requirement, with legal effect from July 5, 2023. However, there can be no assurance that the Company will regain compliance with the Minimum Bid Requirement or otherwise maintain compliance with any of the other NASDAQ listing requirements. Any delisting of the Common Shares from NASDAQ could adversely affect the Company's ability to attract new investors, reduce the liquidity of the outstanding Common Shares, reduce the Company's ability to raise additional capital, reduce the price at which the Common Shares trade on the TSX, result in, negative publicity and increase the transaction costs inherent in trading such shares with overall negative effects for the Company's shareholders. In addition, delisting of the Common Shares from NASDAQ could deter U.S. broker-dealers from making a market in or otherwise seeking or generating interest in the Common Shares and might deter certain institutions or persons from investing in the Company's securities at all.

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 adult-use recreational cannabis or from proceeding with the development of its operations as currently proposed.

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.

Reliance on Licence Renewal

The Company's ability to produce, store and sell cannabis, cannabis extracts and derivative products in Canada is dependent on its licences from Health Canada. Failure to comply with the requirements of the licences or any failure to maintain these licences would have a material adverse impact on the business, financial condition and operating results of the Company. The OGI Licence for processing and sale expires on March 20, 2025, the EIC Licence for processing and sale expires November 29, 2028, and the LAU Licence expires on April 17, 2025. The Company intends to renew its licences.

Although management believes it will meet the requirements of the Cannabis Act for extension of its licences, there can be no guarantee that Health Canada will extend or renew the licences or, if they are extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the licences, or should it renew the licences on different terms or not provide the amendments as requested for anticipated capacity or storage increases, the business, financial condition and results of the operations of the Company will be materially adversely affected. OGI has also been issued a cannabis licence under the Excise Act in respect to all three sites, which is required to package and distribute cannabis, and a research licence as described herein.

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, Winnipeg Facility and Lac-Supérieur Facility, despite meeting or exceeding legislated security requirements, there remains a risk of shrinkage as well as theft. A security breach at the Moncton Campus, Winnipeg Facility or Lac-Supérieur Facility 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 adult-users from choosing the Company's products.

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 licences from third parties who allege that the Company has infringed on their lawful rights. Such licences, 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 favourable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

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.

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.

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.

COVID-19 and Other Infectious Diseases

On May 5, 2023, the World Health Organization declared that the COVID-19 pandemic would no longer qualify as a global health emergency. However, the duration and full financial effects of the COVID-19 global health pandemic is unpredictable at this time, as are the measures taken by governments, companies and others to attempt to address any future spread of COVID-19 and its impact. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty.

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

Catastrophic Events

Natural disasters, such as earthquakes, tsunamis, floods or wildfires, public health crises, such as epidemics and pandemics, political instability, acts of terrorism, war or other conflicts and other events outside of the Company's control, may adversely impact our business and operating results. In addition to the direct impact that such events could have on our facilities and workforce, these types of events could negatively impact consumer spending in the impacted regions or depending on the severity, globally, which would impact our strategic partners and in turn impact on demand for our products and services.

Corruption and Fraud in Certain Emerging Markets Relating to Ownership of Real Property

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 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

Anti-Money Laundering Laws and Regulation Risks

The Company is subject to a variety of laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally.

In the event that any of the Company's operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations or investments were found to be in violation of money laundering legislation, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the Company's ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that proceeds obtained by the Company could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Privacy

In addition, the Company 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.

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.

Canadian Company and Shareholder Protection may Differ from Shareholder Protection in US or Elsewhere

The Company is organized and exist under the laws of Canada and, accordingly, are governed by 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.

Holding Company Status

The Company is a holding company and essentially all of its operating assets are the capital stock of its primary subsidiaries, OGI and 10870277 Canada Inc. As a result, investors in the Company are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, 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.

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, labour, 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.

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.

Risks Related to Third-Party Data

The Company relies on independent third-party data for market share position and there is no assurance third party data provides an accurate representation of actual sales as some third parties use different methodologies or calculations to estimate market share position, and because market and industry data is inherently imprecise, subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey or data collection process. The Company also relies on its own market research and internal data to determine the accuracy of such third-party data.

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, 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 September 30, 2023, there were 81,161,630 Common Shares issued and outstanding and as of December 15, 2023, there are 81,161,630 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, performance 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.

On March 10, 2021, in connection with the strategic investment from BAT, the Company entered into an investor rights agreement with BAT (the "Investor Rights Agreement"). Pursuant to the Investor Rights Agreement, the Company granted BAT certain rights, including pre-emptive rights, to participate in distributions of Common Shares to maintain its proportionate ownership in certain circumstances, as well as other rights ("Top-Up Rights") to subscribe for additional Common Shares in specified circumstances where the pre-emptive rights are not applicable (referred to in the Investor Rights Agreement as "Exempt Distributions") and in specified circumstances where pre-emptive rights were not exercised (referred to in the Investor Rights Agreement as a "bought deal Distribution"). The price per Common Share to be paid by BAT pursuant to the exercise of its Top-Up Rights will equal the price paid by other participants in the

Exempt Distribution or bought deal Distribution, subject to certain restrictions (including, if such price is not permitted pursuant to securities laws, at the lowest price permitted thereunder).

On July 5, 2023, the Company completed a consolidation of its issued and outstanding Common Shares at a consolidation ratio of four pre-consolidation Common Shares for every one post-consolidation Common Share. Immediately prior to the Share Consolidation, the Company had 321,994,768 Common Shares issued and outstanding. Following the Share Consolidation, the Company had 80,498,692 Common Shares issued and outstanding.

As of September 30, 2023, there were 2,829,676 options issued and outstanding. As of December 15, 2023, there are 2,796,353 options issued and outstanding. As of September 30, 2023, there were 881,149 restricted share units issued and outstanding. As of December 15, 2023, there are 881,149 restricted share units issued and outstanding. As of September 30, 2023, there were 260,713 performance share units issued and outstanding. As of December 15, 2023, there are 260,713 performance share units issued and outstanding. As of September 30, 2023, there were nil deferred share units issued and outstanding. As of December 15, 2023, there are nil deferred share units issued and outstanding.

Warrants

As of September 30, 2023, the Company had 4,235,913 Warrants outstanding. Each such Warrant entitled the holder thereof to acquire one Warrant Share at a post Share Consolidation exercise price of $10.00 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 expired and become null and void. As of December 15, 2023, the Company does not have any Warrants outstanding.

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[1]	High Trading Price ($)	Low Trading ($)	Volume (#)
November 2023	$2.17	$1.41	3,168,396
October 2023	$1.84	$1.35	1,866,974
September 2023	$2.69	$1.70	4,063,201
August 2023	$2.34	$1.74	2,300,918
July 2023	$2.57	$1.73	4,063,262
June 2023	$0.58	$0.49	5,956,996
May 2023	$0.71	$0.50	14,534,800
April 2023	$0.96	$0.72	5,518,024

[1]From July 2023 to November 2023, the values are presented on a post Share-Consolidation basis.

Period[1]	High Trading Price ($)	Low Trading ($)	Volume (#)
March 2023	$1.07	$0.81	6,171,548
February 2023	$1.31	$1.00	6,769,092
January 2023	$1.37	$1.00	10,003,428
December 2022	$1.71	$0.96	12,680,328
November 2022	$1.44	$1.22	8,502,512
October 2022	$1.46	$1.17	8,545,588
September 2022	$1.45	$1.18	5,733,368

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[2]	High Trading Price (USD)	Low Trading (USD)	Volume (#)
November 2023	$1.60	$1.02	5,719,600
October 2023	$1.34	$0.97	5,768,826
September 2023	$2.00	$1.25	14,818,648
August 2023	$1.73	$1.29	9,479,689
July 2023	$1.97	$1.30	14,887,752
June 2023	$0.44	$0.37	22,931,544
May 2023	$0.54	$0.37	25,525,548
April 2023	$0.73	$0.48	18,705,804
March 2023	$0.79	$0.60	18,182,892
February 2023	$0.98	$0.74	16,311,384
January 2023	$1.03	$0.74	28,219,492
December 2022	$1.27	$0.70	33,449,116
November 2022	$1.06	$0.90	20,681,624
October 2022	$1.05	$0.84	24,323,120
September 2022	$1.11	$0.87	19,690,840

[2] From July 2023 to November 2023, the values presented are on a post Share-Consolidation basis.

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, 2022 and September 30, 2023:

Date of Issuance[3]	Security	Issuance/Exercise Price Per Security ($)	Number of Securities
September 29, 2022	Options	1.23	880,000
September 29, 2022	Options	1.40	164,000
September 29, 2022	Restricted Share Units	1.23	1,477,340
September 29, 2022	Performance Share Units	1.23	838,248
November 30, 2022	Options	1.36	60,000
November 30, 2022	Restricted Share Units	1.36	7,928
November 30, 2022	Performance Share Units	1.36	7,928
February 22, 2023	Options	1.08	40,000
August 3, 2023	Options	1.90	35,000

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following table summarizes details of the Company's securities of each class held, to the Company's knowledge, in escrow or that were subject to a contractual restriction on transfer as of September 30, 2023:

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer[4]	Percentage of Class
Common Shares	15,249,027	18.79%[5]

[3]From July 2023 to September 2023, the values presented are on a post Share-Consolidation basis.

[4] The Common Shares acquired by BAT on March 10, 2021 are subject to transfer restrictions outlined in the investor rights agreement between the Company and BAT, including certain restrictions on prearranged trades.

[5] Based on 81,161,630 Common Shares outstanding as of September 30, 2023.

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 December 15, 2023.

Name, Province and Country of Residence[1]	Principal Occupation for the Past Five Years	Position and Offices held with the Company[2]	Number of Shares Beneficially Owned or Controlled[3]
Beena Goldenberg Toronto, Ontario Canada	May 2005 to April 2020 – Chief Executive Officer of Hain Celestial Canada; April 2020 to August 2021 – President and CEO of The Supreme Cannabis Company Inc.; September 2021 to present – Chief Executive Officer of the Company	Chief Executive Officer since September 9, 2021; and Director since November 19, 2021	1,250 (~0.0015%)
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 March 2020 – Chief Financial Officer of the Company; March 2020 to present – Chief Strategy Officer of the Company	Interim Chief Financial Officer since November 13, 2023; Chief Strategy Officer since March 4, 2020; and Chief Financial Officer from December 19, 2017 to March 3, 2020	15,487 (~0.019%)
Timothy Emberg Ottawa, Ontario Canada	April 2012 to September 2017 – Executive Director of Marketing of Roche Diabetes Care-Canada; October 2017 to July 2021 – Senior Vice President, Sales and Commercial Operations of the Company; July 2021 to October 2022 - Chief Revenue Officer of the Company; October 2022 to present – Chief Commercial Officer	Chief Commercial Officer since October 6, 2022; Chief Revenue Officer from July 15, 2021 to October 5, 2022; Senior Vice President, Sales and Commercial Operations from September 9, 2018 to July 14, 2021; Vice President of Sales and Commercial Operations from October 2, 2017 to September 8, 2018	Nil (0%)
Helen Martin Toronto, Ontario Canada	November 2014 to October 2018 – Chief Operating Officer of Crosswinds Holdings Inc.; November 2018 to July 2021 – Vice-President, Strategic Initiatives and Legal Affairs of the Company; July 2021 to present – Chief Legal Officer of the Company	Chief Legal Officer since July 15, 2021; Senior Vice President, Strategic and Legal Affairs from April 5, 2019 to July 14, 2021; Vice President, Strategic Initiatives and Legal Affairs from November 26, 2018 to April 4, 2019; Corporate Secretary since March 4, 2019	Nil (0%)

Name, Province and Country of Residence[1]	Principal Occupation for the Past Five Years	Position and Offices held with the Company[2]	Number of Shares Beneficially Owned or Controlled[3]
Megan McCrae Toronto, Ontario Canada	August 2016 to December 2017 – Director of Marketing & Communications, Aphria Inc.; January 2018 - September 2019- Vice-President, Marketing, Aphria Inc.; September 2019 - May 2020 - Chief Marketing Officer, Aphria Inc.; May 2021 to present – SVP Marketing and Communications of the Company	Senior Vice President of Marketing and Communications since May 31, 2021	Nil (0%)
Nathalie Batten Moncton, New Brunswick Canada	January 2014 to May 2020 – Director of Sales and Operations of Irving Oil Limited; November 2020 to March 2021 – President of Infinite Impact Consulting Corp.; March 2021 to June 2021 – Plant Manager of the Company; June 2021 to October 2022 – VP Operations of the Company; October 2022 to present – Senior VP Operations	Senior Vice President of Operations since October 6, 2022; Vice President of Operations from June 1, 2021 to October 5, 2022	Nil (0%)
Katrina McFadden Milton, Ontario Canada	November 2014 to January 2019 - VP People and Culture and CHRO of ArcelorMittal Dofasco; January 2019 to July 2021 - VP People and Culture of Telus; July 2021 to January 2022 - VP Human Resources of Weston Foods; August 2022 to Present - Chief People Officer of the Company	Chief People Officer since August 29, 2022	500 (~0.001%)
Geoff Riggs Montreal, Québec Canada	March 1998 to June 2018 – IBM Canada, Global Business Services; July 2018 to Aug 2020 Chief Information Officer of The Green Organic Dutchman; October 2020 to April 2021 - Director of Systems of The Cronos Group; October 2021 to 2022 Senior Manager, Tech Strategy of Deloitte Canada; August 2022 to Present, Chief Information Officer of the Company	Chief Information Officer since August 15, 2022	Nil (0%)
Peter Amirault[7] Mississauga, Ontario Canada	2009 to present – President of BML Group Limited	Director since June 2, 2016; Executive Chair from May 3, 2021 to October 31, 2021	40,000 (~0.049%)

Name, Province and Country of Residence[1]	Principal Occupation for the Past Five Years	Position and Offices held with the Company[2]	Number of Shares Beneficially Owned or Controlled[3]
Geoffrey Machum[5][6] Halifax, Nova Scotia Canada	1985 to present – Commercial Litigation Partner at Stewart McKelvey LLP; 2016 to present – Director of WildBrain Ltd.	Director since February 25, 2020 Lead Independent Director from May 3, 2021 to October 31, 2021 Chair of the Governance, Nominating and Sustainability Committee	1,125 (~0.001%)
Ken Manget[4][6][7] 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 2023 – CFO & Director, Northern Genesis Acquisition Corp.; 2023 to present – CFO of Canoo Inc.	Director since February 25, 2020	Nil (0%)
Stephen Smith[4][7] Etobicoke, Ontario, Canada	2018 to present – Director of MAV Beauty Brands Inc.; 2018 to 2019 – Director of Newstrike Brands Ltd.; 2020 to 2023 – Director of Freshii Inc.; 2014 to 2018 - EVP and Advisory Board Director, Jackman Reinvention Inc.; 2021 to present – Director of CE Brands; 2022 to present – Director of Flow Beverage Corp.	Director since February 25, 2020 Chair of the Audit Committee	2,575 (~0.003%)
Sherry Porter, CM[5][6] 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 August 2023 – Board member of Pharmasave Drugs (Atlantic) Limited	Director since December 17, 2018 Chair of the Compensation Committee	9,525 (~0.012%)

Name, Province and Country of Residence[1]	Principal Occupation for the Past Five Years	Position and Offices held with the Company[2]	Number of Shares Beneficially Owned or Controlled[3]
Dexter John[4][5][7] Whitby, Ontario Canada	June 2014 to April 2019 – Executive Vice President of D.F. King (Canada); April 2019 – November 2021 – President and CEO of Gryphon Advisors Inc.; November 2021 to present – President and CEO of Morrow Sodali.	Director since December 17, 2018 Chair of the Investment Committee	1,530 (~0.002%)
Marni Wieshofer[4][7] Santa Monica, California USA	June 2015 to November 2019 – Managing Director, Head of Media at Houlihan Lokey; December 2019 to January 2023 – Director of Thunderbird Entertainment; December 2019 to present – Director of several companies including Hycroft Mining Holding Corporation and Acceso Impact, Inc.	Director since January 12, 2021	2,500 (~0.003%)
Simon Ashton[7] Staines-upon-Thames England	September 2015 to August 2019 – Area head of Finance (Middle East) at BAT; August 2019 to August 2021 - Area head of Finance (North West Europe) at BAT; August 2021 to March 2023 – Group Head of New Categories and Combustibles Finance at BAT.	Director since February 23, 2022	Nil (0%)

Notes:
(1) Derrick West, who was the Chief Financial Officer of the Company since March 4, 2020, resigned on November 12, 2023.
(2) The previous term of the current directors of the Company expired at the conclusion of the annual meeting of the shareholders held on February 28, 2023. All of the directors noted above were re-elected and their terms will expire at the conclusion of the next annual meeting of shareholders.
(3) As of December 15, 2023, all directors and executive officers noted above of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over 74,493 Common Shares of the Company, representing ~0.1% of the Company's outstanding Common Shares. The total number of issued and outstanding shares as of December 15, 2023 is 81,161,630 Common Shares.
(4) Member of the Audit Committee.
(5) Member of the Governance, Nominating and Sustainability Committee.
(6) Member of the Compensation Committee.
(7) Member of the Investment Committee.

DIRECTOR & EXECUTIVE OFFICER BIOGRAPHIES

Beena Goldenberg – Director and Chief Executive Officer

Ms. Goldenberg has more than 30 years of experience in consumer packaged goods. Ms. Goldenberg assumed the role of Chief Executive Officer of Organigram on September 9, 2021. Prior to that, Ms. Goldenberg was President and CEO of The Supreme Cannabis Company Inc., where she achieved significant growth in the first year of her tenure through a focus on distribution, innovation, and brand portfolio development. Ms. Goldenberg also served as Chief Executive Officer, President and General Manager at Hain-Celestial Canada, ULC where, among other notable accomplishments, she led the strategic growth of the company through the organic growth of existing brands by increasing distribution, launching on-trend innovations, integrating newly acquired US brands, and completing two Canadian acquisitions.

During this time, Ms. Goldenberg also served two years as the Chief Executive Officer of Cultivate Ventures, the growth venture platform for The Hain Celestial Group, where she was responsible for investment in small portfolio brands and incubator opportunities with a focus on health and wellness. She also served on the Board of Food and Consumer Products of Canada, the largest CPG industry association, from 2008 to 2020. She holds a Bachelor and Master of Engineering (Chemical) from McGill University and holds the ICD.D designation.

Paolo De Luca, CPA, CA, CFA – Interim Chief Financial Officer and Chief Strategy Officer

Mr. De Luca assumed the role as the Company's Chief Strategy Officer on March 4, 2020, having previously held the position of Chief Financial Officer. With more than 25 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 Charter holder.

Timothy Emberg – Chief Commercial Officer

Mr. Emberg, Chief Commercial Officer, 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 Chief Commercial Officer, his role is to lead both adult-use 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 – Chief Legal Officer, 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, and to Chief Legal Officer in July 2021. 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.

Megan McCrae – Senior Vice President of Marketing and Communications

Ms. McCrae is a seasoned marketing professional with 20 years of consumer packaged goods marketing & sales management, communications, brand building, and consumer insights experience. Ms. McCrae is a cannabis industry veteran having spent nearly four years with Aphria Inc. where she led the company's brand and portfolio management, consumer insights, innovation, and digital strategy. Ms. McCrae also spent ten years in various global progressive consumer, trade, and sales management roles with global

tobacco giant, Japan Tobacco International (JTI) as well as holding the position of Board Chair on the Cannabis Council of Canada.

Nathalie Batten – Senior Vice President Operations

Ms. Batten has recently held senior-level positions, including Director, Fleet Sales and Operations, and Director, Blending and Packaging at Irving Oil, an international refining and marketing company that operates Canada's largest refinery and more than 1,200 fuelling locations. There, Nathalie built high-performance teams and led the development and execution of strategic business plans. Before Irving Oil, she held various roles in business development and strategy at Keyera Corporation. Nathalie is a professional industrial engineer, has a Master of Business Administration from the University of Calgary, a Bachelor of Mechanical Engineering from Queen's University, and is an Executive Coach from Royal Roads University.

Katrina McFadden – Chief People Officer

Ms. McFadden is an experienced Human Resources executive who has worked across several industries including telecommunications, manufacturing and consumer goods. Throughout her 20-year career she held senior leadership positions with organizations such as ArcelorMittal Dofasco, TELUS and most recently Weston Foods, supporting these organizations in earning accolades for innovative people and culture programs focused on enhancing the employee experience. Ms. McFadden holds a Bachelor of Applied Science in Chemical Engineering from the University of Waterloo and a Masters of Business Administration from McMaster University.

Geoff Riggs – Chief Information Officer

Mr. Riggs has spent 25 years in technology and business strategy including four (4) years in the cannabis industry, starting as the CIO at The Green Organic Dutchman in 2018, then Director of Systems at Cronos and most recently as the cannabis technology strategy leader with Deloitte Canada. Previously he spent 20 years with IBM in a variety of roles including project management, business development, and strategy consulting. He has operated across Canada, the US and Europe and has experience in numerous sectors including finance, oil and gas, transportation, natural resources, and government. He has a track record of successful complex systems implementations and driving innovation into emerging market spaces. Mr. Riggs holds a Bachelor of Commerce in Management Information Systems from Memorial University and a Masters of Business Administration from Antioch University with focus on Sustainability. He holds designations of PMP and ITIL, and numerous IT-related training certifications.

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 Kings 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 the University of Toronto 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 January 2023, he was appointed CFO of Canoo Inc.

Dexter John – Director

Mr. John is currently the President and CEO of Morrow Sodali. Prior to that, he was President and CEO of Gryphon Advisors Inc. 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 past Vice Chair of Dalhousie University and a past chair of Human Resources, Governance and

Nominating, 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 is an accomplished executive with extensive leadership and managerial experience in complex, low margin and highly competitive retail environments. He currently serves on the board of directors of MAV Beauty Brands Inc. (Audit Committee Chair), Flow Beverage Corp. and CE Brands Inc. (Lead Director). 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.

Marni Wieshofer – Director

Ms. Wieshofer has more than thirty years of diverse experience, including Board membership at public and private companies, particularly in the U.S., international M&A, and finance. She was recognized by Variety magazine in the 2018 Dealmakers Impact Report. Previous roles have included CFO and EVP of Corporate Development at Lions Gate Entertainment Corporation, a multi-billion dollar global entertainment company, where she oversaw the company's M&A and other strategic financial initiatives including the acquisitions and integration of Trimark Pictures, Artisan Entertainment and Redbus Films Distribution U.K. Her background also includes being a Managing Director in Houlihan Lokey's TMT Corporate Finance Group, based out of Los Angeles, providing M&A, capital markets, financial restructuring, and financial advisory services. Before joining Houlihan Lokey, Ms. Wieshofer was a Managing Director at MESA, a boutique advisory investment bank and prior to MESA, she was the SVP of M&A and CFO at Media Rights Capital. Ms. Wieshofer is a Chartered Professional Accountant (CPA, CA), holds an MBA from the Rotman School of Management at the University of Toronto and also holds the ICD.D designation.

Simon Ashton – Director

Mr. Ashton has extensive expertise in finance and business leadership and was Group Head of New Categories and Combustibles Finance at BAT. Throughout his nearly 30-year career with BAT, Mr. Ashton has led various Finance teams across Europe, Asia, the Middle East and Africa driving revenue growth, leading business transformation initiatives and finding innovative solutions to economic challenges. In addition, he also spent time in M&A, Operations Finance, and Audit.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Except as disclosed herein, to the knowledge of the Company, 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.

Except as disclosed herein, to the knowledge of the Company, 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, to the knowledge of the Company, 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.

Mr. Steve Smith is a director of MAV Beauty Brands Inc. ("MAV Beauty"). On November 14, 2023, MAV Beauty commenced voluntary proceedings under the Companies' Creditors Arrangement Act (Canada) ("CCAA") in the Ontario Superior Court of Justice (Commercial List) in order to facilitate a restructuring through a going-concern sale of substantially all of the assets of MAV Beauty. On November 20, 2023, the Ontario Securities Commission issued a cease trade order in respect of the trading of MAV Beauty's securities for the failure to file certain periodic reports following the commencement of the CCAA proceedings. During the CCAA proceedings, on December 8, 2023, MAV Beauty completed a sale of substantially all of the assets of the company and its subsidiaries to an affiliate of Nexus Capital Management LP. The trading of MAV Beauty's common shares on the TSX has halted and the TSX will

delist MAV Beauty's common shares on December 21, 2023. Mr. Smith is expected to resign as a director of MAV Beauty on December 20, 2023.

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 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. A certification hearing has not yet been scheduled. The Company has reported the claim to its insurers.

On March 13, 2023, the Company announced that it had received notification from Health Canada that Health Canada has determined that the Products had been improperly classified as an "extract" rather than an "edible" under the Cannabis Regulations. On August 10, 2023, the Company announced that the Federal Court of Canada had granted the Company's application for judicial review of the decision of Health Canada in respect of the Products. The matter is being remitted back to Health Canada for redetermination taking the court's reasons into consideration. See "Three-Year History - Developments during the financial year ended September 30, 2023" and "Risk Factors - Risks Related to the Production and Sales of the Edison JOLTS lozenges".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set forth below, 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.

As at November 6, 2023, upon announcement of the Follow-on BAT Investment, BAT beneficially held 18.8% of the issued and outstanding Common Shares on a non-diluted basis. Pursuant to the terms of the Subscription Agreement, and as more particularly described above, BAT will beneficially own, on completion of the three tranches, such number of Common Shares as may be permitted by the 30% Threshold. See "Three-Year History - Developments subsequent to the financial year ended September 30, 2023" and "Risk Factors - Risks Related to the Strategic Equity Investment from BT DE Investments Inc.".

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 thirteen-month period ending September 30, 2023, which are material or entered into before the thirteen-month period ending September 30, 2023, but are still in effect which are material, except as disclosed below:

- the Investor Rights Agreement (as described under "Capital Structure – Common Shares");
- the PDC Agreement (as described under "Three-Year History"); and
- the Subscription Agreement (as described under "Three-Year History").

Copies of the Investor Rights Agreement, the PDC Agreement, and the Subscription Agreement are available under the Company's corporate profile on the Canadian Securities Administrators' SEDAR+ website at www.sedarplus.com and on the United States Securities and Exchange Commission's EDGAR website at www.sec.gov.

INTERESTS OF EXPERTS

KPMG LLP are the auditors of the Company and have confirmed with respect to the Company that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations, and within the meaning of the United States Securities Exchange Act of 1934, 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 September 30, 2023 and the date hereof, the members of the Audit Committee are Stephen Smith (Chair), Dexter John, Ken Manget, and Marni Wieshofer, 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 current external auditors, KPMG LLP for the financial years ended September 30, 2023 and August 31, 2022 (including estimates).

Type of Work	Year ended September 30, 2023		Year ended August 31, 2022	
	Fees	Percentage	Fees	Percentage
Audit fees[1]	$2,483,131[4]	96%	$1,407,780[3]	95%
Audit-related fees	Nil	Nil	Nil	Nil
Tax fees[2]	$107,803	4%	$82,200	5%
All other fees	Nil	Nil	Nil	Nil
Total	$2,590,934	100%	$1,489,980	100%

Notes:

(1) For the year ended August 31, 2022 ("FY'2022") audit fees were comprised of quarterly reviews and the annual audit (including the audit of internal controls over financial reporting). For the year ended September 30, 2023 ("**FY'2023**") audit fees were comprised of quarterly reviews, the annual audit (including the audit of internal controls over financial reporting) and securities engagements.

(2) Includes fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance and advisory in FY'2023 and FY'2022. Tax advice includes advice related to mergers and acquisitions and a captive insurance structure.

(3) Of these fees, $181,560 relates to the FY'2021 audit fees but was only invoiced in FY'2022.

(4) Of these fees, $394,282 relates to the FY'2022 audit fees by was only invoiced in FY'2023.

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 September 30, 2023. Additional information relating to the Company may also be found on the Canadian Securities Administrators' SEDAR+ website at www.sedarplus.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 1400-145 King Street West, Toronto, Ontario M5H 1J8.

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 September 18, 2023.

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.

(g) Prior to any member of the Committee or the Board engaging the services of the Corporation's auditor in a personal capacity, the consent of the Chair of the Committee shall be obtained.

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 contracts 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 September 18, 2023.

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, her or their dealings with the Corporation's security holders, customers, suppliers, partners, service providers, competitors, employees and anyone else with whom he, she or they has contact in the course of performing his, her or their 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. Organigram

Personnel should not 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. Organigram Personnel also should not act in any manner that may be considered anti-competitive under competition or anti-trust laws. Organigram Personnel are expected to comply with the Corporation's Anti-Money Laundering and Anti-Terrorist Financing Policy and its Anti-Bribery and Anti-Corruption Compliance Policy in place from time to time. 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. Confidential reports of discrimination, violence or harassment can be made to the Organigram Entities' third party incident reporting website at https://reporting.cornerstonegovernance.com and submitting a report with the Login ID: gram94OR 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. Except as may be expressly required by your professional duties with respect to cannabis, 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. Organigram Personnel must comply with any Drug, Cannabis and Alcohol Policies adopted by the Corporation from time to time.

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, electronic chats, 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. Organigram Personnel are expected to comply with any Social Media Policy adopted by the Corporation from time to time.

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 personal 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

7193917

KPMG LLP
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Tel 905-265 5900
Fax 905-265 6390
www.kpmg.ca

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Organigram Holdings Inc.

We consent to the use of:

- our report dated December 19, 2023 on the consolidated financial statements of Organigram Holdings Inc. (the "Entity") which comprise the consolidated statements of financial position as at September 30, 2023 and August 31, 2022, the related consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the thirteen month period ended September 30, 2023 and the year ended August 31, 2022, and the related notes (collectively the "consolidated financial statements"), and
- our report dated December 19, 2023 on the effectiveness of the Entity's internal control over financial reporting as of September 30, 2023

each of which is included in the Annual Report on Form 40-F of the Entity for the thirteen month period ended September 30, 2023.

We also consent to the incorporation by reference of such reports in the Registration Statement (No. 333-274686) on Form F-10.

/s/ KPMG LLP
December 19, 2023
Vaughan, Canada

2023



ORGANIGRAM | **Annual Report**

ORGANIGRAM HOLDINGS INC.

EDISON
CANNABIS CO

A mainstream brand focused on pre-rolls and true innovation.



Limelight 3.5g dried flower
Edison JOLTS – Electric Lemon
Limelight + Cobra Milk Pinners Combo Pack

An uplifting & vibrant value brand focused on convenience.



SHRED Funk Master 7g pre-milled flower, SHRED Gnarberry Dartz,
SHRED X Tropic Thunder Heavies, SHRED'ems Wild Berry Blaze gummies,
SHRED X Blueberry Blaster Rip-Strip Hash 2 g

BIG BAG O' BUDS

Delivering high-quality ounces in a variety of strains.



Big Bag of Buds Pink Cookies, I.C.C. and Ultra Sour

monjour

CBD & minor cannabinoid gummies designed for anytime and nighttime wellness.



Monjour Twilight Tranquility,
Monjour Berry Good Day and
Monjour Blueberry Lemon CBN Bedtime

TREMBLANT

Premium hash, inspired by the timeless tradition of hashish.



Tremblant Afghan Black Hash, 2g Hashish

FLEUR ARTISANALE

LAURENTIAN

CRAFT FLOWER

Craft cannabis featuring rare cultivars grown with utmost attention and care.



Laurentian Saisons
3.5 g

HOLY MOUNTAIN

An imaginative brand with stellar strains, pre-rolls and extracts.



Holy Mountain GMO Tropical Reign 28 g,
I.C.C. Holy Smokes, Pressed Hash 2 g,
Slurricane Live Resin Vape 1 g


ORGANIGRAM

Corporate ESG Report 2023

Organigram at a Glance

• Head office: Toronto, Ontario
• Production Facilities: Moncton, NB., Winnipeg, MB., Lac-Supérieur, QC.
• Employees: 984 (as of September 30, 2023)

Introduction

This report presents the progress Organigram Holdings Inc., including its subsidiary Organigram Inc. (collectively "Organigram" or “The Company”)) has made on Environmental, Social and Governance (ESG) issues over the fiscal year ending September 30, 2023.

This report encompasses all of Organigram’s operations and activities, at our corporate head office in Toronto (Ontario) and at our three production facilities: Moncton (New Brunswick), Winnipeg (Manitoba), and Lac-Supérieur (Quebec).

A Message from our CEO

Since the very beginning, Organigram has stayed true to its values, and we're proud of that. We think a company's success isn't just about financial goals. It's also about the way we work, the people, the connections we build, and how we help the communities around us. At Organigram, we believe that being successful means both reaching our financial goals and doing the right thing. This is what really defines our success today and guides our growth in the future.

We have a clear vision to be a respected global leader in the emerging cannabis movement and we believe it is our responsibility to be transparent with our stakeholders on all aspects of our business. Therefore, we are pleased to share with you our second ESG report where we continue to report on three broad but important parameters:

- Governance
- Environmental Impact
- Social Impact

This report explains how we work, shows the progress we've made in 2023, and talks about how we can do better in 2024. As a major cannabis producer, we understand our role in setting good standards for the industry.

You might know that we've spoken out against inflated THC levels in the industry. We did this for our consumers' safety and the industry at large. We are committed to championing such causes until we are able to create a secure, sustainable and more responsible space for everyone involved in this evolving industry. We are committed to our mission of delighting consumers with trusted brands that deliver innovative cannabis products and experiences while promoting education and industry advocacy.

/s/ Beena Goldenberg
Chief Executive Officer

Vision

To be a respected global leader in the emerging cannabis movement.

Mission

To delight consumers with trusted brands that deliver innovative cannabis products and experiences
while promoting education and industry advocacy.

ESG Highlights 2023

Governance and Advocacy

Our governance structure evolved to embrace sustainability, with the introduction of the Governance, Nominating, and Sustainability Committee. Ethical business conduct, data security, and risk management were reinforced, ensuring the integrity of our operations. In advocacy, an ongoing legal battle against Health Canada underscored our commitment to product safety, exemplifying our proactive stance in industry challenges.

Environmental Stewardship:

In the past fiscal year, referenced throughout this document as “Fiscal 2023” or “FY2023” which was a 13-month period from September 1, 2022 to September 30, 2023, we prioritized environmental sustainability, achieving notable milestones across our operations. Despite an overall increase in consumption, strategic initiatives, including completion of the “4C” facility as part of the expansion of our Moncton, NB facility (the “Moncton site”), the introduction of fractional watering practices, and light emitting diode (LED) lighting adoption, all instituted in FY2022 (as defined below), have resulted in efficiency gains and a lower overall consumption of electricity and water usage than we would have otherwise incurred. Our commitment to transparency in reporting our carbon emissions is evident in our decision to report emissions by scope, highlighted later in this report, showcases advancements in energy consumption, and logistical optimizations.

Social Impact

Diversity and inclusion remained at the forefront of our social impact initiatives. With women’s representation on the board and in leadership positions reaching 44%, we are fostering an inclusive workplace. Diversity training, leadership development programs, and ongoing engagement efforts contributed to a vibrant and supportive organizational culture.

Governance

Our commitment to sound governance practices is integral to our approach in maintaining transparency, accountability, and ethical decision-making. The following are the key aspects of our governance structure.

Board Structure

Our board is composed of nine members, eight of whom are independent directors. For the purposes of this report, independence signifies directors who are independent of management, acknowledging that our Chief Executive Officer is also a director. We believe that a mix of perspectives, including non-independent directors, contributes to robust decision-making.

All independent directors actively participate in committees and in-camera sessions to operate independently of management, fostering constructive discussions and oversight.

Our committees remain largely consistent year-over-year. However, noteworthy is the transformation of the Governance committee into the Governance, Nominating, and Sustainability committee during our fiscal year ending on August 31, 2022 (“FY2022”), reflecting our heightened focus on sustainability.

Corporate Ethics

Our corporate ethics framework remains steadfast, with no changes in FY2023 to our Code of Ethics, Whistleblower, Insider Trading, Anti-Bribery, Anti-Corruption, and Disclosure policies from FY2022. We have a number of ethical conduct and compliance policies in place, ensuring that our business conduct aligns with the highest ethical standards.

Data Security/Risk Management

We prioritize data security and risk management, utilizing Multi-Factor Authentication, comprehensive training programs, and well-defined policies. In FY2023, we enhanced our risk management practices through collaboration between our internal legal counsel and our IT department to improve offerings and processes and to assess policies.

We are committed to ensuring that our leadership is aware of evolving cyber threats to our business. Our board and all corporate employees are required to complete cybersecurity training on a regular basis to ensure awareness of ongoing risks from external cyber threats. Our board also received cybersecurity awareness training this year by Grant Thornton LLP, facilitated by our Chief Information Officer, which covered the types of cybersecurity threats our organization might be vulnerable to, case studies of how other organizations have been impacted by cybersecurity incidents, and best practices to protect ourselves against future cybersecurity threats.

Our crisis communication plan, onboarded in FY2022, ensures effective communication during challenging times. A Disaster Recovery Plan is currently under review, and we hope to formally implement it soon. Our commitment to privacy, meanwhile, is reinforced by a robust privacy policy.

Product Safety

In our unwavering commitment to product safety, we are proud to report that there have been no recalls of our products for the third consecutive fiscal year. We have taken significant strides to enhance transparency, particularly in our Tetrahydrocannabinol (“THC”) potency testing procedures. Through detailed disclosure and a consumer rights campaign, we advocated for standardized THC potency testing by Health Canada. Our social media platforms have been instrumental in illustrating the rigorous scrutiny each of our products undergoes, emphasizing our dedication to transparency and consumer safety. Accurate labeling remains a cornerstone of this commitment, as we recognize its pivotal role in ensuring heightened levels of consumer safety and trust.

We have established policies and procedures in our facilities to ensure that our cannabis is grown, processed and packaged in a safe environment. Our facilities follow policies and procedures to ensure product safety, including codification of Good Production Practices as defined in Part 5 of the Cannabis Act (Canada). We have established a quality management

system based on the International Council for Harmonisation Q10 Pharmaceutical Quality Management System. Additionally, we are in the process of obtaining European Union Good Manufacturing Practices certification for our Moncton site.

Product safety is a priority for our management and leadership teams. To ensure that product safety remains a primary focus, the Company has an internal audit program that places responsibility on the leadership teams at each of our sites to comply with all product safety related policies.

Advocacy

As active members of the Cannabis Council of Canada, we engage in advocacy initiatives that align with our commitment to responsible cannabis practices. Notably, we continue to participate in the annual 'Grass on the Hill' lobbying event with the Government of Canada, where we gather with fellow cannabis industry participants to meet with government officials and advocate for regulatory change, including change that would have a positive impact on public safety and environmental sustainability. Our commitment to participating in this annual event demonstrates our dedication to industry-wide collaboration that furthers the growth of the cannabis industry in a responsible and safe manner. Advocating for the changes needed for the long-term health of the industry is also a key component in our strategic public relations outreach narrative.

During Fiscal 2023, we took a stance against Health Canada's classification decision of our Edison JOLTS sublingual lozenges ("JOLTS") and sought a judicial review of the decision. On August 8, 2023, the Federal Court of Canada (the "Federal Court") ruled in our favour, citing a breach of procedural fairness by Health Canada. As a result, Health Canada has acknowledged the Federal Court's decision and voided its initial classification. Pending a final redetermination, we have reinstated the commercialization of JOLTS, and we maintain our position that they are properly classified as a cannabis extract.

Environmental Impact

Our environmental initiatives have yielded both challenges and successes, reflecting our ongoing commitment to sustainability and efficiency.

Electricity Consumption

As in FY2022, we observed increases in our electricity consumption at our three state-of-the-art production facilities this past year, driven by increased production, capacity expansion with the addition of new grow rooms to our Moncton site, and the completion of 10,000 square feet of new greenhouse space at our Lac-Supérieur, QC site, which also produces our hashish products, bringing the total size of this facility to 36,000 square feet (the "Lac-Supérieur site"). Hashish and craft flower production continued at the Lac- Supérieur site in FY2023, and our new greenhouses are set to begin production in FY2024, which will greatly expand our craft flower output. As we will discuss below, we have and continue to take measures to increase our energy efficiency wherever possible as we continue to grow and expand our production.

While the increased consumption is aligned with the growth of our operations, the declining average selling price for cannabis has slowed the rate at which we were able to sell the cannabis we produced, pushing our kilowatt-hours (kWh) per kilogram (kg) sold ratio up. Also, a

kWh/kg sold ratio can be inaccurate, as our product may be sold in a different quarter or financial year than when it was harvested at our facility. To reconcile this, we are now measuring kWh usage per kilograms (kg's) of cannabis harvested to provide a more accurate representation of energy efficiency at our Moncton site. In order to ensure consistency in comparing our performance in FY2023 against FY2022, we are comparing this year's kWh/kg harvested against kWh/kg harvested in FY2022, despite us not reporting this metric in FY2022.

As our Lac-Supérieur facility focuses primarily on producing hashish, we measure our energy consumption based on kWh/kg of hashish produced at the Lac- Supérieur site. As our Winnipeg, MB facility (the "Winnipeg Site") produces edible and extract products, we measure energy efficiency based on kWh/kg of edible/extract products produced at the Winnipeg site.

Electricity Consumption at Moncton

Our electricity usage at our Moncton site has seen significant reductions as a result of converting 17,000 lights used in our growing rooms from High Pressure Sodium (HPS) to Light Emitting Diode (LED) lighting, which began in October 2021 and was completed at the beginning of the first of quarter of FY2023 and consumes significantly less power. While the addition of over 40 new grow rooms to our Moncton site throughout FY2022 contributed to a 24% increase in overall electricity consumption in FY2023, we achieved a 69% increase in our harvest yield as a result of this investment (56% during the first 12 months of FY2023). We estimate that our energy consumption per grow room was up to 37% lower in FY2023 due to our LED lighting transition. Our overall energy usage at our Moncton site was 126,007,519 kWh compared to 101,732,614 kWh in FY2022, taking into account that FY2023 was a 13-month reporting period while FY2022 was a 12-month reporting period.

In FY2023 and moving forward, we are continually pursuing initiatives to further reduce the energy required for our lighting needs and other operational processes and look forward to reporting on our progress in the future.

Our initiatives to reduce power consumption resulted in a significant decrease to our energy consumption per kg harvested at the Moncton site. In FY2023, we consumed 1,452 kWh per kg harvested, down from 1,978 kWh per kg harvested in FY2022, a decrease of approximately 26%.

Electricity Consumption at Winnipeg

In FY2023, the Winnipeg site consumed 1,242,360 kWh compared to 937,800 kWh in FY2022, taking into account that FY2023 was a 13-month reporting period while FY2022 was a 12-month reporting period. In FY2023, our Winnipeg site consumed an average of 6.34 kWh per kg of edibles/extracts produced, a 29% decrease in electricity consumption per kg produced compared to 8.2 kWh per kg produced in FY2022.

Electricity Consumption at Lac-Supérieur

Our new Lac-Supérieur site was connected to an external electrical supply in the fourth quarter of FY2023. We will report the initial baseline electrical consumption and efficiency of the Lac-Supérieur site in our FY2024 ESG Report.

Gas Consumption

Gas consumption has experienced notable changes, primarily driven by expansions to our production capacity at our Moncton site and our Lac-Supérieur site.

Natural gas is used at our Moncton and Winnipeg sites mainly for heating purposes and our usage varies significantly during the seasons. At both our Moncton and Winnipeg sites we saw the highest consumption of natural gas in the second quarter, which was during the winter months. However, our usage in the second quarter of FY2023 was lower at both sites as compared to the second quarter of FY2022. Our overall natural gas usage at the Moncton site for FY2023 was 176,875 units of one hundred cubic feet ("CCF") compared to 169,095 CCF in FY2022. The increase in usage is due to in part the increase in months to our financial year for FY2023, the increase in the number of growing rooms brought online, and the addition of new laboratory facilities. The natural gas usage at our Winnipeg site was 196,967 cubic metres (m^3) in FY2023, which is up from 175,184 m^3 in FY2022. This increase can be attributed to our increase in production at our Winnipeg site.

Propane is used at our Moncton and Lac-Supérieur sites for heating. The usage of propane at the Moncton site increased from 21,014 liters (L) in FY2022 to 34,411L in FY2023 mainly due to the increase in production at our Moncton site. At our Lac-Supérieur site, 56,563L was used in FY2023 to heat the greenhouse.

Diesel fuel was used at the Lac-Supérieur site to fuel an electricity generator while we awaited power for our new facility from Hydro-Québec. 39,207 L of diesel fuel was used in FY2023. As our Lac-Supérieur site is now connected to the local electrical grid, we do not anticipate relying on diesel fuel in the future.

CO_2 Emissions

In terms of emissions tracking, we currently track our emissions of carbon dioxide (CO_2) only. Our metrics largely indicate increases in CO_2 emissions, which reflect our continued growth and scaling up of operations in spite of our efforts to achieve efficiency wherever possible. We set baselines of CO_2 emissions in FY2022 at our Moncton and Winnipeg sites. FY2023 will be the first year that we are able to report a full baseline of emissions for our Lac-Supérieur site.

As of FY2023, we now break down our CO_2 emissions in a general manner, based on the emissions scope classifications established by the Greenhouse Gas Protocol Corporate Standard as developed by the World Resources Institute and the World Business Council for Sustainable Development.[1] We define our Scope 1 emissions as the CO_2 emitted from sources we own or control. We define our Scope 2 emissions as the CO_2 emitted from the generation of purchased energy, principally electricity and heating/cooling networks, taking into account the carbon intensity of our electricity sources, known as "grid intensity". We base our Scope 2 emissions calculations on the grid intensity of each province as defined in the federal Clean Fuel Regulations as passed under the Canadian Environmental Protection Act.[2]

Although we are not currently measuring our Scope 3 emissions, we may do so in the future. We define Scope 3 emissions as CO_2 emitted as a result of our business activities but occur

[1] The Company's reliance on the Greenhouse Gas Protocol Corporate Standard is limited to the classification of our green house gas emissions. The Company is not formally reporting under such standard.
[2] *Clean Fuel Regulations*, SOR/2022-140

from sources not owned or controlled by us. Scope 3 emissions are made up of the emissions in our value chain, both upstream and downstream, such as sourcing cannabis from other producers, supplies required for the manufacture and packaging of our products, and the transportation of our products from our facilities to our domestic and international customers.

CO_2 Emissions from our Moncton Site

During FY2023, our Moncton site produced Scope 1 CO_2 emissions of 1,051 metric tons (mt), up from 970 mt in FY2022. However, we were able to reduce our Scope 1 CO_2 emissions to 0.012 mt per kg harvested from 0.019 mt per kg harvested in FY2022. The primary sources of Scope 1 emissions at our Moncton site are the combustion of natural gas and propane, day-to-day operations, and the venting of compressed CO_2 gas from our extraction and growing operations, taking into account that our plants also consume a large amount of CO_2 while growing. Our Scope 2 CO_2 emissions at our Moncton site were approximately 40,373 mt in FY2023. This translates into an average of 0.47 mt per kg harvested.

CO_2 Emissions from our Winnipeg Site

The Winnipeg site began operations under our control in the last month of the financial year ending August 31, 2021. We were therefore able to establish a baseline of CO2 emissions for the Winnipeg site in FY2022.

During FY2023, the Winnipeg site produced Scope 1 CO_2 emissions of 383 mt, up from 341 mt in FY2022, due to increases in our production and operations. Our Scope 1 CO_2 emissions per kg of edibles/extracts produced decreased slightly to 0.00196 mt per kg produced in FY2023 from 0.00298 mt per kg produced in FY2022. The Scope 2 CO_2 emissions at our Winnipeg site were 31.3 mt in FY2023. This equals an average of 0.00016 mt of CO_2 per kg of product produced at this facility.

CO_2 Emissions from our Lac-Supérieur Site

Our Lac-Supérieur site was acquired in early 2022 and we recently completed construction of a new facility at this site that has expanded our hashish production capacity and is expected to expand our craft flower production capacity from one greenhouse to five greenhouses. In FY2023, only one greenhouse was operational at the Lac-Supérieur site. As this is the first year where we have emissions data for the full year, we are using FY2023 emissions as the baseline for emissions tracking at the Lac-Supérieur site. Emission measurements in future years will allow us to fully compare and analyze our results from FY2023 and moving forward.

During FY2023, the Lac- Supérieur site produced Scope 1 CO_2 emissions of 189 mt. The source of these emissions was the combustion of diesel fuel to power generators and propane for heat. These fuel sources were required due to ongoing construction of our new facility at the Lac-Supérieur site. In FY2023, Scope 1 CO_2 emissions per kg of hashish produced was 0.0848 mt per kg produced. We will report our baseline Scope 2 CO_2 emissions for our Lac- Supérieur site in FY2024 once we have a full year of electricity consumption to report.

Water Management

We have been finding ways to continually mitigate our water usage, however, with increases to our number of grow rooms and to our production lines, our water usage increased during FY2023.

Our Moncton site used 221,645 m^3 in FY2023, up from 155,758 m^3 in FY2022 due to the addition of new grow rooms and overall production. Water use per square foot in Moncton was 0.413 m^3/sq foot up from 0.291 m^3/sq foot in FY2022, due to large increases in our harvest.

Our Winnipeg site used 5,395 m^3 of water in FY2023, an increase of 14% from 4,723 m^3, due to increases in production. Water use per square foot Winnipeg was 0.106 m^3/sq foot up from 0.093 m^3/sq foot in FY2022.

Our Lac-Supérieur site draws water from a well, which prevents us from being able to accurately measure our water use at this site at this time.

Waste Management

While we currently have comprehensive waste data only for the Moncton site, it provides valuable insights. Our Moncton site produced a total of 1,621 mt of waste in FY2023, up from 1,139 mt in FY2022. Of this total waste, 76% was organic waste from plant material and growing media, and 4% was recycled.

The percentage of recyclable packaging in our product lineup decreased in FY2023 as a result of our transition from jars to pouches for the majority of our packaging. Despite this decrease, 21% of our units sold in FY2023 were packaged in recyclable packaging. These units were manufactured at all three of our sites.

Other Efficiency Gains

In addition to the environmental measures described above, we optimized our freight routes in FY2023, contributing to a decrease in CO_2 emissions from the transportation of our products, and showcasing the positive environmental impact of our logistical enhancements. Additionally, we have begun transitioning some of our shipments to rail to further decrease our emissions.

In FY2023, our Moncton site acquired several new pieces of industrial equipment which consume significant power and contributed to the increased power consumption described above. However, this new equipment has allowed us to carry out certain industrial processes in-house that we previously needed to outsource, which involved the transportation of our product over long distances by truck. The elimination of this outsourcing has led to a reduction in vehicle emissions and greater efficiencies in our production processes.

From a logistics' perspective, the Company has worked to continue to optimize freight routes to reduce the CO2 emissions generated by transportation for inbound and outbound freight, an initiative we began in FY2022. For FY2023, our outbound shipments emitted 1,359 mt of CO2. We will continue to review our freight routes and look for opportunities to optimize further in FY2024.

Summary of Environmental Impact

In FY2023, we saw increases to our power and water consumption and CO_2 emissions at all our facilities both at the overall and per capita level. This was largely caused by investments we made in increasing our production capacity at all our facilities, especially the completion of our new facility at Lac- Supérieur and the operation of new grow rooms in Moncton at full capacity. We will see this consumption stabilize this fiscal year.

Nevertheless, past initiatives to reduce our power and water consumption at our Moncton site through our LED lighting conversion means that these increases are less than they would

otherwise have been had these initiatives not been executed in FY2022. We continue to explore ways to reduce our environmental footprint and look forward to reporting on new initiatives in the future.

Social Impact

Diversity & Inclusion

Women Representation

Our commitment to gender diversity is reflected in our leadership, where women now constitute 55% of our senior leadership team and constitute 33% of our board. These percentages underscore our dedication to fostering a gender-inclusive leadership team.

Overall Diversity

In Fiscal 2023, we undertook a comprehensive baseline measurement of diversity across our organization, including an exploration of the experiences of our team members in relation to diversity, equity, inclusion, and belonging ("DEIB"). The insights gathered have been instrumental in shaping our DEIB strategy for the next fiscal year, as we continue to prioritize creating an inclusive and equitable workplace. Our team members told us there is opportunity to improve the consistency in experience between designated groups and to support a more inclusive culture. Our focus in 2023 was to provide development opportunities to our leadership. In 2024 we intend to build on this foundational learning with key initiatives celebrating the diversity of our team.

Diversity Training

In FY2023, we completed diversity training of our leadership with two modules, leading inclusive teams and unconscious bias. We also trained our people in culture team with an additional module of introduction to diversity, equity, inclusion and belonging. Over 70% of our leadership participated in this training. We also introduced new leadership training for supervisors including a module on leading inclusive teams. Our culture team also underwent training, including an introduction to diversity, equity, inclusion, and belonging. Additionally, our supervisors received new instructor leadership training, reinforcing our commitment to fostering an inclusive work environment.

Learning and Development

Our commitment to investment in the training and development of our employees continued in FY2023 through numerous initiatives aimed at developing both the hard and soft skills of employees at all levels in our organization. These initiatives ranged from conflict resolution, critical thinking and body language to project management, performance management, and practical problem solving. In addition to those courses being offered through in-person classroom and virtual facilitation, we also invested in LinkedIn Learning for people leaders across the organization, as well as developing a diversity, equity, inclusion, and belonging learning path that consisted of two virtual courses (Unconscious Bias and Leading Inclusive Teams). Another notable accomplishment is hiring a full-time Manager, Learning & Development to ensure we continue to focus on learning and development of our employees in FY2024 and beyond.

Community Impact

Our commitment to social impact is epitomized by the "Organigram Operating for Good" program. Since its launch in March 2022, our team has collectively volunteered an impressive

2285 hours. This program underscores our dedication to making a positive difference in the communities we serve. Our volunteers contribute their time and skills to a wide variety of initiatives including their local Food Bank, United Way, and Canadian Blood Services to name a few, reflecting our ongoing commitment to corporate social responsibility.

Labour Management

Hourly Wage Disclosure

In line with our commitment to fair compensation, we completed benchmarking for all our locations, ensuring that our hourly positions remain above the median of the local area. In FY2023, base salaries were adjusted by 2.5%, maintaining our position above market rates. We are proud to maintain wages that exceed the living wage in all locations where we operate for all employee positions.

Career Development

Investing in the growth and career development of our team remains a priority. In FY2023, our total training investment reached $650,000, signifying a substantial increase over the previous year. This investment encompasses various training activities and resources across the organization, furthering our commitment to career development.

Engagement & Recognition

Also in FY2023, we revitalized our employee engagement approach, partnering with an external firm to conduct our first benchmarked survey. With an impressive 80% participation rate, we gained valuable Insights. Our team members told us that have a good relationship with their leaders and each other but were looking for greater connection to senior leadership, more opportunities for development and improved simplicity and transparency in processes. Although our average engagement was 63%, below our target benchmark, we implemented robust action plans, including local in-person town halls, increased investment in learning and development, new supervisor and management training, and a centralized budget for tuition refunds.

Compensation & Benefits

Our approach to compensation and benefits underwent a significant refresh in FY2023. We streamlined benefits by moving to a single provider and enhanced disability management. Notable additions include TELUS Total Health, providing mental well-being support, unlimited paid time off for salary team members, and an additional day off for well-being for hourly team members. These enhancements align with our commitment to providing a comprehensive and supportive compensation package.

Health & Safety

In our unwavering commitment to the health and safety of our team members, we meticulously track and evaluate our performance. In Fiscal 2023, we recorded a Total Recordable Incident Frequency (“TRIF”) of 0.7, a decrease from the previous year’s 0.9. TRIF at our Moncton facility was 0.3, which is an industry leading class rate for the sheer number of people at our facility. TRIF as a metric serves as a critical benchmark as we continuously strive to enhance our safety measures. Emphasizing transparency and accessibility, we introduced the ‘Safety by Site’ SharePoint platform, providing a centralized repository for all safety documents, fostering ease of access and collaboration.

Recognizing the pivotal role of awareness in mitigating workplace injuries, we launched a comprehensive safety campaign. Themed ‘Situational Awareness,’ the campaign aimed to instill

a proactive mindset among our workforce, fostering a collective commitment to injury prevention. In tandem with this campaign, we introduced a new Personal Protective Equipment policy, outlining guidelines to ensure the well-being of our team members. Additionally, the implementation of a lockout mechanism to some of our industrial equipment that features moving parts further strengthened our commitment to maintaining a secure work environment. These initiatives collectively reflect our proactive approach to health and safety, aiming to create a workplace where every team member feels secure and supported.

Forward-Looking Information

This report contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian and U.S. securities laws (collectively, "forward-looking statements") which are necessarily based upon the Company's current internal expectations, estimates, forecasts, assumptions and beliefs regarding, among other things, the future performance and results of the Company's business and operations, general economic conditions, global events and applicable regulatory regime. These forward-looking statements are generally identified by their use of such terms and phrases as "intend," "goal," "strategy," "estimate," "expect," "project," "projections," "forecasts," "plans," "seeks," "anticipates," "potential," "proposed," "will," "should," "could," "would," "may," "likely," "designed to," "foreseeable future," "believe," "scheduled" and other similar expressions.

Forward-looking statements contained herein include, but are not limited to, statements regarding the future implementation and performance of our ESG strategy and all other statements that are not historical facts. 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. 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, but are not limited to, risks related to competition, changes in the Canadian cannabis industry and market, changes in laws and the other risks described in the Company's annual information form and management's discussion & analysis for Fiscal 2023 under the heading "Risk Factors" and filed with the regulators as described below. Any forward-looking statement included in this report is made as of the date of this report and, except as required by law, the Company disclaims any obligation to update or revise any forward-looking statement. Readers are cautioned not to put undue reliance on any forward-looking statement. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company and its business 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 are not appropriate for other purposes. All forward-looking statements contained in this report are expressly qualified by this cautionary statement.

ADDITIONAL INFORMATION ABOUT THE ASSUMPTIONS, RISKS AND UNCERTAINTIES OF ORGANIGRAM'S BUSINESS AND MATERIAL FACTORS OR ASSUMPTIONS ON WHICH INFORMATION CONTAINED IN FORWARD-LOOKING STATEMENTS IS BASED IS PROVIDED IN THE COMPANY'S DISCLOSURE MATERIALS, INCLUDING THE COMPANY'S MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A") UNDER "RISK FACTORS"AND THE COMPANY'S CURRENT ANNUAL INFORMATION FORM ("AIF") UNDER "RISK FACTORS", FILED WITH THE SECURITIES REGULATORY AUTHORITIES IN CANADA AND AVAILABLE UNDER THE COMPANY'S ISSUER PROFILE ON SEDAR+ AT WWW.SEDARPLUS.CA, AND FILED WITH OR FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION AND AVAILABLE ON EDGAR AT WWW.SEC.GOV/EDGAR.

ORGANIGRAM



Q4 2023

Organigram Holdings Inc.

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

For the thirteen months ended September 30, 2023
and the year ended August 31, 2022

INTRODUCTION

This Management's Discussion and Analysis dated December 19, 2023 (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 thirteen months ended September 30, 2023 and the twelve months ended August 31, 2022 ("Q4 Fiscal 2023" when referring to the four months ended September 30, 2023), including the accompanying notes thereto.

In May 2023, to better align the Company's financial statement reporting requirements with other public companies and calendar quarters, the Company's Board of Directors approved a change in the Company's fiscal year end from August 31 to September 30. Fiscal 2024 commenced on October 1, 2023 and continues through September 30, 2024. As a result of the change in year end, the financial information presented in this MD&A for the current period is for Q4 Fiscal 2023 and Fiscal 2023 whereas the comparative period is for Q4 Fiscal 2022 and Fiscal 2022, respectively.

References to "Fiscal 2023" are to the thirteen months from September 1, 2022 through September 30, 2023, references to "Fiscal 2022" are to the twelve months from September 1, 2021 through August 31, 2022 and references to "Fiscal 2021" are to the twelve months from September 1, 2020 through August 31, 2021. Except as otherwise stated, for each fiscal year, references to "Q1" are to the three months from September 1 through November 30, references to "Q2" are to the three months from December 1 through February 28, references to "Q3" are to the three months from March 1 through May 31, and references to Q4 are to the three months from June 1 through August 31, with the exception of Q4 Fiscal 2023, which is for the four month period from June 1, 2023 through September 30, 2023.

Financial data in this MD&A is based on the Financial Statements of the Company for the thirteen months ended September 30, 2023, 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 and $ billions, per gram ("g") or kilogram ("kg") of dried flower and per milliliter ("mL") or liter ("L") of cannabis extracts calculations.

This MD&A contains forward-looking information within the meaning of applicable securities laws, and the use of Non-IFRS Measures (as defined herein). Refer to "Cautionary Statement Regarding Forward-Looking Information" and "Cautionary Statement Regarding Certain Non-IFRS Measures" included within this MD&A.

The financial information in this MD&A also 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:

- Gross margin before fair value adjustments;
- Adjusted gross margin;
- Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"); and
- Free cash flow ("FCF").

The Company believes that these Non-IFRS 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 Measures are defined in the sections in which they appear. Adjusted gross margin and Adjusted EBITDA are reconciled to IFRS in the "Financial Results and Review 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 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. Refer to "Cautionary Statement Regarding Certain Non-IFRS Measures" included within this MD&A.

This MD&A contains information concerning our industry and the markets in which we operate, including our market position and market share, which is based on information from independent third-party sources. Although we believe these sources to be generally reliable, market and industry data is inherently imprecise, subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey or data collection process. We have not independently verified any third-party information contained herein.

The Company's wholly-owned subsidiary, Organigram Inc. ("OGI"), 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 former wholly-owned subsidiaries, The Edibles and Infusions Corporation ("EIC") and Laurentian Organic Inc. ("Laurentian"), were also licensed under the Cannabis Act until their amalgamation with Organigram Inc. effective October 1, 2023 to form a single entity as "OGI".

The Company's head office is located at 1400-145 King Street West, Toronto, Ontario, M5H 1J8. The Company's 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 by email to investors@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.sedarplus.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 in this MD&A is 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), Winnipeg Facility (as defined herein) and Lac-Supérieur Facility (as defined herein) licensing and production capacity and timing thereof;
- Expectations regarding production capacity, facility size, THC (as defined herein) content, costs and yields;
- Expectations regarding the prospects of the Company's collaboration and proposed investment transaction with a wholly-owned subsidiary of British American Tobacco p.l.c. ("BAT");
- Expectations regarding the prospects for the Company's subsidiary Organigram Inc. (formerly, Organigram, EIC and Laurentian);
- Expectations regarding the outcome and timing of the Health Canada redetermination following the Judicial Review decision in respect of the Company's Edison Jolts product ("Jolts");
- Expectations around demand for cannabis and related products, future opportunities and sales, including the relative mix of medical versus adult-use recreational cannabis products, the relative mix of products within the adult-use recreational category including wholesale and international, the Company's financial position, future liquidity and other financial results;
- Changes in legislation related to permitted cannabis types, forms and potency and legislation of additional cannabis types and forms for adult-use recreational cannabis in Canada, including regulations relating thereto, the timing 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;
- Expectations about the Company's ability to develop current and future vapour hardware, and the Company's ability to enter and expand its share of the vapour market;
- The scope of protection the Company is able to establish and maintain, if any, for its intellectual property ("IP") rights;
- Strategic investments and capital expenditures, and expected related benefits;
- The expectation that the planned technical arrangement between Organigram and Phylos Bioscience Inc. ("Phylos") will permit Organigram to transition a portion of its garden to seed-based cultivation over time, and the anticipated benefits of seed-based production;
- The expectations regarding the Company's investment in Greentank (as defined herein);
- 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 those relating to the recreational and/or medical cannabis markets domestically and internationally;
- Changes in laws, regulations, guidelines and policies, including those related to minor cannabinoids;
- The price of cannabis and derivative cannabis products;
- Expectations around the availability and introduction of new genetics including consistency and quality of seeds and plants and the characteristics thereof;
- The 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 Common Shares;
- The treatment of the Company's business under governmental regulatory regimes and tax laws, including the *Excise Act* 2001 and the renewal of the Company's licenses thereunder and the Company's ability to obtain export licenses from time to time;
- The treatment of the Company's business under international regulatory regimes and impacts on changes thereto to the Company's international sales;
- Expectations related to the war between Israel and Hamas and its impact on the supply of product and collection of accounts receivable in the market and the demand of product in Israel;
- The Company's growth strategy, targets for future growth and forecasts of the results of such growth;
- Expectations concerning access to capital and liquidity, the consummation of the Follow-on BAT Investment (as defined below) and the Company's ability to access the public markets from time to time 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 regarding the Company's ability to generate cost savings from new operational effectiveness and automation initiatives;
- Expectations regarding capital expenditures, current and targeted production capacity and timing thereof; and
- Expectations concerning the Company's performance during Q1 Fiscal 2024, including with respect to revenue, adjusted gross margin, selling, general and administrative expenses ("SG&A"), Adjusted EBITDA and Free cash flows ("FCF").

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. 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. 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. 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. These and other factors may cause actual results or events to differ materially from those anticipated in the forward-looking information.

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; cyber security risks; dependence on senior management and other key personnel, 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 and in anticipated volumes; industry competition; global events, including heightened economic and industry uncertainty as a result of COVID-19 (as defined herein) and governmental action in respect thereto, including with respect to impacts on production, operations, disclosure controls and procedures or internal control over financial reporting, and supply chain and distribution disruptions; 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; inflationary risk, 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 subsidiary's and its investees' ability to, where applicable, obtain and/or maintain their status as Licensed Producers or other applicable licenses; risk factors affecting its investees; availability of any required financing on commercially attractive terms or at all; 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 derivative products, and the sufficiency of the retail networks to supply such demand; ability of the Company to develop current and future vapour hardware and to expand into the vapour market; ability to enter and participate in international market opportunities; general economic, financial market, regulatory, industry and political conditions affecting the Company, expectations related to the war between Israel and Hamas and its impact on the supply of product in the market and the demand for product in Israel as well as the impact of the war on collection of accounts receivable; 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 control over financial reporting and disclosure controls and procedures; risk relating to potential failure of the Company's information technology (IT) system; the timing for the stabilization of the Company's enterprise resource planning ("ERP") system; continuing to meet listing standards for the TSX and the NASDAQ; risk relating to the Company's IP; liquidity risk; concentration risk; and, other risks and factors described from time to time in the documents filed by the Company with securities regulators in Canada and the United States. Material factors and assumptions used in establishing forward-looking information include that production activities will proceed as planned, and

demand for cannabis and related products will change in the manner expected by management. 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.SEDARPLUS.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.

CAUTIONARY STATEMENT REGARDING CERTAIN NON-IFRS MEASURES

This MD&A contains certain financial and operational performance measures that are not recognized or defined under IFRS ("Non-IFRS Measures"). As there are no standardized methods of calculating these Non-IFRS Measures, the Company's approaches may differ from those used by others, and, this data may not be comparable to similar data presented by other Licensed Producers of cannabis and cannabis companies. For an explanation of these measures to related comparable financial information presented in the Financial Statements prepared in accordance with IFRS, refer to the discussion below.

The Company believes that these Non-IFRS Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operating performance of the Company. These Non-IFRS Measures include, but are not limited, to the following:

- Gross margin before fair value adjustments is calculated by subtracting cost of sales, before the effects of unrealized gain on changes in fair value of biological assets, realized fair value on inventories sold and other inventory charges from total net revenue. Gross margin before fair value adjustments percentage is calculated by dividing gross margin before fair value adjustments (defined above) by net revenue.

  Management believes that these measures provide useful information to assess the profitability of our cannabis operations as they exclude the effects of non-cash fair value adjustments on inventory, biological assets and other charges, which are required by IFRS.

- Adjusted gross margin is calculated by subtracting cost of sales, before the effects of: (i) unrealized gain on changes in fair value of biological assets; (ii) realized fair value on inventories sold and other inventory charges; (iii) provisions (recoveries) of inventories and biological assets; (iv) provisions to net realizable value; and (v) unabsorbed overhead relating to underutilization of the production facility grow rooms and manufacturing equipment, most of which is related to non-cash depreciation expense, from net revenue. Adjusted gross margin percentage is calculated by dividing adjusted gross margin by net revenue. Adjusted gross margin is reconciled to the most directly comparable IFRS financial measure in the "Financial Results and Review of Operations" section of this MD&A.

  Management believes that these measures provide useful information to assess the profitability of our operations as they represent the normalized gross margin generated from operations and exclude the effects of non-cash fair value adjustments on inventories and biological assets, which are required by IFRS. The most directly comparable measure to adjusted gross margin calculated in accordance with IFRS is gross margin before fair value adjustments.

- Adjusted EBITDA is calculated as net income (loss) excluding: financing costs, net of investment income; income tax expense (recovery); depreciation, amortization, reversal of/or impairment, normalization of depreciation add-back due to changes in depreciable assets resulting from impairment charges, (gain) loss on disposal of property, plant and equipment (per the consolidated statement of cash flows); share-based compensation (per the consolidated statement of cash flows); share of loss from investments in associates and impairment loss (recovery) from loans receivable; change in fair value of contingent consideration; change in fair value of derivative liabilities and other financial assets; expenditures incurred in connection with research and development activities (net of depreciation); unrealized gain on changes in fair value of biological assets; realized fair value on inventories sold and other inventory charges; provisions (recoveries) and net realizable value adjustments related to inventory and biological assets; Government subsidies and insurance recoveries; legal provisions (recoveries); incremental fair value component of inventories sold from acquisitions; ERP implementation costs; transaction costs; and share issuance costs. Adjusted EBITDA is reconciled to the most directly comparable IFRS financial measure in the "Financial Results and Review of Operations" section of this MD&A.

Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and derives expectations of future financial performance for the Company, and excludes adjustments that are not reflective of current operating results. The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is net income (loss).

- FCF is a non-IFRS financial measure that deducts capital expenditures from net cash provided by or used in operating activities. The Company believes this to be a useful indicator of its ability to operate without reliance on additional borrowing or usage of existing cash. FCF is intended to provide additional information only and does not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. FCF is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate this measure differently.

Non-IFRS Measures should be considered together with other data prepared in accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to the Company's management. 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.

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

The Company is also authorized to distribute cannabis for medical use. In Fiscal 2022, Organigram made a strategic decision to shift its medical distribution fulfillment approach from direct shipment to patients from the Company to fulfillment via Medical Cannabis by Shoppers Drug Mart. On March 28, 2023, Shoppers Drug Mart announced that it would be transferring its medical cannabis business to Avicanna Inc. In July 2023, Organigram announced its products became available on Avicanna's MyMedi platform, providing Organigram products to medical patients across Canada.

The Company conducts its operations at its facilities located in Moncton, New Brunswick, Winnipeg, Manitoba and Lac-Supérieur, Québec. The Company has expanded its main facility in Moncton over time to create additional production capabilities by strategically acquiring land and buildings adjacent to the main facility (the "Moncton Campus"), including to add capacity for the manufacture of derivative product forms. In Fiscal 2022, the Phase 4C expansion at Moncton was completed which increased the grow rooms available for flowering to 115 and the approximate annual capacity to 85,000 kg of flower. The total capacity of the Moncton Campus will continue to fluctuate as the Company further refines its growing methods and room utilization.

In March 2021, the Company formed a Product Development Collaboration ("PDC") with BAT, a leading, multi-category consumer goods business, and established a "Centre of Excellence" (the "CoE") to focus on the next generation of cannabis products across a range of cannabinoids and product formats. The CoE is located at the Moncton Campus, which holds the Health Canada licenses required to conduct research and development activities with cannabis products. Both companies contributed scientists, researchers, and product developers to the CoE which is governed and supervised by a steering committee consisting of an equal number of senior members from both companies. Under the terms of the Product Development Collaboration agreement between the parties dated March 10, 2021, (the "PDC Agreement"), both Organigram and BAT have access to certain of each other's IP and, subject to certain limitations, have the right to independently, globally commercialize the products, technologies and IP created by the CoE pursuant to the PDC Agreement. In November 2023, the Company announced a $124.6 million follow-on strategic equity investment from BT DE Investments Inc., a wholly-owned subsidiary of BAT (the "Follow-on BAT Investment").

During April 2021, the Company expanded its manufacturing and production footprint with the acquisition of EIC, located in Winnipeg, Manitoba (the "Winnipeg Facility"). The Winnipeg Facility holds a research license and standard sale and processing license under the Cannabis Act. The acquisition enabled the Company to penetrate a new product category and gain expertise in the confectionary space. By leveraging its consumer product and marketing expertise, as of the end of Fiscal Q4 2023 Organigram held the #1 share of the gummy category[1] after the integration of the Winnipeg Facility.

The Company has additional cannabis production capacity at its facility located in Lac-Supérieur, Québec (the "Lac-Supérieur Facility"), acquired on December 21, 2021 as part of the Company's acquisition of Laurentian Organic Inc. The Lac-Supérieur Facility has a cultivation focus on artisanal craft flower and on the production of hash, a cannabis derivative. The Lac-Supérieur Facility provides the Company with a foothold in the important Québec market, and also adds to the Company's premium product portfolio, providing further opportunities for margin expansion. The Lac-Supérieur Facility holds a standard processing and

[1] As of September 30 2023 - Multiple sources (Hifyre, Weedcrawler, Provincial Board Data, Internal Modelling)

cultivation license under the Cannabis Act. As of the end of Fiscal Q4 2023, Organigram holds the #1 position in the Hash category nationally[1]. Site expansion at Lac-Supérieur was completed in Fiscal 2023, and the Company harvested its first craft cannabis from new grow rooms in December 2023.

STRATEGY

Organigram's strategy is to leverage its broad brand and product portfolio and culture of innovation to increase market share, drive profitability and grow into an industry leader that delivers long-term shareholder value.

The pillars of the Company's strategy are:

1. Innovation;
2. Consumer Focus;
3. Efficiency; and
4. Market Expansion.

1. Innovation

Meeting the demands of a fast-growing industry with changing consumer preferences requires the ability to innovate and create breakthrough products that are embraced by the market and establish a long-term competitive advantage.

The Company is committed to maintaining a culture of innovation and has established a track record of introducing differentiated products that are able to quickly capture market share, specifically:

- **SHRED:** the first milled flower product blended to create curated flavour profiles;
- **Edison Jolts:** Canada's first flavoured high-potency lozenge with 100 mg of tetrahydrocannabinol ("THC") per package. See the "July 2023" update in the "Key Developments During the Quarter and Subsequent to September 30, 2023" section of this MD&A. The outcome and timing of the Health Canada redetermination as to proper categorization of the Company's Edison Jolts product as an "extract" or "edible" under the Cannabis Regulations, which has been ordered in response to the Company's application for Judicial Review (as defined herein), remains uncertain;
- **Monjour Wellness gummies:** The CBD-focused wellness brand available in a large format and providing multiple flavours in one package;
- **SHRED X Rip-Strip hash:** Botanical terpene-infused hash with 10 pre-cut strips available in a two gram format is the first of its kind in the Canadian cannabis industry;
- **SHRED X Heavies:** A line of ultra-high THC infused pre-rolls, infused with both diamonds and distillate. SHRED X Heavies is the first pre-roll offering from Organigram that has a potency of over 40% THC. The infusion of botanical terpenes further enhances the natural terpene profile of the cannabis blends;
- **THCV gummies:** Launched under Organigram's SHRED and Trailblazer brands, delivering the first whole-flower derived tetrahydrocannabivarin (THCV) products in the Canadian market. THCV offers consumers a differentiated experience compared to THC, with reports of appetite suppression and a more calm and focused experience; and
- **SHRED Dartz and Holy Mountain Holy Smokes tube-style pre-rolls:** These pre-rolls deliver a consumer friendly and familiar format in a sleek and low-profile package.

Consistent with its innovation culture, in Fiscal 2021, the Company announced the launch of its CoE as part of its PDC with BAT, a leading multi-category consumer goods business. The CoE focuses on research and development to develop the next generation of cannabis products, with an initial focus on cannabidiol (CBD) that has since broadened to include other cannabinoids and novel product formats.

2. Consumer Focus

The Company seeks to address the changing needs of the adult cannabis consumer through its broad product portfolio with offerings in the most popular categories and price points. Based on ongoing consumer research, the portfolio is refreshed frequently with different flower strains, new package formats and new product introductions. The Company's alignment with consumers is evidenced by its #2 market position[2] at the end of Fiscal Q4, 2023, and category leadership:

- **SHRED** products have been introduced in multiple categories with the brand producing ~$190 million in retail sales in the last 12 months[3];
- **Hash:** after acquiring the Lac Superieur Facility in December 2021, the Company expanded Tremblant Hash distribution nationally and added new SKUs to its hash offering, including the innovative Rip-Strip Hash product. On September 30, 2023, the Company held the #1 market position[3] in the hash category;
- **HOLY MOUNTAIN:** a new offering in the value sector consisting of unique flower strains, pressed hash, and tube-style pre-rolls;

[2] As of September 30, 2023 - Multiple sources (Hifyre, Weedcrawler, OCS wholesale sales and e-commerce orders shipped data, provincial boards data and internal sales data)

[3] Hifyre, September 30, 2023

- **Edison Jolts:** #1 position for capsules[4]. See the "July 2023" update in the "Key Developments During the Quarter and Subsequent to September 30, 2023" section of this MD&A; and
- **SHRED'ems gummies and Monjour soft chews:** among the top-selling gummies in Canada. As of the end of Fiscal Q4, 2023, Organigram holds the #1 market position in the gummy category[2] with Monjour being the best-selling CBD-only gummy.

In addition to third-party and direct consumer research, the Company maintains close contact with consumers through an active social media presence and has established the Cannabis Innovators Panel. This online panel engages with up to 2,500 cannabis consumers across Canada on a regular basis and helps to inform the Company on product development and brand initiatives.

3. Efficiency
From its inception, the Company has remained committed to being an efficient operator.

The Company's growing facility in Moncton, New Brunswick utilizes three-tier cultivation technology to maximize square footage. The facility has proprietary information technology in place to track all aspects of the cannabis cultivation and harvest process. The Company maintains a continuous improvement program designed to maximize harvest yield while reducing operating costs. This is complemented by the introduction of automation in post-harvest production, including high-speed pouch packing, pre-roll machines and automated excise stamping.

The Winnipeg Facility is highly-automated and is able to efficiently handle both small-batch artisanal manufacture of edibles as well as large-scale nutraceutical-grade production. The Winnipeg Facility provides the Company with the ability to produce a wide range of high-quality edible products at attractive price points.

The Lac-Supérieur Facility houses a cultivation and derivatives processing facility. As at September 30, 2023, the cumulative post acquisition capital investment has been approximately $13 million. This investment has expanded the Lac-Supérieur Facility to increase capacity, processing and storage space, and deliver on automation.

Key efficiency milestones achieved in Fiscal 2023 include:
- Significant reduction in cultivation costs at the Moncton Campus, achieving a 32% reduction to the cost of cultivation from Fiscal 2022's average amount;
- Increasing the harvested volume by over 60% and increasing volume of flower exceeding 24% THC levels compared to Fiscal 2022 at the Moncton Campus. THC levels were up 14% on average compared to FY2022;
- Internal testing including cannabinoid testing and Radsource machine implementation in Moncton;
- Completion of conversion to 17,000 LED lights in Moncton, resulting in 37% energy consumption savings;
- Transitioned to fractional watering and staggered lighting in Moncton, reducing water consumption and lowering peak energy consumption rates;
- Completion of Cantos and CME machine installations resulting in pre-roll volume of up to 2.8 million pre-rolls per month; and
- $4.3 million in cost savings realized in Fiscal 2023 related to automating pouch lines, internalizing testing and remediation, rapid drying, fractional watering, and strategic sourcing initiatives.

4. Market Expansion
The Company is committed to expanding its market presence by adding to its product offerings and enhancing its geographical presence. This strategy is enabled by strategic merger and acquisition opportunities and assessing expansion into international markets.

Examples of market expansion include:
- The strategic acquisitions of (i) EIC which added a purpose-built, highly-automated, 51,000-square-foot cannabis edibles manufacturing facility, and (ii) Laurentian, whose Lac-Supérieur Facility added craft cultivation and hash to Organigram's product portfolio and increased the Company's presence in Québec; and
- Shipments to Canndoc Ltd. ("Canndoc") in Israel and Cannatrek Medical Pty Ltd. ("Cannatrek") and MedCan Australia Pty Ltd. ("MedCan") in Australia to supply bulk cannabis into these markets. In fiscal Q3, 2023, the Company signed additional supply agreements with Sanity Group GmbH ("Sanity Group") to supply medical cannabis to the German market, and 4C Labs Ltd. ("4C LABS") to supply medical cannabis to the UK market.

[4] Hifyre, February 28, 2023, data extracted from March 28, 2023

KEY QUARTERLY FINANCIAL AND OPERATING RESULTS

	Q4-2023	Q4-2022	CHANGE	% CHANGE
Financial Results				
Gross revenue	$ 71,458	$ 65,657	$ 5,801	9 %
Net revenue	$ 46,040	$ 45,480	$ 560	1 %
Cost of sales	$ 42,885	$ 36,718	$ 6,167	17 %
Gross margin before fair value adjustments[2]	$ 3,155	$ 8,762	$ (5,607)	(64)%
Gross margin % before fair value adjustments[1]	7 %	19 %	(12)%	(63)%
Operating expenses	$ 45,550	$ 22,788	$ 22,762	100 %
Other income	$ (1,275)	$ (2,097)	$ 822	39 %
Adjusted EBITDA[2]	$ (2,360)	$ 3,232	$ (5,592)	(173)%
Net loss	$ (32,991)	$ (6,144)	$ (26,847)	(437)%
Net cash used in operating activities	$ 17,017	$ 19,695	$ (2,678)	(14)%
Adjusted Gross Margin[2]	$ 7,939	$ 10,362	$ (2,423)	(23)%
Adjusted Gross Margin %[2]	17 %	23 %	(6)%	(26)%
Operating Results				
Kilograms harvested - dried flower	28,071	16,101	11,970	74 %
Kilograms sold - dried flower	19,429	18,102	1,327	7 %

Note 1: Equals gross margin before fair value adjustments (as reflected in the Financial Statements) divided by net revenue.
Note 2: Gross Margin Before Fair Value Adjustments, Adjusted EBITDA, Adjusted Gross Margin and Adjusted Gross Margin % are non-IFRS measures. See "Cautionary Statement Regarding Certain Non-IFRS Measures" and "Financial Results and Review of Operations" in this MD&A.

REVENUE

For Q4 Fiscal 2023, the Company reported $46,040 in net revenue. Of this amount $44,596 (97%) was attributable to sales to the adult-use recreational cannabis market, $469 (1%) to the international market, $707 (2%) to the medical market and $268 (1%) to other revenues. Q4 Fiscal 2023 net revenue increased 1%, or $560, from Q4 Fiscal 2022 net revenue of $45,480, primarily due to an increase of $7,075 in adult-use recreational cannabis revenue, which was mostly offset by a decrease in international revenue of $5,427, and a decrease in medical revenue by $981.

Sale of flower from all product categories in the recreational market comprised 66% of total net revenue in the quarter. The average net selling price ("ASP") of recreational flower decreased to $1.59 per gram in Q4 Fiscal 2023 as compared to $1.75 per gram in Q4 Fiscal 2022, as both the Company and the Canadian cannabis industry continued to experience general price compression in the adult-use recreational markets as the customer and product mix evolved to focus more on value offerings. 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 and it is revitalizing its Trailblazer brand and adding craft flower to its Laurentian brand, supplied by its Lac-Supérieur facility.

The volume of flower sales in grams increased 7% to 19,429 kg in Q4 Fiscal 2023 compared to 18,102 kg in the prior year comparative quarter, primarily as a result of the four months period compared to the three months period in the comparative year. This increase was partially offset by a reduction in recreational flower sales during the current period.

COST OF SALES

Cost of sales for the four months ended September 30, 2023 increased to $42,885 compared to $36,718 in Q4 Fiscal 2022, primarily as a result of an increase in inventory provisions and sales volume in the adult-use recreational cannabis market. Included in Q4 Fiscal 2023 cost of sales are $4,784 of inventory provisions for unsaleable inventories. The prior fiscal year's comparative quarter had inventory provisions adjustments of $1,600.

GROSS MARGIN BEFORE FAIR VALUE ADJUSTMENTS AND ADJUSTED GROSS MARGIN

The Company realized gross margin before fair value adjustments[5] for the four months ended September 30, 2023 of $3,155, or 7% as a percentage of net revenue, compared to $8,762, or 19%, in the prior year comparative period. The decrease in gross margin before fair value adjustments as a percentage of net revenue is primarily due to lower international revenue and higher

[5] Gross margin before fair value adjustments is a non-IFRS financial measure. See the cautionary statement regarding non-IFRS financial measures in the "Introduction" section of this MD&A, and the discussion under the heading "Gross margin before fair value adjustments" and the reconciliation to IFRS measures in the "Financial Results and Review of Operations" section of this MD&A.

cost of sales per unit. The cost of sales per unit was higher primarily due to higher inventory provisions for unsaleable inventories and net realizable value adjustments.

Adjusted gross margin[6] for the four months ended September 30, 2023 was $7,939, or 17% as a percentage of net revenue, compared to $10,362, or 23%, in the prior year comparable quarter. The decline is attributable to lower international revenue, higher cost of sales per unit and the restriction of sale imposed by Health Canada on Edison Jolts described in the "Key Developments During the Quarter and Subsequent to September 30, 2023" section of this MD&A. Please refer to the "Financial Results and Review of Operations" section of this MD&A for a reconciliation of adjusted gross margin to net revenue.

OPERATING EXPENSES

	Q4-2023	Q4-2022	CHANGE	% CHANGE
General and administrative	$ 15,599	$ 11,546	$ 4,053	35 %
Sales and marketing	5,973	4,111	1,862	45 %
Research & development	4,007	2,390	1,617	68 %
Share-based compensation	1,102	2,496	(1,394)	(56)%
Impairment of intangible assets and goodwill	6,951	—	6,951	N/A
Impairment of property, plant and equipment	11,918	2,245	9,673	431 %
Total operating expenses	$ 45,550	$ 22,788	$ 22,762	100 %

GENERAL AND ADMINISTRATIVE

General and administrative expenses of $15,599 increased from the prior year's comparison quarter of $11,546, primarily due to the current year period being four months compared to three months period of the comparative prior year. The increase in current period expenses is also marginally attributable to increased audit and legal fees.

SALES AND MARKETING

Sales and marketing expenses of $5,973 increased from the prior year's comparative quarter of $4,111, primarily due to the fact that the current year period is for a four month period compared to a three month period in the comparative year.

RESEARCH AND DEVELOPMENT

Research and development costs of $4,007 increased from the prior year's comparative quarter of $2,390, as the Company increased activity under the PDC Agreement and other internal product innovation projects.

SHARE-BASED COMPENSATION

Share-based compensation expense of $1,102 decreased from the prior year's comparative quarter of $2,496, primarily due to employee equity awards issued during the early months of Q4 Fiscal 2022. These equity awards were partially vested in the current period and the Company issued less awards in Q4 Fiscal 2023 when compared to Q4 Fiscal 2022.

IMPAIRMENT

Impairment on property, plant, equipment of $11,918 increased from the prior year's comparative quarter of $2,245. During Q4 Fiscal 2023, management identified impairment indicators for its Moncton Campus CGU and as a result performed an impairment test as at September 30, 2023. The impairment test considered several factors including forecasted operational cash flows (net of tax impact), on-going investments in working capital and sustaining capital expenditures, post-tax discount rates, terminal value growth rate and this analysis resulted in the recognition of an impairment loss of $11,918. A meaningful contributing factor to the quantum of the impairment charge was related to the impact to flower sales and margins due to continued THC inflation. The prior year's comparative quarter had an impairment loss of $2,245 in relation to a chocolate manufacturing line at Moncton Campus.

The Company also performed its annual goodwill impairment test as at September 30, 2023 and recognized impairment loss of $6,951 against goodwill.

[6] 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, and the discussion under the heading "Adjusted EBITDA" and the reconciliation to IFRS measures in the "Financial Results and Review of Operations" section of this MD&A.

OTHER (INCOME) / EXPENSES

	Q4-2023	Q4-2022	CHANGE	% CHANGE
Financing costs	$ 133	$ 168	$ (35)	(21)%
Investment income	(1,056)	(532)	(524)	(98)%
Insurance recoveries	(213)	—	(213)	— %
Government subsidies	(194)	—	(194)	100 %
Share of loss from investments in associates	15	528	(513)	(97)%
Impairment (recovery) of loan receivable	(66)	—	(66)	100 %
Loss on disposal of property, plant and equipment	159	837	(678)	(81)%
Change in fair value of contingent consideration	(466)	317	(783)	(247)%
Change in fair value of derivative liabilities	413	(3,415)	3,828	112 %
Legal provision (recovery)	—	—	—	— %
Total other (income)/expenses	$ (1,275)	$ (2,097)	$ 822	(39)%

INVESTMENT INCOME
Investment income of $1,056 was earned during the four months ended September 30, 2023, compared to $532 for the three months ended August 31, 2022. The change in investment income was due to higher interest rates and one additional month in the current period as compared to the prior year comparative period.

CHANGE IN FAIR VALUE OF CONTINGENT CONSIDERATION
Change in fair value of contingent consideration was a gain of $466 during Q4 Fiscal 2023 compared to a loss of $317 in Q4 Fiscal 2022. The current period gain was primarily on account of $500 being waived as part of a negotiated settlement with the former shareholders of EIC.

CHANGE IN FAIR VALUE OF DERIVATIVE LIABILITIES
Change in fair value of derivative warrant liabilities was a loss of $413 during Q4 Fiscal 2023 compared to a gain of $3,415 in Q4 Fiscal 2022. The decrease in gain is primarily due to the shorter remaining life of the warrants in the current period.

ADJUSTED EBITDA
Negative Adjusted EBITDA[7] was $2,360 in Q4 Fiscal 2023 compared to positive Adjusted EBITDA of $3,232 in Q4 Fiscal 2022. The $5,592 decrease in Adjusted EBITDA from the comparative period is primarily attributable to lower net flower revenue, the decrease in adjusted gross margins[8] and higher SG&A expenses. Please refer to the “Financial Results and Review of Operations” section of this MD&A for a reconciliation of Adjusted EBITDA to net loss.

NET LOSS
The net loss was $32,991 in Q4 Fiscal 2023 compared to a net loss of $6,144 in Q4 Fiscal 2022. The increase in net loss from the comparative period is primarily due to lower international revenue and impairment losses of $11,918 on the Company's property, plant, and equipment and $6,951 on intangibles and goodwill.

KEY DEVELOPMENTS DURING THE QUARTER AND SUBSEQUENT TO SEPTEMBER 30, 2023

In June 2023, the Company introduced SHRED X Heavies ("Heavies"), its first infused pre-roll offering with THC content surpassing 40% THC, to address the growing consumer demand for flavourful, higher THC and ready-to-consume products. Each Heavies package contains three 0.5g infused pre-rolls and is available in Tropic Thunder and Gnarberry, two of SHRED's best-selling pre-milled blends, as well as the popular Blueberry Blaster flavour.

In June 2023, the Company announced a one-for-four share consolidation (the "Share Consolidation") to facilitate compliance with NASDAQ's listing requirements with respect to the minimum bid price for listed securities, reducing volatility, and to enhance the marketability of the Company's Common Shares to institutional investors. The Share Consolidation took legal effect on July 5, 2023.

In July 2023, the Company commenced a judicial review in the Federal Court of Canada (the "Court") pertaining to the Company's March 2023 announcement that it had received notification from Health Canada that Health Canada had determined

[7] Adjusted EBITDA is a non-IFRS financial measure. See “Cautionary Statement Regarding Certain Non-IFRS Measures” in the “Introduction” section of this MD&A, and the discussion under the heading “Adjusted EBITDA” and the reconciliation to IFRS measures in the “Financial Results and Review of Operations” section of this MD&A.
[8] Adjusted gross margin is a non-IFRS financial measure. See "Cautionary Statement Regarding Certain Non-IFRS Measures".

that certain Jolts lozenge products in their 100 mg THC per package format (the “Products”) had been improperly classified as an “extract” rather than an “edible” under the Cannabis Regulations. On March 31, 2023, the Company filed a notice of application for Judicial Review (the "Judicial Review") of Health Canada's decision with the Federal Court of Canada. The Judicial Review hearing occurred on July 25, 2023. On August 8, 2023, the Court granted Organigram’s application for judicial review of a decision of Health Canada determining that the Edison Jolts lozenges are to be classified as edible cannabis. The Court found there was a breach of procedural fairness by Health Canada. The matter was remitted back to Health Canada for redetermination taking the Court’s reasons into consideration. Organigram has restarted Jolts production and intends to continue selling Jolts pending a final redetermination from Health Canada. There can be no assurance as to the outcome and timing of Health Canada's final redetermination of the matter, or that the Company will be able to continue production and commercialization of this product in the future.

In August 2023, the Company introduced its new tube-style pre-rolls, SHRED Dartz and Holy Smokes. These tube-style pre-rolls marked the inception of 0.4g pre-rolls for Organigram, crafted using the state-of-the-art, high-speed Cantos tube-style rolling machine, complemented by cutting-edge packaging capabilities. Organigram today, is one of a small number of licensed producers in Canada that possess the equipment and expertise to manufacture this sophisticated tube-style pre-roll format.

In August 2023, the Company announced that it expanded its global footprint by entering into a supply agreement (“the Agreement”) to provide dried medical cannabis flower to 4C LABS, a rapidly scaling healthcare, technology, and pharmaceutical company focused on virtual prescribing, pharmaceutical distribution, and clinical development of cannabis-based products for human health in the United Kingdom. Under the terms of the Agreement, the Company expects to supply approximately 600 kilograms of high-quality, indoor-grown dried flower product to 4C LABS within the first year of the Agreement, and granted 4C LABS strain exclusivity within the geographical boundaries of the United Kingdom and Channel Islands for as long as minimum purchase commitments are satisfied.

In August 2023, the Company relaunched one of Canada’s best known cannabis brands, Trailblazer, exemplifying the Company’s commitment to keeping consumer insights at the heart of its brand and product development strategy. Featuring THCV gummies, CBG infused pre-rolls and a high-potency 1x0.5g pre-roll, Trailblazer is re-entering the market with a range of differentiated offerings.

In August 2023, the Company launched its first range of whole-flower derived THCV products through the Company’s popular SHRED and Trailblazer brands.

In September 2023, the Company announced that Ms. Caroline Ferland resigned from the Board of Directors. Ms. Ferland was a board member nominee appointed by BAT. Ms. Ferland left the Board of Directors as a result of her appointment to Group Company Secretary & Assistant General Counsel for BAT, based in the UK.

In October 2023, the Company obtained a receipt for a final short form base shelf prospectus (the “Base Shelf Prospectus”) filed with the securities commissions in each of the provinces and territories of Canada. A corresponding shelf registration statement on Form F-10 (the “Registration Statement”) was filed with the United States Securities and Exchange Commission (the "SEC") (SEC File No. 333-274686) and was subsequently declared effective by the SEC on November 29, 2023. The Base Shelf Prospectus and corresponding Registration Statement enable Organigram to qualify the distribution of up to $500,000,000 of common shares, debt securities, subscription receipts, warrants, and units during the 25-month period that the Base Shelf Prospectus remains effective. The specific terms of any future offering of securities will be disclosed in a prospectus supplement filed with the applicable Canadian regulatory authorities and the SEC. The Base Shelf Prospectus will provide flexibility for financing options to pursue the Company’s objectives.

In October 2023, the Company provided a corporate update highlighting updates in national market share, category leadership, facility improvements, product launches, the strategic investment in Phylos, the PDC with BAT, and its change in fiscal year end.

Market share: the Company announced that it achieved the #2 market share position[2] in the prior two months, August and September, driven in large part by the success of its growing pre-roll business. Market share strength was also buoyed with strength in gummies, hash, and flower.

Category leadership: the Company announced that it achieved a category leadership position in two growing categories: hash and gummies. The Company achieved the #1 market share position in hash as of November 2022 driven by innovative product launches on Tremblant, Holy Mountain and SHRED, including yet another first to market innovation, the ultra-convenient and flavourful Rip-Strips. Organigram has also secured the #1 market share position in gummies in, August and September.[2]

Facility improvements:

- **Moncton**: The Company was designated an Energy Champion by New Brunswick Power ("NB Power") as a result of the reduction in its environmental footprint through the conversion of 17,000 LED fixtures. With this change, Organigram’s energy footprint per room was reduced by 30%. The Company also continues to identify initiatives to reduce its energy

usage through a partnership with NB Power in the New Brunswick Strategic Energy Management Program. Further, Organigram commissioned its high-speed pre-roll tube-style machine in June, enabling the Company to enter the growing tube-style pre-roll joint segment with its popular SHRED and Holy Mountain brands. This investment in automated pre-roll technology has helped Organigram secure the #2 position in the category.

- **Lac Supérieur**: Construction at Organigram's Lac Supérieur craft cultivation facility is now complete with the addition of four new grow rooms and an expanded packaging area. With power at the facility, equipment commissioned, and all growing, harvesting, and drying rooms being completed, Organigram is now in a position to begin growing top shelf craft quality, small batch flower out of its signature craft facility. Clones are now onsite, and Organigram expects to see the first harvest out of that facility by early December. Organigram has also finished the implementation of its new ERP system at the Lac Supérieur Facility, which is expected to provide the most up to date, accurate and timely data needed to deliver actionable business insights.

Product launches: Organigram continued its commitment to bringing high-quality cannabis products to the market that meet the evolving needs of our various consumer segments, from the price-conscious, experienced user, to the more wellness-oriented individual looking to fulfill targeted needs through cannabis. The Company outlined the launch of 11 new products designed to meet these consumer needs.

Phylos: Realizing the benefits from the investment in Phylos continues to be a key focus as Organigram moves towards seed-based production in its Moncton facility. Three seed trials have already been harvested with two more nearing completion. Overall, eight F1 Hybrid cultivars are being tested with the first production scale trial room load scheduled in December 2023 and first full-scale commercial harvest planned for March 2024. Organigram is on track to convert up to 30% of harvests to seed based production by end of 2024 with Phylos investment milestones tracking towards early completion.

Product Development Collaboration with BAT: Organigram and BAT continue to work together through their PDC on new workstreams to develop innovative technologies in the edible, vape and beverage categories in addition to new disruptive inhalation formats aimed at addressing the biggest consumer pain points that exist in the category today. Organigram is preparing to deliver new products in these spaces and the immediate launch priority includes gummies which will feature a new nano-emulsion technology, scheduled to begin commercialization in the first half of 2024.

Change in fiscal year end: As previously disclosed, Organigram recently changed its fiscal year end to better reflect its operating and financial cycles. Organigram's new fiscal year began on October 1, 2023, and will end on September 30, 2024. As a result, fiscal year 2023 had 13 months and reflected the period starting September 1, 2022, and ending September 30, 2023.

In November 2023, the Company announced the Follow-on BAT Investment. The majority of the $124.6 million investment will be used by Organigram to create a strategic investment pool, named Jupiter. Jupiter will target investments in emerging cannabis opportunities that will enable Organigram to apply its industry-leading capabilities to new markets. Management has identified that geographic expansion is a strategic priority and this opportunity presents the Company with the capital to lay global foundations as the legal recreational cannabis market continues to see significant growth. Organigram maintains the highest level of regulatory and product stewardship and will continue to monitor the cannabis regulatory environment carefully. As a result, all potential investments will undertake rigorous legal compliance and due diligence processes. Subject to the receipt of certain regulatory approvals, approval from Organigram's shareholders and other conditions, BAT will subscribe for 38,679,525 shares at a price of $3.2203 per share, for gross proceeds of $124.6 million across three tranches. BAT will subscribe for 12,893,175 million shares on the closing of the first tranche (currently expected to be on or around January 16, 2024) for gross proceeds of $41.5 million with the remaining 25,786,350 shares to be subscribed for in two further equal tranches on or around August 30, 2024 and February 28, 2025. To the extent BAT exceeds 30.0% holding of outstanding Common Shares, it will be issued non-voting Class A convertible preferred shares ("Preferred Shares"). Accordingly, in aggregate, based on Organigram's current 81,161,630 Common Shares outstanding, 12,999,231 Common Shares will be issued, and the remaining 25,680,294 shares will be initially issued as Preferred Shares. The Preferred Shares will be eligible for conversion into voting Common Shares at BAT's option, provided that such conversion would not result in BAT's voting interest in the Company exceeding 30%. Each Preferred Share shall be economically equivalent to a Common Share and will be convertible into Common Shares at the option of BAT without payment of any additional consideration. The conversion ratio shall initially be one-for-one, and post-issuance shall increase at a rate of 7.5% per annum, compounded annually, until such time as the Preferred Shares are converted into Common Shares or the aggregate equity interest of BAT in Organigram (inclusive of both the Common Shares and Preferred Shares as if converted into Common Shares) reaches 49%. BAT shall be periodically required to convert Preferred Shares to the extent that it holds less than 30% of the Common Shares outstanding. In connection with the closing of the first tranche, Organigram and BAT will enter into an amended and restated investor rights agreement, pursuant to which BAT will be eligible to appoint up to 30% of the Board of Directors.

In November 2023, the Company announced that Derrick West informed Organigram that he would transition away from his role as Chief Financial Officer ("CFO") in order to take time to focus on his health and recovery following surgery. Paolo De Luca,

current Chief Strategy Officer, was appointed interim CFO effective November 13, 2023, while the Company completes a search for a new permanent CFO. Paolo previously served as the Company's CFO between 2017 and 2020.

In November 2023, the Company announced that Phylos achieved the first milestone under the loan agreement entered into in May 2023 (the "Loan Agreement") and closed the second tranche under the Loan Agreement with Organigram advancing US$2.75 million to Phylos. This second tranche followed the initial tranche of US$3.25 million advanced in May 2023 for a total of US$6 million in senior secured convertible loans ("Secured Convertible Loan") currently outstanding. Organigram's ongoing trials using Phylos technology have resulted in highly-uniform, predictable, and fast-growing seedlings.

Organigram will now advance the conversion of its grow rooms with custom designed, F1 Hybrid seeds and expects to soon be able to begin low-cost production of high-potency, terpene-rich cultivars destined for various products and blends across its brand portfolio. Organigram is also on track to convert more than 30% of its cultivation space in the Moncton facility to F1 Hybrid seed grow by end of Fiscal 2024.

In December 2023, the Company announced that Greg Guyatt is appointed as new CFO and will join the Company effective January 8, 2023. Greg is a seasoned financial executive with over 25 years of public and private equity backed company experience.

OPERATIONS AND PRODUCTION

Moncton Cultivation Campus

At the Moncton Campus, the Company continues to make progress on its ongoing improvement program. This includes implementation of various new initiatives which have resulted in an increase in an average THC. The Phase 4C expansion at Moncton was completed in Fiscal 2022 which increased the approximate annual capacity to 85,000 kg of flower. The Company has also identified additional changes to its growing and harvesting methodologies, that should assist the operating conditions of the Moncton Campus, resulting in higher quality flower and a reduction in production costs. The total capacity of the Moncton Campus will continue to fluctuate as the Company further refines its growing methods and room utilization.

In Q3 Fiscal 2023, the Company continued to invest in driving operational efficiencies through automation and internalizing certain post-harvest processes including commissioning a new automated packaging line for SHRED milled products, internalizing THC testing, internalizing remediation, and commissioning new drying machines. These initiatives reduced headcount and significantly reduced costs while increasing time savings. The Company had realized a portion of these savings beginning in Q2 Fiscal 2023. Further, Organigram anticipates realizing approximately $10 million in annual savings from these initiatives in Fiscal 2024.

The Company harvested 28,071 kg of dried flower during Q4 Fiscal 2023 compared to 16,031 kg of dried flower in Q4 Fiscal 2022. The increase of 12,040 kg (75%) from the comparative period was primarily related to one additional month in the current period and increased cultivation, planting and environmental upgrades along with additional rooms being available in the current period.

Moncton Derivatives Facility

Contained in the 56,000 square foot expansion referred to as Phase 5 of the Moncton Campus is the Company's derivatives facility ("Phase 5"). Phase 5 includes Supercritical CO_2, dry sift and cold water extraction laboratories, as well as in-house formulation and finishing of ingestibles, extracts, vape oils and concentrates, in addition to high speed cart filling, bottling and automated packaging.

Winnipeg Facility

The Company has a purpose-built, highly-automated, 51,000 square-foot manufacturing facility in Winnipeg, Manitoba. The Winnipeg Facility has been designed to handle both smaller-batch artisanal manufacturing as well as large-scale nutraceutical-grade high-efficiency manufacturing, and to produce highly customizable, precise, and scalable cannabis-infused products in various formats and dosages including pectin, gelatin, sugar-free soft chews (gummies) and lozenges with novel capabilities such as infusions, striping and the possibility of using fruit purees. Automation and efficiency investments in the Winnipeg Facility have resulted in an increase in production. As of September 30, 2023, the Winnipeg Facility has produced up to 3.2 million gummies monthly. In Fiscal Q4 2023, the Company began recalibrating its gummy manufacturing equipment, resulting in temporary fluctuations in production output.

The Winnipeg Facility currently holds a research license and a standard sale and processing license issued under the Cannabis Act, and commenced commercial operations during Fiscal 2021.

Lac-Supérieur Concentrates and Craft Flower Facility

The Company acquired the Lac-Supérieur Facility in December 2021. The Lac-Supérieur Facility had 6,800 square feet of cultivation area, which was expanded to 33,000 square feet in Q4 Fiscal 2023. The Lac-Supérieur Facility was initially equipped to produce approximately 600 kilograms of flower and 1 million packaged units of hash annually. The now completed expansion

program increases annual capacity to 2,400 kilograms of flower and over 2 million packaged units of hash annually. The production of SHRED X Rip Strip Hash started in February 2023 using ultrasonic knife technology with a capacity of 150 units per minute. A second ultrasonic knife was installed in Q4 Fiscal 2023 to keep up with demand. Management believes that there may be future opportunities for cost savings from further investments in automation and increased capacity. The first craft grow rooms resulting from the expansion plans came online in October, 2023. Organigram has begun growing craft quality, small batch flower out of its signature craft facility. Organigram completed its first Lac-Supérieur harvest in December 2023.

CANADIAN ADULT-USE RECREATIONAL CANNABIS MARKET

Organigram continues to increase its focus on generating meaningful consumer insights and applying these insights to the ongoing optimization of its brand and product portfolio with the goal of ensuring that they are geared towards meeting consumer preferences. The Company has aggressively and successfully revitalized its product portfolio to meet rapidly evolving consumer preferences and through its increased focus on insights, has continued its expansion of brands and products aimed at driving continued momentum in the marketplace.

DRIED FLOWER AND PRE-ROLLS

Dried flower and pre-rolls remain the first and second largest product categories, respectively, in the Canadian adult-use recreational cannabis market[9] and the Company believes that these categories will continue to dominate based on the market data from mature legal markets in certain U.S. states as well as regulatory restrictions on other form factors (e.g. the 10 mg per package THC limit in the edibles category). While the Company expects consumer preferences will slowly evolve away from THC content and price being the key purchase drivers, today they appear to be the most important attributes to consumers for flower products. Over time, the Company expects that genetic diversity and other quality related attributes such as terpene profile, bud density, the presence of minor cannabinoids, and aroma, will become increasingly important to consumers. While the Company's efforts are focused on delivering on consumer expectations today, it is concurrently planning for the eventual evolution towards a more nuanced approach to cannabis appreciation through its ongoing work in genetic breeding, pheno-hunting, and transitioning a portion of production to seed-based cultivation, with the goal of offering a unique, consistent, and relevant assortment to consumers. Additionally, the strategic acquisition of Laurentian in December 2021 allows the Company the opportunity to participate in the growing craft cannabis segment, through its craft facility located in the province of Québec.

The Company's portfolio of brands continues to show strong momentum within the flower segment in Canada and as of September 30, 2023, Organigram holds the #3 share in the flower category[3]. The growth and significant contribution of dried flower value segment brands, however, have contributed to overall margin pressure for Organigram and many of its peers over the last number of quarters. To counteract this phenomenon, Organigram is revitalizing its Trailblazer brand and adding craft flower to its Laurentian brand, supplied by its Lac-Supérieur facility. If any of these initiatives are completed, it is expected to increase premium flower sales, which have a higher average sales price than value brands and therefore attract higher margins. To address the growing demand for strain differentiation in the value segment, the Company expanded the strains available in its Big Bag O' Buds product line and also introduced Holy Mountain, a value-sector brand offering hash and dry flower strains in the 3.5 and 28 gram formats.

CANNABIS DERIVATIVES

While dried flower and pre-rolls are currently the largest categories in Canada, derivative cannabis products, including vapes, concentrates and edibles, are projected to continue to increase in market share over the next several years at the expense of dried flower.

Organigram is committed to these growing categories. The strategic acquisition of the Winnipeg Facility has enabled the Company to produce high quality, ingestible products such as soft chews (gummies) and lozenges, at scale, positioning the Company to effectively compete in this segment. The acquisition of the Lac-Supérieur Facility provided the Company with the ability to produce high-quality products in the growing hash segment. Since the Laurentian acquisition, the Company has leveraged its industry-leading national distribution and field sales network to accelerate the distribution and sale of Tremblant Cannabis, its flagship hash brand, to all provinces in Canada. In Fiscal 2023, the Company has expanded its hash offering through its new Holy Mountain brand and introduced the innovative product, Rip-Strip Hash under the SHRED X brand. As of September 30, 2023, Organigram continues to hold #1 market share in the hash category[10].

In Q4 Fiscal 2023, Organigram achieved the number #1 position in the gummy category between its SHRED'ems and Monjour brands.[3] The Company currently has 13 SKUs in market under its SHRED'ems brand. In August 2023, the Company launched an additional flavour containing THCV.

Monjour, Organigram's wellness brand, has eight pure CBD SKUs in market. The large format and assorted flavours proved to be disruptive to the sector and in Q4 Fiscal 2023, Monjour's Berry Good Day CBD gummy was in the top five of gummies sold in

[9] Hifyre, September 30, 2023
[10] Hifyre, September 30, 2023

Canada and the leading pure CBD-infused gummy.[4] The Monjour product line has been further expanded with gummies that contain minor cannabinoids in addition to CBD. The CBN Bedtime Blueberry Lemon gummies combine the cannabinoid cannabidiol ("CBN") with CBD and THC, and the Twilight Tranquility gummies combine CBD, CBN and the cannabinoid cannabigerol ("CBG").

Edison Jolts, high potency THC lozenges that were developed using proprietary IP that has been patented, combine the benefits of sublingual oil with the convenience and portability of soft gels. Jolts held the #1 position in net sales in the capsules and mints category in Q2 Fiscal 2023[4]. See the "July 2023" update in the "Key Developments During the Quarter and Subsequent to September 30, 2023" section of this MD&A.

Organigram continues to focus on building share within the vape category through unique formulations, premium hardware, and high-quality inputs. The Company currently has seven SKUs under the SHRED brand in the popular 510 cartridge format, two under Holy Mountain, and one under the Edison brand. During this quarter, Organigram announced a product purchase agreement that it expects will accelerate its performance in the vape category. The product purchase agreement with Greentank provides the Company with an exclusivity period in Canada for new technology incorporated into vape cartridges, including the development of a custom all-in-one device that will be proprietary to Organigram.

RESEARCH AND PRODUCT DEVELOPMENT

The Company's management believes the cannabis industry is still in the nascent stages of product development and that product innovation backed by core fundamental research and development is necessary to establish a long-term competitive advantage in the industry. Research and development and innovation remain a hallmark of Organigram. The Company has made several investments in the past and anticipates it will continue and strengthen the Company's focus in this area. These efforts are expected to allow Organigram to continue to position itself to be at the forefront of launching new, innovative, differentiated products and formulations that appeal to adult consumers.

BAT Product Development Collaboration and Centre of Excellence

In early Q4 Fiscal 2021, the Company announced the successful launch of the CoE pursuant to the PDC Agreement with BAT. The CoE was established to focus on research and product development activities for the next generation of cannabis products, as well as fundamental cannabinoid science, with an initial focus on CBD. The CoE is located at the Moncton Campus, which holds the Health Canada licenses required to conduct research and development activities with cannabis products.

Under the PDC Agreement, both Organigram and BAT have access to certain of each other's IP and have the right to independently and globally commercialize the products, technologies, and IP created. Costs relating to the CoE are being funded equally by Organigram and BAT. Approximately $31 million of BAT's investment in Organigram has been reserved for Organigram's portion of its funding obligations.

The CoE development and scientific process is supporting discovery and development efforts on novel vapour ingredients and substrates, and will guide the optimization of the existing traditional extract and distillate ingredients. Extensive evaluation of novel vape formulation aerosols versus existing inhalation products in the category has been completed. The supporting scientific data also provides an industry leading vapour data set that will serve as part of a foundation for future development activities, including consumer safety, product quality and performance. The CoE's state-of-the-art biological experiment laboratory ("BioLab") has been operational since June 2022. It is expected that the work being undertaken, including development of genetic toolboxes for research of key cannabis traits, will accelerate R&D activities and has already been used to support several plant science discoveries that will eventually benefit Organigram's existing own plant portfolio and long-term growing strategies.

With all of the state of the art facilities complete, both the PDC and the Organigram commercial business are seeing significant benefits both from a scientific development standpoint and in terms of revenue driving commercial capability. The in-house extraction laboratory capabilities have resulted in the commercialization of high potency THCV extract derived from exclusive whole plant THCV flower, followed by THCV isolate.

Via the R&D lab and the GPP (Good Production Practices, as prescribed by Part 5 of the Cannabis regulations) pilot scale production, Organigram has been able to test and learn about the inclusion of several minor cannabinoids, which has allowed it to expand into more complex minor cannabinoid stacks across several brand portfolios in the Company's high speed, high throughput Winnipeg Facility. The focus in all facilities has been rapid transfer from R&D to commercial process to allow Organigram to fine tune manufacturing operations in real time.

The PDC is in late stage development of a suite of emulsions, novel vapour formulations, flavour innovations, and packaging solutions which are planned to be used alone, and in combination, across the Organigram portfolio of products.

The broad focus has been the development of improved cannabinoid delivery, rapid and predictable onset and products that target and satisfy a range of mood states. For improved ingestible innovations, Organigram is currently conducting

pharmacokinetic studies after completing initial research and development, so that the Company can quantify and substantiate the benefit of these innovations in a clinical setting. Moving to clinical studies has been a key and significant milestone in the development journey, and will provide a broad and robust dataset validating our development so far allowing Organigram to complete a number of work streams.

Organigram is aiming to test and learn this technology via a small market launch in New Brunswick this fall and will be leading with an easy to understand and consumer relevant functional claim relating to onset that the Company believes will provide a significant consumer benefit. The manufacturing trials of this nano-emulsion-based gummy are already complete at the Winnipeg Facility as Organigram is now moving to large-scale trials to allow for appropriate stability and validation prior to test launch. The Company expects to launch nano-emulsion gummies in the first half of Fiscal 2024.

The Biolab is continuing the development of genetic toolboxes for research of key cannabis traits, which will accelerate R&D activities and has already been used to support several plant science discoveries that will eventually benefit Organigram's existing plant portfolio and long term growing strategies. Immediate discovery has yielded early stage gender typing capability and the Company is moving towards identification of disease markers in the cannabis plant with the goal of helping accelerate rapid screening programs and continue optimizing the quality and viability of Organigram flower.

Plant Science, Breeding and Genomics Research and Development in Moncton

Organigram's cultivation program, a key strategic advantage for the Company, has continued its expansion with the addition of a dedicated cultivation R&D space. The new space has accelerated rapid assessment and screening, delivering 20 to 30 unique cultivars every two months while freeing up rooms for commercial grow operations. The plant science team continues to move the garden towards unique, high terpene and high THC, in-house grown cultivars, while also leveraging the BioLab for ongoing plant science innovation focusing on quality, potency and disease-resistance marker discovery to enrich the future flower pipeline. This activity is supported further by the wide-ranging technical collaboration being undertaken as part of Organigram's strategic investment in Phylos in Q3 Fiscal 2023.

OUTLOOK

The Company's outlook remains positive on the cannabis market both in Canada and internationally. Canada-wide recreational retail sales are expected to total $7.18 billion in the 2027 calendar year.[11]

The cannabis industry in Canada is highly competitive and has been oversupplied versus the current market demand considering both regulated LPs and the still largely unfettered operations of the illicit market including many online delivery platforms. Consumer trends and preferences continue to evolve, including strong demand 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 ready to consume products. Organigram continues to revitalize its product portfolio to address these changing consumer trends and preferences in order to grow sales and capture market share. The Company has also seen supply and demand dynamics brought into a more equilibrated state as many LPs have shuttered surplus cultivation capacity including as a direct result of M&A and liquidation activities.

Against the backdrop of strong industry growth, Organigram has identified a trend of inflated THC potency values being labeled on flower products. As Health Canada regulations limit consumers' ability to obtain fulsome information about various product attributes from LPs, they are most often making purchase decisions based on price and potency alone. Organigram's research indicates that 67%[12] of consumers trust the potency listed on their cannabis label. It is Organigram's view that labelled potency should come from representative samples tested at regulated laboratories.

The increasingly widespread practice of THC inflation by certain Licensed Producers can be achieved in several different ways. The first is cherry picking by the LP, the practice of hand-picking certain flowers on a plant that are high in trichomes that will yield a higher potency result, or sample manipulation, the practice of adding kief back into a sample, boosting its THC value prior to testing.

The next is lab shopping, whereby some Licensed Producers will obtain their Certificate of Analysis (COA) indicating potency, from a lab that is widely known for providing higher than actual values due to non-standard testing practices. In the context of today's regulations, this is happening because Health Canada has not yet prescribed specific and rigorous testing standards for cannabis as they have in the tobacco category as an example.

In the Company's view, this practice leveraged by some LPs and labs to gain market share and win testing contracts not only undermines the credibility of the nascent sector but also erodes consumer confidence in the integrity of the industry. As a responsible industry leader, Organigram has not engaged in, nor does it intend to engage in, the practice of seeking inflated THC levels for the purpose of garnering more sales.

[11] BDSA Canada Market Forecast, September 2023
[12] CIP flower study, 2023

The Company's firm stance on this issue may have a temporary impact on its growth trajectory in flower, but it believes that encouraging all industry stakeholders to unequivocally support delivering high quality products with accurate THC potency is paramount to the continued success of the industry and the safety and well-being of our consumers. As such, Organigram is firmly committed to addressing the issue of THC inflation by working collaboratively with key stakeholders in the industry.

In November 2023, the Ontario Cannabis Store ("OCS") announced that it would begin secondary testing of what it deems to be high-THC flower products to verify the accuracy of potency claims on labels. Products whose potencies fall outside an acceptable range of variance will not be released for sale. This initiative by OCS, the largest provincial government purchaser of cannabis in Canada, signals the seriousness of inflated THC potency, and affirms the Company's stance on the issue.

When considering the significant sales and margin that flower product categories (dried flower, milled flower, pre-rolls, infused pre-rolls ("IPR") and international flower sales) contribute to Organigram's financial results, the Company believes this THC inflation was a key driver to the amount of the impairment loss. While the cost of legal and ethical compliance is increasing in this current market, the Company believes its refusal to engage in THC inflation is the right thing to do to protect its business and its reputation.

Despite the aforementioned headwinds, strong demand for the Company's products is evidenced by Organigram's national adult-use recreational cannabis retail market share ("market share") in Canada. In Q4 Fiscal 2023, the Company reached the #2 position in market share, with Organigram holding the #1 position in milled flower, the #1 position in hash and the #1 position in gummies nationally.[2] With expected revenue growth from tube-style pre-rolls, infused pre-rolls, and craft flower from the expansion of the Lac-Supérieur Facility, management expects that the Company will generate higher revenue in Fiscal 2024 as compared to Fiscal 2023. In addition to the domestic sales growth, the Company expects higher international revenue as new international shipments to the German market via a new supply agreement with Sanity Group, and new shipments to the UK market through its supply agreement with 4C LABS were signed in Fiscal 2023.

Organigram considers innovation to be a primary growth lever. The Company's recent investment in Phylos in May, 2023 garners several strategic advantages that should help to propel product differentiation, production efficiency, and margin rate. The Phylos investment grants Organigram exclusive access to cultivars with high concentrations of the novel cannabinoid THCV. Similar to CBD, THCV is an antagonist to THC, counteracting certain of its effects. Most notably, THCV reportedly counteracts the appetite stimulation observed with THC, earning it the colloquial title of "Diet Weed" in the media. Alone, THCV is reported to have a calming, euphoric, and focusing effect. However, cultivating cannabis with sufficient THCV concentrations that are viable for extraction for derivative products is very difficult. Organigram anticipates it will be the only Licensed Producer able to produce a wide array of product formats containing THCV for a differentiated consumer experience in the near-mid term. Further to the competitive advantage associated with THCV, Organigram and Phylos' innovative relationship is expected to allow Organigram to transition a portion of its garden to seed-based cultivation over time. Compared to the clone-based production which most cultivators today undertake, seed-based production has a variety of advantages. It is cheaper, faster, utilizes less footprint, and produces more robust and consistent plants. While Organigram anticipates seed-based production will eventually deliver significant cost savings and higher-quality flower, the Company will continue to use clone-based production and experimentation in its cross-breeding and pheno-hunting efforts. Organigram is evaluating formulations of THC:THCV ratios in derivative products like vapes that could have a positive impact on margin.

Organigram's investment in Phylos is synergistic with its investment in Greentank made in March, 2023. Greentank's vapour heating technology is the first of its kind in the world. With exclusive access to this technology for 18-months from commercialization, Organigram expects to launch a true product innovation in the vape category. As Greentank vape cartridges are capable of delivering superior flavour that lasts throughout the entire life of the vape cartridge, while eliminating the clogging seen with legacy vapes in the market, Organigram expects to achieve significant growth in this category as consumers repeatedly report flavour decline and clogging as primary issues when using vapes. Further, Greentank vapes produce a characteristically different vape cloud which may result in increased perceived potency per puff. Organigram intends to combine THCV with Greentank enabled vape cartridges to deliver a truly unique vape experience for customers. The Company is expecting commercialization to begin in Q2 Fiscal 2024.

The Company intends to continue to leverage its Moncton Campus which it believes can provide a sustainable competitive advantage over its peers as a result of having over 131 three-tiered cultivation rooms each with the ability to deliver bespoke growing environmental conditions (lighting, humidity, fertigation, plant density) tailored individually to a wide variety of genetics (115 of these rooms are used for the flowering period). With an improved genetics portfolio, (including contributions from the dedicated cultivation R&D space at the newly-commissioned BioLab and the Company's access to high THCV cultivars through its recent investment in Phylos) and a higher average THC being grown than the previous year, the Company believes it is well positioned to take advantage of the dried flower and pre-roll categories which collectively represents approximately 70%[13] of the Canadian legal market.

[13] Source: Hifyre data extract from September 30, 2023

Opportunities to scale up new genetics require a patient and deliberate process where cultivation protocols are trialed for each strain and adjusted through multiple growth cycles before full roll-out to multiple rooms in the facility. Organigram's commitment to invest in new genetics continues, and the Company expects to launch new high THC and high terpene genetics in the near term.

In addition to traditional dried flower and pre-roll offerings, Organigram expects to be in a position to generate more revenue growth from the production of soft chews and other confectionary products with the specialized equipment at the Winnipeg Facility, with the inclusion of novel minor cannabinoids like THCV. The Company completed its first sales of Winnipeg Facility manufactured soft chews during Q4 Fiscal 2021, and launched several line extensions during Fiscal 2022. Organigram's shipped sales growth in the gummy category was over 100% in Fiscal 2023 compared to Fiscal 2022. Management expects continued growth in this product category in Fiscal 2024.

The Lac-Supérieur Facility was acquired in December 2021 and added hash and artisanal craft cannabis to the Company's product offerings. The application of the Company's direct sales force and national distribution has been successful at achieving national distribution for the hash products and is expected to generate additional revenues from these operations for the remainder of Fiscal 2023. In Q4 Fiscal 2023, expansion at Lac-Supérieur was completed. Organigram completed its first Lac-Supérieur harvest in December 2023.

The Company's adjusted gross margin[14] decreased from 19% in Q3 Fiscal 2023 to 17% in Q4 Fiscal 2023. This decline was primarily due to a significant decrease in international sales which attract a higher ASP, combined with lower net flower revenue due to price compression and THC inflation, and the impact of lost sales attributed to Edison Jolts. The Company's adjusted gross margin increased from 23% in Fiscal 2022 to 25% in Fiscal 2023.

The Company expects to continue its trend of increasing margins and positive Adjusted EBITDA on a year-over-year basis. However, the margin rate is impacted by many factors including: the cost of production; flower yields; domestic versus international sales; and product mix by categories and brand. The margin rate is also impacted by the overall sales and production levels, as during periods of lower sales and/or production, the fixed operational costs will negatively impact the margin rate for all product categories.

Organigram has identified the following sales mix opportunities which it believes have the potential to improve adjusted gross margins over time:

- Increased sales from the Company's higher-margin ready-to-consume products, such as tube-style and infused pre-rolls, Greentank-enabled vapes, and the introduction of nano-emulsion gummies;
- The larger volume of higher margin sales expected from craft flower produced at the Company's Lac-Supérieur Facility; and
- Continued focus on increasing market share in Western Canada to optimize the Company's provincial mix.

Outside of Canada, the Company serves international markets (mainly Israel and Australia) from Canada via exports and seeks to augment sales channels internationally over time in other markets. In Fiscal 2023, the Company secured supply agreements with medical cannabis distributors in Germany and the UK, and expects shipments to commence in Fiscal 2024. The Company continues to monitor regulatory developments in other jurisdictions. In early Q1 Fiscal 2021, the Israeli Ministry of Health amended its quality standard for imported medical cannabis, Israeli Medical Cannabis Standard (IMC-GAP). In June 2021, the Company received its Good Agricultural Practice (GAP) certification from Control Union Certifications under the Control Union Medical Cannabis Standard ("CUMCS") in order to permit it to continue its shipments to Israel under the amended Israeli quality standard. The Company has sought, and during May 2022, received an updated CUMCS-GAP certification which has been benchmarked against IMC-GAP, to demonstrate it continues to meet the evolving Israeli quality standards. On November 25, 2022, Organigram was notified by the CUMCS that future testing must be conducted at the cloning stage of production rather than at the harvest stage, which was previously acceptable. The Company worked to resolve the complexity resulting from this new testing requirement, seeking a temporary alternative from the CUMCS. On March 17, 2023, Organigram was notified that the proposed alternative would not be acceptable, resulting in a temporary delay in shipments to Israel in Q3 Fiscal 2023. The CUMCS-GAP certification is subject to ongoing audit and annual renewal requirements. In addition, the Australian government implemented regulatory changes under Therapeutic Goods Order 93 ("TGO 93"), which took effect on July 1, 2023. TGO 93 sets out new quality standards for cannabis imports, including GMP equivalency standards for cannabis products. As a result of TGO 93, Australian cannabis suppliers can no longer import finished goods that do not comply with GMP. As such, the Company may only continue to export bulk flower to Australia until such time as it meets one of the GMP equivalency standards. Organigram submitted its EU GMP certification application subsequent to Q4 Fiscal 2023 and expects to enter into an audit phase in Fiscal 2024.

[14] Adjusted gross margin is a Non-IFRS Measure. See "Cautionary Statement Regarding Certain Non-IFRS Measures" and "Financial Results and Review of Operations" in this MD&A.

On November 17, 2022, the Company entered into a multi-year agreement with Canndoc that contemplates shipping up to 20,000 kilograms of dried flower. To date 4,900 kilograms have been shipped under this agreement.

Future shipments to Australia and Israel are also contingent upon the timing and receipt of regulatory approval from Health Canada, including obtaining an export permit, as well as timing and receipt of regulatory approval from the purchaser's regulatory authority, including obtaining an import permit.

In Fiscal Q3 we experienced a slowdown in international exports due to these newly enforced testing requirements in Israel. We believed historical export volumes would resume in Q4 however, we experienced delays relating to cultivar selection and shipping challenges. Our lower Q4 international sales did impact our margins, but we anticipate stronger demand for our products on the international stage in Fiscal 2024 as shipments to Australia and Israel are expected to resume.

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) remain difficult to predict. In addition to its recent investment in U.S. domiciled Phylos, the Company continues to monitor and develop a potential U.S. entry strategy that could include THC, CBD and other minor cannabinoids. International expansion initiatives are expected to be supported in Fiscal 2024 and beyond by the Follow-on BAT Investment, which remains subject to certain approvals, including shareholder and regulatory approval. Approximately $83 million of the Follow-on BAT Investment is earmarked toward "Jupiter", a strategic investment pool targeting international growth opportunities, which positions the Company to expand into the U.S. and further international markets at the appropriate time and subject to applicable laws. The Company continues to monitor recreational legalization opportunities in European jurisdictions with a particular focus on German opportunities based on the size of the addressable market and recent regulatory changes.

In March 2021, the Company and BAT entered into the PDC Agreement. Under the PDC Agreement the Company is granted a worldwide, royalty-free, sub-licensable, perpetual license to exploit IP developed under the PDC Agreement in any field. This license, which is non-exclusive outside of Canada and sole in Canada will also enhance Organigram's ability to enter markets outside of Canada, including through sublicensing arrangements with established operators.

Without limiting the generality of risk factors disclosed in the "Risk Factors" section of this MD&A and in the "Risk Factors" section of the Company's current AIF, the expectations concerning revenue, adjusted gross margin and SG&A (comprised of general and administrative and selling and marketing expense) are based on the following general assumptions: consistency of revenue experience with indications of performance to date, consistency of ordering and return patterns or other factors with prior periods and no material change in legal regulation, market factors or general economic conditions. The Company disclaims any obligation to update any of the forward looking information except as required by applicable law. See "Cautionary Statement Regarding Forward-Looking Information".

MEDICAL MARKET

The cannabis data company, BDSA, estimated that the Canadian medical market value for the 2023 calendar year at $360M, a 9% year-over-year decline[15]. Also, the number of medical patients is projected to further decrease within the year, largely due to migration to the recreational channel. In Fiscal 2022, Organigram transitioned its patient base from direct fulfillment to the Medical Cannabis by Shoppers platform offered by Shoppers Drug Mart. On March 28, 2023, Shoppers Drug Mart announced that it would be transferring its medical cannabis business to Avicanna Inc ("Avicanna"). In July 2023, Organigram announced its products became available on Avicanna's MyMedi platform, providing Organigram products to medical patients across Canada.

STRATEGIC INVESTMENTS AND DEVELOPMENTS

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

Hyasynth Strategic Investment

The Company entered into a strategic investment to purchase an aggregate of $10,000 convertible secured debentures of Hyasynth Biologicals Inc., a biotechnology company based in Montreal and pioneer in the field of cannabinoid science and biosynthesis, in three separate tranches. This provides the Company with a potential ownership interest of up to 49.9% on a fully diluted basis. The Company has appointed one nominee director and one observer to the board of Hyasynth, which currently has six members and one observer.

Hyasynth has patent-pending enzymes, yeast strains and processes that make it possible to produce cannabinoids for a fraction of the cost of traditional plant-based production. 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. While the

[15] BDSA Market Forecast, September 2023

Company expects that there will always be a need for premium indoor-grown cannabis flowers, working with Hyasynth offers the potential to respond more quickly to market demand for pure and consistent cannabinoid-based ingredients.

Green Tank Strategic Investment

The Company entered into a product purchase agreement (the Purchase Agreement") with Green Tank Technologies Corp. ("Greentank") a leading vapourization technology company and a subscription agreement (the "Subscription Agreement") with Greentank's parent company, Weekend Holdings Corp ("Weekend Holdings"). The Purchase Agreement provides Organigram with an exclusivity period in Canada for the new technology incorporated into 510 vape cartridges (along with other formats) for use with cannabis, including the development of a custom all-in-one device that will be proprietary to Organigram.

Pursuant to the terms of the Subscription Agreement, Organigram has subscribed for preferred shares for an aggregate subscription price of US$4.0 million (~$5.5 million CAD) representing an approximate 2.6% interest in Weekend Holdings. Organigram's investment combined with the Purchase Agreement is expected to transform Organigram's current and future vapour hardware lineup across its portfolio of recreational brands.

Phylos Strategic Investment

The Company made its first US strategic investment in Phylos, a U.S. cannabis genetics company and provider of production ready seeds, based in Portland, Oregon, to initiate a wide-ranging technical and commercial relationship in Canada. This innovation relationship is expected to further support Organigram's industry leading cultivation efforts in Canada with patent-pending foundational technologies and genetics. In the future, subject to receipt of any required approvals and permits, Organigram intends to export THCV products to select legal international markets. This arrangement creates a commercial path from seed to flower that is expected to significantly reduce operating costs and improve margins. Using genetically identical seeds with stabilized characteristics such as potency, terpene profile, aroma, minor cannabinoid concentrations, and more, precludes the need for cloning and propagation, decreasing genetic maintenance and increasing plant vigor and health.

FINANCIAL RESULTS AND REVIEW OF OPERATIONS

CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES

The Company uses certain non-IFRS performance measures such as Adjusted EBITDA and adjusted gross margin in its MD&A and 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, and the following discussion.

FINANCIAL HIGHLIGHTS

Below is the period-over-period analysis of the changes that occurred between the thirteen months ended September 30, 2023 and the year ended August 31, 2022. Commentary is provided in the pages that follow.

	Fiscal 2023	Fiscal 2022	$ CHANGE	% CHANGE	Fiscal 2021
Financial Results					
Gross revenue	$ 233,647	$ 209,109	$ 24,538	12 %	$ 109,859
Net revenue	$ 161,639	$ 145,809	$ 15,830	11 %	$ 79,163
Cost of sales	$ 136,437	$ 119,037	$ 17,400	15 %	$ 103,567
Gross margin before fair value adjustments	$ 25,202	$ 26,772	$ (1,570)	(6)%	$ (24,404)
Gross margin % before fair value adjustments	16 %	18 %	(2)%	(11)%	(31)%
Realized loss on fair value on inventories sold and other inventory charges	$ (56,187)	$ (35,204)	$ 20,983	60 %	$ (35,721)
Unrealized gain on changes in fair value of biological assets	$ 68,981	$ 40,001	$ 28,980	72 %	$ 31,726
Gross margin	$ 37,996	$ 31,569	$ 6,427	20 %	$ (28,399)
Operating expenses	$ 300,963	$ 74,720	$ 226,243	303 %	$ 63,421
Loss from operations	$ (262,967)	$ (43,151)	$ (219,816)	(509)%	$ (91,820)
Other (income) expenses	$ (10,554)	$ (28,868)	$ (18,314)	63 %	$ 38,884
Net loss	$ (248,601)	$ (14,283)	$ (234,318)	(1641)%	$ (130,704)
Net loss per common share, basic	$ (3.058)	$ (0.185)	$ (2.873)	(1,553)%	$ (0.510)
Net loss per common share, diluted	$ (3.058)	$ (0.185)	$ (2.873)	(1,553)%	$ (0.510)
Net cash used in operating activities	$ 38,778	$ 36,211	$ 2,567	7 %	$ 28,589
Adjusted Gross Margin[1]	$ 40,214	$ 33,390	$ 6,824	20 %	$ 3,563
Adjusted Gross Margin %[1]	25 %	23 %	2%	9 %	5%
Adjusted EBITDA[1]	$ 5,951	$ 3,484	$ 2,467	71 %	$ (27,643)
Financial Position					
Working capital	$ 133,545	$ 166,338	$ (32,793)	(20)%	$ 234,349
Inventory and biological assets	$ 80,953	$ 68,282	$ 12,671	19 %	$ 48,818
Total assets	$ 298,455	$ 577,107	$ (278,652)	(48)%	$ 554,017
Non-current financial liabilities[2]	$ 3,630	$ 2,361	$ 1,269	54 %	$ 4,881

Note 1: Non-IFRS measures that have been defined and reconciled within their respective subsections in this section of the MD&A.
Note 2: Non-current financial liabilities excludes non-monetary balances related to contingent share consideration, derivative liabilities and deferred income taxes.

NET REVENUE

Net revenue for the Company is defined as gross revenue, net of customer fees, discounts, rebates, and sales returns and recoveries, less excise taxes. Revenue consists primarily of dried flower and cannabis derivative products sold to the adult-use recreational cannabis, medical cannabis, wholesale, and international cannabis marketplaces.

For the thirteen months ended September 30, 2023, the Company recorded an increase of 11% in net revenue to $161,639 from $145,809 for the year ended August 31, 2022. Net revenue increased on a period-over-period basis primarily due to an increase in recreational revenue of $15,830 and international revenue of $3,736, partially offset by a decrease in medical sales.

For the thirteen months ended September 30, 2023, the net ASP of recreational flower decreased to $1.65 per gram compared to $1.83 per gram for the year ended August 31, 2022, due to a shift towards value-oriented large format products and general price compression.

Sales volumes of all flower in grams increased 12% to 63,774 kg for the thirteen months ended September 30, 2023 compared to 57,003 kg in the prior year, primarily due to the current period covering thirteen months as opposed to the twelve months in the comparative year.

REVENUE COMPOSITION

The Company's revenue composition by product category was as follows for the thirteen months ended September 30, 2023 and the year ended August 31, 2022:

	Fiscal 2023	Fiscal 2022
International Flower and Oil	$18,874	$15,138
Medical, net of excise duty	3,507	7,309
Recreational Flower, net of excise duty	89,546	92,612
Recreational Vapes, net of excise duty	4,094	5,573
Recreational Hash, net of excise duty	11,885	6,297
Recreational Infused Pre-rolls, net of excise duty	2,871	117
Recreational Edibles, net of excise duty	23,556	12,269
Recreational Ingestible Extracts, net of excise duty	5,107	5,010
Wholesale and Other	2,199	1,484
Total Net Revenue	$161,639	$145,809

COST OF SALES AND GROSS MARGIN

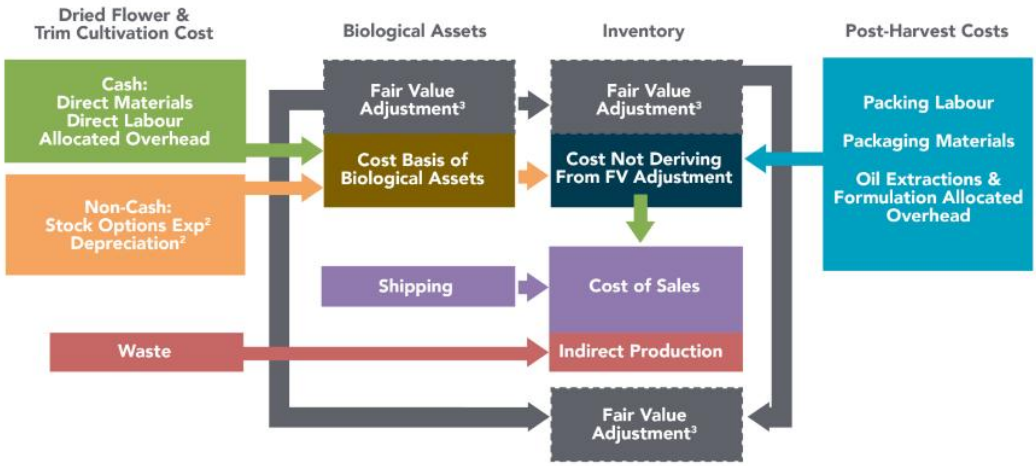
The gross margin for the thirteen months ended September 30, 2023 was $37,996, compared to $31,569 for the year ended August 31, 2022. The changes and significant items impacting the thirteen months ended September 30, 2023 were primarily as a result of: (i) higher sales including increased international sales; (ii) lower cultivation and post-harvest costs; (iii) higher unrealized gains on changes in the fair value of biological assets; and (iv) net of the impact of lower net ASP from increased competition and the ongoing evolution of the customer and product mix.

Included in gross margin are the changes in the fair value of biological assets related to IFRS standard IAS 41 – Agriculture. The net increase in fair value adjustments on a period-over-period basis is due to an increase in harvested and in-progress plants resulting in an increase in fair value on the growth of biological assets of $68,981 compared to $40,001 in the comparative period, which was offset by the realization of the fair value increment for inventory sold of $43,524 (August 31, 2022 – $31,133) and adjustments to the net realizable value of inventory of $12,663 (August 31, 2022 – $4,071). The net increase in fair value adjustments for the thirteen months ended September 30, 2023 compared to the prior year comparative period is primarily due to the decrease in cultivation costs and the increase to the overall number of plants from increased planting room usage in the current period.

Cost of sales primarily consists of the following:

- Costs of sales of cannabis (dried flower, pre-rolls, and wholesale/international bulk flower), cannabis extracts, 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 building and equipment. This includes cultivation costs (growing, harvesting, drying, and processing 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 costs of late-stage biological assets that are disposed of, plants destroyed that do not meet the Company's quality assurance standards, provisions for excess and unsaleable inventories and provisions related to adjustments to net realizable value that reduce the carrying value of inventory below the original production or purchase cost, and other production overhead; and
- Unabsorbed fixed overhead charges, comprised of depreciation, insurance, and property taxes, resulting from the underutilization of cultivation and production capacity.

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



Note 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 to the Financial Statements for the official accounting policies.

Note 2: The majority of stock options and depreciation expense related to the manufacturing and operations departments are capitalized as part of cultivation and inventory production costs; however, a certain amount of these expenses that relate to overhead departments and underutilization of the Moncton Campus are expensed directly to cost of sales.

Note 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 (fair value adjustments) to "Realized fair value on inventories sold and other inventory charges" on the consolidated statements of operations and comprehensive income (loss).

Note 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 statements of operations and comprehensive income (loss).

ADJUSTED GROSS MARGIN

Adjusted gross margin is a non-IFRS measure that the Company defines as net revenue less: (i) unrealized gain on changes in fair value of biological assets; (ii) realized fair value on inventories sold and other inventory charges; (iii) provisions (recoveries) of inventories and biological assets; (iv) provisions to net realizable value; and (v) unabsorbed overhead relating to underutilization of the production facility grow rooms and manufacturing equipment, most of which is related to non-cash depreciation expense. Management believes that this measure provides useful information to assess the profitability of our operations as it represents the normalized gross margin generated from operations and excludes the effects of non-cash fair value adjustments on inventories and biological assets, which are required by IFRS. See "Cautionary Statement Regarding Certain Non-IFRS Measures". The most directly comparable measure to adjusted gross margin calculated in accordance with IFRS is gross margin before fair value adjustments.

	Q1-F22	Q2-F22	Q3-F22	Q4-F22	Q1-F23	Q2-F23	Q3-F23	Q4-F23	Fiscal 2023
Net revenue	$ 30,378	$ 31,836	$ 38,115	$ 45,480	$ 43,321	$ 39,493	$ 32,785	$ 46,040	$161,639
Cost of sales before adjustments	24,903	23,581	28,817	35,118	30,492	26,121	26,711	38,101	121,425
Adjusted Gross margin [1]	5,475	8,255	9,298	10,362	12,829	13,372	6,074	7,939	40,214
Adjusted Gross margin % [1]	18 %	26 %	24 %	23 %	30 %	34 %	19 %	17 %	25 %
Less:									
Provisions (recoveries) of inventories and biological assets	1,845	686	(83)	1,600	1,067	1,256	2,823	532	5,678
Provisions to net realizable value	467	25	6	—	62	2,265	2,755	4,252	9,334
Realized fair value on inventories sold from acquisitions	—	663	700	—	—	—	—	—	—
Unabsorbed overhead	709	—	—	—	—	—	—	—	—
Gross margin before fair value adjustments	$ 2,454	$ 6,881	$ 8,675	$ 8,762	$ 11,700	$ 9,851	$ 496	$ 3,155	$ 25,202
Gross margin % (before fair value adjustments)	8 %	22 %	23 %	19 %	27 %	25 %	2 %	7 %	16 %
Add:									
Realized fair value on inventories sold and other inventory charges	$(12,313)	$ (5,314)	$ (7,386)	$(10,191)	$(12,528)	$(14,170)	$(13,588)	$(15,901)	$(56,187)
Unrealized gain on changes in fair value of biological assets	$ 10,469	$ 7,502	$ 6,353	$ 15,677	$ 24,714	$ 14,121	$ 8,395	$ 21,751	$ 68,981
Gross margin[1]	$ 610	$ 9,069	$ 7,642	$ 14,248	$ 23,886	$ 9,802	$ (4,697)	$ 9,005	$ 37,996
Gross margin %[1]	2 %	28 %	20 %	31 %	55 %	25 %	(14)%	20 %	24 %

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

The adjusted gross margin and gross margin before fair value adjustments have generally improved since Q1 Fiscal 2022, with the exception of Q3 Fiscal 2023 and Q4 Fiscal 2023. Lower net flower sales, lower international sales, and lost sales attributable to Edison Jolts had the largest margin impacts in Q3 Fiscal 2023 and Q4 Fiscal 2023.

OPERATING EXPENSES

	Fiscal 2023	Fiscal 2022	CHANGE	% CHANGE
General and administrative	$ 53,030	$ 42,908	$ 10,122	24 %
Sales and marketing	19,348	16,860	2,488	15 %
Research and development	13,201	5,962	7,239	121 %
Share-based compensation	5,273	4,745	528	11 %
Impairment of property, plant and equipment	165,255	4,245	161,010	3,793 %
Impairment of intangible assets and goodwill	44,856	—	44,856	N/A
Total operating expenses	$ 300,963	$ 74,720	$ 226,243	303 %

GENERAL AND ADMINISTRATIVE

For the thirteen months ended September 30, 2023, the Company incurred general and administrative expenses of $53,030 compared to $42,908 for the year ended August 31, 2022. The increase in expenses mainly relates to one additional month in the current period, higher employee costs due to more general and administrative full-time employees to support the Company's growth, higher depreciation and amortization, general wage increases, higher audit and legal fees and higher technology costs which includes $7,687 (August 31, 2022: $3,203) in ERP installation costs.

SALES AND MARKETING

For the thirteen months ended September 30, 2023, the Company incurred sales and marketing expenses of $19,348 or 12% of net revenues as compared to $16,860 or 12% of net revenues for the year ended August 31, 2022.

RESEARCH AND DEVELOPMENT

Research and development costs of $13,201 increased from the prior year cost of $5,962, as the Company ramped up activity under the PDC Agreement and other internal product innovation projects.

SHARE-BASED COMPENSATION

For the thirteen months ended September 30, 2023, the Company recognized $5,273, in share-based compensation expense in relation to selling, marketing, general and administrative, and research and development employees compared to $4,745 for the year ended August 31, 2022 due to a greater number of equity awards issued and outstanding during the current period as compared to the prior comparative period.

Total share-based compensation charges, including those related to production employees that are charged to biological assets and inventory and amounts amortized for the thirteen months ended September 30, 2023, were $5,727 compared to $5,127 for the comparable period, the changes being consistent with those noted above.

For the thirteen months ended September 30, 2023, 321,000 options were granted, valued at $1,075, compared to 1,369,250 options granted in the year ended August 31, 2022, valued at $6,029. Included in the thirteen months ended September 30, 2023 were 206,250 options granted to key management personnel compared to 821,750 options granted for the year ended August 31, 2022.

During the thirteen months ended September 30, 2023, 371,317 restricted share units ("RSUs") were granted to employees (year ended August 31, 2022 – 361,174), of which 285,191 RSUs were issued to key management personnel, which includes members of the Board of Directors, compared to 95,093 issued for the year ended August 31, 2022.

During the thirteen months ended September 30, 2023, 211,544 performance share units ("PSUs") were granted to employees (year ended August 31, 2022 – 47,071), of which 136,920 PSUs were issued to key management personnel compared to 39,742 issued for the year ended August 31, 2022.

Share-based compensation represents 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.

IMPAIRMENT

During Fiscal 2023, as a consequence of the Company's market capitalization trading significantly below its shareholders' equity, combined with the Company's operational results and an increase in its post-tax discount rate, management determined that there were economic indicators of impairment warranting a calculation of the recoverable amount of the assets as at May 31, 2023 and September 30, 2023. These analyses were done on a consolidated basis and also by cash generating unit ("CGU"). The impairment tests considered several factors including forecasted operational cash flows (net of tax impact), on-going investments in working capital and sustaining capital expenditures, post-tax discount rates, terminal value growth rate and these analyses resulted in the recognition of an impairment loss of $210,111 against property, plant and equipment and intangible assets and goodwill. A meaningful contributing factor to the quantum of the impairment charge was related to the impact to flower sales and margins due to THC inflation (see Outlook section of the MD&A). When considering the significant sales and margin that flower product categories (dried flower, milled flower, pre-rolls, IPR and international flower sales) contribute to Organigram's financial results, this was a key driver to the amount of the impairment loss. The impairment loss was allocated to intangible assets and goodwill in the amount of $44,856 and $165,255 in relation to property, plant and equipment (refer to Note 8 and Note 9 of the Consolidated Financial Statements for further information).

During Fiscal 2022, the Company made the strategic decision to cease manufacturing chocolate at its Moncton Campus and as a result, the asset was revalued to the lower of its carrying amount and fair value less costs and the Company recognized an additional impairment loss of $3,978 in relation to this asset.

OTHER (INCOME) EXPENSES

	Fiscal 2023	Fiscal 2022	CHANGE	% CHANGE
Financing costs	$ 301	$ 429	$ (128)	(30)%
Investment income	(3,993)	(1,487)	2,506	169 %
Insurance recoveries	(213)	(181)	32	18 %
Government subsidies	(194)	(154)	40	26 %
Share of loss from investments in associates	1,004	1,364	(360)	(26)%
Impairment (recovery) of loan receivable	(66)	250	(316)	(126)%
Loss on disposal of property, plant and equipment	418	6,580	(6,162)	(94)%
Change in fair value of contingent consideration	(3,364)	(2,621)	743	(28)%
Change in fair value of derivative liabilities	(4,372)	(32,650)	(28,278)	87 %
Legal provision (recovery)	(75)	(310)	(235)	76 %
Total other (income)/expenses	$ (10,554)	$ (28,780)	$ 18,226	(63)%

INVESTMENT INCOME

Investment income of $3,993 was earned for the thirteen months ended September 30, 2023, compared to $1,487 for the year ended August 31, 2022. The change in investment income was primarily due to higher interest rates and one additional month in the current period as compared to the year ended August 31, 2022.

INVESTMENTS IN ASSOCIATES AND CONTINGENT CONSIDERATION

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 thirteen months ended September 30, 2023, the Company's share of loss from these investments in associates was $1,004, compared to a loss of $1,364 in the year ended August 31, 2022.

In connection with the Company's acquisition of EIC as described in Note 27 of the Financial Statements, the Company has commitments to deliver additional consideration. During the thirteen months ended September 30, 2023, EIC met the second milestone and the Company issued 2,621,370 Common Shares as consideration to the former shareholders of EIC, for a total value of $6,500. The remaining $500 has been waived as part of a negotiated settlement and recorded as a change in fair value of contingent share consideration during the thirteen months ended September 30, 2023. At September 30, 2023, the outstanding balance is Nil (August 31, 2022 – $7,000).

In connection with the Company's acquisition of Laurentian as described in Note 27 of the Financial Statements, the Company has commitments to deliver additional consideration. At September 30, 2023, the Company revalued the contingent liability to an estimated fair value of $49, resulting in a gain in fair value recorded in the consolidated statement of operations and comprehensive loss of $2,864 for the thirteen months ended September 30, 2023. At September 30, 2023, all of the balance is included in other current liabilities.

DERIVATIVE WARRANT LIABILITIES

On November 12, 2020, the Company closed an underwritten public offering of units of the Company (the "Units") for total gross proceeds of $69,143 (the "Offering"). The Company sold 37,375,000 Units at a price of $1.85 per Unit, including 4,875,000 Units sold pursuant to the full exercise of the over-allotment option granted to the underwriters. The offering was underwritten by a syndicate of underwriters led by Canaccord Genuity Corp. Each Unit consisted 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"), therefore resulting in 18,687,500 Warrants being issued. Each Warrant was 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 (i.e. until November 12, 2023) at an exercise price of $2.50 per Warrant Share and the Warrants have since expired.

In accordance with IAS 32 *Financial Instruments: Presentation*, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the consolidated statement of operations and comprehensive loss at each reporting period. The derivative warrant liabilities were expected to ultimately be converted into the Company's equity (Common Shares) when the Warrants are exercised or will be extinguished on the expiry of the outstanding Warrants and will not result in the outlay of any cash by the Company.

At initial recognition on November 12, 2020, the Company recorded derivative liabilities of $12,894 based on the estimated fair value of the Warrants at this date using the Black-Scholes option pricing model. Share issuance costs of $803 were recognized and allocated to derivative liabilities, such amount represents on a pro-rata allocation of total issuance costs attributable to the Units sold in the Offering based on the relative fair value of the underlying Common Shares and Warrants.

There were no exercises of Warrants during the thirteen months ended September 30, 2023 (year ended August 31, 2022 - Nil). As at September 30, 2023, the Company revalued the remaining derivative warrant liabilities at an estimated fair value of $Nil (August 31, 2022 – $4,138) using the Black-Scholes option pricing model. The Company recorded a decrease in the estimated fair value of the derivative warrant liabilities for the thirteen months ended September 30, 2023 of $4,138 (year ended August 31, 2022 - $30,881). The warrants expired on November 12, 2023.

DERIVATIVE TOP-UP RIGHTS LIABILITIES

On March 10, 2021, through the strategic investment from BAT, the Company issued 58,336,392 Common Shares, resulting in BAT's beneficial ownership in the Company at approximately 19.9%, as described in Note 14 of the Financial Statements.

Pursuant to the investor rights agreement (the "IRA") between the Company and BAT, the Company granted BAT certain rights, including pre-emptive rights, to participate in distributions of Common Shares to maintain its proportionate ownership in certain circumstances, as well as other rights ("Top-up Rights") to subscribe for additional Common Shares in specified circumstances where the pre-emptive rights are not applicable (referred to in the IRA as "Exempt Distributions") and in specified circumstances where pre-emptive rights were not exercised (referred to in the IRA as "bought deal Distributions").

The price per Common Share to be paid by BAT pursuant to the exercise of its Top-up Rights will equal the price paid by other participants in the Exempt Distribution or bought deal Distribution, subject to certain restrictions (including, if such price is not permitted pursuant to stock exchange requirements, at the lowest price permitted thereunder).

The Company has classified the Top-up Rights as a derivative liability and pursuant to the exercise of stock options, RSUs, PSUs and warrants that were outstanding at initial recognition on March 10, 2021 (the date of the IRA), the Company recorded a derivative liability of $2,740 based on the estimated fair value of the Top-up Rights at this date using a Monte Carlo pricing model.

During the thirteen months ended September 30, 2023, no Top-up Rights were exercised (year ended August 31, 2022 - 664,929), for gross proceeds of $Nil (year ended August 31, 2022 - $6,348). The Top-up Rights are fair valued using the Monte Carlo Pricing model.

As at September 30, 2023, the Company revalued the Top-up Rights at an estimated fair value of $130 (August 31, 2022 – $735). The Company recorded a decrease in the estimated fair value change of the Top-up Rights for the thirteen months ended September 30, 2023 of $605 (year ended August 31, 2022 - $1,769).

OTHER

During the thirteen months ended September 30, 2023, the Company recorded a loss on disposal of property, plant and equipment of $418 (year ended August 31, 2022 - $6,580). During Fiscal 2022, the Company completed a number of upgrades to its growing rooms, including the installation of LED light fixtures, which are expected to further improve the operating conditions of the Moncton Campus resulting in higher quality flower and a reduction to production costs. As a result of this work, certain assets that had not yet been fully depreciated were replaced, resulting in a loss on disposal of property, plant and equipment during the year ended August 31, 2022.

During the thirteen months ended September 30, 2023, the Company recovered a loan that was receivable from 703454 N.B. Inc. (carrying business as 1812 Hemp) of $66 (year ended August 31, 2022 - loss of $250) and partially reversed an impairment charge that was recognized during the year ended August 31, 2022.

During the thirteen months ended September 30, 2023, the Company recorded a legal provision recovery relating to claims and other contingencies in the amount of $75 compared to $310 for the year ended August 31, 2022.

NET LOSS

Net loss for the thirteen months ended September 30, 2023 was $248,601 or $3.058 per Common Share (basic and diluted), compared to $14,283 or $0.185 per Common Share (basic and diluted) for the year ended August 31, 2022. The increase in net loss from the comparative period is primarily due to the higher impairment loss, as well as a lower gain on the change in fair value of derivative liabilities in the current year period.

SUMMARY OF QUARTERLY RESULTS

	Q1-F22	Q2-F22	Q3-F22	Q4-F22	Q1-F23	Q2-F23	Q3-F23	Q4-F23
Financial Results								
Adult-use recreational cannabis revenue (net of excise)	$ 25,020	$ 24,887	$ 34,521	$ 37,521	$ 35,859	$ 27,415	$ 29,202	$ 44,596
Medical revenue (net of excise)	$ 1,908	$ 1,920	$ 1,793	$ 1,688	$ 1,486	$ 769	$ 545	$ 707
International, wholesale and other revenue	$ 3,450	$ 5,029	$ 1,801	$ 6,271	$ 5,976	$ 11,309	$ 3,038	$ 737
Net revenue	$ 30,378	$ 31,836	$ 38,115	$ 45,480	$ 43,321	$ 39,493	$ 32,785	$ 46,040
Net income (loss)	$ (1,305)	$ (4,047)	$ (2,787)	$ (6,144)	$ 5,329	$ (7,488)	$(213,451)	$ (32,991)
Net income (loss) per common share, basic	$ (0.004)	$ (0.013)	$ (0.009)	$ (0.020)	$ 0.017	$ (0.024)	$ (0.677)	$ (0.105)
Net income (loss) per common share, diluted	$ (0.004)	$ (0.013)	$ (0.009)	$ (0.020)	$ 0.017	$ (0.024)	$ (0.677)	$ (0.105)
Operational Results								
Dried flower yield per plant (grams)	129	122	132	141	168	156	144	163
Harvest (kg) - dried flower	11,603	10,037	13,141	16,101	22,296	20,624	18,604	28,071
Employee headcount (#)	738	841	865	887	921	939	923	935

In Q1 Fiscal 2023, continued growth in net revenues, lower cost of production (on a per unit basis) and lower asset impairment charges, resulted in net income as compared to net losses recognized during Fiscal 2022. In Q2 Fiscal 2023, the Company recorded a net loss primarily due to a lower gain on the change in fair value of derivative liabilities. In Q3-Q4 Fiscal 2023, the Company recorded a higher net loss than historical periods primarily due to impairment charges recognized and lower net flower revenue.

Adjusted EBITDA

This is a Non-IFRS Measure and the Company calculates Adjusted EBITDA is calculated as net income (loss) excluding: financing costs, net of investment income; income tax expense (recovery); depreciation, amortization, reversal of/or impairment, normalization of depreciation add-back due to changes in depreciable assets resulting from impairment charges, (gain) loss on disposal of property, plant and equipment (per the consolidated statement of cash flows); share-based compensation (per the consolidated statement of cash flows); share of loss from investments in associates and impairment loss (recovery) from loans

receivable; change in fair value of contingent consideration; change in fair value of derivative liabilities and other financial assets; expenditures incurred in connection with research and development activities (net of depreciation); unrealized gain on changes in fair value of biological assets; realized fair value on inventories sold and other inventory charges; provisions (recoveries) and net realizable value adjustments related to inventory and biological assets; Government subsidies and insurance recoveries; legal provisions (recoveries); incremental fair value component of inventories sold from acquisitions; ERP implementation costs; transaction costs; and share issuance costs. Management believes that Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and derives expectations of future financial performance for the Company, and excludes adjustments that are not reflective of current operating results. See "Cautionary Statement Regarding Certain Non-IFRS Measures". The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is net income (loss).

During Fiscal 2022, management changed the calculation of Adjusted EBITDA to include ERP implementation costs, transaction costs and the fair value component of inventories sold from acquisitions.

Adjusted EBITDA (Non-IFRS Measure)

Adjusted EBITDA Reconciliation	Q1-F22	Q2-F22	Q3-F22	Q4-F22	Q1-F23	Q2-F23	Q3-F23	Q4-F23	Fiscal 2023
Net (loss) income as reported	$ (1,305)	$ (4,047)	$ (2,787)	$ (6,144)	$ 5,329	$ (7,488)	$(213,451)	$(32,991)	$(248,601)
Add/(deduct):									
Financing costs, net of investment income	(243)	(217)	(234)	(364)	(815)	(1,051)	(903)	(923)	(3,692)
Income tax expense (recovery)	—	(97)	308	(299)	(232)	1	(1,302)	(2,279)	(3,812)
Depreciation, amortization, and (gain) loss on disposal of property, plant and equipment (per statement of cash flows)	6,378	11,024	6,515	7,570	7,183	6,867	6,975	5,581	26,606
Normalization of depreciation add-back due to changes in depreciable assets resulting from impairment charges	—	—	—	—	—	—	—	3,037	3,037
Impairment of intangible assets and goodwill	—	—	—	—	—	—	37,905	6,951	44,856
Impairment of property, plant and equipment	—	2,000	—	2,245	—	—	153,337	11,918	165,255
Share of loss (gain) from investments in associates and impairment loss (recovery) from loan receivable	394	499	193	528	406	296	287	(51)	938
Change in fair value of contingent consideration	(182)	666	(3,422)	317	18	(24)	(2,892)	(466)	(3,364)
Realized fair value on inventories sold and other inventory charges	12,313	5,314	7,386	10,191	12,528	14,170	13,588	15,901	56,187
Unrealized gain on changes in fair value of biological assets	(10,469)	(7,502)	(6,353)	(15,677)	(24,714)	(14,121)	(8,395)	(21,751)	(68,981)
Share-based compensation (per statement of cash flows)	680	877	761	2,809	1,852	1,342	1,325	1,208	5,727
Government subsidies and insurance recoveries	—	—	(335)	—	—	—	—	(407)	(407)
Legal provisions (recovery)	—	—	(310)	—	—	(75)	—	—	(75)
Share issuance costs and change in fair value of derivative liabilities and other financial assets	(12,698)	(10,633)	(5,904)	(3,415)	(1,030)	(2,433)	(1,322)	413	(4,372)
Incremental fair value component on inventories sold from acquisitions	—	663	700	—	—	—	—	—	—
ERP implementation costs	—	—	1,410	1,793	1,334	1,377	2,561	2,415	7,687
Transaction costs	—	1,148	1,424	(188)	318	27	538	580	1,463
Provisions (recoveries) and net realizable value adjustments related to inventory and biological assets	2,312	711	(77)	1,600	1,129	3,521	5,578	4,784	15,012
Adjusted EBITDA as Previously Reported	$ (2,820)	$ 406	$ (725)	$ 966	$ 3,306	$ 2,409	$ (6,171)	$ (6,080)	$ (6,536)
Add/(Deduct): Research and development expenditures, net of depreciation	933	1,150	1,308	2,266	2,271	3,239	3,257	3,720	12,487
Adjusted EBITDA (Revised)	$ (1,887)	$ 1,556	$ 583	$ 3,232	$ 5,577	$ 5,648	$ (2,914)	(2,360)	5,951
Divided by: net revenue	30,378	31,836	38,115	45,480	43,321	39,493	32,785	46,040	161,639
Adjusted EBITDA Margin % (Revised) (Non-IFRS Measure)	(6)%	5 %	2 %	7 %	13 %	14 %	(9)%	(5)%	4 %

The Q2 Fiscal 2022 Adjusted EBITDA was a positive $1.6 million which was a $3.4 million increase from the Q1 Fiscal 2022 and was as a result of increased revenues and reductions to the cost of production. The Q3 Fiscal 2022 Adjusted EBITDA was $1.0 million less than the Q2 Fiscal 2022 as a result of the impact from a delayed international shipment. In Q4 Fiscal 2022, the Company achieved Adjusted EBITDA of $3.2 million due to completion of the international shipment scheduled for Q3 Fiscal 2022 and record-high recreational revenues during the quarter.

Due to the higher adjusted gross margin, resulting from lower cultivation and post-harvest costs, Adjusted EBITDA in Q1 Fiscal 2023 increased to $5.6 million, which was the highest that the Company had reported in the preceding eight quarters. The Company continued its track record of Adjusted EBITDA growth with $5.6 million reported in Q2 Fiscal 2023. During Q3 Fiscal 2023, due to lower international sales, continued price concession in adult-use recreational market, low flower yields that increased the cost of cultivation which lowered the margin on flower sales, and higher SG&A costs, the Company's Adjusted EBITDA decreased to a loss of $2.9 million. In Q4 Fiscal 2023, the Company continued to experience price compression in the adult-use recreational market and had lower international sales which together resulted in a decrease in Adjusted EBITDA to a loss of $2.4 million.

BALANCE SHEET, LIQUIDITY AND CAPITAL RESOURCES

The following represents selected balance sheet highlights of the Company at the end Fiscal 2023 and Fiscal 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022	% CHANGE
Cash & short-term investments	$ 33,864	$ 98,607	(66)%
Inventories	$ 63,598	$ 50,314	26 %
Working capital	$ 133,545	$ 166,338	(20)%
Total assets	$ 298,455	$ 577,107	(48)%
Total current and long-term debt	$ 155	$ 235	(34)%
Non-current financial liabilities[(1)]	$ 3,630	$ 2,361	54 %
Total shareholders' equity	$ 271,623	$ 508,058	(47)%

Note 1: Non-current financial liabilities excludes non-monetary balances related to contingent share consideration, derivative liabilities and deferred income taxes.

On September 30, 2023, the Company had unrestricted cash and short-term investments balance of $33,864 compared to $98,607 at August 31, 2022. The decrease is primarily a result of cash used in operating activities of $38,778, capital expenditures of $29,142 and investments of $10,470 (including transaction costs) in Greentank and Phylos.

The Company completed its Phase 4C expansion in Q4 Fiscal 2022 and that has significantly increased the production capacity enabling the Company to better meet the increased consumer demand for its products. The Company began harvesting from the Phase 4C grow rooms and this has resulted in an increase in inventory on September 30, 2023. In addition, throughout Q4 Fiscal 2023, Organigram completed its expansion at its Lac-Supérieur Facility and completed its first harvest from the expansion in December 2023.

Management believes its capital position is healthy and that there is sufficient liquidity available for the near to medium term. In the event that the Company is unable to finance any new acquisitions from cash on hand, or the $124.6 million follow-on investment from BAT, it could, if necessary and subject to prevailing market conditions, obtain liquidity through the capital markets as the Common Shares are listed for trading on both the NASDAQ and TSX and there is broad analyst coverage amongst sell-side brokerages. The Company filed a base shelf prospectus and form F-10 registration statement in September 2023.

The Company generated positive cash flows from operating activities during Q1 Fiscal 2023, which was achieved primarily due to positive Adjusted EBITDA and a reduction to receivables. In Q2 Fiscal 2023, due to an increase in net working capital assets, primarily from an increase to receivables and inventories combined with a reduction to payables, the Company used cash in operating activities. In Q3 and Q4, Fiscal 2023, Adjusted EBITDA decreased to a loss of $2.9 million and $2.4 million, respectively, and the Company used cash in operating activities. While the Company expects to return to positive Adjusted EBITDA, periods when the Company achieves significant increases to sales will result in increase in the working capital needs and may negatively impact cash flows from operating activities. In Fiscal 2023, the Company completed its budgeted $29 million cash capex programs at its three facilities. These spends related to the completion of the expansion at the Lac-Supérieur Facility and included automation and enhancements investments at the Winnipeg Facility and Moncton Campus. The completion of these capex spends will contribute to the Company's ability to achieve FCF.

The following highlights the Company's cash flows during the four months and thirteen months ended September 30, 2023 and the three months and year ended August 31, 2022:

	Q4-F23	Q4-F22	Fiscal 2023	Fiscal 2022
Cash provided (used) by:				
Operating activities	$ (17,017)	$ (19,695)	$ (38,778)	$ (36,211)
Financing activities	(244)	(161)	(817)	5,328
Investing activities	(1,590)	(38,965)	4,944	44,033
Cash provided (used)	$ (18,851)	$ (58,821)	$ (34,651)	$ 13,150
Cash position				
Beginning of period	52,715	127,336	68,515	55,365
End of period	$ 33,864	$ 68,515	$ 33,864	$ 68,515
Short-term investments	—	30,092	—	30,092
Cash and short-term investments	$ 33,864	$ 98,607	$ 33,864	$ 98,607

Cash used in operating activities for the four months and thirteen months ended September 30, 2023 was $17,017 and $38,778, respectively, compared to cash used in operating activities of $19,695 and $36,211 in the comparable periods, respectively. The increase to cash used in operating activities is primarily due higher ERP implementation expense in the current period.

Cash used by financing activities for the four months and thirteen months ended September 30, 2023 was $244 and $817, respectively. In comparison, for the three months and the year ended August 31, 2022, cash (used) provided by financing activities was $(161) and $5,328, respectively, which was primarily driven by the $6,348 in net equity proceeds from the issuance of common shares to BAT as they exercised their Top-up Rights.

Cash (used) provided by investing activities for the four months and thirteen months ended September 30, 2023 was $(1,590) and $4,944, respectively, compared to cash (used) provided by investing activities of $(38,965) and $44,033 in the comparable periods, respectively. The decrease in cash (used) provided is primarily due to lower capital assets and short-term investments purchases and proceeds from short-term investments.

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements during the four months and thirteen months ended September 30, 2023.

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 Board of Directors. The transactions are conducted at arm's length and in the normal course of operations.

For the four months and thirteen months ended September 30, 2023 and the three months and year ended August 31, 2022, the Company's expenses included the following management and Board of Directors compensation:

	Q4-F23	Q4-F22	Fiscal 2023	Fiscal 2022
Salaries and consulting fees	$ 650	$ 1,067	$ 4,737	$ 3,891
Share-based compensation	724	1,365	3,525	3,713
Total key management compensation	$ 1,374	$ 2,432	$ 8,262	$ 7,604

During the four months and thirteen months ended September 30, 2023, 6,250 and 206,250 stock options (August 31, 2022 – 696,750 and 821,750) were granted to key management personnel with an aggregate fair value of $34 and $665, respectively (August 31, 2022 – $2,509 and $3,407). In addition, during the four months and thirteen months ended September 30, 2023, nil and 285,191 RSUs, (August 31, 2022 – nil and 95,093), were granted to key management personnel with an aggregate fair value of $nil and $1,325, respectively (August 31, 2022 – $nil and $1,022). For the four months and thirteen months ended September 30, 2023, nil and 136,920 PSUs, (August 31, 2022 – nil and 39,742) were issued to key management personnel with an aggregate fair value of $nil and $305, respectively (August 31, 2022 – $nil and $167).

SIGNIFICANT TRANSACTIONS WITH ASSOCIATES AND JOINT OPERATIONS

The Company has transactions with related parties, as defined in IAS 24 *Related Party Disclosures*, all of which are undertaken in the normal course of business.

For the four months and thirteen months ended September 30, 2023, under the PDC Agreement, BAT incurred $635 and $3,134 (August 31, 2022 - $592 and $2,404) for direct expenses and the Company incurred $3,764 and $10,638 (August 31, 2022 - $2,288 and $6,818) of direct expenses and capital expenditures of $462 and $1,768 (August 31, 2022 - $1,172 and $3,548) related to the CoE, respectively. The Company recorded $2,001 and $6,886 (August 31, 2022 - $854 and $2,837) of these expenditures in the consolidated statement of operations and comprehensive loss. For the four months and thirteen months ended September 30, 2023, the Company recorded $231 and $884 (August 31, 2022 - $586 and $1,774) of capital expenditures in the consolidated statement of financial position.

During the four months and thirteen months ended September 30, 2023, BAT exercised nil and nil Top-up Rights. At September 30, 2023, there is a receivable balance of $167 (August 31, 2022 - payable of $2,444) from BAT.

FAIR VALUE MEASUREMENTS

(i) Financial Instruments

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy 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 values of cash, short-term investments and restricted funds approximate their carrying amounts due to their short-term nature. The fair value of long-term debt approximates $155.
The fair value of the investment in Weekend Holdings is primarily based on Level 3 unobservable inputs and is determined using a market-based approach, based on revenue multiples for comparable companies.

In determining the impairment loss, the FVLCD of property, plant and equipment was determined based on a third-party appraisal using market and replacement cost approaches. Consideration is given to information from historical data and industry standards which constitute both observable and unobservable inputs (level 2 and level 3).

The fair value of the Secured Convertible Loan advanced to Phylos was determined using the Cox-Ross-Rubinstein binomial lattice option pricing model and has been classified as level 3 in the fair value hierarchy. The fair value of the Secured Convertible Loan was based on certain assumptions, including likelihood, and timing of the federal legalization or decriminalization of cannabis in the United States. Similarly, the fair value of the commitment to fund an additional US $4.75 million over two tranches was based on certain assumptions, including the probability of Phylos meeting certain required milestones. Please refer to the "November 2023" Phylos update in "Key Developments During the Quarter and Subsequent to September 30, 2023".

The fair value of the Laurentian contingent share consideration is primarily based on Level 3 unobservable inputs in a Monte Carlo pricing model. The determination of the fair value of this liability is primarily driven by the Company's expectations of Laurentian achieving its business objectives. The key assumptions used in the model are the expected future sales volumes and selling prices used in determining Laurentian's future EBITDA and the weighted average cost of capital ("WACC").

At September 30, 2023, the fair value of the Laurentian contingent share consideration was revalued to $49. A sensitivity analysis for changes in key inputs such as WACC was not presented as it was deemed that the impact of reasonable changes in inputs would not be significant.

The fair value of derivative warrant liabilities is based on Level 1 and 2 inputs utilized in a Black-Scholes option pricing model to estimate the fair value of such Warrants. The key assumption used in the model is the expected future volatility in the price of the Company's Common Shares.

The fair value of the Top-up Rights is based on Level 3 inputs utilized in a Monte Carlo pricing model to estimate the fair value of such Top-up Rights. The key assumptions used in the model are the expected future price of the Company's Common Shares, the weighted average expected life of the instruments and the expected future volatility in the price of Common Shares.

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

Derivative Warrant Liabilities
At initial recognition on November 12, 2020, the Company recorded derivative liabilities of $12,894 based on the estimated fair value of the Warrants at that date using the Black-Scholes option pricing model. Issue costs were $4,305, of which $803 were allocated to the derivative liabilities based on a pro-rata allocation and expensed in the consolidated statement of operations and comprehensive loss and the balance of $3,502 was allocated to the Common Shares and recorded in share capital.

There were no exercises of Warrants during the thirteen months ended September 30, 2023 (August 31, 2022 - nil warrants). During the thirteen months ended September 30, 2023, the Company revalued the remaining derivative liabilities and recorded a decrease in the estimated fair value of $4,138 (August 31, 2022 - a decrease $30,881).

The Company's derivative liabilities included the following balances and changes in the carrying value of Warrants as of September 30, 2023:

	NUMBER OF WARRANTS	AMOUNT
Balance - August 31, 2022	4,235,913	$ 4,138
Revaluation of Warrants	—	(4,138)
Balance - September 30, 2023	4,235,913	—

The Warrants outstanding as at September 30, 2023, as referenced above, have expired in November 2023. See "Other (Income) Expenses - Derivative Warrant Liabilities" in this MD&A for further information.

The following inputs were used to estimate the fair value of the Warrants at September 30, 2023 and August 31, 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Risk free interest rate	4.83 %	3.64 %
Life of Warrants (years)	0.12	1.20
Market price of Common Shares	1.76	1.42
Expected future volatility of Common Shares	91.00 %	77.30 %
Fair value per Warrant	—	0.24

A sensitivity analysis for change in expected future volatility in the common share price of the Company was not presented as it was deemed that the impact of reasonable changes in this input would not be significant.

Top-up Rights

On March 10, 2021, through the strategic investment from BAT, the Company issued 14,584,098 Common Shares, resulting in BAT's beneficial ownership in the Company of approximately 19.9%.

Pursuant to the IRA, the Company granted BAT certain Top-up Rights to subscribe for additional Common Shares in specified circumstances where the pre-emptive rights are not applicable (i.e. Exempt Distributions) and in specified circumstances where pre-emptive rights were not exercised (i.e. bought deal Distributions).

The price per Common Share to be paid by BAT pursuant to the exercise of its Top-up Rights will equal the price paid by other participants in the Exempt Distribution or bought deal Distribution, subject to certain restrictions (including, if such price is not permitted pursuant to applicable securities laws, at the lowest price permitted thereunder).

The Company has classified the Top-up Rights as a derivative liability, and pursuant to the exercise of stock options, restricted share units, performance share units and warrants that were outstanding at initial recognition on March 10, 2021 (the date of the IRA), the Company recorded a derivative liability of $2,740 based on the estimated fair value of the Top-up Rights at this date using a Monte Carlo pricing model.

As at September 30, 2023, the Company revalued the Top-up Rights at an estimated fair value of $130 (August 31, 2022 – $735). The Company recorded a decrease in the estimated fair value change of the Top-up Rights for the thirteen months ended September 30, 2023 of $605 (August 31, 2022 - $1,769).

The following inputs were used to estimate the fair value of the Top-up Rights at September 30, 2023, and August 31, 2022:

	SEPTEMBER 30, 2023			
	STOCK OPTIONS	WARRANTS	PSUs	RSUs
Average exercise price[1]	$1.20 - $45.08	$2.50	$—	$—
Risk free interest rate	4.11% - 4.54%	3.59%	3.65%	3.78%
Expected future volatility of Common Shares	70.00% - 90.00%	90.00%	85.00%	85.00%
Expected life[1]	1.34 - 5.12	0.12	5.92	5.18
Forfeiture rate	10%	—%	25%	6%

	August 31, 2022			
	STOCK OPTIONS	WARRANTS	PSUs	RSUs
Average exercise price[1]	$2.40 - $38.12	$10.00	—	—
Risk free interest rate	3.15% - 3.71%	3.75%	3.16%	3.13%
Expected future volatility of Common Shares	70.00% - 95.00%	70.00%	90.00%	85.00%
Expected life[1]	1.34 - 5.12	1.20	4.91	5.47
Forfeiture rate	10%	—%	25%	6%

[1]Exercise price and expected life for stock options were determined using the range of exercise prices disclosed in Note 15(iv) in the Financial Statements

(ii) 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 at September 30, 2023 are as follows:

	CAPITALIZED COST	BIOLOGICAL ASSET FAIR VALUE ADJUSTMENT	AMOUNT
Balance, August 31, 2022	$ 8,753	$ 9,215	$ 17,968
Unrealized gain on change in fair value of biological assets	—	68,981	68,981
Production costs capitalized	52,502	—	52,502
Transfer to inventory upon harvest	(54,310)	(67,786)	(122,096)
Carrying amount, September 30, 2023	$ 6,945	$ 10,410	$ 17,355

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, then adjusts that amount for the average selling price per gram, and for any additional costs to be incurred, such as post-harvest costs. The following unobservable inputs, all of which are classified as Level 3 within the fair value hierarchy (see Note 20 of the Financial Statements), 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. expected average yield per plant – represents the number of grams of finished cannabis inventory which is expected to be obtained from each harvested cannabis plant currently under cultivation;

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;

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; and

v. stage of completion in the cultivation process – calculated by taking the average number of weeks in production over a total average grow cycle of approximately 14 weeks.

The Company estimates the harvest yields for the cannabis on plants at various stages of growth, based on expected yield of mature plants. As of September 30, 2023, it is expected that the Company's biological assets will yield 26,917 kg (August 31, 2022 – 27,405 kg) of cannabis when eventually harvested. The Company's estimates are, by their nature, subject to change, and differences from the expected 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 14-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			EFFECT ON FAIR VALUE	
	SEPTEMBER 30, 2023	AUGUST 31, 2022	SENSITIVITY	SEPTEMBER 30, 2023	AUGUST 31, 2022
Average selling price per gram	$ 1.52	$ 1.49	Increase or decrease by 10% per gram	$ 1,690	$ 1,766
Expected average yield per plant	173 grams	132 grams	Increase or decrease by 10 grams	$ 978	$ 1,339

The expected average yield per plant at September 30, 2023 primarily reflects the average yield of the flower component of the plant (with the exception being cannabidiol ("CBD") dominant strains where trim is also harvested for extraction).

OUTSTANDING SHARE DATA

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

The following table sets out the number of Common Shares, options, warrants, Top-up Rights, RSUs and PSUs outstanding of the Company as at September 30, 2023 and December 15, 2023:

	SEPTEMBER 30,	DECEMBER 15, 2023
Common shares issued and outstanding	81,161,630	81,161,630
Options	2,829,676	2,796,353
Warrants	4,235,913	—
Top-up rights	2,035,448	976,677
Restricted share units	881,149	881,149
Performance share units	260,713	260,713
Total fully diluted shares	91,404,529	86,076,522

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 the average selling price per gram and expected average yield per 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, forecast demand and average selling price for obsolete and unsaleable inventories. Refer to Notes 6 and 7 to the Financial Statements for further information.

2. **Useful lives and impairment of property, plant and equipment and finite-life intangible assets**
   Amortization of property, plant and equipment and finite life intangibles assets 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.

3. **Share-based payments**
   In determining the fair value of options and related costs, management estimates the expected life of the option, the expected volatility of the Company's share price, the risk-free interest rate, and the rate of forfeitures. Refer to Note 15 to the Financial Statements for further information.

4. **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.

5. Impairment of non-financial assets
For the purpose of impairment testing, the Company monitors and tests goodwill at the group of cash-generating unit ("CGU") level to which the goodwill has been allocated. The recoverable amount of an individual CGU and group of CGUs is determined based on value in use which involves the use of a discounted cash flow model and significant assumptions which include forecasted cash flows, terminal growth rate and post-tax discount rates. In allocating any impairment loss, the Company determines the recoverable amounts of its property, plant and equipment. The recoverable amount of property and plant is determined based on fair value less costs of disposal and involves the use of capitalization rates, market rentals, market transactions and demolition costs. The recoverable amount of equipment is determined based on fair value less costs of disposal and involves the use of replacement cost assumptions. The Company determined there were indicators of impairment on individual CGUs and the group of CGUs at May 31, 2023, and in addition to performing the annual impairment test, as at September 30, 2023. The Company identified indicators of impairment at each date, which resulted in impairment loss being recognized at each of these period ends.

6. Derivative liabilities
Warrants issued pursuant to equity offerings that are potentially exercisable in cash or on a cashless basis resulting in a variable number of shares being issued are considered derivative liabilities and therefore measured at fair value through profit or loss. The Company uses the Black-Scholes option pricing model to estimate the fair value of such warrants at inception, on each exercise, and subsequently at the period end date. The key assumption used in the model is the expected future volatility in the price of the Company's Common Shares.

The potential Common Share issuances in regards to top-up rights are considered derivative liabilities and therefore measured at fair value through profit or loss. The Company uses the Monte Carlo pricing model to estimate the fair value of such top-up rights at inception, on each exercise, and subsequently at year end. The key assumption used in the model is the expected future volatility of the price of the Company's Common Shares.

The impact of changes in these key assumptions is described in Note 14 of the Financial Statements.

7. Business combinations
Management performs a valuation analysis to allocate the purchase price based on the acquisition date fair values of the identifiable assets acquired and liabilities assumed. Determining the fair value of identifiable assets acquired and liabilities assumed on the acquisition date and contingent share consideration requires the use of judgment and estimates. With respect to the acquisitions, the significant assumptions related to estimating the fair value of the acquired licenses, brands and non-compete agreement, include: the royalty rate, forecasted revenues, forecasted cash flows, gross margin, and estimating time to market with or without key management. Management also exercises judgment in estimating the probability and timing of when earnout milestones are expected to be achieved, which is used for estimating fair values. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

8. Recognition and measurement of Secured Convertible Loan
In determining the initial and subsequent recognition and measurement of the Secured Convertible Loan (as defined herein), management has applied significant judgment and estimations in regards to identifying and accounting for a derivative. The Company uses the Cox-Ross-Rubinstein binomial lattice option pricing model to estimate the fair value of Secured Convertible Loan. The key assumptions used in the model are the likelihood and timing of the federal legalization or decriminalization of cannabis in the United States, completion of certain milestones by the borrower and the expected conversion price. Refer to Note 10 and 20 to the Financial Statements for further information.

Accounting standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations when they become effective.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 apply to situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, under IFRS 10, when an investor loses control of a subsidiary that does not contain a business as a result of a transaction involving an associate or a joint venture that is accounted for using the equity method, the gain or loss resulting from the transaction is recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. The full gain or loss continues to be recognized if the subsidiary contains a business.

Similarly, IAS 28 is amended such that a full gain or loss is recognized when a downstream transaction involves assets that constitute a business.

These amendments shall be applied prospectively to the sale or contribution of assets occurring after the effective date. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
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. These amendments also clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 8: Definition of Accounting Estimates
These amendments introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1: Disclosure of Accounting Policies
These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments require entities to disclose their *material accounting policy information* rather than their *significant accounting policies*. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and are to be applied prospectively. Earlier application is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

PRODUCT DEVELOPMENT COLLABORATION

On March 10, 2021, in conjunction with the strategic investment received as described herein, the Company and BAT entered into the "PDC Agreement" pursuant to which the CoE was established to focus on developing the next generation of cannabis products with an initial focus on CBD. The CoE is located at the Company's indoor Moncton Campus, which holds the Health Canada licenses required to conduct research and product development activities with cannabis products. Both companies are contributing scientists, researchers, and product developers to the CoE, which is governed and supervised by a steering committee consisting of an equal number of senior members from both companies. Under the terms of the PDC Agreement, both Organigram and BAT have access to certain of each other's IP and, subject to certain limitations, have the right to independently, globally commercialize the products, technologies and IP created by the CoE pursuant to the PDC Agreement.

Pursuant to the terms of the PDC Agreement, $31,109 of BAT's original investment in Organigram was reserved as restricted funds in order to satisfy certain of the Company's future obligations under the PDC Agreement, including the Company's portion of its funding obligations under a mutually agreed initial budget for the CoE. Costs relating to the CoE are funded equally by the Company and BAT. Balances are transferred from restricted funds to the Company's general operating account as CoE related expenditures are periodically reconciled and approved. The balance in restricted funds as at September 30, 2023 is $17,893 (August 31, 2022 - $26,820).

The CoE is accounted for as a joint operation, in which the Company and BAT contribute 50%. The Company recognized its share of the expenses incurred by the CoE in the statement of operations and comprehensive loss. For the thirteen months ended

September 30, 2023, $6,886 (August 31, 2022 - $2,837) of expenses have been recorded in the statement of operations and comprehensive loss.

ACQUISITION OF SUBSIDIARIES

i. Laurentian Organic Inc.

On December 21, 2021, the Company acquired 100% of the shares and voting interests of the non-listed Laurentian for $36,000, consisting of $10,000 in cash consideration, $7,000 on closing and $3,000 held back, with the remaining $26,000 in share consideration at the acquisition date. The Company has agreed to provide the seller additional share consideration based on Laurentian's future Adjusted EBITDA over a period of two years.

Taking control of Laurentian has enabled the Company to penetrate a new product category and has provided the Company with access to Laurentian's expertise in the hash manufacturing space. The acquisition also provided the Company with an increased share of the craft flower and hash market.

Equity Instruments Issued

The fair value of the 2,724,111 Common Shares issued was $27,568, based on the TSX listed share price of $10.12 per share of the Company on closing of December 21, 2021. The number of Common Shares issued was calculated by dividing the total share consideration of $26,000, per the share purchase agreement, by the 5-day volume-weighted average TSX listed share price of the Company preceding the closing date of $9.56

Contingent Share Consideration

The acquisition included contingent share consideration as follows (all capitalized terms used below not otherwise defined herein have the respective meanings ascribed to them in the Company's agreement to acquire Laurentian):

a) First Year Earnout calculated for the period January 1, 2022 to December 31, 2022, as the greater of (i) zero and (ii) the difference obtained when the sum of $2,000 and 50% of the agreed capital expenditures is subtracted from 30% of the First Year adjusted EBITDA Multiple, payable in Common Shares, provided that, the sum of the Initial Consideration and the First Year Earnout Amount shall not exceed the First Year adjusted EBITDA Multiple; and
b) Second Year Earnout calculated for the period January 1, 2023 to December 31, 2023, as 19% of the Second Year adjusted EBITDA Multiple less the remaining balance of the agreed capital expenditures less, payable in Common Shares, provided that, the sum of the Initial Consideration, the First Year Earnout Amount and the Second Year Earnout Amount shall not exceed the Second Year EBITDA Multiple.

Earnout payments paid in Common Shares shall be priced based on the five-day volume-weighted average price of the Company's Common Shares on the TSX as of the day prior to settlement. As at the acquisition date, the fair value of the contingent consideration was estimated to be $6,996. As at September 30, 2023, the contingent share consideration has been adjusted to $49, to reflect changes in estimates.

Refer to Note 27 to the Financial Statements for further information.

ii. The Edibles and Infusions Corporation

On April 6, 2021, the Company acquired 100% of the shares and voting interests of EIC, including intermediate holding companies SUHM Investments Inc. and Quality Confections Corporation who collectively owned 100% of EIC, for $22,000 of share consideration at the acquisition date. The Company has agreed to provide the seller additional share consideration of $13,000 if EIC achieves various milestones. On August 26, 2021, SUHM Investments Inc, Quality Confections Corporation and EIC amalgamated with the continuing entity being EIC. The fair value of the Common Shares issued was based on the TSX listed share price of the Company on closing of April 5, 2021 of $17.44 per share. The Company incurred acquisition-related costs of $620 on legal fees and due diligence costs. Of these costs $555 had been included in the consolidated statement of operations and comprehensive loss for the year ended August 31, 2021 and $65 were capitalized to share issuance costs.

Contingent share consideration

The acquisition included contingent share consideration based on various milestones as follows:

a) $3,500 to be paid in Common Shares upon the first listing of EIC or Organigram branded product (which was manufactured at the EIC facility) prior to December 31, 2021 in either the Ontario or Alberta recreational market. This was achieved prior to August 31, 2021 and settled subsequently on September 8, 2021;
b) $7,000 to be paid in Common Shares on the generation of $15 million in net revenue during the 12 months ended December 31, 2022; and
c) $2,500 to be paid in Common Shares on the generation of $7 million in adjusted EBITDA for the 12 months ended December 31, 2022.

Milestone payments paid in Common Shares shall be priced based on the five-day volume-weighted average price of the Company's Common Shares on the TSX as of the day prior to settlement. As at the acquisition date, the fair value of the contingent consideration was estimated to be $5,249. During the year ended August 31, 2021, the contingent consideration was adjusted to $9,038 to reflect changes in estimates.

During the year ended August 31, 2022, the first milestone was met and the Company issued 259,798 Common Shares as consideration to the former shareholders of EIC. As at August 31, 2022, the remaining contingent consideration was adjusted to $7,000.

During the thirteen months ended September 30, 2023, EIC met the second milestone and the Company issued 2,621,370 Common Shares as consideration to the former shareholders of EIC, for a total value of $6,500. The remaining $500 has been irrevocably disclaimed and waived as part of a negotiated settlement and the Company recorded it as a change in fair value of contingent share consideration during the thirteen months ended September 30, 2023. The third milestone, calculated based on the adjusted EBITDA for the 12 months ended December 31, 2022, was not met.

Refer to Note 27 to the Financial Statements for further information.

iii. Goodwill Impairment Test

During Q4 Fiscal 2023, the Company performed its annual goodwill impairment test and concluded that the recoverable amount of its group of CGUs was lower than the carrying value as at September 30, 2023, hence, impairment loss of $6,951 was recognized. See Note 9 of the Consolidated Financial Statements for further information.

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.

Nova Scotia Claim

On March 3, 2017, a claim in connection with a proposed class-action lawsuit (the "NS Claim") was filed with the Supreme Court of Nova Scotia (the "NS 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. Between 2017 and 2021, various proceedings took place and the NS Claim was amended several times.

On April 26, 2022, the Company entered into a Settlement Agreement (the "Settlement") with the representative plaintiff on behalf of the class for an aggregate of $2,310 (the "Settlement Amount"). The Settlement Amount was used to provide claimants a refund of the amounts paid to purchase the voluntarily recalled product, less any refunds they have already received, as well as the payment of legal fees. The Company reported the NS Claim to its insurance provider which appointed counsel to defend the NS Claim. The Company received insurance proceeds of $532 during the year ended August 31, 2022 to cover all remaining costs associated with the NS Claim. On August 31, 2022, the Settlement was approved by the NS Court. Settlement funds of $2,310 were deposited by Organigram with the administrator in October 2022 in accordance with the Settlement Agreement. The administrator disbursed funds to the claimants during the period from October 2022 to October 2023. On October 31, 2023, the Company received notice from the administrator that the disbursement process had been completed, with any unclaimed funds being donated to charity as per the Settlement Agreement.

Alberta Claim

On June 16, 2020, a claim in connection with a proposed national consumer protection class-action lawsuit (the "Alberta Claim") was filed with the Court of Queen's Bench in Alberta (the "AB Court") seeking damages against several Canadian cannabis companies including the Company (the "Defendants"). 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. In order to proceed as a class action, the AB Court must certify the action as a class action. A certification hearing has not yet been scheduled. The Company has reported the Alberta Claim to its insurers.

Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above. No provision for the Alberta Claim has been recognized as at September 30, 2023 (August 31, 2022 - nil).

Aa at September 30, 2023, a provision of $90 (August 31, 2022 - $2,560) in regards to claims and other contingencies was included in the consolidated statement of financial position. For the thirteen months ended September 30, 2023, payments of $2,395 (August 31, 2022 - $412) were made and a reversal of the provision of $75 (August 31, 2022 - $222) was recognized. For the thirteen months ended September 30, 2023, the Company also received insurance proceeds of Nil (August 31, 2022 - $532) related to the litigation resulting in a net recovery of $75 (August 31, 2022 - $310) in the consolidated statements of operations and comprehensive loss.

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.

The Company engaged KPMG LLP to perform an "integrated audit" which encompassed an opinion on the fairness of presentation of the Company's annual consolidated financial statements for the thirteen months ended September 30, 2023, as well as an opinion on the effectiveness of the Company's ICFR. KPMG LLP, the Company's independent registered public accounting firm, has audited the Company's consolidated financial statements and has issued an adverse report on the effectiveness of ICFR. KPMG LLP's audit report on the Company's ICFR is incorporated by reference into the Company's annual report on Form 40-F under the Exchange Act for the thirteen months ended September 30, 2023.

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 and operation of our DCP was completed as of September 30, 2023 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 ICFR described below, our DCP were not effective as of such date.

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.

MATERIAL CHANGES TO INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been a change to the Company's ICFR during the four months ended September 30, 2023 that has materially affected, or is likely to materially affect, the Company's ICFR. During the four months ended September 30, 2023, the Company substantially progressed its Enterprise Resource Planning (ERP) system implementation with the preparation for launch of the first phase of the ERP beyond the Moncton facility including the implementation of finance and supply chain modules at the Winnipeg and Lac-Supérieur facilities with a launch date of October 1, 2023. Subsequent to the end of Q4 Fiscal 2023, the Company announced the departure of Derrick West, Chief Financial Officer and the appointment of Paolo De Luca as Interim Chief Financial Officer.

Risk Assessment

Throughout the year the Company worked to and was successful in remediating its material weakness related to risk assessment. The Company undertook the following actions:

- We enhanced our understanding of assessed risks;
- We formalized and improved risk assessment and monitoring activities with continued regular reporting to those charged with governance at an appropriate frequency including formalizing and streamlining risk assessment programs such as enterprise and fraud risk management programs.

During Q4 Fiscal 2023, the Company completed its evaluation of the impact of these actions and concluded that this material weakness related to risk assessment was successfully remediated.

Control Environment

With respect to the material weakness related to the control environment during the first nine months of Fiscal 2023, the Company took the following actions:

- Bolstered the financial reporting and accounting department's internal controls and accounting knowledge by hiring new full-time employees including those in more senior roles;
- Implemented retention efforts to complement our hiring;
- Implemented additional ongoing oversight, training and communication programs for management and personnel to reinforce the Company's control standards and expectations and clarified individual responsibility for control activities at various levels within the Company. Roles and responsibilities are continually assessed with a view to meeting the needs of the Company's internal control environment;
- Prepared a delegation of authority matrix to enforce desired limits of authority for key transactions, events and commitments, and have revised the matrix to reflect recent organizational changes and have formally communicated these limits of authority to certain relevant personnel throughout the Company.

The Company believes these actions will likely remediate the material weakness related to the control environment; however, the Company continues to monitor the effectiveness of these actions and whether more actions are necessary. Turnover in the accounting and financial reporting function during the year meant that there was insufficient time for the Company to conclude on the effectiveness of its actions.

Information Process

With respect to the material weakness related to the information process during the first nine months of Fiscal 2023 we:

- Began to implement an ERP project which is expected to streamline financial data management processes, improved functionality and reduce reliance on manual spreadsheets. The ERP has multiple phases at various stages of development including scoping, design, development and testing. The first phase of the ERP was implemented on March 1, 2023 following the deployment of substantial human and financial resources to this project. This change during the four months ended September 30, 2023 is described above;
- We have hired a Chief Information Officer (CIO) and a Director of IT to oversee and enhance the IT department, support the remediation of deficiencies in general IT controls and facilitate the development and implementation of the new ERP system. Under the direction of the CIO and the Director of IT, the Company continued to make progress during the period in remediating certain IT general controls.

Control Activities

With respect to the material weakness related to control activities, we have hired more senior internal audit specialists and continue to retain external audit specialists to assist management in evaluating internal controls and provide advisory services in designing the remediation plans.

MANAGEMENT'S EVALUATION OF 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 defined by NI 52-109 and Rule 13a-15(f) of the Exchange Act as of September 30, 2023, using the criteria set forth by the COSO 2013 Framework. Based on this evaluation, management concluded that the Company's ICFR was not effective as of September 30, 2023, due to material weaknesses in internal control over ICFR that have been previously identified but continue to exist.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Management has identified the following material weaknesses:

- An ineffective control environment due to the lack of fully trained personnel in financial reporting, accounting and IT with assigned responsibility and accountability related to ICFR.
- An ineffective information process resulting from ineffective general IT controls, ineffective controls related to complex spreadsheets, and ineffective controls over information from service organizations, resulting in insufficient controls to ensure the relevance, timeliness and quality of information used in control activities.
- As a consequence of the above, the Company had ineffective control activities related to the design, implementation and operations of process level and financial statement close controls which had a pervasive impact on the Company's ICFR.

STATUS OF REMEDIATION PLAN

The Company was successful in remediating the material weakness related to risk assessment and made progress in remediating other control deficiencies as discussed above under “Material Changes to Internal Control Over Financial Reporting” as at the end of Fiscal 2023. Management, with the assistance of external and internal specialists, has continued reviewing and revising its ICFR. Management remains committed to implementing changes to its ICFR to ensure that the control deficiencies that contributed to the remaining material weaknesses are remediated.

The following remedial activities remain in progress as at the date of this MD&A and are expected to continue at least throughout the first half of Fiscal 2024. The controls associated with these remedial activities have not yet been subject to control testing to conclude on the design or operational effectiveness.

- As of September 30, 2023, the Company continues to work on the design and implementation of robust internal controls over the ERP system, however this represents a change in the control environment demonstrating the Company's commitment to remediation.
- We have been evaluating options to implement a new HRIS system in Fiscal 2024. Any such system is intended to further streamline internal processes, support employee retention efforts and facilitate remediation activities.
- We have hired more senior internal audit specialists and continue to retain external audit specialists to assist management in evaluating internal controls and provide advisory services in designing the remediation plans. These specialists will enhance our continuing efforts in Fiscal 2024 to evaluate significant financial reporting processes to identify any new processes that need to be documented, continue to design controls to assess risks related to financial reporting, and re-evaluate the design and operating effectiveness of key controls within those processes.
- Under the direction of the CIO and the Director of IT, the Company will continue to remediate certain IT general controls.
- We will continue to use senior internal audit specialists and external audit specialists to assist management in evaluating internal controls and provide advisory services in designing the remediation plans.
- We will continue to work on implementing controls that are intended to evaluate information from organizations providing services to the Company.
- We will continue to streamline our complex spreadsheet models to reduce the risk of errors in mathematical formulas and to improve the ability to verify the logic of complex spreadsheets.

Following the substantial improvement and remediation of the material weakness described above, senior management has discussed the remaining material weaknesses with the Audit Committee which will continue to review progress on these remediation activities. While we believe these actions including the ERP system will contribute to the remediation of material weaknesses, we have not yet completed all of the corrective processes, procedures and related evaluation or remediation that we believe are necessary. As we continue to evaluate and work to remediate the remaining material weaknesses, we may need to take additional measures to address the deficiencies. Until the remediation steps set forth above, including the efforts to implement any additional control activities identified in the process, are fully implemented and operate for a sufficient period of time that they can be concluded to be operating effectively, the remaining material weaknesses described above will not be considered fully remediated. While significant progress has been made toward remediation of the remaining material weaknesses, no assurance can be provided at this time that the actions and remediation efforts will effectively remediate the remaining material weaknesses described above or prevent the incidence of other material weaknesses in the Company’s ICFR in the future. We do not know the specific timeframe needed to fully remediate the remaining material weaknesses identified above. See “Risk Factors” in this MD&A and the AIF.

Management, including the CEO and CFO, does not expect that DCP or ICFR will prevent all misstatements, even as the remediation measures are implemented and further improved to address the material weaknesses. The design of any system of internal controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving the stated goals under all potential future conditions.

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 AIF, which is (a) available under the Company's issuer profile on SEDAR+ at www.sedarplus.com, and (b) incorporated into and forms part of the Company's annual report on Form-40F filed 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 ensuring 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, outstanding trade and other receivables, restricted funds and other financial assets. 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, outside of the normal course of business, management generally obtains guarantees and general security agreements. The maximum exposure to credit risk of cash, short-term investments, restricted funds, other financial assets and accounts receivable and other receivables on the statement of financial position at September 30, 2023 approximates $90,351 (August 31, 2022 - $171,799).

As of September 30, 2023 and August 31, 2022, the Company's aging of trade receivables was as follows:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
0-60 days	$ 22,946	$ 42,961
61-120 days	5,845	2,022
Gross trade receivables	$ 28,791	$ 44,983
Less: Expected credit losses and reserve for product returns and price adjustments	(1,334)	(1,121)
	$ 27,457	$ 43,862

(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. As at September 30, 2023, the Company had $33,864 (August 31, 2022 – $68,515) of cash and working capital of $133,545 (August 31, 2022 - $166,338). Further, the Company may potentially access equity capital through the capital markets if required.

The Company is obligated to the following contractual maturities relating to their undiscounted cash flows as at September 30, 2023:

	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	$ 20,007	$ 20,007	$ 20,007	$ —	$ —	$ —
Long-term debt	155	161	76	85	—	—
	$ 20,162	$ 20,168	$ 20,083	$ 85	$ —	$ —

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

In connection with the Company's facilities, the Company is contractually committed to approximately $850 of capital expenditures, mostly related to its Moncton Campus and Laurentian Facility.

(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 is comprised of interest rate risk, which 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's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rate. The Company has determined that a 1% change in rates would not have a material impact on the consolidated financial statements.

(iv) Concentration risk

The Company's accounts receivable are primarily due from provincial government agencies (three of which, individually, represented more than 10% of the Company's revenues during the thirteen months ended September 30, 2023), corporations

(none 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.

(v) Risks related to the listing of Company's Common Shares on TSX and NASDAQ

On January 23, 2023, the Company received notification from NASDAQ that it is not in compliance with the minimum bid price requirement in NASDAQ Listing Rule 5450(a)(1) for continued listing on NASDAQ (the "Minimum Bid Requirement"), since the closing bid price for the Company's common shares listed on NASDAQ was below US$1.00 for 30 consecutive trading days. Under NASDAQ Listing Rule 810(c)(3)(A), the Company has a period of 180 calendar days from the date of notification, or until July 24, 2023, to regain compliance with the Minimum Bid Requirement, during which time the Common Shares will continue to trade on NASDAQ. To regain compliance, the closing bid price of the Common Shares must remain at or above US$1.00 per share for a minimum of 10 consecutive business day. In the event the Company does not regain compliance with the Minimum Bid Requirement by July 24, 2023, the Company may be eligible for an additional period of 180 calendar days to regain compliance or may be subject to delisting of the Common Shares from NASDAQ.

The Company has effected the Share Consolidation regaining compliance with the Minimum bid Requirement, with legal effect from July 5, 2023. However, there can be no assurance that the Company will remain compliant with the Minimum Bid Requirement or otherwise maintain compliance with any of the other NASDAQ listing requirements. Any delisting of the Common Shares from NASDAQ could adversely affect the Company's ability to attract new investors, reduce the liquidity of the outstanding Common Shares, reduce the Company's ability to raise additional capital, reduce the price at which the Common Shares trades on the TSX, result in, negative publicity and increase the transaction costs inherent in trading such shares with overall negative effects for the Company's stockholders. In addition, delisting of the Common Shares could deter U.S. broker-dealers from making a market in or otherwise seeking or generating interest in the Common Shares and might deter certain institutions or persons from investing in the Company's securities at all. For these reasons and others, delisting of the Common Shares from NASDAQ could adversely affect the Company's business, financial condition and liquidity.

(vi) Risks related to the production and sale of the Edison Jolts lozenges

On March 13, 2023, the Company announced that it had received notification from Health Canada that Health Canada determined that the Edison Jolts were improperly classified as an "extract" rather than an "edible" under the Cannabis Regulations. The Company launched the Edison Jolts in August 2021 following significant research, development and regulatory work. On August 10, 2023, the Company announced that the Court had granted the Company's application for Judicial Review of the decision of Health Canada. The matter has been remitted back to Health Canada for redetermination taking the court's reasons into consideration. There can be no assurance as to outcome and timing of Health Canada's final redetermination of the matter, or that the Company will be able to continue production and commercialization of this product in the future.

(vii) Risks related to third party data

The Company relies on independent third party data for market share position and there is no assurance third party data provides an accurate representation of actual sales as some third parties use different methodologies or calculations to estimate market share position, and because market and industry data is inherently imprecise, subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey or data collection process. The Company also relies on its own market research and internal data to determine the accuracy of such third-party data.

(vii) Risks related to international sales

The Company currently sells its products in a number of jurisdictions and the sale of the products are subject to a variety of laws that vary by jurisdiction, many of which are unsettled and still developing. There is no assurance that the Company will continue to meet the legal and regulatory requirements applicable to each jurisdiction. Any change in laws or regulations may adversely impact the Company's ability to sell its products in certain jurisdiction.

(ix) Israel-Hamas war and conditions in Israel

On October 7, 2023, a war began between the terrorist organization Hamas and Israel. The Company continues to monitor the conflict in Israel and impacts the conflict has had and potential impacts the conflict could have on the Company's business in Israel, including in respect of its sales to Canndoc and collection of its accounts receivable. The extent to which the conflict may continue to impact the Company's business and activities will depend on future developments which remain highly uncertain and cannot be predicted.

The Company's commercial insurance may not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, there can be no assurance that this government coverage will be maintained or that it will sufficiently cover potential damages incurred by the Company. Any losses or damages incurred by the Company could have a material adverse effect on its business.

Prior to the Hamas attack in October 2023, the Israeli government pursued extensive changes to Israel's judicial system, which sparked extensive political debate and unrest. In response to such initiative, many individuals, organizations and institutions, both within and outside of Israel, have voiced concerns that the proposed changes may negatively impact the business environment in Israel including due to reluctance of foreign investors to invest or transact business in Israel as well as to increased currency fluctuations, downgrades in credit rating, increased interest rates, increased volatility in security markets, and other changes in macroeconomic conditions. To the extent that any of these negative developments do occur, they may have an adverse effect on the Company's business and results of operations.

(x) Risks relating to IT systems and implementing the new ERP system

The Company's business operations are managed through a variety of IT systems. Certain of the Company's key IT systems are dated and require, or are in the process of, modernization. The Company's IT systems may also be vulnerable to damage or interruption from circumstances beyond the Company's control, including fire, flood, natural disasters, systems failures, network or communications failures, power outages, public health emergencies, security breaches, cyber-attacks and terrorism. If one of the Company's key IT systems were to suffer a failure, no assurance can be given that the Company's backup systems or contingency plans will sustain critical aspects of the Company's operations, and the Company's business, results of operations or financial condition could be materially adversely affected. Further, the Company relies on large outsourcing contracts for IT services with major third-party service providers, and if such service providers were to fail or the relationships with the Company were to end, and the Company were unable to find suitable replacements in a timely manner, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company is continually modifying and enhancing its IT systems and technologies to increase productivity, efficiency and security. As new systems and technologies are implemented, the Company could experience unanticipated difficulties resulting in unexpected costs and adverse impacts to its financial reporting and manufacturing and other business processes. When implemented, the systems and technologies may not provide the benefits anticipated and could add costs and complications to ongoing operations, which may have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is currently in the midst of implementing a new ERP system, which will replace its existing financial and operating systems. The design and implementation of the ERP system requires an investment of significant personnel and financial resources, including substantial expenditures for outside consultants, system hardware and software in addition to other expenses in connection with the transformation of the Company's organizational structure and financial and operating processes. The Company may not be able to implement the ERP system successfully without experiencing delays, increased costs and other difficulties, including potential design defects, miscalculations, testing requirements, and the diversion of management's attention from day-to-day business operations. If it is unable to implement the new ERP system as planned, the effectiveness of the internal control over financial reporting could be adversely affected, the ability to assess those controls adequately and to disseminate its financial documents could be delayed, the Company's operations can be affected and the Company's financial condition, results of operations and cash flows could be negatively impacted.

(xi) COVID-19 and other infectious disease

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID-19") and resulted in governments worldwide enacting emergency measures to combat its spread. These measures, which included the implementation of travel restrictions, quarantine periods and physical distancing requirements, affected economies and disrupted business operations for the Company and its customers.

On May 5, 2023, the World Health Organization ended the global COVID-19 emergency; however, there is ongoing uncertainty regarding new and potential variants and continued global spread. The extent to which COVID-19 may impact the Company's business, including its operations, market for its securities and its financial condition, will depend on future developments which are highly uncertain and cannot be predicted at this time. The Company will continue to monitor and assess the impact of COVID-19 on its judgments, estimates, accounting policies and amounts recognized in the Financial Statements.


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Q4 2023

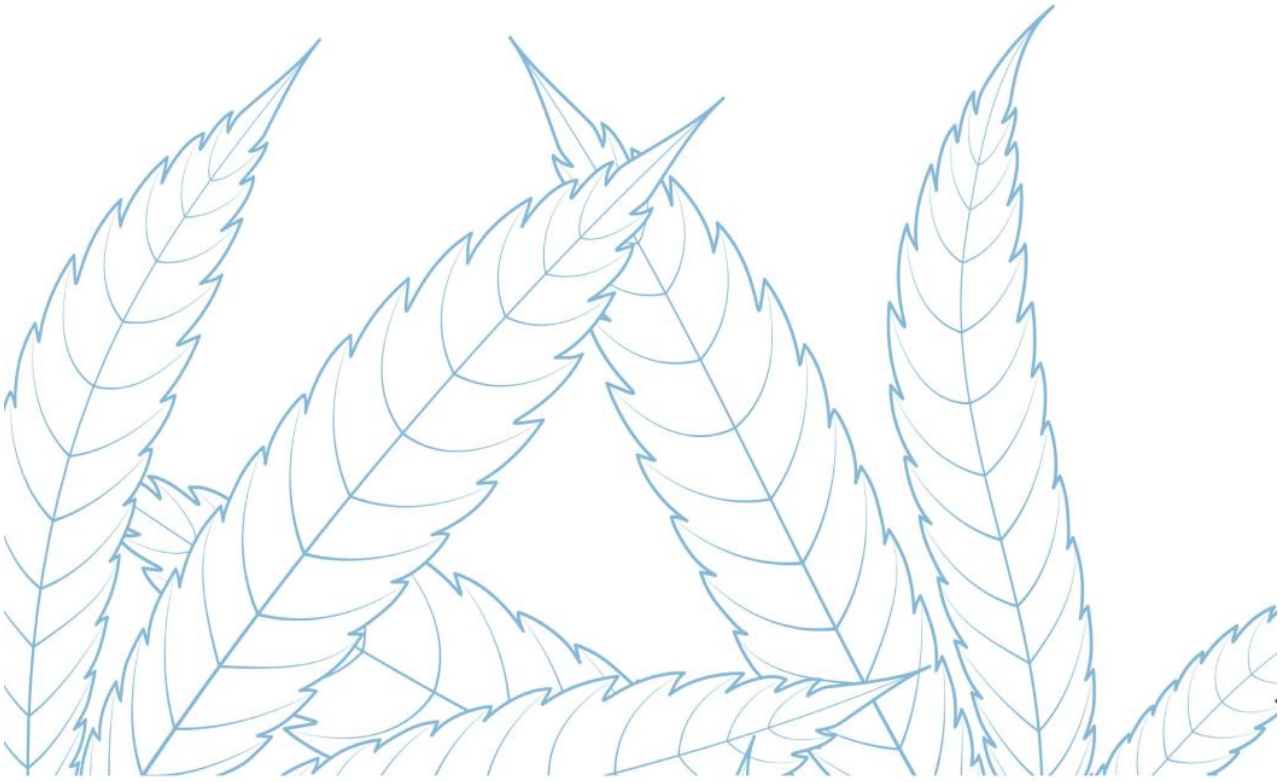
Organigram Holdings Inc.

Consolidated Financial Statements

For the thirteen months ended September 30, 2023
and the year ended August 31, 2022

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December 19, 2023

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.

(signed) 'Beena Goldenberg'
Chief Executive Officer
Toronto, Ontario

(signed) 'Paolo De Luca'
Chief Financial Officer
Toronto, Ontario

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Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Organigram Holdings Inc. and subsidiaries (the Company) as of September 30, 2023 and August 31, 2022, the related consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the thirteen month period ended September 30, 2023 and the year ended August 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2023 and August 31, 2022, and the results of its operations and its cash flows for the thirteen month period ended September 30, 2023 and the year ended August 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated December 19, 2023 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the 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 consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of measurement of fair value of biological assets

As discussed in notes 3 iv and xx to the consolidated financial statements, 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 inventories after harvest. As disclosed in note 6 to the consolidated financial statements, as of September 30, 2023, the carrying value of the Company's biological assets was $17,355 thousand. The fair value less costs to sell of biological assets is determined using a model which utilizes an estimate of the expected average yield per plant in grams for plants currently being cultivated, multiplied by the average selling price per gram and then adjusted for any additional costs to be incurred, such as post-harvest costs.

We identified the assessment of the significant assumptions used to estimate the fair value less costs to sell of biological assets as a critical audit matter as a high degree of auditor judgment was required to evaluate the significant assumptions. The significant assumptions used to determine the fair value less costs to sell of biological assets are expected average yield per plant and average selling price per gram.

The following are the primary procedures we performed to address this critical audit matter. We tested the expected average yield per plant by observing the number of grams harvested from certain plants at a selection of post-harvest weigh ins and comparing the number to the actual harvest records. We tested the average selling price per gram by comparing to actual sales prices per gram as set out in sales invoices for transactions in the fourth quarter and subsequent to year end. We performed sensitivity analyses over the Company's significant assumptions used to determine the fair value less costs to sell of biological assets to assess the impact of changes in these assumptions on the Company's determination of fair value less costs to sell.

Determination of the recoverable amount of each individual cash generating unit ('CGU') and group of CGUs and the fair value less costs of disposal of property, plant and equipment of the Moncton Campus CGU

As discussed in Note 3 ix, goodwill and indefinite life intangible assets are tested annually for impairment during the fourth quarter, or more frequently when there is an indication that goodwill and indefinite life intangible assets may be impaired. Property, plant and equipment and definite life intangible assets are reviewed each reporting period for indicators of impairment. 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 Company monitors goodwill at the group of CGUs level and accordingly for the purpose of impairment testing, goodwill has been allocated to the group of CGUs. There may be an indication of an impairment of an individual CGU within a group of CGUs containing the goodwill. In such circumstances, the Company tests the individual CGU for impairment first, and recognizes any impairment loss for that CGU, before testing for impairment of the group of CGUs to which the goodwill is allocated. If the recoverable amount of the individual CGU is less than

its carrying amount, any resulting impairment loss is allocated to the assets within the individual CGU on a pro rata basis using the carrying amount of each asset within the individual CGU. If the recoverable amount of the group of CGUs is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis for each individual CGU. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset or lower level CGUs below its recoverable amount determined based on the higher of fair value less costs of disposal and value in use. As discussed in Note xx, the recoverable amount of an individual CGU and group of CGUs is determined based on value in use which involves the use of a discounted cash flow model and significant assumptions which include forecasted cash flows, terminal growth rate and post-tax discount rates. In allocating any impairment loss, the Company determines the recoverable amounts of its property, plant and equipment. The recoverable amount of property and plant is determined based on fair value less costs of disposal and involves the use of capitalization rates, market rentals, market transactions and demolition costs. The recoverable amount of equipment is determined based on fair value less costs of disposal and involves the use of replacement cost assumptions. The Company determined there were indicators of impairment on individual CGUs and the group of CGUs at May 31, 2023, and in addition to performing the annual impairment test, as at September 30, 2023. The Company identified indicators of impairment at each date, which resulted in impairment loss being recognized at each of these period ends. As discussed in Note 9 to the consolidated financial statements, the intangible assets and goodwill balance as of September 30, 2023 was $10,624 thousand after impairment of $44,856 thousand. As discussed in Note 8 to the consolidated financial statements, the property, plant and equipment balance as of September 30, 2023 was $99,046 thousand after impairment of $165,255 thousand.

We identified the determination of the recoverable amount of each individual CGU and the group of CGUs and the fair value less costs of disposal of property, plant and equipment of the Moncton Campus CGU as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate: (1) the forecasted cash flows, terminal growth rate and post-tax discount rate assumptions used in the Company's determination of the value in use for each individual CGU and group of CGUs; (2) the capitalization rates, market rental rates, market transactions and demolition costs assumptions used in the Company's determination of the fair value less costs of disposal of property and plant of the Moncton Campus CGU; (3) the replacement cost assumptions used in the Company's determination of the fair value less costs of disposal of equipment of the Moncton Campus CGU. These assumptions were challenging to test as they represented subjective determinations of future market and economic conditions that were also sensitive to variation. Changes to these assumptions could have had a significant impact on the Company's determination of the value in use of each individual CGU and group of CGUs and the Company's determination of the fair value less costs of disposal of property, plant and equipment for the Moncton Campus CGU, and the resulting impairment charges that were recognized. In addition, the audit effort associated with these estimates required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. For the determination of the value in use of the individual CGUs and the group of CGUs, we compared the Company's historical cash flow forecasts to actual results to assess the Company's ability to accurately forecast cash flows. We evaluated the reasonableness of the Company's forecasted cash flows by comparing the forecasted cash flows to historical actual results, planned business initiatives and external industry reports. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the terminal growth rate by considering the growth profile of the individual CGUs and group of CGUs and overall macroeconomic conditions

- assessing the Company's post-tax discount rate against discount rate ranges that were independently developed using publicly available market data for comparable companies
- performing sensitivity analyses over the Company's post-tax discount rate to assess the impact on the determination of the value in use
- assessing the reasonableness of fair value less costs of disposal of property and plant of the Moncton Campus CGU by evaluating the capitalization rate, market rentals, market transactions and demolition costs by comparing against publicly available market data, such as industry reports and market research
- assessing the reasonableness of fair value less costs of disposal of equipment of the Moncton Campus CGU by evaluating the Company's estimates of replacement cost by assessing the reasonableness of inflation indices applied to historical costs and vendor quotes and by comparing to secondary market data comparable transactions.

KPMG LLP

We have served as the Company's auditor since 2020.

Vaughan, Canada
December 19, 2023

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Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Organigram Holdings Inc.'s and subsidiaries' (the Company) internal control over financial reporting as of September 30, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of September 30, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of September 30, 2023 and August 31, 2022, the related consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the thirteen month period ended September 30, 2023 and the year ended August 31, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated December 19, 2023 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses related to the following have been identified and included in management's assessment:

- An ineffective control environment due to the lack of fully trained personnel in financial reporting, accounting and IT with assigned responsibility and accountability related to ICFR.
- An ineffective information process resulting from ineffective general IT controls, ineffective controls related to complex spreadsheets, and ineffective controls over information from service organizations, resulting in insufficient controls to ensure the relevance, timeliness and quality of information used in control activities.
- As a consequence of the above, the Company had ineffective control activities related to the design, implementation and operations of process level and financial statement close controls which had a pervasive impact on the Company's ICFR.

The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the September 30, 2023 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Evaluation of Internal Control over Financial Reporting" found in Management's Discussion and Analysis. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

Vaughan, Canada
December 19, 2023

ORGANIGRAM HOLDINGS INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2023 and August 31, 2022

(Expressed in CDN $000's except share and per share amounts)

	SEPTEMBER 30, 2023	AUGUST 31, 2022
ASSETS		
Current assets		
Cash	$ 33,864	$ 68,515
Short-term investments (Note 4)	—	30,092
Account and other receivables (Note 5)	30,157	46,372
Biological assets (Note 6)	17,355	17,968
Inventories (Note 7)	63,598	50,314
Prepaid expenses and deposits	11,002	8,362
	155,976	221,623
Restricted funds (Note 26)	17,893	26,820
Property, plant and equipment (Note 8)	99,046	259,819
Intangible assets and goodwill (Note 9)	10,624	56,239
Deferred charges and deposits (Note 8)	613	5,537
Other financial assets (Note 10)	8,437	—
Investments in associates (Note 17)	5,284	6,288
Net investment in sublease	582	781
	$ 298,455	$ 577,107
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 20,007	$ 40,864
Other liabilities (Note 11)	1,062	10,360
Income taxes payable (Note 25)	94	1,421
Provisions (Note 12)	90	2,560
Current portion of long-term debt (Note 13)	76	80
Derivative liabilities (Note 14)	1,102	—
	22,431	55,285
Long-term debt (Note 13)	79	155
Derivative liabilities (Note 14)	771	4,873
Other long-term liabilities (Note 16)	3,551	5,119
Deferred income taxes (Note 25)	—	3,617
	26,832	69,049
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	776,906	769,725
Equity reserves (Note 15)	33,404	28,338
Accumulated other comprehensive loss (Note 10)	(159)	(78)
Accumulated deficit	(538,528)	(289,927)
	271,623	508,058
	$ 298,455	$ 577,107

Subsequent events (Note 29)

On behalf of the Board:
/s/Beena Goldenberg, Director
/s/Peter Amirault, Director

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

ORGANIGRAM HOLDINGS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the thirteen months ended September 30, 2023 and year ended August 31, 2022

(Expressed in CDN $000's except share and per share amounts)

	THIRTEEN MONTHS ENDED SEPTEMBER 30, 2023	YEAR ENDED AUGUST 31, 2022
REVENUE		
Gross revenue (Note 21)	$ 233,647	$ 209,109
Excise taxes	(72,008)	(63,300)
Net revenue	161,639	145,809
Cost of sales (Note 7 and Note 22)	136,437	119,037
Gross margin before fair value adjustments	25,202	26,772
Realized fair value on inventories sold and other inventory charges (Note 7)	(56,187)	(35,204)
Unrealized gain on changes in fair value of biological assets (Note 6)	68,981	40,001
Gross margin	37,996	31,569
OPERATING EXPENSES		
General and administrative (Note 24)	53,030	42,908
Sales and marketing	19,348	16,860
Research and development	13,201	5,962
Share-based compensation (Note 15 (iv))	5,273	4,745
Impairment of property, plant and equipment (Note 8)	165,255	4,245
Impairment of intangible assets and goodwill (Note 9)	44,856	—
Total operating expenses	300,963	74,720
LOSS FROM OPERATIONS	(262,967)	(43,151)
Financing costs	301	429
Investment income	(3,993)	(1,487)
Insurance recoveries	(213)	(181)
Government subsidies	(194)	(154)
Share of loss from investments in associates (Note 17)	1,004	1,364
Impairment (recovery) of loan receivable	(66)	250
Loss on disposal of property, plant and equipment	418	6,580
Change in fair value of contingent share consideration (Note 16 (i))	(3,364)	(2,621)
Change in fair value of derivative liabilities and other financial assets (Note 10 and Note 14)	(4,372)	(32,650)
Legal provision recovery (Note 12 and Note 23)	(75)	(310)
Loss before tax	(252,413)	(14,371)
Income tax expense (recovery) (Note 25)		
Current, net	(195)	400
Deferred, net	(3,617)	(488)
NET LOSS	$ (248,601)	$ (14,283)
OTHER COMPREHENSIVE INCOME (LOSS)		
Exchange differences and change in fair value of investments at FVTOCI (Note 10)	(159)	—
NET LOSS AND COMPREHENSIVE LOSS	$ (248,760)	$ (14,283)
Net loss per common share, basic (Note 15 (v))	$ (3.058)	$ (0.185)
Net loss per common share, diluted (Note 15 (v))	$ (3.058)	$ (0.184)

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

ORGANIGRAM HOLDINGS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the thirteen months ended September 30, 2023 and year ended August 31, 2022

(Expressed in CDN $000's except share and per share amounts)

	NUMBER OF SHARES[1]	SHARE CAPITAL	EQUITY RESERVES	ACCUMULATED OTHER COMPREHENSIVE LOSS	ACCUMULATED DEFICIT	SHAREHOLDERS' EQUITY
Balance - September 1, 2021	74,696,506	$730,803	$24,724	$(78)	$ (275,644)	$479,805
Shares issued related to business combination, net of issue costs of $12 (Note 15 (iii) and Note 27)	259,798	3,488	—	—	—	3,488
Shares issued related to business combination, net of issue costs of $55 (Note 15 (iii) and Note 27)	2,724,111	27,513	—	—	—	27,513
Share-based compensation (Note 15 (iv))	—	—	5,127	—	—	5,127
Exercise of stock options (Note 15 (iii))	25,200	127	(53)	—	—	74
Exercise of restricted share units (Note 15 (iii))	64,751	1,239	(1,239)	—	—	—
Exercise of performance share units (Note 15 (iii))	18,584	221	(221)	—	—	—
Exercise of top-up rights, net of issue costs of $18 (Note 15 (iii))	664,929	6,334	—	—	—	6,334
Net loss	—	—	—	—	(14,283)	(14,283)
Balance - August 31, 2022	78,453,879	$ 769,725	$ 28,338	$ (78)	$ (289,927)	$ 508,058
Balance - September 1, 2022	78,453,879	$ 769,725	$ 28,338	$ (78)	$ (289,927)	$ 508,058
Shares issued to former shareholders of EIC, net of issue costs of $19 (Note 15 (iii) and Note 27)	2,621,370	6,481	—	—	—	6,481
Share-based compensation (Note 15 (iv))	—	—	5,727	—	—	5,727
Exercise of stock options (Note 15 (iii))	26,300	69	(30)	—	—	39
Exercise of restricted share units (Note 15 (iii))	59,138	621	(621)	—	—	—
Exercise of performance share units (Note 15 (iii))	948	10	(10)	—	—	—
Rounding of fractional shares after share consolidation	(5)	—	—	—	—	—
Net loss	—	—	—		(248,601)	(248,601)
Other Comprehensive loss	—	$ —	$ —	$ (81)	$ —	(81)
Balance - September 30, 2023	81,161,630	$ 776,906	$ 33,404	$ (159)	$ (538,528)	$ 271,623

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

[1] The Company implemented a consolidation of its common shares in July 2023 and the number of common shares have been retrospectively adjusted. Refer to Note 1 for further information.

ORGANIGRAM HOLDINGS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the thirteen months ended September 30, 2023 and year ended August 31, 2022

(Expressed in CDN $000's except share and per share amounts)

	YEAR ENDED	
	SEPTEMBER 30, 2023	AUGUST 31, 2022
CASH PROVIDED (USED)		
OPERATING ACTIVITIES		
Net loss	$ (248,601)	$ (14,283)
Items not affecting operating cash:		
Share-based compensation (Note 15 (iv))	5,727	5,127
Depreciation and amortization (Note 8 and Note 9)	26,188	24,907
Loss on disposal of property, plant and equipment and intangibles	418	6,580
Impairment of property, plant and equipment (Note 8)	165,255	4,495
Impairment of intangible assets and goodwill (Note 9)	44,856	—
Realized fair value on inventories sold and other inventory charges (Note 7)	56,187	35,204
Unrealized gain on changes in fair value of biological assets (Note 6)	(68,981)	(40,001)
Financing costs	301	429
Investment income	(3,993)	(1,487)
Share of loss from investments in associates (Note 17)	1,004	1,364
Change in fair value of contingent consideration (Note 16 (i))	(3,364)	(2,621)
Legal provision recovery (Note 12 and Note 23)	(75)	(310)
Change in fair value of derivative liabilities (Note 14)	(4,372)	(32,650)
Income tax expense (recovery) (Note 25)	(3,812)	(88)
Cash used in operating activities before working capital changes	(33,262)	(13,334)
Changes in non-cash working capital:		
Net change in accounts and other receivables, biological assets, inventories, prepaid expenses and deposits	13,552	(37,656)
Net change in accounts payable and accrued liabilities, provisions and other liabilities	(19,068)	14,779
Net cash used in operating activities	(38,778)	(36,211)
FINANCING ACTIVITIES		
Share issue costs	(19)	(85)
Payment of lease liabilities, net of sublease receipts (Note 16 (ii))	(750)	(931)
Payment of long-term debt (Note 13)	(87)	(82)
Stock options and top-up-rights exercised (Note 15 (iii))	39	6,426
Net cash (used in) provided by financing activities	(817)	5,328
INVESTING ACTIVITIES		
Purchase of short-term investments (Note 4)	(10,000)	(15,000)
Proceeds from short-term investments (Note 4)	40,476	113,098
Investment income received	3,589	1,487
Investments in associates (Note 17)	—	(2,624)
Advances to restricted funds, net (Note 26)	8,927	4,289
Acquisition of subsidiary (Note 27)	—	(8,439)
Other financial assets (Note 10)	(8,647)	—
Proceeds on sale of property, plant and equipment	1,027	—
Purchase of property, plant and equipment (Note 8)	(29,142)	(48,748)
Purchase of intangible assets (Note 9)	(1,286)	(30)
Net cash provided by investing activities	4,944	44,033
(DECREASE) INCREASE IN CASH	$ (34,651)	$ 13,150
CASH POSITION		
Beginning of period	$ 68,515	$ 55,365
End of period	$ 33,864	$ 68,515

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 (the "Common Shares") trading on the Toronto Stock Exchange ("TSX") and on the Nasdaq Global Select Market ("NASDAQ") under the symbol "OGI". The head office of the Company is 1400-145 King Street West, Toronto, Ontario, Canada, M5H 1J8 and the registered office 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); (ii) 10870277 Canada Inc., a special purpose holding company for the Company; (iii) The Edibles and Infusions Corporation ("EIC"), a cannabis processor of confectionary goods; and (iv) Laurentian Organic Inc. ("Laurentian"), an LP specializing in high-quality artisanal craft cannabis and premium hash products. Organigram Inc. was incorporated under the Business Corporations Act (New Brunswick) on March 1, 2013. The Company was incorporated under the Business Corporations Act (British Columbia) on July 5, 2010, and continued under the Canada Business Corporations Act ("CBCA") on April 6, 2016. 10870277 Canada Inc. was incorporated under the CBCA on July 4, 2018. EIC was incorporated under the Business Corporations Act (Ontario) on September 20, 2018. Laurentian was incorporated under the CBCA on March 18, 2019.

In May 2023, to better align the Company's financial statement reporting requirements with other public companies and calendar quarters, the Company's Board of Directors approved a change in the Company's fiscal year end from August 31 to September 30. The Company's next fiscal year will commence from October 1, 2023 through September 30, 2024 (fiscal 2024). As a result of the change in year end, the current period in these consolidated financial statements is for the thirteen months from September 1, 2022 through September 30, 2023, whereas the comparative period is for the twelve months from September 1, 2021 through August 31, 2022.

On June 19, 2023, the Company's Board of Directors approved the consolidation of the Company's issued and outstanding Common Shares at a consolidation ratio of four (4) pre-consolidation Common Shares for every post-consolidation common share (the "Share Consolidation"). The Share Consolidation was implemented with effect from July 5, 2023 to facilitate compliance with NASDAQ's listing requirements with respect to the minimum bid price for listed securities, reduce volatility, and to enhance the marketability of the Common Shares to institutional investors. In accordance with the International Financial Reporting Standards ("IFRS"), the change has been applied retrospectively and as a result, all disclosures of Common Shares, per Common Share data and data related to stock options, restricted share units ("RSU"), performance share units ("PSU"), warrants and top-up-rights in the accompanying consolidated financial statements and related notes reflect this Share Consolidation for all years presented.

2. BASIS OF PREPARATION

i. Statement of compliance

These consolidated financial statements have been prepared in accordance with the 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 December 19, 2023.

ii. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for biological assets, share-based compensation, contingent share consideration, short-term investments, other financial assets and derivative liabilities, 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 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 Company. The results of subsidiaries acquired during the year are consolidated from the date of acquisition.

Associates are all entities over which the Company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method after initial recognition at cost. Joint operations are arrangements in

which the Company has joint control. The Company includes its proportionate share of the assets acquired and expenses incurred of the joint operation.

iv. 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 as described in Note 17, 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 rates prevailing at the dates of the transactions. 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 operations and comprehensive loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at 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 the consolidated statements of operations and comprehensive loss within other comprehensive (loss) income and are accumulated in accumulated other comprehensive (loss) income.

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 (loss) income related to the foreign operation are recognized in the consolidated statements of operations and comprehensive 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 (loss) income 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.

iii. Financial assets

Accounts and other receivables are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, financial assets are classified as measured at: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

Financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that

otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Subsequent to initial measurement, financial assets are measured as follows:

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statements of operations and comprehensive loss.
- Financial assets at amortized costs: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statements of operations. Any gain or loss on derecognition is recognized in the consolidated statements of operations and comprehensive loss.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of operations. Other net gains and losses are recognized in other comprehensive income (loss). On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statements of operations and comprehensive loss.
- Equity instruments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized in income in the consolidated statement of operations unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to the consolidated statements of operations and comprehensive loss.

iv. 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 labour, 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. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position and unrealized fair value gains/losses on growth of biological assets are recorded on the consolidated statements of operations and comprehensive loss.

v. Inventories

Inventories of finished goods and packaging and supplies are initially valued at cost, and subsequently at the lower of cost and net realizable value on the consolidated statement of financial position. 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 operations and comprehensive loss at the time the inventory is sold.

vi. 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 asset 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, if any.

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:

Buildings	25 years
Growing and processing equipment	2-10 years
Computer equipment	5 years
Vehicles	5 years
Furniture and fixtures	10 years
Leasehold improvements	5 years
Right-of-use assets	term of lease

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 the consolidated statements of operations and comprehensive loss.

Construction in process is 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 each 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.

vii. 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, if any. The Company monitors goodwill at the group of cash-generating unit ("CGU") level and accordingly for the purpose of impairment testing, goodwill has been allocated to the group of CGUs.

Goodwill is tested annually for impairment at year end, or more frequently when there is an indication that goodwill may be impaired. If the recoverable amount, representing the higher of its fair value less cost to sell and its value in use, of the group of CGUs is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis, but not below the fair value of the assets, for each CGU. Any goodwill impairment loss is recorded in the consolidated statements of operations and comprehensive loss in the period of impairment. Previously recognized impairment losses for goodwill are not reversed in subsequent periods.

viii. Assets held for sale

Assets and liabilities held for sale are no longer depreciated and are presented separately in the consolidated 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.

ix. Impairment of non-financial assets

Goodwill and indefinite life intangible assets are tested annually for impairment during the fourth quarter, or more frequently when there is an indication that goodwill and indefinite life intangible assets may be impaired. Property, plant and equipment and definite life intangible assets are reviewed each reporting period for indicators of impairment. 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 Company monitors goodwill at the group of CGUs level and accordingly for the purpose of impairment testing, goodwill has been allocated to the group of CGUs. There may be an indication of an impairment of an individual CGU within a group of CGUs containing the goodwill. In such circumstances, the Company tests the individual CGU for impairment first, and recognizes any impairment loss for that CGU, before testing for impairment of the group of CGUs to which the goodwill is allocated. If the recoverable amount of the individual CGU is less than its carrying amount, any resulting impairment loss is allocated to the assets within the individual CGU on a pro rata basis using the carrying amount of each asset within the individual CGU. If the recoverable amount of the group of CGUs is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis for each individual CGU. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset or lower level CGUs below its recoverable amount determined based on the higher of fair value less costs of disposal and value in use.

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.

x. Share-based payments

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation cost 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 option pricing model and fair value for RSUs and 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 cost recognized is reflected in the period the estimate is revised. Cancellations of unvested equity settled share-based payments are accounted for as an acceleration of vesting and any remaining unamortized costs are recognized immediately in profit or loss.

For stock options granted to non-employees, the cost 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 payment cost is transferred from equity reserves to share capital.

xi. Investments in associates and joint operations

Associates are companies over which the Company has significant influence. 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.

The Company recognizes its share of the assets, liabilities, revenue and expenses of joint operations in accordance with the related agreements (Note 26).

Investments in associates are considered impaired and impairment losses are recognized if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. In such cases, the carrying value of the associate is written down to its recoverable amount which is the higher of value in use and fair value less costs of disposal.

xii. 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 intangible assets is recorded 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. Other intangible assets with a definite useful life are amortized over the estimated useful lives which are as follows:

License agreements	1-5 years
Brands	5 years
Non-compete agreements	5 years

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, but are tested for impairment annually. The Company does not have intangible assets not yet in use or indefinite lived intangible assets.

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 related expenditures that are not eligible to be capitalized are recognized as an expense in the consolidated statements of operations and comprehensive loss as incurred.

xiii. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation based on past events, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reasonably estimated. Provisions are measured at the present value of the estimated expenditures expected to settle the obligation, if the effect of the time value of money is material.

xiv. Loss per share

Basic and diluted loss per share is calculated by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding during the year. When there is net income, diluted loss per share is calculated in a similar manner, but with adjustments to give effect to all dilutive potential common shares outstanding during the year. The dilutive effect of warrants, options, top-up rights, RSUs and PSUs is calculated using the treasury stock method. Anti-dilutive effects of potential conversions of securities are ignored for this calculation.

xv. Revenue recognition

Revenue from the direct sale of cannabis dried flower and cannabis derivative products for a fixed price is recognized when the Company transfers control of the goods to the customer, which is at point of delivery.

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 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.

xvi. Derivative liabilities

Derivative liabilities are initially recognized at fair value at the date on which the derivative contract was entered into. Any attributable transaction costs are recognized in the consolidated statements of operations and comprehensive loss as incurred. Subsequent to initial recognition, derivative liabilities are measured at fair value at each reporting date until settlement, with the re-measurement gain or loss being recognized immediately in the consolidated statements of operations and comprehensive loss. The Company does not enter into or hold derivative financial instruments for trading or speculative purposes.

For more details on derivative liabilities consisting of warrants, top-up rights, and a secured convertible loan, see Note 14.

xvii.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 in the consolidated statements of operations and comprehensive 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 year, using tax rates enacted, or substantively enacted, as at the end of the reporting year. Current tax expense (recovery) included in the consolidated statements of operations and comprehensive loss reflects the current tax for the reporting year, plus adjustments to the current tax of prior years, 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 consolidated 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 date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

xviii. 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 years presented.

xviii. Business combinations

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a

minimum, an input and substantive process and whether the acquired set of assets and activities has the ability to produce outputs.

The Company has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable assets acquired and liabilities assumed. Goodwill is the excess of consideration transferred over the fair value of the net tangible and intangible assets acquired, at the acquisition date and is tested annually for impairment, or when indicators of impairment arise. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of any pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

xix. 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 consolidated statements of operations and comprehensive 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 a subsidy related to assets, requires recording it as deferred income or deducting it from the carrying amount of the asset.

xx. 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 consolidated 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 the average selling price per gram and expected average yield per 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, forecast demand and average selling price for obsolete and unsaleable inventories. Refer to Notes 6 and 7 for further information.

2. **Useful lives and impairment of property, plant and equipment and finite-life intangible assets**
   Amortization of property, plant and equipment and finite life intangibles assets 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.

3. **Share-based payments**
   In determining the fair value of options and related costs, management estimates the expected life of the option, the expected volatility of the Company's share price, the risk-free interest rate, and the rate of forfeitures. Refer to Note 15 for further information.

4. **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.

5. **Impairment of non-financial assets**
   The recoverable amount of an individual CGU and group of CGUs is determined based on value in use which involves the use of a discounted cash flow model and significant assumptions which include forecasted cash flows, terminal growth rate and post-tax discount rates. In allocating any impairment loss, the Company determines the recoverable amounts of its property, plant and equipment. The recoverable amount of property and plant is determined based on fair value less costs of disposal and involves the use of capitalization rates, market rentals, market transactions and demolition costs.

The recoverable amount of equipment is determined based on fair value less costs of disposal and involves the use of replacement cost assumptions. The Company determined there were indicators of impairment on individual CGUs and the group of CGUs at May 31, 2023, and in addition to performing the annual impairment test, as at September 30, 2023. The Company identified indicators of impairment at each date, which resulted in impairment loss being recognized at each of these period ends.

6. Derivative liabilities

Warrants issued pursuant to equity offerings that are potentially exercisable in cash or on a cashless basis resulting in a variable number of shares being issued are considered derivative liabilities and therefore measured at fair value through profit or loss. The Company uses the Black-Scholes option pricing model to estimate the fair value of such warrants at inception, on each exercise, and subsequently at the period end date. The key assumption used in the model is the expected future volatility in the price of the Company's Common Shares.

The potential Common Share issuances in regards to top-up rights are considered derivative liabilities and therefore measured at fair value through profit or loss. The Company uses the Monte Carlo pricing model to estimate the fair value of such top-up rights at inception, on each exercise, and subsequently at year end. The key assumption used in the model is the expected future volatility of the price of the Company's Common Shares. The impact of changes in these key assumptions is described in Note 14.

7. Business combinations

Management performs a valuation analysis to allocate the purchase price based on the acquisition date fair values of the identifiable assets acquired and liabilities assumed. Determining the fair value of identifiable assets acquired and liabilities assumed on the acquisition date and contingent share consideration requires the use of judgment and estimates. With respect to the acquisitions, the significant assumptions related to estimating the fair value of the acquired licenses, brands and non-compete agreement, include: the royalty rate, forecasted revenues, forecasted cash flows, gross margin, and estimating time to market with or without key management. Management also exercises judgment in estimating the probability and timing of when earnout milestones are expected to be achieved, which is used for estimating fair values. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

8. Recognition and measurement of Secured Convertible Loan

In determining the initial and subsequent recognition and measurement of the Secured Convertible Loan (as defined herein), management has applied significant judgment and estimations in regards to identifying and accounting for a derivative. The Company uses the Cox-Ross-Rubinstein binomial lattice option pricing model to estimate the fair value of Secured Convertible Loan. The key assumptions used in the model are the likelihood and timing of the federal legalization or decriminalization of cannabis in the United States, completion of certain milestones by the borrower and the expected conversion price. Refer to Note 10 and 20 for further information.

New and amended accounting standards effective for the current year

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment apply retrospectively for annual reporting periods beginning on or after January 1, 2022, with early application permitted.

The Company adopted these amendments to IAS 37 effective September 1, 2022 and determined that none of the contracts existing at September 1, 2022 would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at September 1, 2022 as a result of the change.

Amendments to IAS 16: Property Plant and Equipment: Proceeds before Intended Use

The amendment clarify the accounting for the net proceeds from selling any items produced while bringing an item of property plant and equipment into use. The amendments prohibit a company from deducting from the cost of property plant and equipment proceeds from selling items produced while the company is preparing that asset for its intended use. A company will recognize such sales proceeds and related costs in profit or loss. The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2022 with early application permitted.

The Company adopted these amendments to IAS 16 effective September 1, 2022 and had no impact on the consolidated financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Amendment to IFRS 9: Financial Instruments

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted.

The amendment had no impact on the consolidated financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

Amendments to IFRS 3: Business Combinations
In May 2020, the IASB issued *Reference to the Conceptual Framework (Amendments to IFRS 3)* with amendments to IFRS 3, which refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also added a requirement that for obligations within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, ("IAS 37"), an acquirer applies IAS 37 or IFRIC 21, Levies, instead of the Conceptual Framework to identify the liabilities that have been assumed. Finally, the amendments also state that the acquirer does not recognize contingent assets acquired in a business combination. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

The Company adopted these amendments effective September 1, 2022 and had no impact on the consolidated financial statements of the Company.

Amendments to IAS 41: Agriculture
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

While the Company's biological assets are within the scope of IAS 41 *Agriculture*, these amendments had no impact on the Company's consolidated financial statements as the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 *Inventories.*

Accounting standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations when they become effective.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 apply to situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, under IFRS 10, when an investor loses control of a subsidiary that does not contain a business as a result of a transaction involving an associate or a joint venture that is accounted for using the equity method, the gain or loss resulting from the transaction is recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. The full gain or loss continues to be recognized if the subsidiary contains a business. Similarly, IAS 28 is amended such that a full gain or loss is recognized when a downstream transaction involves assets that constitute a business.

These amendments shall be applied prospectively to the sale or contribution of assets occurring after the effective date. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
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. These amendments also clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 8: Definition of Accounting Estimates
These amendments introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1: Disclosure of Accounting Policies
These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments require entities to disclose their *material accounting policy information* rather than their *significant accounting policies*. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and are to be applied prospectively. Earlier application is permitted. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. 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 include the following as at September 30, 2023 and August 31, 2022:

DESCRIPTION	SEPTEMBER 30, 2023	AUGUST 31, 2022
Guaranteed Investment Certificates (GIC)	$ —	$ 30,072
Bond - Canada Revenue Agency	—	20
	$ —	$ 30,092

During the thirteen months ended September 30, 2023, Guaranteed Investment Certificates (GICs) that were outstanding as at August 31, 2022 matured and the Company realized a maturity amount of $30,269. The Company also purchased a new GIC amounting to $10,000 having an interest rate of 4.2% per annum. This GIC matured during the thirteen months ended September 30, 2023 and the Company realized a maturity amount of $10,207.

5. ACCOUNT AND OTHER RECEIVABLES

The Company's accounts receivable include the following balances as at September 30, 2023 and August 31, 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Gross trade receivables	$ 28,791	$ 44,983
Less: reserves for product returns and price adjustments	(810)	(1,050)
Less: expected credit losses	(524)	(71)
Trade receivables	27,457	43,862
Sales taxes receivable	9	1,419
Current portion of net investment in subleases	508	304
Other receivables	2,183	787
	$ 30,157	$ 46,372

6. 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 at September 30, 2023 and August 31, 2022 are as follows:

	CAPITALIZED COST	BIOLOGICAL ASSET FAIR VALUE ADJUSTMENT	AMOUNT
Balance, August 31, 2021	$ 5,765	$ 6,357	$ 12,122
Unrealized gain on changes in fair value of biological assets	—	40,001	40,001
Production costs capitalized	48,502	—	48,502
Transfer to inventory upon harvest	(45,551)	(37,289)	(82,840)
Balance, August 31, 2022	$ 8,753	$ 9,215	$ 17,968
Unrealized gain on changes in fair value of biological assets	—	68,981	68,981
Production costs capitalized	52,502	—	52,502
Transfer to inventory upon harvest	(54,310)	(67,786)	(122,096)
Balance, September 30, 2023	$ 6,945	$ 10,410	$ 17,355

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, then adjusts that amount for the average selling price per gram, and for any additional costs to be incurred, such as post-harvest costs. The following unobservable inputs, all of which are classified as Level 3 within the fair value hierarchy (see Note 20), 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. expected average yield per plant – represents the number of grams of finished cannabis inventory which is expected to be obtained from each harvested cannabis plant currently under cultivation;
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;
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; and
v. stage of completion in the cultivation process – calculated by taking the average number of weeks in production over a total average grow cycle of approximately 14 weeks.

The Company estimates the harvest yields for the cannabis on plants at various stages of growth, based on expected yield of mature plants. As of September 30, 2023, it is expected that the Company's biological assets will yield 26,917 kg (August 31, 2022 – 27,405 kg) of cannabis when eventually harvested. The Company's estimates are, by their nature, subject to change, and differences from the expected 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 14-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			EFFECT ON FAIR VALUE	
	September 30, 2023	August 31, 2022	SENSITIVITY	September 30, 2023	August 31, 2022
Average selling price per gram	$ 1.52	$ 1.49	Increase or decrease by 10% per gram	$ 1,690	$ 1,766
Expected average yield per plant	173 grams	132 grams	Increase or decrease by 10 grams	$ 978	$ 1,339

The expected average yield per plant at September 30, 2023 primarily reflects the average yield of the flower component of the plant (with the exception being cannabidiol ("CBD") dominant strains where trim is also harvested for extraction).

7. INVENTORIES

The Company's inventories are comprised of the following balances as at September 30, 2023 and August 31, 2022:

	SEPTEMBER 30, 2023		
	CAPITALIZED COST	FAIR VALUE ADJUSTMENT	CARRYING VALUE
Plants in drying stage	$ 1,033	$ 949	$ 1,982
Dry cannabis			
Available for packaging	15,250	16,398	31,648
Packaged inventory	4,634	1,559	6,193
Flower and trim available for extraction	1,180	1,602	2,782
Concentrated extract	3,745	2,111	5,856
Formulated extracts			
Available for packaging	3,681	366	4,047
Packaged inventory	2,224	80	2,304
Packaging and supplies	8,786	—	8,786
	$ 40,533	$ 23,065	$ 63,598

	AUGUST 31, 2022		
	CAPITALIZED COST	FAIR VALUE ADJUSTMENT	CARRYING VALUE
Plants in drying stage	$ 1,439	$ 1,346	$ 2,785
Dry cannabis			
Available for packaging	14,631	6,089	20,720
Packaged inventory	3,843	1,404	5,247
Flower and trim available for extraction	783	889	1,672
Concentrated extract	3,726	1,995	5,721
Formulated extracts			
Available for packaging	1,450	85	1,535
Packaged inventory	3,090	227	3,317
Packaging and supplies	9,317	—	9,317
	$ 38,279	$ 12,035	$ 50,314

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, hash, beverage and vaporizable products.

The amount of inventory expensed in cost of sales for the thirteen months ended September 30, 2023 was $101,853 (August 31, 2022 - $95,638). The amount of inventory provisions and processing and packaging waste for the thirteen months ended September 30, 2023 was $20,883 (August 31, 2022 - $10,252), which includes, provisions for excess and unsaleable inventories of $5,678 (August 31, 2022 - $4,048), adjustments to net realizable value of $9,334 (August 31, 2022 - $498) and processing and packaging waste of $5,871 (August 31, 2022 - $5,706), which comprised of the production or purchase costs of these inventories and biological assets.

The amount of realized fair value on inventories sold and other inventory charges for the thirteen months ended September 30, 2023 was $56,187 (August 31, 2022 - $35,204), including realized fair value on inventories sold of $43,524 (August 31, 2022 - $31,133). Inventory provisions to adjust to net realizable value during the thirteen months ended September 30, 2023 were $21,997 (August 31, 2022 - $4,569), consisting of $9,334 (August 31, 2022 - $498) recognized in cost of sales and $12,663 (August 31, 2022 - $4,071) recognized in fair value adjustments.

8. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	CONSTRUCTION IN PROCESS	GROWING & PROCESSING EQUIPMENT	OTHER	RIGHT-OF-USE ASSETS	TOTAL
Cost							
Balance, August 31, 2021	$ 4,075	$ 135,763	$ 2,092	$ 139,410	$ 10,323	$ 5,317	$ 296,980
Acquisitions through business combinations	230	781	2,930	397	143	1,759	6,240
Additions	400	7,326	26,021	18,051	1,210	2,931	55,939
Transfers	—	961	—	—	—	(961)	—
Construction completed	—	1,539	(20,671)	18,659	473	—	—
Disposals	—	(100)	—	(11,379)	(75)	(5,447)	(17,001)
Balance, August 31, 2022	$ 4,705	$ 146,270	$ 10,372	$ 165,138	$ 12,074	$ 3,599	$ 342,158
Additions	—	348	6,146	17,314	2,938	2,300	29,046
Construction completed	—	14,544	(16,518)	1,692	282	—	—
Disposals	—	(182)	—	(17,204)	(455)	(1,299)	(19,140)
Balance, September 30, 2023	$ 4,705	$ 160,980	$ —	$ 166,940	$ 14,839	$ 4,600	$ 352,064
Accumulated depreciation and impairment							
Balance, August 31, 2021	$ —	$ (13,659)	$ —	$ (41,647)	$ (4,578)	$ (1,157)	$ (61,041)
Depreciation	—	(5,933)	—	(13,853)	(1,550)	(925)	(22,261)
Transfers	—	—	—	—	—	—	—
Disposals	—	—	—	4,715	59	434	5,208
Impairment	—	—	—	(4,245)	—	—	(4,245)
Balance, August 31, 2022	$ —	$ (19,592)	$ —	$ (55,030)	$ (6,069)	$ (1,648)	$ (82,339)
Depreciation	—	(2,023)	—	(18,166)	(1,817)	(713)	(22,719)
Disposals	—	38	—	16,146	367	744	17,295
Impairment	(2,721)	(78,320)	—	(79,521)	(4,074)	(619)	(165,255)
Balance, September 30, 2023	$ (2,721)	$ (99,897)	$ —	$ (136,571)	$ (11,593)	$ (2,236)	$ (253,018)
Net book value							
August 31, 2022	$ 4,705	$ 126,678	$ 10,372	$ 110,108	$ 6,005	$ 1,951	$ 259,819
September 30, 2023	$ 1,984	$ 61,083	$ —	$ 30,369	$ 3,246	$ 2,364	$ 99,046

Included in deferred charges and deposits is $222 (August 31, 2022 - $5,507) paid to secure the acquisition of manufacturing equipment. The amounts will be recorded into property, plant and equipment as equipment is received.

i. Impairment/Accelerated Depreciation

During the thirteen months ended September 30, 2023, the Company determined that indicators of impairment existed in relation to two of its three cash generating units (CGUs) and as a result, the Company performed an impairment test. Refer to Note 9 for further information.

Moncton Chocolate Line

During the year ended August 31, 2022, due to the decline in utilization of the equipment and declining revenues, the Company made the strategic decision to cease manufacturing chocolate at its Moncton Campus. As a result, the asset is measured at the lower of its carrying amount and fair value less costs to sell and the Company recognized an impairment loss of $3,978 in relation to this asset. Additionally, management reassessed the useful life of the chocolate manufacturing equipment at its Winnipeg site and recognized accelerated depreciation of $267 during the year ended August 31, 2022.

ii. 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:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Additions (including right-of-use lease assets)	$ 29,046	$ 62,179
Additions related to business combinations	—	(6,240)
Additions related to right-of-use lease assets (Note 16(ii))	(2,300)	(2,931)
Net change in deferred charges and deposits related to purchases of property, plant and equipment	(5,285)	2,319
Net change in accounts payable and accrued liabilities related to purchases of property, plant and equipment	7,681	(6,579)
Purchases of property, plant and equipment	$ 29,142	$ 48,748

9. INTANGIBLE ASSETS AND GOODWILL

	GOODWILL	SUPPLY AGREEMENT	LICENSE AGREEMENTS	BRANDS	COMPUTER SOFTWARE	NON-COMPETE AGREEMENT	TOTAL
Cost							
Balance, August 31, 2021	$ 14,321	$ 227	$ 2,298	$ —	$ 878	$ 585	$ 18,309
Acquisitions through business combinations	27,658	—	7,933	6,258	26	—	41,875
Additions	—	—	—	—	30	—	30
Disposals	—	(227)	—	—	(86)	—	(313)
Balance, August 31, 2022	$ 41,979	$ —	$ 10,231	$ 6,258	$ 848	$ 585	$ 59,901
Additions	—	—	2,710	—	—	—	2,710
Disposals	—	—	—	—	—	—	—
Balance, September 30, 2023	$ 41,979	$ —	$ 12,941	$ 6,258	$ 848	$ 585	$ 62,611
Accumulated amortization and impairment							
Balance, August 31, 2021	$ —	$ (227)	$ (373)	$ —	$ (614)	$ (49)	$ (1,263)
Amortization	—	—	(1,562)	(836)	(131)	(117)	(2,646)
Disposals	$ —	$ 227	$ —	$ —	$ 20	$ —	$ 247
Balance, August 31, 2022	$ —	$ —	$ (1,935)	$ (836)	$ (725)	$ (166)	$ (3,662)
Amortization	—	—	(2,006)	(1,238)	(98)	(127)	(3,469)
Impairment	(41,979)	—	(1,586)	(1,266)	(25)	—	(44,856)
Balance, September 30, 2023	$ (41,979)	$ —	$ (5,527)	$ (3,340)	$ (848)	$ (293)	$ (51,987)
Net book value							
August 31, 2022	$ 41,979	$ —	$ 8,296	$ 5,422	$ 123	$ 419	$ 56,239
September 30, 2023	$ —	$ —	$ 7,414	$ 2,918	$ —	$ 292	$ 10,624

i. CGU Impairment

As at May 31, 2023, the Company assessed whether there were events or changes in circumstances that would indicate that any of its CGUs were impaired. The Company considered external and internal factors including overall financial performance and relevant entity and CGU specific factors. As part of this assessment, management identified impairment indicators for its Moncton Campus and Lac-Supérieur CGUs and as a result performed an impairment test for both CGUs. The recoverable amount of each CGU was determined based on a value in use calculation using cash flow projections from financial budgets and/or forecasts approved by senior management covering a period of 4.33 years. The forecasted cash flows beyond a period of 4.33 years was extrapolated using a 3.0% growth rate based on projected consumer price inflation and industry growth. The post-tax discount rate applied to forecasted cash flows was 14.8% and 15% for the Moncton Campus and Lac-Supérieur, respectively. Management concluded that the recoverable amounts of $176,510 and $16,840 were lower than the carrying value as at May 31, 2023 by approximately $148,848 and $7,366 of the Moncton Campus and Lac-Supérieur CGUs, respectively and hence, impairment loss of $156,214 was recognized for these CGUs which was allocated to property, plant and equipment and intangible assets.

As at September 30, 2023, the Company reassessed whether there were events or changes in circumstances that would indicate that any CGU was further impaired. The Company considered external and internal factors including overall financial performance and relevant entity and CGU specific factors. As part of this assessment, management identified impairment indicators for its Moncton CGU and as a result performed an impairment test for this CGU. The recoverable amount of the CGU was determined based on a value in use calculation using cash flow projections from financial budgets and/or forecasts approved by senior management covering a period of 4-years. The forecasted cash flows beyond a period of 4-years was extrapolated using a 3.0% growth rate based on projected consumer price inflation and industry growth. The post-tax discount rate applied to forecasted cash flows was 15.5%. Management concluded that the recoverable amount of $89,409 was lower than the carrying value by $87,805, however, in allocating the impairment loss, the Company determined

FVLCD for its property, plant and equipment and did not allocate impairment to assets for which the FVLCD was higher than the carrying amount. As a result, only $11,918 of impairment loss was allocated to property, plant and equipment.

ii. **Goodwill**

As at May 31, 2023, as a result of the impairment triggers identified at certain CGUs noted above, the Company determined that indicators of impairment existed in relation to the group of CGUs to which goodwill has been allocated. Management performed an impairment test and determined the recoverable amount of the group of CGUs based on a value in use calculation using cash flow projections from financial budgets and/or forecasts approved by senior management covering a period of 4.33 years. Management concluded that the recoverable amount of $224,530 was lower than the carrying value of the group of CGUs and hence, an impairment loss of $35,028 was recognized against goodwill.

As at September 30, 2023, the Company performed its annual goodwill impairment test. The recoverable amount of the group of CGUs to which goodwill is allocated was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a four-year period. Management concluded that the recoverable amount of the group of CGUs of $163,152 was lower than the carrying value by approximately $55,583, however, in allocating the impairment loss, the Company did not allocate impairment to assets and lower level CGUs for which the recoverable amounts was higher than the carrying amount. As a result, only $6,951 of impairment loss was recognized against goodwill.

The significant assumptions applied in the determination of the recoverable amount as at September 30, 2023 and May 31, 2023 are described below:

a. Forecasted cash flows: Estimated cash flows were projected based on actual operating results and the growth plans for the future. Forecasted cash flows are based on the expanded production capacity that was partially achieved during fiscal 2023, market size and the forecasted market share assumptions;

b. Post-tax discount rate: The post-tax discount rate applied to forecasted cash flows as at September 30, 2023 and May 31, 2023 was 15.5% (August 31, 2022 - 13.4%) and 14.8%, respectively, which was reflective of the group of CGUs weighted average cost of capital ("WACC");

c. Terminal value growth rate: The forecasted cash flows beyond a period of four-years and 4.33 years, as the case is, are extrapolated using a 3.0% growth rate based on projected consumer price inflation and industry growth.

A sensitivity analysis for change in the key assumptions was not presented as it was deemed that the impact of reasonable changes in these assumptions would not have significant impact on the impairment loss that was recognized during the thirteen months ended September 30, 2023.

10. OTHER FINANCIAL ASSETS

i. Weekend Holdings Corp.

On March 30, 2023, the Company entered into a product purchase agreement with Green Tank Technologies Corp. ("Greentank"), a leading vaporization technology company and a subscription agreement with Greentank's parent company, Weekend Holdings Corp. ("Weekend Holdings"). The product purchase agreement provides the Company with an exclusivity period in Canada for the new technology incorporated into 510 vape cartridges (along with other formats) for use with cannabis, including the development of a custom all-in-one device that will be proprietary to Organigram. Under the terms of the subscription agreement, the Company subscribed for preferred shares for an aggregate subscription price of US $4.0 million ($5,504 including transaction costs of $73) representing an approximate 2.6% interest in WHC.

At initial recognition, the investment in Weekend Holdings is classified as an equity investment and the Company irrevocably elected to measure this investment at fair value through other comprehensive income. As at September 30, 2023, the investment had a fair value of $5,345 and the company recognized the change in fair value of $159 in the consolidated statements of operations and comprehensive loss within other comprehensive income (loss).

ii. Phylos Bioscience Inc.

On May 25, 2023, the Company entered into a secured convertible loan agreement (the "Secured Convertible Loan Agreement") with Phylos Bioscience Inc. ("Phylos"), a cannabis genetics company and provider of production ready seeds, based in Portland, Oregon. Under the terms of this agreement, the Company will advance up to US $8 million to Phylos in three tranches structured as a secured convertible loan (the "Secured Convertible Loan"). The Company advanced Phylos an initial US $3.25 million ($4,429) on the initial closing date of the Secured Convertible Loan Agreement with a commitment to fund up to an additional US $4.75 million over two tranches within 12 and 24 months from the initial closing date, upon the completion of certain milestones. The secured convertible loan will accrue paid-in-kind interest ("PIK") at a rate of the U.S. Prime Rate plus 3.5% (with an overall cap of 11%) subject to certain conditions. The maturity date of the Secured Convertible Loan will be on the fifth anniversary of the initial closing date subject to one-year extensions at the Company's discretion and certain other conditions stipulated in the agreement. The Secured Convertible Loan (principal and PIK outstanding) is convertible into common share equity of Phylos under certain circumstances.

In conjunction with a Secured Convertible Loan Agreement, the Company also entered into Genetics Product and Conversion Assistance Agreement with Phylos. The intellectual property (rights and licenses) acquired under the Genetics Product and

Conversion Assistance Agreement are recognized as an intangible assets per IAS 38 with its value (amounting to $2,710) being the residual consideration after deducting the fair value of the Secured Convertible Loan from the total advance amount and the derivative liability as of initial closing date.

The Company's commitment to fund an additional US $4.75 million over two tranches within 12 and 24 months from the initial closing date, meets the definition of a derivative under IFRS 9 *Financial Instruments* and accordingly, the value of such derivative was considered as part of the overall transaction price in the initial recognition of the Secured Convertible Loan and intangible assets. The subsequent measurement of the derivative liability is measured at FVTPL. Refer to Note 14 (iii) for further information.

As at September 30, 2023, the Secured Convertible Loan had a fair value of $3,092 and the Company recognized the change in fair value of $52 in the consolidated statements of operations and comprehensive loss.

11. OTHER LIABILITIES

The Company's other liabilities include the following balances as of September 30, 2023 and August 31, 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Advance from joint operator	$ —	$ 2,444
Contingent share consideration (Notes 16 (i) and 27)	49	7,000
Current portion lease liability (Note 16 (ii))	1,013	916
	$ 1,062	$ 10,360

The advance from a joint operator is related to the Product Development Collaboration Agreement ("PDC Agreement") as described in Note 26.

12. PROVISIONS

	AMOUNT
Balance - August 31, 2022	$ 2,560
Adjustments	—
Reversal	(75)
Payments	(2,395)
Balance - September 30, 2023	$ 90

The Company has estimated a provision for litigation. Provisions are calculated based on a current estimate of the amount that will be incurred in settling outstanding legal matters. The legal provision as at September 30, 2023 includes a reserve for legal proceedings described in Note 23.

13. LONG-TERM DEBT

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Atlantic Canada Opportunities Agency ("ACOA") Business Development Program loan maturing September 1, 2024 with a 7-year amortization, bearing interest at a rate of 0%	$ 145	$ 210
Vehicle loans - 5-year term maturing June 17, 2024	16	38
Deferred financing costs	(6)	(13)
	155	235
Less: current portion of long-term debt	(76)	(80)
Long-term portion	$ 79	$ 155

Principal repayments required on the Company's remaining long-term debt for the next five years as at September 30, 2023 are disclosed in Note 20.

14. DERIVATIVE LIABILITIES

i. Warrants

On November 12, 2020, the Company closed an underwritten public offering of units of the Company (the "Units") for total gross proceeds of $69,143 (the "Offering"). The Company sold 9,343,750 Units at a price of $7.40 per Unit, including 1,218,750 Units sold pursuant to the full exercise of the over-allotment option granted to the underwriters. The offering was underwritten by a syndicate of underwriters led by Canaccord Genuity Corp. Each Unit consisted 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"), therefore resulting in 4,671,875 Warrants being issued. Each Warrant was 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 (i.e. until November 12, 2023) at an exercise price of $10 per Warrant Share, subject to adjustment in certain events. The holders of the Warrants issued pursuant to the Offering were entitled to elect, if the Company did not have an effective registration statement under the U.S. Securities Act 1933, as amended, or the prospectus contained therein was not available for the offer and sale of the Common Shares to the Warrant holder, in lieu of exercising the Warrants for cash, a cashless exercise option to receive Common Shares equal to the fair value of the gain implied by the Warrants at the time of exercise. The fair value was to be determined by multiplying the number of Warrants to be exercised by the weighted average market price less the exercise price with the difference being divided by the weighted average market price. If a Warrant holder exercised this option, there would have been variability in the number of shares issued per Warrant.

In accordance with IAS 32 *Financial Instruments: Presentation*, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the statement of operations and comprehensive loss at each reporting period. The derivative liabilities are expected to ultimately be converted into the Company's equity (Common Shares) when the Warrants are exercised or will be extinguished on the expiry of the outstanding Warrants and will not result in the outlay of any cash by the Company.

At initial recognition on November 12, 2020, the Company recorded derivative liabilities of $12,894 based on the estimated fair value of the Warrants at that date using the Black-Scholes option pricing model. Issue costs were $4,305, of which $803 were allocated to the derivative liabilities based on a pro-rata allocation and expensed in the consolidated statement of operations and comprehensive loss and the balance of $3,502 was allocated to the Common Shares and recorded in share capital.

There were no exercises of Warrants during the thirteen months ended September 30, 2023 (August 31, 2022 - Nil warrants). During the thirteen months ended September 30, 2023, the Company revalued the remaining derivative liabilities and recorded a decrease in the estimated fair value of $4,138 (August 31, 2022 - $30,881).

The Company's derivative liabilities included the following balances and changes in the carrying value of Warrants as of September 30, 2023:

	NUMBER OF WARRANTS	AMOUNT
Balance - August 31, 2022	4,235,913	$ 4,138
Revaluation of Warrants	—	(4,138)
Balance - September 30, 2023	4,235,913	$ —

The following inputs were used to estimate the fair value of the Warrants at September 30, 2023 and August 31, 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Risk free interest rate	4.83 %	3.64 %
Life of Warrants (years)	0.12	1.20
Market price of Common Shares	$ 1.76	$ 1.42
Expected future volatility of Common Shares	91.00 %	77.30 %
Fair value per Warrant	$ —	$ 0.24

ii. Top-up Rights

On March 10, 2021, through the strategic investment from a wholly-owned subsidiary of British American Tobacco P.L.C. (together "BAT"), the Company issued 14,584,098 Common Shares, resulting in BAT's beneficial ownership in the Company of approximately 19.9%.

Pursuant to the Investor Rights Agreement (the "IRA") between the Company and BAT, the Company granted BAT certain rights, including pre-emptive rights, to participate in distributions of Common Shares to maintain its proportionate ownership in certain circumstances, as well as other rights ("Top-up Rights") to subscribe for additional Common Shares in specified circumstances where the pre-emptive rights are not applicable (referred to in the IRA as "Exempt Distributions") and in specified circumstances where pre-emptive rights were not exercised (referred to in the IRA as "bought deal Distributions").

The price per Common Share to be paid by BAT pursuant to the exercise of its Top-up Rights will equal the price paid by other participants in the Exempt Distribution or bought deal Distribution, subject to certain restrictions (including, if such price is not permitted pursuant to applicable securities laws, at the lowest price permitted thereunder).

The Company has classified the Top-up Rights as a derivative liability, and pursuant to the exercise of stock options, restricted share units, performance share units and warrants that were outstanding at initial recognition on March 10, 2021 (the date of

the IRA), the Company recorded a derivative liability of $2,740 based on the estimated fair value of the Top-up Rights at this date using a Monte Carlo pricing model.

As at September 30, 2023, the Company revalued the Top-up Rights at an estimated fair value of $130 (August 31, 2022 – $735). The Company recorded a decrease in the estimated fair value change of the Top-up Rights for the thirteen months ended September 30, 2023 of $605 (August 31, 2022 - $1,769).

The following inputs were used to estimate the fair value of the Top-up Rights at September 30, 2023, and August 31, 2022:

	SEPTEMBER 30, 2023			
	STOCK OPTIONS	WARRANTS	PSUs	RSUs
Average exercise price[1]	$1.20 - $45.08	$2.50	$—	$—
Risk free interest rate	4.11% - 4.54%	3.59%	3.65%	3.78%
Expected future volatility of Common Shares	70.00% - 90.00%	90.00%	85.00%	85.00%
Expected life[1]	1.34 - 5.12	0.12	5.92	5.18
Forfeiture rate	10%	—%	25%	6%

	AUGUST 31, 2022			
	STOCK OPTIONS	WARRANTS	PSUs	RSUs
Average exercise price[1]	$2.40 - $38.12	$10.00	$—	$—
Risk free interest rate	3.15% - 3.71%	3.75%	3.16%	3.13%
Expected future volatility of Common Shares	70.00% - 95.00%	70.00%	90.00%	85.00%
Expected life[1]	1.34 - 5.12	1.20	4.91	5.47
Forfeiture rate	10%	—%	25%	6%

[1]Exercise price and expected life for stock options were determined using the range of exercise prices disclosed in Note 15(iv).

iii. Secured Convertible Loan Agreement

On May 25, 2023, the Company entered into the Secured Convertible Loan Agreement with Phylos. Under the terms of this agreement, upon the completion of certain milestones the Company has a commitment to fund US $4.75 million over two tranches within 12 and 24 months from the initial closing date. This commitment meets the definition of a derivative and the value of such derivative was considered as part of the overall transaction price in the initial recognition of the secured convertible loan and intangible assets. At initial recognition, the Company recorded a derivative liability of $1,424 based on the estimated fair value of the secured convertible loan. As at September 30, 2023, the Company revalued this commitment at an estimated fair value of $1,743 and recorded a change in fair value of $319 for the thirteen months ended September 30, 2023. Of the total derivative liability, $1,102 is included in the current derivative liabilities and the remaining amount is included in non-current derivative liabilities.

15. 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 September 30, 2023, the Company's issued and outstanding share capital consisted of 81,161,630 (August 31, 2022 – 78,453,879) Common Shares with a carrying value of $776,906 (August 31, 2022 - $769,725).

iii. Issuances of share capital

The Edibles and Infusions Corporation acquisition

During the year ended August 31, 2022, the Company issued 259,798 Common Shares on EIC's achievement of the first milestone earnout set in the EIC share purchase agreement for share consideration of $3,500, less share issuance costs of $12 (Note 27). During the thirteen months ended September 30, 2023, EIC met the second earnout milestone and the Company issued 2,621,370 Common Shares for share consideration of $6,500, less share issuance costs of $19 (Note 27).

The Laurentian Organic Inc. acquisition

During the year ended August 31, 2022, the Company issued 2,724,111 Common Shares in connection with its acquisition of Laurentian as described in Note 27. The fair value of the Common Shares issued was $27,568 based on market price on December 21, 2021 of $10.12 per share. Share issuance costs incurred were $55 related to listing fees and were allocated to the Common Shares recorded in share capital.

Private placement - Organigram and BAT Strategic Investment and Product Development Collaboration ("PDC Agreement")
As described in Note 14, the Company granted BAT certain rights to subscribe for additional Common Shares in specified circumstances. During the thirteen months ended September 30, 2023, BAT exercised Nil (August 31, 2022 – 664,929) shares for consideration of Nil (August 31, 2022 – $6,352, less share issuance costs of $18).

Exercise of stock options
During the thirteen months ended September 30, 2023, 26,300 (August 31, 2022 – 25,200) share options were exercised at an average exercise price of $1.47 (August 31, 2022 - $2.79) for cash proceeds of $39 (August 31, 2022 - $74) and an increase of $69 (August 31, 2022 - $127) to share capital and a decrease to equity reserves of $30 (August 31, 2022 - $53).

Exercise of RSU
During the thirteen months ended September 30, 2023, 59,138 (August 31, 2022 – 64,751) RSUs were exercised for an increase of $621 (August 31, 2022 - $1,239) to share capital and a decrease to equity reserves of $621 (August 31, 2022 - $1,239).

Exercise of PSU
During the thirteen months ended September 30, 2023, 948 (August 31, 2022 – 18,584) PSUs were exercised for an increase of $10 (August 31, 2022 - $221) to share capital and a decrease to equity reserves of $10 (August 31, 2022 - $221).

Exercise of warrants
During the thirteen months ended September 30, 2023, Nil (August 31, 2022- Nil) warrants were exercised.

iv. Share-based compensation
During the thirteen months ended September 30, 2023, the Company recognized total share-based compensation charges, including those related to production employees that are charged to biological assets and inventory, of $5,727 (August 31, 2022 – $5,127).

Stock options
The following table summarizes changes in the Company's outstanding stock options for the thirteen months ended September 30, 2023:

	NUMBER		WEIGHTED AVERAGE EXERCISE PRICE
Balance - August 31, 2022	2,762,734		$11.08
Granted	321,000	$	4.68
Exercised	(26,300)	$	1.47
Cancelled / Forfeited	(227,758)	$	17.33
Balance - September 30, 2023	2,829,676	$	9.94

The following is a summary of the outstanding stock options as at September 30, 2023:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE
Range of Exercise Prices	Quantity Outstanding	Weighted Average Remaining Contractual Life (years)	Quantity Exercisable
$1.20 - $3.00	83,307	5.2	59,857
$3.01 - $5.00	293,937	7.4	212,437
$5.01 - $10.00	1,549,740	8.3	1,140,129
$10.01 - $20.00	663,367	5.9	619,167
$20.01 - $30.00	105,575	5.2	105,575
$30.01 - $45.08	133,750	5.6	133,750
	2,829,676	7.3	2,270,915

Total share-based compensation charges, including related to production employees that are charged to biological assets and inventory for the thirteen months ended September 30, 2023 were $3,376 (August 31, 2022 – $3,490) related to the Company's stock option plan. The fair value of options granted during the thirteen months ended September 30, 2023 was $1,075 (August 31, 2022 - $6,029). These options are measured at fair value at the date of grant and are expensed over the option's vesting period, which is typically a three year term with options vesting in annual tranches evenly over this time period. The Company used the Black-Scholes option pricing model to estimate the fair value of options granted.

The following inputs were used to fair value the options that were granted during the thirteen months ended September 30, 2023 and the year ended August 31, 2022:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Risk free interest rate	3.03% - 3.47%	1.18% - 2.98%
Expected life of options	5.0 - 6.0 years	5.0 - 6.0 years
Expected annualized volatility	83.68% - 87.51%	85.28% - 88.78%
Expected dividend yield	—	—
Forfeiture rate	11.3% - 11.7%	11.4% - 11.7%

Expected volatility was estimated by using the weighted average historical volatility of the Company. 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
During the thirteen months ended September 30, 2023, the Company has granted both RSUs and PSUs under the 2017 Equity Incentive Plan and under the 2020 New Equity Incentive Plan. The grant price of any RSU or PSU was determined based on the 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 *Share-based Payment*.

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

	NUMBER
Balance - August 31, 2022	586,459
Granted	371,317
Exercised	(59,138)
Cancelled / Forfeited	(17,489)
Balance - September 30, 2023	881,149

The estimated fair value of the equity settled RSUs granted during the thirteen months ended September 30, 2023 was $1,828 (August 31, 2022 - $2,612), 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 three years for most grants. For the thirteen months ended September 30, 2023, $2,192 (August 31, 2022 - $1,611) has been recognized as share-based compensation expense.

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

	NUMBER
Balance - August 31, 2022	66,233
Granted	211,544
Exercised	(948)
Cancelled / Forfeited	(16,116)
Balance - September 30, 2023	260,713

The estimated fair value of the equity settled PSUs granted during the thirteen months ended September 30, 2023 was $1,042 (August 31, 2022 - $522), which was based on the Company's share price at the grant date, adjusted for an estimate of likelihood of forfeiture, and will be recognized as an expense over the vesting period of the PSUs, which is three years for most grants. For the thirteen months ended September 30, 2023, $159 (August 31, 2022 - $26) has been recognized as share-based compensation expense.

v. Loss per share

Basic and diluted loss per share represents net loss attributable to common shareholders divided by the weighted average number of Common Shares outstanding during the period.

The weighted average number of Common Shares, used in the calculation of basic and diluted loss per share for the thirteen months ended September 30, 2023 was 81,292,869 (August 31, 2022 - 77,228,918).

16. OTHER LONG-TERM LIABILITIES

The carrying value of other long-term liabilities consists of:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Contingent share consideration (i)	$ —	$ 2,913
Lease liabilities (ii)	3,551	2,206
	$ 3,551	$ 5,119

i. Contingent share consideration

In connection with the Company's investment in Laurentian, the Company has commitments to deliver additional consideration, contingent upon achievement of certain milestones. Refer to Note 27 for further information.

ii. Leases

The Company records its leases in accordance with IFRS 16, and as a result recognizes the right-of-use ("ROU") assets and corresponding lease liabilities. ROU assets are recorded under property, plant, and equipment (Note 8) with current and long-term portion of lease liabilities recorded under other liabilities.

The changes in the carrying value of current and non-current lease liabilities are as follows:

	SEPTEMBER 30, 2023
Balance, August 31, 2022	$ 3,122
Lease additions	2,300
Lease payments	(1,157)
Interest expense on lease liabilities	299
Balance, September 30, 2023	4,564
Current portion (included in other liabilities)	(1,013)
Long-term portion	$ 3,551

The undiscounted contractual payments relating to the current and future lease liabilities is:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Less than 1 year	$ 1,251	$ 1,060
1 to 2 years	1,081	1,009
2 to 3 years	503	778
3 to 4 years	459	241
4 to 5 years	461	131
Thereafter	1,944	240
Total	$ 5,699	$ 3,459

17. INVESTMENTS IN ASSOCIATES

The carrying value of investments in associates consists of:

	ALPHA-CANNABIS PHARMA GMBH [3]	EVIANA HEALTH CORPORATION [4]	HYASYNTH BIOLOGICALS INC.	TOTAL
Participating share [1]	25.0 %	19.9 %	49.9 %	
Balance, August 31, 2022	$ —	$ —	$ 6,288	$ 6,288
Share of net loss [2]	—	—	(1,004)	(1,004)
Balance, September 30, 2023	$ —	$ —	$ 5,284	$ 5,284

[1] % Interest includes the potential ownership interest that could result from the conversion of debentures and exercise of warrants.
[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 thirteen months ended September 30, 2023, the Company utilized its associates' results for the 13 months ended July 31, 2023).
[3] During the year ended August 31, 2021, the Company identified indicators of impairment with respect to its investment in ALPHA-CANNABIS PHARMA GMBH, resulting in impairment which reduced the carrying value of the investment to $nil.
[4] During the year ended August 31, 2020, the Company identified indicators of impairment with respect to its investment in Eviana Health Corporation, resulting in impairment which reduced the carrying value of the investment to $nil.

a. 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. The first tranche ("Tranche 1") was issued on that date, the second tranche ("Tranche 2") was issued on October 23, 2020 (as described below), and the third tranche ("Tranche 3") was issued on December 22, 2021 (as described below).

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 49.9% based on the cumulative investment from Tranche 1, Tranche 2 and Tranche 3.

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.

Tranche 1 of the convertible debentures has a face value of $5,000, bears interest at 8.0% per annum, is secured, and matures 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 is 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.

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.

On December 22, 2021, the previously issued debenture agreement was amended to waive the milestone requirement for the Tranche 3 convertible debenture. Subsequently, the Company advanced an additional $2,500 (plus transaction costs of $124) to Hyasynth for the Tranche 3 convertible debentures bringing the Company's total investment in Hyasynth to $10,000, which provides the Company with a potential ownership interest of up to 49.9% on a fully diluted basis. The proceeds have been designated to advance Hyasynth's production scalability as well as investment in new cannabinoid technologies, business development and company growth.

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. The Company has appointed two nominee directors to the board of Hyasynth.

Following the maturity date of the debentures, the Company has the right to give Hyasynth 30 days prior written notice to convert the debentures to common equity or demand repayment of the outstanding balance of the debentures. As at September 30, 2023, the Company has neither converted nor demanded the outstanding balance of the debentures.

As at September 30, 2023, the Company determined that no indicators of impairment existed with respect to its investment in Hyasynth, and therefore no impairment test was required.

18. RELATED PARTY TRANSACTIONS

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 Board of Directors.

Management and Board compensation

For the thirteen months ended September 30, 2023 and the year ended August 31, 2022, the Company's expenses included the following management and Board of Directors compensation:

	THIRTEEN MONTHS ENDED SEPTEMBER 30, 2023	YEAR ENDED AUGUST 31, 2022
Salaries and consulting fees	$ 4,737	$ 3,891
Share-based compensation	3,525	3,713
Total key management compensation	$ 8,262	$ 7,604

During the thirteen months ended September 30, 2023, 206,250 stock options (August 31, 2022 – 821,750) were granted to key management personnel with an aggregate fair value of $665 (August 31, 2022 – $3,407). In addition, during the thirteen months ended September 30, 2023, 285,191 RSUs (August 31, 2022 – 95,093), were granted to key management personnel

with an aggregate fair value of $1,325 (August 31, 2022 – $1,022). For the thirteen months ended September 30, 2023, 136,920 PSUs, (August 31, 2022 – 39,742) were issued to key management personnel with an aggregate fair value of $305 (August 31, 2022 – $167).

Significant Transactions with Associates and Joint Operations

The Company has transactions with related parties, as defined in IAS 24 *Related Party Disclosures*, all of which are undertaken in the normal course of business.

For the thirteen months ended September 30, 2023, under the PDC Agreement, BAT incurred $3,134 (August 31, 2022 - $2,404) for direct expenses and the Company incurred $10,638 (August 31, 2022 - $6,818) of direct expenses and capital expenditures of $1,768 (August 31, 2022 - $3,548) related to the Center of Excellence ("CoE"). The Company recorded for the thirteen months ended September 30, 2023, $6,886 (August 31, 2022 - $2,837) of these expenditures in the consolidated statement of operations and comprehensive loss. For the thirteen months ended September 30, 2023, the Company recorded $884 (August 31, 2022 - $1,774), of capital expenditures which are included in the consolidated statement of financial position.

During the thirteen months ended September 30, 2023, BAT exercised nil (August 31, 2022 - 664,929) Top-up Rights. As at September 30, 2023, there is a receivable balance of $167 (August 31, 2022 - payable of $2,444) from BAT.

19. CAPITAL MANAGEMENT

The Company considers its capital to consist of long-term debt, derivative liabilities, share capital, equity reserves, accumulated other comprehensive loss, and accumulated deficit, which as at September 30, 2023 is $273,651 (August 31, 2022 - $513,166). 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 loss is entirely comprised of fair value losses recorded on the Company's investment in Greentank.

The Company manages its capital structure and adjusts it based on funds available to the Company, in order to fund its growth. 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 manages capital during the year.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

i. Fair value of financial instruments

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy 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 values of cash, short-term investments and restricted funds approximate their carrying amounts due to their short-term nature. The fair value of long-term debt approximates $155 (August 31, 2022 – $235), which is its carrying value.

The fair value of the investment in Weekend Holdings is primarily based on Level 3 unobservable inputs and is determined using a market-based approach, based on revenue multiples for comparable companies.

In determining the impairment loss, the FVLCD of property, plant and equipment was determined based on a third-party appraisal using market and replacement cost approaches. Consideration is given to information from historical data and industry standards which constitute both observable and unobservable inputs (level 2 and level 3).

The fair value of the Secured Convertible Loan advanced to Phylos was determined using the Cox-Ross-Rubinstein binomial lattice option pricing model and has been classified as level 3 in the fair value hierarchy. The fair value of the Secured Convertible Loan was based on certain assumptions, including likelihood, and timing of the federal legalization or decriminalization of cannabis in the United States. Similarly, the fair value of the commitment to fund an additional US

$4.75 million over two tranches was based on certain assumptions, including the probability of Phylos meeting certain required milestones.

The fair value of the Laurentian contingent share consideration is primarily based on Level 3 unobservable inputs in a Monte Carlo pricing model. The determination of the fair value of this liability is primarily driven by the Company's expectations of Laurentian achieving its business objectives. The key assumptions used in the model are the expected future sales volumes and selling prices used in determining Laurentian's future adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") and WACC.

As at September 30, 2023, the fair value of the Laurentian contingent share consideration was revalued to $49. A sensitivity analysis for change in key inputs such as WACC was not presented as it was deemed that the impact of reasonable changes in inputs would not be significant.

The fair value of derivative warrant liabilities is based on Level 1 and 2 inputs utilized in a Black-Scholes option pricing model to estimate the fair value of such Warrants. The key assumption used in the model is the expected future volatility in the price of the Company's Common Shares. A sensitivity analysis for change in expected future volatility in the common share price of the Company was not presented as it was deemed that the impact of reasonable changes in this input would not be significant.

The fair value of the Top-up Rights is based on Level 3 inputs utilized in a Monte Carlo pricing model to estimate the fair value of such Top-up Rights. The key assumptions used in the model are the expected future price of the Company's Common Shares, the weighted average expected life of the instruments and the expected future volatility in the price of Common Shares. A sensitivity analysis for changes in key inputs was not presented as it was deemed that the impact of reasonable changes in key inputs would not be significant.

During the year, 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:

(a) Credit risk arises from deposits with banks, short-term investments, outstanding trade and loan receivables, and restricted funds. 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, outside 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, loan receivable, other financial assets, and restricted funds on the consolidated statement of financial position as at September 30, 2023 approximates $90,351 (August 31, 2022 - $171,799).

As of September 30, 2023 and August 31, 2022, the Company's aging of trade receivables was as follows:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
0-60 days	$ 22,946	$ 42,961
61-120 days	5,845	2,022
Gross trade receivables	$ 28,791	$ 44,983
Less: Expected credit losses and reserve for product returns and price adjustments	(1,334)	(1,121)
	$ 27,457	$ 43,862

(b) 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. As at September 30, 2023, the Company had $33,864 (August 31, 2022 – $68,515) of cash and working capital of $133,545 (August 31, 2022 - $166,338). Further, the Company may potentially access equity capital through the capital markets if required.

The Company is obligated to the following contractual maturities relating to their undiscounted cash flows as at September 30, 2023:

	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	$ 20,007	$ 20,007	$ 20,007	$ —	$ —	$ —
Long-term debt	155	161	76	85	—	—
	$ 20,162	$ 20,168	$ 20,083	$ 85	$ —	$ —

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

In connection with the Company's facilities, the Company is contractually committed to approximately $850 of capital expenditures, mostly related to its Moncton Campus and Laurentian Facility.

(c) 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 is comprised 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's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rate. The Company has determined that a 1% change in rates would not have a material impact on the consolidated financial statements.

21. 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.

Gross revenue for the thirteen months ended September 30, 2023 and year ended August 31, 2022 is disaggregated as follows:

	THIRTEEN MONTHS ENDED SEPTEMBER 30, 2023	YEAR ENDED AUGUST 31, 2022
Adult-use recreational wholesale revenue (Canadian)	$ 209,001	$ 184,686
Direct to patient medical and medical wholesale revenue (Canadian)	3,584	7,872
International wholesale (business to business)	18,874	15,138
Wholesale to licensed producers (Canadian)	2,129	1,298
Other revenue	59	115
Gross revenue	$ 233,647	$ 209,109
Excise taxes	(72,008)	(63,300)
Net revenue	$ 161,639	$ 145,809

Adult-use recreational revenue is primarily comprised of provincial government bodies and large retailers that sell cannabis through their respective distribution models, whereas international and domestic 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 thirteen months ended September 30, 2023, the Company had three customers (August 31, 2022 – three customers), that individually represented more than 10% of the Company's net revenue.

22. COST OF SALES

Cost of sales is comprised of the cost of inventories sold during the year, shipping expenses, the production cost of late-stage biological assets that are disposed of, provisions for inventory that do not pass the Company's quality assurance standards and obsolete products and packaging, and other production overhead.

During the thirteen months ended September 30, 2023, the Company recorded provisions in relation to excess and unsaleable inventories and biological assets as well as adjustments to net realizable value totaling $15,012 (August 31, 2022 - $4,546), which are detailed in Note 7.

During the thirteen months ended September 30, 2023, the Company recorded $nil (August 31, 2022 - $709) in charges for unabsorbed fixed overhead related to reduced production volumes.

23. 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.

Nova Scotia Claim

On March 3, 2017, a claim in connection with a proposed class-action lawsuit (the "NS Claim") was filed with the Supreme Court of Nova Scotia (the "NS 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. Between 2017 and 2021, various proceedings took place and the NS Claim was amended several times.

On April 26, 2022, the Company entered into a Settlement Agreement (the "Settlement") with the representative plaintiff on behalf of the class for an aggregate of $2,310 (the "Settlement Amount"). The Settlement Amount was used to provide claimants a refund of the amounts paid to purchase the voluntarily recalled product, less any refunds they have already received, as well as the payment of legal fees. The Company reported the NS Claim to its insurance provider which appointed counsel to defend the NS Claim. The Company received insurance proceeds of $532 during the year ended August 31, 2022 to cover all remaining costs associated with the NS Claim. On August 31, 2022, the Settlement was approved by the NS Court. Settlement funds of $2,310 were deposited by Organigram with the administrator in October 2022 in accordance with the Settlement Agreement. The administrator disbursed funds to the claimants during the period from October 2022 to October 2023. On October 31, 2023, the Company received notice from the administrator that the disbursement process had been completed, with any unclaimed funds being donated to charity as per the Settlement Agreement.

Alberta Claim

On June 16, 2020, a claim in connection with a proposed national consumer protection class-action lawsuit (the "Alberta Claim") was filed with the Court of Queen's Bench in Alberta (the "AB Court") seeking damages against several Canadian cannabis companies including the Company (the "Defendants"). 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. In order to proceed as a class action, the AB Court must certify the action as a class action. A certification hearing has not yet been scheduled. The Company has reported the Alberta Claim to its insurers.

Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above. No provision for the Alberta Claim has been recognized as at September 30, 2023 (August 31, 2022 - nil).

Aa at September 30, 2023, a provision of $90 (August 31, 2022 - $2,560) in regards to claims and other contingencies was included in the consolidated statement of financial position. For the thirteen months ended September 30, 2023, payments of $2,395 (August 31, 2022 - $412) were made and a reversal of the provision of $75 (August 31, 2022 - $222) was recognized. For the thirteen months ended September 30, 2023, the Company also received insurance proceeds of $nil (August 31, 2022 - $532) related to the litigation resulting in a net recovery of $75 (August 31, 2022 - $310) in the consolidated statements of operations and comprehensive loss.

24. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

	THIRTEEN MONTHS ENDED SEPTEMBER 30, 2023	YEAR ENDED AUGUST 31, 2022
Office and general	$ 18,355	$ 18,271
Wages and benefits	14,379	12,018
Professional fees	13,271	6,458
Depreciation and amortization	5,639	5,299
Travel and accommodation	788	519
Utilities	598	343
Total general and administrative expenses	$ 53,030	$ 42,908

25. INCOME TAXES

Components of income tax recovery are as follows:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Current tax		
Current expense	$ 30	$ 225
Prior year adjustments	(225)	175
	$ (195)	$ 400
Deferred tax		
Origination and reversal of temporary differences	$ (57,438)	(11,809)
Change in unrecognized temporary differences	48,344	11,750
Prior year adjustments	5,477	(429)
	$ (3,617)	$ (488)
Total income tax recovery	$ (3,812)	$ (88)

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

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Loss before income taxes	$ (252,413)	$ (14,371)
Statutory income tax rate	29.0 %	29.0 %
Tax calculated at statutory rate	(73,200)	(4,168)
Non-deductible (non-taxable) items	11,489	(8,000)
Change in unrecognized temporary differences	48,495	11,750
Tax rate differences and tax rate changes	4,152	604
Other	—	154
Prior year tax adjustments	5,252	(428)
Income tax recovery	$ (3,812)	$ (88)

Recognized deferred tax assets and liabilities consist of the following:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Deferred tax assets are attributable to the following:		
Non-capital losses	$ 12,136	$ 6,479
Property, plant and equipment	475	—
Other	114	—
Lease liabilities	1,041	862
Deferred tax assets	13,766	7,341
Set-off of tax	(13,766)	(7,341)
Net deferred tax asset	$ —	$ —
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	$ (1,300)	$ (581)
Intangible assets	(2,137)	(3,719)
Biological assets	(2,832)	(2,628)
Inventories	(6,422)	(3,165)
Right-of-use assets	(731)	(550)
Net investment in sublease	(316)	(315)
Other	(27)	—
Deferred tax liabilities	(13,765)	(10,958)
Set-off of tax	13,765	7,341
Net deferred tax liability	$ —	$ (3,617)

The changes in temporary differences during the thirteen months ended and year ended September 30, 2023 and August 31, 2022, respectively, were as follows:

	NET BALANCE AT AUGUST 31, 2022	RECOGNIZED IN PROFIT OR LOSS	ACQUIRED IN A BUSINESS COMBINATION	NET BALANCE AT SEPTEMBER 30, 2023
Non-capital losses	$ 6,479	$ 5,657	$ —	$ 12,136
Property, plant and equipment	(1,131)	(426)	—	(1,557)
Intangible assets	(3,719)	1,602	—	(2,117)
Biological assets	(2,628)	(204)	—	(2,832)
Inventories	(3,165)	(3,163)	—	(6,328)
Lease liabilities	862	179	—	1,041
Net investment in sublease	(315)	(1)		(316)
Other	—	(27)	—	(27)
Net tax (liabilities) assets	$ (3,617)	$ 3,617	$ —	$ —

	NET BALANCE AT AUGUST 31, 2021	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED DIRECTLY IN EQUITY & OCI	NET BALANCE AT AUGUST 31, 2022
Non-capital losses	$ 5,078	$ 1,401	$ —	$ 6,479
Property, plant and equipment	(1,146)	130	(115)	(1,131)
Intangibles	(652)	666	(3,733)	(3,719)
Biological assets	(1,755)	(834)	(39)	(2,628)
Inventories	(2,670)	(266)	(229)	(3,165)
Lease liabilities	1,544	(693)	11	862
Net investment in sublease	(398)	83	—	(315)
Other	(1)	1	—	—
Net tax (liabilities) assets	$ —	$ 488	$ (4,105)	$ (3,617)

As at September 30, 2023, the Company has $313,727 (August 31, 2022 - $260,647) non-capital loss carryforwards available to offset future taxable income in Canada, which begin to expire in 2035.

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:

	SEPTEMBER 30, 2023	AUGUST 31, 2022
Deductible temporary differences	$ 166,739	$ 24,667
Tax losses	273,774	238,595
	$ 440,513	$ 263,262

26. PRODUCT DEVELOPMENT COLLABORATION

On March 10, 2021, in conjunction with the strategic investment received as described herein, the Company and BAT entered into a PDC Agreement pursuant to which the CoE was established to focus on developing the next generation of cannabis products with an initial focus on CBD. The CoE is located at the Company's Moncton Campus, which holds the Health Canada licenses required to conduct research and development ("R&D") activities with cannabis products. Both companies are contributing scientists, researchers, and product developers to the CoE and it is supervised by a steering committee consisting of an equal number of senior members from both companies. Under the terms of the PDC Agreement, both the Company and BAT have access to certain of each other's intellectual property ("IP") and, subject to certain limitations, have the right to independently, globally commercialize the products, technologies and IP created by the CoE pursuant to the PDC Agreement.

Pursuant to the terms of the PDC Agreement, $31,109 of the investment proceeds were reserved as restricted funds in order to satisfy certain of the Company's future obligations under the PDC Agreement, including the Company's portion of its funding obligations under a mutually agreed initial budget for the CoE. Costs relating to the CoE are funded equally by the Company and BAT. Balances are transferred from restricted funds to the Company's general operating account as CoE related expenditures are periodically reconciled and approved. The balance in restricted funds as at September 30, 2023 is $17,893 (August 31, 2022 - $26,820).

The CoE is accounted for as a joint operation, in which the Company and BAT contribute 50% each. The Company recognized its share of the expenses incurred by the CoE in the statement of operations and comprehensive loss under Research and development. For the thirteen months ended September 30, 2023, $6,886 (August 31, 2022 - $2,837) of expenses have been recorded in the statement of operations and comprehensive loss.

27. ACQUISITION OF SUBSIDIARIES

i. Laurentian Organic Inc.

On December 21, 2021, the Company acquired 100% of the shares and voting interests of the non-listed Laurentian for $36,000, consisting of $10,000 in cash consideration, $7,000 on closing and $3,000 held back, with the remaining $26,000 in share consideration at the acquisition date. The Company has agreed to provide the seller additional share consideration based on Laurentian's future adjusted EBITDA over a period of two years. The acquisition of Laurentian is expected to enable the Company to penetrate a new product category and provides the Company with access to Laurentian's expertise in the hash manufacturing space. The acquisition is also expected to provide the Company with an increased share of the craft flower and hash market.

The Company elected not to apply the optional concentration test and, as such, carried out a detailed analysis of inputs, outputs and substantive processes. Included in the identifiable assets acquired and liabilities assumed at the date of acquisition of Laurentian are inputs (production equipment, manufacturing facility and a cultivation, processing and sales license), production processes and an organized workforce. The Company determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Company has concluded that the acquired set is a business.

Equity Instruments Issued

The fair value of the 2,724,111 Common Shares issued was $27,568, based on the TSX listed share price of $10.12 per share of the Company on closing of December 21, 2021. The number of Common Shares issued was calculated by dividing the total share consideration of $26,000, per the share purchase agreement, by the 5-day volume-weighted average TSX listed share price of the Company preceding the closing date of $9.56.

Contingent Share Consideration

The acquisition included contingent share consideration as follows (all capitalized terms used below not otherwise defined herein have the respective meanings described to them in the Company's agreement to acquire Laurentian):

a) First Year Earnout calculated for the period January 1, 2022 to December 31, 2022, as the greater of (i) zero and (ii) the difference obtained when the sum of $2,000 and 50% of the agreed capital expenditures is subtracted from 30% of the First Year adjusted EBITDA Multiple, payable in Common Shares, provided that, the sum of the Initial Consideration and the First Year Earnout Amount shall not exceed the First Year adjusted EBITDA Multiple; and
b) Second Year Earnout calculated for the period January 1, 2023 to December 31, 2023, as 19% of the Second Year adjusted EBITDA Multiple less the remaining balance of the agreed capital expenditures, payable in Common Shares, provided that, the sum of the Initial Consideration, the First Year Earnout Amount and the Second Year Earnout Amount shall not exceed the Second Year EBITDA Multiple.

Earnout payments paid in Common Shares shall be priced based on the five-day volume-weighted average price of the Company's Common Shares on the TSX as of the day prior to settlement. As at the acquisition date, the fair value of the contingent consideration was estimated to be $6,996 and subsequently as at August 31, 2022 adjusted to $2,913, to reflect changes in estimates.

The first year earnout milestone was not met. During the thirteen months ended September 30, 2023, a change in fair valuation of $2,864 is recognized in the statement of operations and comprehensive loss. As at September 30, 2023, the contingent share consideration for the second year earnout milestone has been adjusted to $49.

ii. The Edibles and Infusions Corporation

On April 6, 2021, the Company acquired 100% of the shares and voting interests of the non-listed EIC, including SUHM Investments Inc. and Quality Confections Corporation who collectively owned 100% of EIC for $22,000 of share consideration at the acquisition date. The Company has agreed to provide the seller additional share consideration of $13,000 should EIC achieve its milestones. On August 26, 2021, SUHM Investments Inc, Quality Confections Corporation and EIC amalgamated with the continuing entity being EIC. The fair value of the Common Shares issued was based on the TSX listed share price of the Company on closing of April 5, 2021 of $17.44 per share. The Company incurred acquisition-related costs of $620 on legal fees and due diligence. Of these costs $555 had been included in the statement of operations and comprehensive loss and $65 had been capitalized to share issuance costs.

Contingent share consideration

The acquisition includes contingent share consideration based on various milestones as follows:

i) $3,500 to be paid in Common Shares upon the first listing of EIC or Organigram branded product (which was manufactured at the EIC facility) prior to December 31, 2021 in either the Ontario or Alberta recreational market. This was achieved in the year ended August 31, 2021 and settled subsequently on September 8, 2021.
ii) $7,000 to be paid in Common Shares on the generation of $15 million in net revenue during the 12 months ended December 31, 2022.
iii) $2,500 to be paid in Common Shares on the generation of $7 million in adjusted EBITDA for the 12 months ended December 31, 2022.

Milestone payments paid in Common Shares shall be priced based on the five-day volume-weighted average price of the Company's Common Shares on the TSX as of the day prior to settlement. As at the acquisition date, the fair value of the contingent consideration was estimated to be $5,249. During the year ended August 31, 2021, the contingent consideration was adjusted to $9,038 to reflect changes in estimates.

During the year ended August 31, 2022, the first milestone was met and the Company issued 259,798 Common Shares as consideration to the former shareholders of EIC. As at August 31, 2022, the remaining contingent consideration was adjusted to $7,000.

During the thirteen months ended September 30, 2023, EIC met the second milestone and the Company issued 2,621,370 Common Shares as consideration to the former shareholders of EIC, for a total value of $6,500. The remaining $500 has been irrevocably disclaimed and waived as part of a negotiated settlement and the Company recorded it as a change in fair value of contingent share consideration during the thirteen months ended September 30, 2023. The third milestone, calculated based on the adjusted EBITDA for the 12 months ended December 31, 2022, was not met.

28. OPERATING SEGMENTS

An operating segment is a component of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Company's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and that engages in business activities from which it may earn revenue and incur expenses. The Company only has one operating segment.

29. SUBSEQUENT EVENTS

i. **In November 2023**, the Company announced a $124.6 million dollar follow-on investment from BAT. Subject to the receipt of certain regulatory approvals, approval from Organigram's shareholders and other conditions, BAT will subscribe for 38,679,525 shares at a price of $3.2203 per share, for gross proceeds of $124.6 million across three tranches. BAT will subscribe for 12,893,175 million shares on the closing of the first tranche (currently expected to be on or around January 16, 2024) for gross proceeds of $41.5 million with the remaining 25,786,350 shares to be subscribed for in two further equal tranches on or around August 30, 2024 and February 28, 2025. To the extent BAT exceeds 30.0% holding of outstanding Common Shares, it will be issued non-voting Class A convertible preferred shares ("Preferred Shares"). The Preferred Shares will be eligible for conversion into voting Common Shares at BAT's option, provided that such conversion would not result in BAT's voting interest in the Company exceeding 30%. Each Preferred Share shall be economically equivalent to a Common Share and will be convertible into Common Shares at the option of BAT without payment of any additional consideration. The conversion ratio shall initially be one-for-one, and post-issuance shall increase at a rate of 7.5% per annum, compounded annually, until such time as the Preferred Shares are converted into Common Shares or the aggregate equity interest of BAT in Organigram (inclusive of both the Common Shares and Preferred Shares as if converted into Common Shares) reaches 49%. BAT shall be periodically required to convert Preferred Shares to the extent that it holds less than 30% of the Common Shares outstanding.

ii. **On October 1, 2023**, Organigram Inc. amalgamated with EIC and Laurentian, both then 100% owned subsidiaires of the Company (the "Amalgamation") and continued as a single corporation under the name "Organigram Inc.", a 100% owned subsidiary of the Company. This change is expected to streamline the Company's financial reporting process.

iii. **In November 2023**, the Company announced that Phylos achieved the first milestone under the Secured Convertible Loan Agreement and the Company advanced the second tranche of US$2.75 million to Phylos.


ORGANIGRAM

Organigram Reports Fiscal 2023 Results[1]

- *Domestic share growth in several key categories continues to be driven by innovation excellence and industry-leading R&D.*
- *Organigram continues to take a leadership position in industry fighting THC mislabelling (inflation).*
- *Company fortifying itself with recently announced BAT-Jupiter $124.6 million private placement transaction strengthening balance sheet and setting the stage for long-term growth outside of Canada.*



FISCAL 2023 HIGHLIGHTS

- At year-end, achieved the #2 position among Canadian licensed producers driven by success of growing pre-roll business[2]
- Held the #1 position in the milled flower, gummies, and hash categories[2]
- Held the #3 market position in Ontario, #3 in Quebec, and #1 in the Atlantic Canada[2]
- Held the #3 position in dried flower, the largest category of the Canadian cannabis market[2]
- Climbed from the #10 to the #3 position in pre-rolls between Q3 2023 and end of Q4 2023[2]
- Introduced 16 SKUs in Q4 Fiscal 2023 for a total of 143 SKUs in market
- Introduced ultra-high THC infused pre-rolls, launched tube-style pre-rolls, and launched first whole-flower-derived THCV products to Canadian market
- Completed expansion construction at Lac-Supérieur, with first harvest in December 2023
- Signed first UK supply agreement with 4C Labs Ltd. ("4C Labs") to distribute medical cannabis to UK-based patients
- Signed first German supply agreement with Sanity Group GmbH ("Sanity Group") to distribute medical cannabis to Germany-based patients

[1] As a result of a change in its fiscal year-end from August 31st to September 30th the 2023 fiscal year consists of 13 months and the quarter ended September 30th consists of four months. Fiscal 2022 comparatives are for the 12 months and three months ended August 31, 2022 respectively.
[2] Multiple Sources: (Hifyre, Weedcrawler, Provincial Boards, Internal Modelling) as of September 30, 2023

- Accelerated focus on vapes with strategic investment into Greentank for access to revolutionary vaporization hardware that solves consumer pain points and may increase perceived potency
- Made first US strategic investment into Phylos for exclusive access to high-THCV cultivars and to commence technical collaboration to augment Organigram's growing and breeding methodologies
- Completed initial seed-based trials at the Moncton facility, accelerating the upcoming transition of a portion of grow rooms to seed-based production, a strategic advantage stemming from the Company's investment in Phylos
- Shipped record $18.9 million in international exports in Fiscal 2023, up 25% from $15.1 million in Fiscal 2022
- Achieved meaningful shipped sales growth in several product categories in Fiscal 2023 compared to Fiscal 2022: gummies (100%), hash (113%), all pre-rolls (54%)
- Completed $29 million capex spend on facility enhancements to drive down production costs in Fiscal 2024 and meet consumer demand for craft cannabis and ready-to-consume products. Realized $4.3 million in savings during Fiscal 2023, with a further $10 million savings estimated for Fiscal 2024

TORONTO, ON, December 19, 2023 - Organigram Holdings Inc. (NASDAQ: OGI) (TSX: OGI), (the “Company” or “Organigram”), a leading licensed producer of cannabis, announced its results for the fourth quarter and thirteen months ended September 30, 2023 (“Q4 Fiscal 2023” or "Fiscal 2023").

"In Fiscal 2023, our continued focus on innovative products that address consumers’ evolving preferences toward convenience drove our growth across several ready-to-consume categories like pre-rolls and edibles, and we ended the year in the #2 market position which we held as of November 30th," said Beena Goldenberg, Chief Executive Officer. "Our success in innovation is exemplified by being awarded KIND's 'Most Innovative Product' for the second year in a row. We won in 2022 for Edison JOLTS and this year for our SHRED X Rip-Strip hash. In Fiscal 2024 we expect improved margins from efficiencies tied to our completed facility upgrades and growth in higher margin categories such as craft flower and vapes, while the $124.6 million financial commitment from BAT expedites our plans for international growth."

FISCAL 2023 FINANCIAL HIGHLIGHTS

- Net revenue of $161.6 million, an increase of 11% over $145.8 million in Fiscal 2022
- Adjusted gross margin[1] of $40.2 million, an increase of 20% over $33.4 million in Fiscal 2022
- Adjusted gross margin percentage[1] of 25% compared to 23% in Fiscal 2022
- Adjusted EBITDA[1] of $6.0 million, compared to $3.5 million in Fiscal 2022
- Ended Fiscal 2023 with $51.8 million in cash and negligible debt

Select Key Financial Metrics (in $000s unless otherwise indicated)	Fiscal 2023	Fiscal 2022	% Change
Gross revenue	233,647	209,109	12 %
Excise taxes	(72,008)	(63,300)	14 %
Net revenue	161,639	145,809	11 %
Cost of sales	136,437	119,037	15 %
Gross margin before fair value changes to biological assets & inventories sold	25,202	26,772	(6)%
Realized loss on fair value on inventories sold and other inventory charges	(56,187)	(35,204)	60 %
Unrealized gain on changes in fair value of biological assets	68,981	40,001	72 %
Gross margin	37,996	31,569	20 %
Adjusted gross margin [1]	40,214	33,390	20 %
Adjusted gross margin % [1]	25 %	23 %	9 %
Selling (including marketing), general & administrative expenses [2]	72,378	59,768	21 %
Adjusted EBITDA [1]	5,951	3,484	71 %
Net loss	(248,601)	(14,283)	(1641)%
Net cash used in operating activities before working capital changes	33,262	13,334	149 %
Net cash used in operating after working capital changes	38,778	36,211	7 %

1 Adjusted gross margin, adjusted gross margin % and Adjusted EBITDA are non-IFRS financial measures not defined by and do not have any standardized meaning under IFRS; please refer to “Non-IFRS Financial Measures” in this press release for more information.
2 Excluding non-cash share-based compensation.

KEY FINANCIAL RESULTS FOR FISCAL 2023

- Net revenue increased 11% to $161.6 million from $145.8 million in the previous year primarily due to an increase in recreational and international revenue, the extended reporting period, partially offset by a decrease in medical sales
- Cost of sales was $136.4 million, compared to $119.0 million in the previous year, primarily due to higher net revenue, and the extended reporting period
- Gross margin before fair value changes to biological assets, inventories sold, and other charges declined to $25.2 million from $26.8 million in Fiscal 2022, due to higher inventory provision and net realizable value adjustments
- Adjusted gross margin[3] was $40.2 million, or 25% of net revenue, compared to $33.4 million, or 23% in Fiscal 2022. The improvement was primarily due to increased sales in higher margin categories and higher international sales
- SG&A expenses increased to $72.4 million, compared to $59.8 million in Fiscal 2022.
- Annual SG&A expenses as a percent of net revenue increased from 41% to 44.8%, primarily due to the implementation of the Company's enterprise resource planning ("ERP") program
- Adjusted EBITDA[4] was $6.0 million for Fiscal 2023, compared to $3.5 million in Fiscal 2022
- Net loss was $248.6 million, compared to $14.3 million in Fiscal 2022, primarily due to impairments on PP&E, intangibles, and goodwill
- Net cash used in operating activities before working capital changes was $38.8 million, compared to $36.2 million in Fiscal 2022. The year over year increase to cash used in operating activities is primarily due to the higher ERP implementation expense in the current period.

[3] Adjusted gross margin is a non-IFRS financial measure not defined by and does not have any standardized meaning under IFRS; please refer to “Non-IFRS Financial Measures” in this press release for more information.
[4] Adjusted EBITDA is a non-IFRS financial measure not defined by and does not have any standardized meaning under IFRS; please refer to “Non-IFRS Financial Measures” in this press release for more information.

“We are pleased with our year-over-year Adjusted EBITDA growth of 71% and remain optimistic about our growth potential on the back of many successfully completed initiatives in Fiscal 2023,” added Paolo De Luca, Interim Chief Financial Officer and Chief Strategy Officer. “With our investments in differentiated advantages yet to be fully realized, such as THCV, cost-savings from seed-based production and novel vape hardware technology, we remain laser focused on leading the industry in Canada and beyond. Our recently announced private placement financing, at a significant premium, underscores the valuable franchise we are creating at Organigram centered around sustainable long-term competitive advantages, and bolsters our balance sheet to ensure financial flexibility as opportunities continue to arise.”

FISCAL 2023 CANADIAN RECREATIONAL MARKET INTRODUCTIONS

Holy Mountain - A new value brand from Organigram launched in November, 2022, with an initial lineup of dried flower strains and value pressed hash

Monjour Twilight Tranquility - A sugar-free soft-chew in pear, plum, and lavender flavours, containing CBD, CBN, CBG, and sold in a pack of 25

SHRED X Rip-Strip Hash - This botanical terpene-infused hash is unlike any other on the market – with 10 pre-cut strips of hash available in a 2g format. This product is a new ultra-convenient hash offering from SHRED that is available in the legendary Tropic Thunder and new Blueberry Blaster flavour profiles

SHRED X Heavies - Infused with both diamonds and distillate, this is the first infused pre-roll offering from Organigram that will have a potency of over 40%. The infusion of botanical terpenes further enhances the natural terpene profiles of the blends, taking them to new and delicious heights

SHRED'ems Grapple Juice Gummies - Grapple Juice gummies are vegan-friendly indica gummies with a mouthwatering grape and apple medley. Each pack contains four gummies, infused with 2.5 mg of THC and 2.5 mg of CBG

Holy Mountain GMO Tropical Reign (28g) - Organigram introduced one of its newest high THC cultivars, Tropical Reign, in large format 28g bags, under its Holy Mountain brand. Tropic Reign THC levels are testing as high as 27.6%

Edison Limelight x Cobra Milk Combo Pack - Cobra Milk is a high potency cultivar from Organigram. This product combines Cobra Milk and Limelight pinners in a combo pack for consumers who value quality and variety

SHRED Dartz and Holy Smokes - These tube-style pre-rolls mark the inception of 0.4g pre-rolls for Organigram, crafted using the state-of-the-art, high-speed Cantos tube-style rolling machine, complemented by cutting-edge packaging capabilities

SHRED’ems Guava Lime Go–Time - This exotic new flavour profile, bursting with guava and lime flavours provides a unique cannabinoid experience with an initial 1:1 THC:THCV (10mg THC + 10mg THCV) ratio per pack. An entry point for those looking to experience this new minor cannabinoid.

SHRED All Dressed - An aromatic mix of three best-selling milled blends: Tropic Thunder, Gnarberry & Funkmaster

SHRED Rainbow Oz. - Four colourful 7g pouches of SHRED's best-selling blends: Tropic Thunder, Gnarberry, Funk Master & Dessert Storm.

SHRED'ems POP! Orangezilla Float - 40 mg CBD & 10 mg THC per pack: These sativa gummies are sure to please with an unmistakable orange pop and vanilla flavour profile

Monjour Quiet Chamomile - Each gummy features 25mg of CBD and 5mg of CBN. This large format, high potency, sugar-free gummy pack is a delicious blend of soothing chamomile and peaceful pomegranate

Holy Mountain Purple Punch-Out!! - Purple PunchOut joins the legendary Holy Mountain line-up and is packed with sweet grape and berry aromas. These mesmerizing buds are light green, flecked with orange pistils and are made up of dominant terps b-Carophyllene, limonene and humulene coming in at 24-30% THC

RESEARCH AND PRODUCT DEVELOPMENT

Product Development Collaboration ("PDC") and Centre of Excellence ("CoE")

- Organigram and British American Tobacco p.l.c. continue to work together through their PDC on new workstreams to develop innovative technologies in the edible, vape and beverage categories in addition to new disruptive inhalation formats aimed at addressing the biggest consumer pain points that exist in the category today. Organigram is preparing to deliver new products in these spaces and the launch priority includes gummies which will feature a new nano-emulsion technology
- The PDC is conducting clinical pharmacokinetic studies which will provide Organigram with the ability to make claims regarding the onset and half-life of these products

Follow-on Strategic Investment from BAT and creation of "Jupiter" Investment Pool

- *In March of 2021, BAT invested ~$221 million into Organigram which has served to propel product innovations resulting from CoE at Organigram's Moncton facility*
- *On November 6, 2023 Organigram announced a $124.6 million follow-on investment from BAT and the creation of the "Jupiter", a strategic investment pool designed to expand Organigram's geographic footprint and capitalize on emerging growth opportunities*

INTERNATIONAL

- In Fiscal 2023, the Company completed international shipments totaling $18.9 million, an increase of 25% over Fiscal 2022
- The Company continues to monitor and develop a potential U.S. entry strategy, backed by the "Jupiter" investment pool, that could include THC, CBD and other minor cannabinoids. The Company is also monitoring recreational legalization opportunities in European jurisdictions based on the size of the addressable market and recent regulatory changes.
- In Fiscal 2023, Organigram signed additional supply agreements to distribute medical cannabis to 4C Labs for patients located in the UK, and Sanity Group for patients located in Germany. Shipments to these new jurisdictions are expected to commence and continue in Fiscal 2024, while the Company also expects continued shipments to Israel and Australia.

STRATEGIC INVESTMENTS

Greentank

- In March 2023, Organigram announced it has entered into a product purchase agreement ("Purchase Agreement") with Greentank a leading vaporization technology company and a subscription agreement ("Subscription Agreement") with Greentank's parent company. The Purchase Agreement provides Organigram with an exclusivity period in Canada for a new

technology incorporated into 510 vape cartridges (along with other formats) for use with cannabis, including the development of a custom all-in-one device that will be proprietary to Organigram. Pursuant to the terms of the Subscription Agreement Organigram subscribed for preferred shares for an aggregate subscription price of $4.0 million USD (~$5.5 million CAD) representing an approximate 2.6% interest in Greentank. Organigram's investment combined with the Purchase Agreement is expected to transform Organigram's current and future vapour hardware lineup across its portfolio of recreational brands. Greentank enabled vapes will solve clogging and flavour performance issues associated with vapes, elevating the consumer experience by generating unique aerosols which can efficiently deliver consistent performance, increased potency, and superior flavour from start to finish.

Phylos

- In May 2023, Organigram announced that it reached agreement with Phylos, a U.S. cannabis genetics company and provider of production ready seeds, based in Portland, Oregon, to initiate a wide-ranging technical and commercial relationship in Canada. This innovation relationship is expected to further support Organigram's industry leading cultivation efforts in Canada with patent-pending foundational technologies and genetics. In the future, subject to receipt of any required approvals and permits, Organigram intends to export THCV products to select legal international markets. Under the terms of the loan agreement, Organigram will advance up to US $8 million to Phylos in three tranches. Organigram advanced Phylos an initial US $3.25 million on the initial closing date of the loan agreement (the "Initial Closing Date") with a commitment to fund up to an additional US $4.75 million over two tranches within 12 and 24 months from the Initial Closing Date, upon the completion of certain milestones. Subsequent to Organigram's 2023 year end, the first milestone was achieved and US $2.75 million was advanced to Phylos. This transaction strengthens Organigram's capabilities as follows:
    - Provides exclusive access to high potency whole plant derived THCV in Canada based on Phylos' genetics platform;
    - Allows Organigram to modernize cannabis production and employ seed-based production at scale;
    - Provides access to new, proprietary genetic identification tools that are expected to enable efficient and rapid development of unique, proprietary cultivars driven by consumer preferences; and
    - Enables Organigram to develop seed-based F1 hybrid genetics for key Organigram brands such as SHRED, providing future opportunities to offer 'turn-key' U.S. and International licensing of seed-based genetics and an established cannabis brand when and where legal.

LIQUIDITY AND CAPITAL RESOURCES

- On September 30, 2023, the Company had cash and short-term investments of $51.8 million compared to $125.4 million at August 31, 2022. The decrease is primarily a result of cash used in operating activities of $38.8 million, capital expenditures of $29.1 million and investments of $10.5 million (including transaction costs) in Greentank and Phylos
- In November 2023, Organigram announced a $124.6 million dollar follow-on investment from BAT of which $83.1 million will be used to create "Jupiter," a strategic investment pool designed to expand Organigram's geographic footprint and capitalize on emerging international growth opportunities with the remaining $41.5 million for general corporate purposes, subject to shareholder approval
- Organigram believes its capital position is healthy and that there is sufficient liquidity available for the near to medium term.

Select Balance Sheet Metrics (in $000s)	SEPTEMBER 30, 2023	AUGUST 31, 2022	% Change
Cash & short-term investments (excluding restricted cash)	33,864	98,607	(66) %
Biological assets & inventories	80,953	68,282	19 %
Other current assets	49,596	54,734	(9) %
Accounts payable & accrued liabilities	20,007	40,864	(51) %
Current portion of long-term debt	76	80	(5) %
Working capital	133,545	166,338	(20) %
Property, plant & equipment	99,046	259,819	(62) %
Long-term debt	79	155	(49) %
Total assets	298,455	577,107	(48) %
Total liabilities	26,832	69,049	(61) %
Shareholders' equity	271,623	508,058	(47) %

INDUSTRY COMMENTARY AND OUTLOOK[5]

Industry

The Canadian industry as a whole continues to grow. BDSA forecasts Canadian total sales rising at a 2022-27 CAGR of 4.6% to nearly $7.2 billion in 2027. However, the industry in Canada remains saddled by a high excise tax regime and in some cases, restrictive regulations.

Capital availability (equity or otherwise) in the industry, including to Canadian licensed producers ("LPs"), is materially diminished from only a few years ago. The impact is being felt directly as certain LPs are either shuttering certain money-losing operations, closing down entirely, or entering creditor protection. Others with maturing debt financings who are unable to pay back principle amounts are seeking forbearance or obtaining short-term extensions on their debt.

Organigram's recently announced financing, subject to shareholder approval, for $124.6 million at a significant premium to its trading price is an anomaly that speaks to the intrinsic value of the underlying business.

The Company, which is current on all its excise tax remittances, is aware of other LPs who are in arrears[6], which is effectively acting as a source of alternative financing as taxes are collected from provincial distributors but not remitted to the Canada Revenue Agency on the required date[7]. It is the Company's understanding that the CRA has already begun to hold LPs accountable for their tax payment arrears.

The industry has also been affected by THC mislabelling (inflation). The Company, through its own independent testing of packaged product in the market, has seen certain SKUs with labelled THC percentages that are overstated by greater than 50% (e.g. labelled product shows 30% THC vs. actual THC when tested at a credible third-party lab is 17%). The Company believes that recent

[5] The disclosure in this section is subject to the risk factors referenced in the "Risk Factors" section of the Company's Q4 Fiscal 2023 MD&A, which is available in the Company's profile at www.sedar.com. Without limiting the generality of the foregoing, the expectations concerning revenue, adjusted gross margins and SG&A are based on the following general assumptions: consistency of revenue experience with indications of fourth quarter performance to date, consistency of ordering and return patterns or other factors with prior periods and no material change in legal regulation, market factors or general economic conditions. The Company disclaims any obligation to update any of the forward-looking information except as required by applicable law. See cautionary statement in the "Introduction" section at the beginning of the Company's Fiscal 2023 MD&A.
[6] Source: https://mjbizdaily.com/unpaid-cannabis-tax-in-canada-balloons-to-almost-ca200-million/
[7] Source: https://mjbizdaily.com/canadas-taxman-targets-cannabis-excise-debts/

initiatives by both Health Canada[8] and certain provincial boards[9] will eventually help mitigate this unfair practice.

Notwithstanding the above issues the Company has and continues to take measures to fortify itself as market forces prevail and the strongest survive. These include:

- Strong balance sheet with excess cash reserves at all times;
- Investment in production efficiencies including automation to drive long-term margins;
- Investment in R&D, innovation, and product differentiation to drive competitive defensible advantages; and
- Focus on consumer segmentation, need states and delivering brands & products tailored to meeting their needs.

Net revenue

- Organigram currently expects Fiscal 2024 revenue to be higher than that of Fiscal 2023. This expectation is largely due to ongoing sales momentum, stronger forecasted market growth, the Company's expanded product line in multiple segments, increased throughput in Moncton Campus and Winnipeg facilities and contributions from the completed expansion at the Lac-Supérieur facility;
- In addition, the anticipated continuation of shipments to Israel, Australia, as well as new supply agreements signed in Fiscal 2023 with Sanity Group in Germany and 4C Labs in the UK, are expected to generate higher revenue in Fiscal 2024 as compared to Fiscal 2023; and
- The Company believes it is better equipped to fulfill demand in Fiscal 2024 with larger harvests and greater efficiencies from automation compared to Fiscal 2023.

Adjusted gross margins[10]

- The Company expects to see an improvement in adjusted gross margins in Fiscal 2024 and has put measures in place that it expects will further improve margins over time
- The extent of the adjusted gross margin improvement in fiscal 2024 will also be dependent on other factors such as product category and brand sales mix, provincial mix, and international sales levels
- Organigram has identified the following opportunities which it believes have the potential to further improve adjusted gross margins over time:
    - Enhanced growing and harvesting methodologies, and design and environmental improvements in Moncton, which have resulted in higher-quality flower and improved yields;
    - Facility enhancements and the completion of Fiscal 2023's capex projects, combined with anticipated savings related to the partial transition to seed-based production, estimated to reduce costs by $10 million in Fiscal 2024;
    - Anticipated growth in the vape category due to the near-term launch of Greentank S1 enabled vapes and THCV vapes;
    - Expansion of the Lac-Supérieur facility which yielded its first harvest in December 2023;
    - Increased investment in building brand equity for the Company's Trailblazer brand, geared toward growth in the mainstream segment; and
    - Additional innovative product launches to support key brands: SHRED, Monjour, Holy Mountain, Edison, and Tremblant to create new potential avenues for growth;

[8] Source: https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/updates-cannabis-industrial-hemp/2023-07-data-gathering-program.html

[9] Source: https://stratcann.com/news/ocs-to-begin-temporary-thc-testing-program-in-2024/

[10] Adjusted gross margin is a non-IFRS financial measure not defined by and does not have any standardized meaning under IFRS; please refer to “Non-IFRS Financial Measures” in this press release for more information.

[11] Adjusted EBITDA is a non-IFRS financial measure not defined by and does not have any standardized meaning under IFRS; please refer to “Non-IFRS Financial Measures” in this press release for more information.

Adjusted EBITDA[11]

- The Company expects to continue to report increasing positive Adjusted EBITDA on year-over-year basis, recognizing that quarterly results may fluctuate

Cash flow

- The Company is adjusting its prior guidance of generating positive free cash flow ("FCF") during Calendar 2023. The Company expects that FCF is achievable in H2 Fiscal 2024.

CAPITAL STRUCTURE

in $000s	SEPTEMBER 30, 2023	AUGUST 31, 2022
Current and long-term debt	155	235
Shareholders' equity	271,623	508,058
Total debt and shareholders' equity	271,778	508,293
in 000s		
Outstanding common shares	81,162	78,454
Options	2,830	2,763
Warrants	4,236	4,236
Top-up rights	2,035	1,898
Restricted share units	881	586
Performance share units	261	66
Total fully-diluted shares	91,405	88,003

Outstanding basic and fully diluted share count as at December 15, 2023 is as follows:

in 000s	DECEMBER 15, 2023
Outstanding common shares	81,162
Options	2,796
Warrants	—
Top-up rights	977
Restricted share units	881
Performance share units	261
Total fully-diluted shares	86,077

Q4 FISCAL 2023 FINANCIAL HIGHLIGHTS

- Net revenue of $46.0 million, up 1% from $45.5 million in Q4 Fiscal 2022
- Adjusted Gross Margin[1] of $7.9 million or 17%, compared to $10.4 million, or 23%, in Q4 Fiscal 2022
- Adjusted EBITDA of $(2.4) million, compared to $3.2 million in Q4 Fiscal 2022

Select Key Financial Metrics (in $000s unless otherwise indicated)	Q4-2023	Q4-2022	% Change
Gross revenue	71,458	65,657	9 %
Excise taxes	(25,418)	(20,177)	26 %
Net revenue	46,040	45,480	1 %
Cost of sales	42,885	36,718	17 %
Gross margin before fair value changes to biological assets & inventories sold	3,155	8,762	(64) %
Realized loss on fair value on inventories sold and other inventory charges	(15,901)	(10,191)	56 %
Unrealized gain (loss) on changes in fair value of biological assets	21,751	15,677	39 %
Gross margin	9,005	14,248	(37) %
Adjusted gross margin [1]	7,939	10,362	(23) %
Adjusted gross margin % [1]	17 %	23 %	(26) %
Selling (including marketing), general & administrative expenses [2]	21,572	15,657	38 %
Adjusted EBITDA [1]	(2,360)	3,232	(173) %
Net loss	(32,991)	(6,144)	(437) %
Net cash used in operating activities before working capital changes	16,423	1,979	730 %
Net cash used in operating after working capital changes	17,017	19,695	(14) %

1 Adjusted gross margin, adjusted gross margin % and Adjusted EBITDA are non-IFRS financial measures not defined by and do not have any standardized meaning under IFRS; please refer to “Non-IFRS Financial Measures” in this press release for more information.

KEY FINANCIAL RESULTS FOR THE FOURTH QUARTER 2023

- Net revenue increased 1% to $46.0 million, from $45.5 million in Q4 Fiscal 2022 primarily due to the extended reporting period
- Cost of sales increased to $42.9 million, from $36.7 million in Q4 Fiscal 2022, primarily as a result of lower margins due to lower international sales relative to recreational sales, and the extended reporting period
- Gross margin before fair value changes to biological assets, inventories sold, and other charges declined to $3.2 million from $8.8 million in Q4 Fiscal 2022, primarily due to higher inventory provisions and net realizable value adjustments
- Adjusted gross margin was $7.9 million, or 17% of net revenue, compared to $10.4 million, or 23%, in Q4 Fiscal 2022, primarily due to product mix
- SG&A expenses increased to $21.6 million from $15.7 million in Q4 Fiscal 2022, primarily due the extended reporting period
- Adjusted EBITDA was $(2.4) million compared to $3.2 million in Q4 Fiscal 2022
- Net loss was $33.0 million, compared to a net loss of $6.1 million in Q4 Fiscal 2022. The quarterly increase was primarily due to impairments on PP&E and goodwill, increased cost of sales, and operating expenses
- Net cash used in operating activities before working capital changes was $16.4 million, compared to $2.0 million in Q4 Fiscal 2022

ADJUSTED GROSS MARGIN AND ADJUSTED EBITDA RECONCILIATION

Adjusted Gross Margin Reconciliation (in $000s unless otherwise indicated)	Q4-2023	Q4-2022	Fiscal 2023	Fiscal 2022
Net revenue	$ 46,040	$ 45,480	$ 161,639	$ 145,809
Cost of sales before adjustments	38,101	35,118	121,425	112,419
Adjusted gross margin	7,939	10,362	40,214	33,390
Adjusted gross margin %	17 %	23 %	25 %	23 %
Less:				
Provisions (recoveries) of inventories and biological assets	532	1,600	5,678	4,048
Provisions to net realizable value	4,252	—	9,334	498
Incremental fair value component on inventories sold from acquisitions	—	—	—	
Unabsorbed overhead	—	—	—	709
Gross margin before fair value adjustments	3,155	8,762	25,202	28,135
Gross margin % (before fair value adjustments)	7 %	19 %	16 %	19 %
Add:				
Realized loss on fair value on inventories sold and other inventory charges	(15,901)	(10,191)	56,187	35,204
Unrealized gain on changes in fair value of biological assets	21,751	15,677	(68,981)	(40,001)
Gross margin	9,005	14,248	12,408	23,338
Gross margin %	20 %	31 %	8 %	16 %

Adjusted EBITDA Reconciliation (in $000s unless otherwise indicated)	Q4-2023	Q4-2022	Fiscal 2023	Fiscal 2022
Net loss as reported	$ (32,991)	$ (6,144)	$ (248,601)	$ (14,283)
Add/(deduct):				
Financing costs, net of investment income	(923)	(364)	(3,692)	(1,058)
Income tax recovery	(2,279)	(299)	(3,812)	(88)
Depreciation, amortization, and (gain) loss on disposal of property, plant and equipment (per statement of cash flows)	5,581	7,570	26,606	31,487
Normalization of depreciation add-back due to changes in depreciable assets resulting from impairment charges	3,037	—	3,037	—
Impairment of intangible assets	6,951	—	44,856	—
Impairment of property, plant and equipment	11,918	2,245	165,255	4,245
Share of loss (gain) from investments in associates and impairment loss (recovery) from loan receivable	(51)	528	938	1,614
Unrealized (gain) loss on changes in fair value of contingent consideration	(466)	317	(3,364)	(2,621)
Realized loss on fair value on inventories sold and other inventory charges	15,901	10,191	56,187	35,204
Unrealized gain on change in fair value of biological assets	(21,751)	(15,677)	(68,981)	(40,001)
Share-based compensation (per statement of cash flows)	1,208	2,809	5,727	5,127
COVID-19 related charges, net of government subsidies and insurance recoveries	(407)	—	(407)	(335)
Legal provisions	—	—	(75)	(310)
Share issuance costs allocated to derivative warrant liabilities and change in fair value of derivative liabilities and other financial assets	413	(3,415)	(4,372)	(32,650)
Incremental fair value component of inventories sold from acquisitions	—	—	—	1,363
ERP implementation costs	2,415	1,793	7,687	3,203
Transaction costs	580	(188)	1,463	2,384
Provisions (recoveries) and net realizable value adjustments related to inventory and biological assets	4,784	1,600	15,012	4,546
Research and development expenditures, net of depreciation	3,720	2,266	12,487	5,657
Adjusted EBITDA	**$ (2,360)**	**$ 3,232**	**$ 5,951**	**$ 3,484**

FOURTH QUARTER AND FULL YEAR FISCAL 2023 CONFERENCE CALL

The Company will host a conference call to discuss its results with details as follows:
Date: December 19, 2023
Time: 8:00 am Eastern Time

To register for the conference call, please use this link:
https://conferencingportals.com/event/XWQpOvKk

To ensure you are connected for the full call, we suggest registering a day in advance or at minimum 10 minutes before the start of the call. After registering, a confirmation will be sent through email, including dial in details and unique conference call codes for entry. Registration is open through the live call.

To access the webcast:
https://events.q4inc.com/attendee/990999128

A replay of the webcast will be available within 24 hours after the conclusion of the call at https://www.organigram.ca/investors and will be archived for a period of 90 days following the call.

Non-IFRS Financial Measures

This news release refers to certain financial performance measures (including adjusted gross margin, adjusted gross margin % and Adjusted EBITDA) that are not defined by and do not have a standardized meaning under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Non-IFRS financial measures are used by management to assess the financial and operational performance of the Company. The Company believes that these non-IFRS financial 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. 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. Adjusted EBITDA is a non-IFRS measure that the Company defines as net income (loss) before: financing costs, net of investment income; income tax expense (recovery); depreciation, amortization, reversal of/or impairment, (gain) loss on disposal of property, plant and equipment (per the consolidated statement of cash flows); share-based compensation (per the consolidated statement of cash flows); share of loss from investments in associates and impairment loss (recovery) from loan receivable; unrealized loss (gain) on changes in fair value of contingent consideration; change in fair value of derivative liabilities; expenditures incurred in connection with research & development activities (net of depreciation); unrealized (gain) loss on changes in fair value of biological assets; realized loss on fair value on inventories sold and other inventory charges; provisions and impairment of inventories and biological assets; provisions (recoveries) to net realizable value of inventories; government subsidies and insurance recoveries; legal provisions (recoveries); incremental fair value component of inventories sold from acquisitions; ERP implementation costs; transaction costs; and share issuance costs. Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and derive expectations of future financial performance for the Company, and excludes adjustments that are not reflective of current operating results.

Adjusted gross margin is a non-IFRS measure that the Company defines as net revenue less cost of sales, before the effects of (i) unrealized gain (loss) on changes in fair value of biological assets; (ii) realized fair value on inventories sold and other inventory charges; (iii) provisions (recoveries) and impairment of inventories and biological assets; (iv) provisions to net realizable value; and (v) unabsorbed overhead relating to underutilization of the production facility grow rooms and manufacturing equipment, most of which is related to non-cash depreciation expense, from net revenue. Adjusted gross margin % is calculated by dividing adjusted gross margin by net revenue. Management believes that these measures provide useful information to assess the profitability of our operations as it represents the normalized gross margin generated from operations and excludes the effects of non-cash fair value adjustments on inventories and biological assets, which are required by IFRS.

The most directly comparable measure to Adjusted EBITDA, calculated in accordance with IFRS is net income (loss) and beginning on page 11 of this press release is a reconciliation to such measure. 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 and beginning on page 10 of this press release is a reconciliation to such measure.

About Organigram Holdings Inc.

Organigram Holdings Inc. is a NASDAQ Global Select Market and TSX listed company whose wholly-owned subsidiaries include Organigram Inc. and Laurentian Organic Inc. licensed producers of cannabis and cannabis-derived products in Canada, and The Edibles and Infusions Corporation, a licensed manufacturer of cannabis-infused edibles in Canada.

Organigram is focused on producing high-quality, indoor-grown cannabis for patients and adult recreational consumers in Canada, as well as developing international business partnerships to extend the Company's global footprint. Organigram has also developed a portfolio of legal adult-use recreational cannabis brands, including Edison, Big Bag O' Buds, SHRED, Monjour and Trailblazer. Organigram operates facilities in Moncton, New Brunswick and Lac-Supérieur, Québec, with a dedicated manufacturing facility in Winnipeg, Manitoba. The Company is regulated by the Cannabis Act and the Cannabis Regulations (Canada).

This news release contains 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, projections or other characterizations of future events or circumstances, and the Company's objectives, goals, strategies, beliefs, intentions, plans, estimates, forecasts, projections and outlook, including statements relating to the Company's future performance, the Company's positioning to capture additional market share and sales including international sales, expectations for consumer demand, expected increase in SKUs, expected improvement to gross margins before fair value changes to biological assets and inventories, expectations regarding adjusted gross margins, Adjusted EBITDA and net revenue in Fiscal 2023 and beyond, expectations regarding cultivation capacity, the Company's plans and objectives including around the CoE, availability and sources of any future financing, expectations regarding the impact of COVID-19, availability of cost efficiency opportunities, the increase in the number of retail stores, the ability of the Company to fulfill demand for its revitalized product portfolio with increased staffing, expectations relating to greater capacity to meet demand due to increased capacity at the Company's facilities, expectations around lower product cultivation costs, the ability to achieve economies of scale and ramp up cultivation, expectations pertaining to the increase of automation and reduction in reliance on manual labour, expectations around the launch of higher margin dried flower strains, expectations around market and consumer demand and other patterns

related to existing, new and planned product forms including by EIC and Laurentian; timing for launch of new product forms, ability of those new product forms to capture sales and market share, estimates around incremental sales and more generally estimates or predictions of actions of customers, suppliers, partners, distributors, competitors or regulatory authorities; continuation of shipments to Canndoc Ltd., Cannatrek Ltd. and Medcan; statements regarding the future of the Canadian and international cannabis markets 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.

This news release contains information concerning our industry and the markets in which we operate, including our market position and market share, which is based on information from independent third-party sources. Although we believe these sources to be generally reliable, market and industry data is inherently imprecise, subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey or data collection process. We have not independently verified any third-party information contained herein.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual events to differ materially from current expectations. These risks, uncertainties and factors include: the heightened uncertainty as a result of COVID-19, including any continued impact on production or operations, impact on demand for products, effect on third party suppliers, service providers or lenders; general economic factors; receipt of regulatory approvals or consents and any conditions imposed upon same and the timing thereof; the Company's ability to meet regulatory criteria which may be subject to change; change in regulation including restrictions on sale of new product forms; change in stock exchange listing practices; the Company's ability to manage costs, timing and conditions to receiving any required testing results and certifications; results of final testing of new products; timing of new retail store openings being inconsistent with preliminary expectations; changes in governmental plans including those related to methods of distribution and timing and launch of retail stores; timing and nature of sales and product returns; customer buying patterns and consumer preferences not being as predicted given this is a new and emerging market; material weaknesses identified in the Company's internal controls over financial reporting; the completion of regulatory processes and registrations including for new products and forms; market demand and acceptance of new products and forms; unforeseen construction or delivery delays including of equipment and commissioning; increases to expected costs; competitive and industry conditions; change in customer buying patterns; and changes in crop yields. These and other risk factors are disclosed in the Company's documents filed from time to time under the Company's issuer profile on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and reports and other information filed with or furnished to the United States Securities and Exchange Commission ("SEC") from time to time on the SEC's Electronic Document Gathering and Retrieval System ("EDGAR") at www.sec.gov, including the Company's most recent MD&A and AIF. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. The Company disclaims any intention or obligation, except to the extent required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Forward looking information is subject to risks and uncertainties that are addressed in the "Risk Factors" section of the MD&A dated December 19, 2023 and there can be no assurance whatsoever that these events will occur.

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