Rubicon Organics Inc.

Management's Discussion & Analysis

For the three and six months ended June 30, 2021

Expressed in Canadian dollars

Preface

In this Management's Discussion & Analysis ("MD&A"), "Rubicon Organics", the "Company", or the words "we", "us", and "our" refer to Rubicon Organics Inc. together with its subsidiaries.

This MD&A comments on our operations, financial performance, and financial condition for the three and six months ended June 30, 2021. All amounts in this MD&A are in Canadian dollars, unless otherwise noted. It is supplemental to and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements including the accompanying notes for the three and six months ended June 30, 2021 (the "Financial Statements"), the audited consolidated financial statements including the accompanying notes for the fiscal year ended December 31, 2020 (the "Annual Financial Statements"), and the Annual Management's Discussion and Analysis for the year ended December 31, 2020 ("Annual MDA").

All financial information contained in this MD&A and in the Financial Statements is prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, except for certain non-GAAP information as noted and where a reconciliation to IFRS is provided.

In preparing this MD&A, we have considered all information available to us up to August 19, 2021.

This MD&A contains forward-looking information within the meaning of Canadian securities laws. Refer to "Cautionary Note Regarding Forward-Looking Statements".

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Additional information regarding the Company is available on our website at www.rubiconorganics.com or through the SEDAR website at www.sedar.com.

About Us

Overview

Headquartered in Vancouver, British Columbia, Rubicon Organics Inc. exists under the laws of the Business Corporations Act (British Columbia) and its common shares are listed under the symbol "ROMJ" on the TSX Venture Exchange ("TSXV") and under the symbol "ROMJF" on the OTCQX.

Rubicon Organics, through its wholly-owned subsidiary Rubicon Holdings Corp., is a licensed producer ("LP") under the Cannabis Act focused on providing premium organic certified cannabis products for the recreational and medical-use markets in Canada. Rubicon Organics owns and operates a fully licensed 125,000 square foot high-tech greenhouse located on a 20-acre property in Delta, British Columbia (the "Delta Facility"). Out of its Delta Facility, the Company grows organic cannabis certified by the Fraser Valley Organic Producers Association ("FVOPA"), Canada's preeminent certification body for organic operators.

The Company is focused on building a portfolio of premium brands in the Canadian market that is anchored by its flagship Simply Bare™ Organic cannabis brand. The Company has direct supply agreements in place with the British Columbia Liquor Distribution Branch ("BCLDB"), the Alberta Gaming, Liquor and Cannabis Commission ("AGLC"), the Ontario Cannabis Stores ("OCS"), the Société Québécoise du cannabis ("SQDC"), Cannabis NB ("CNB") and the Yukon Liquor Corporation ("YLC") and sells directly to the Manitoba Liquor & Lotteries ("MBLL"). The Company also has distribution agreements with distributors in Saskatchewan who distribute the Company's products to certain provincial distributors and retailers. In addition, the Company has entered into a supply agreement with German distributer, Canacur GmbH, to sell Rubicon Organics' cannabis products to the German medical market. The Company expects first exports in the first part of 2022, pending European Union Good Manufacturing Practices ("EU-GMP") certification.

As at June 30, 2021, Rubicon Organics has the following subsidiaries:

Name	Place of Incorporation	Ownership Percentage
Rubicon Holdings Corp. ("RHC") (formerly Rubicon Organics Canada Corp.) (licensed producer under the Cannabis Act)	BC, Canada	100%
West Coast Marketing Corporation	BC, Canada	100%

Our Operations

Delta Facility

The Delta Facility is a fully licensed 125,000 square foot state-of-the-art hybrid greenhouse owned and operated by Rubicon Organics located on a 20-acre property in Delta, British Columbia. The entire greenhouse facility is licensed for cultivation and processing and is certified by FVOPA for organic cannabis cultivation.

The Delta Facility is made up of a processing area, a nursery, and a total of five cultivation compartments. Since March 2020, the Delta Facility has been in full scale operation. The Delta Facility utilizes cold cure processing rooms and follows Good Production Practices ("GPP") for processing dried flower and performing solvent-less extraction.

Rubicon Organics has invested in the Delta Facility to create year-round organic growing conditions. Through the first full year of cultivation, we have been adapting our infrastructure to continue to refine and optimize our growing environment with a focus to drive high quality production. The Delta Facility has two different spectrums of supplemental LED light and advanced climate and humidity controls. Our full spectrum LED lights mimic natural sunlight, resulting in healthier plants with higher yields than conventional greenhouses while reducing our energy use by up to 60% compared with other lighting methods. The Delta Facility is also outfitted with precision, sensor-based watering that reduces water consumption.

The Company's Delta Facility employs FVOPA organic certified cannabis cultivation methods. Soil and fertilizers used in cultivation are made in-house, using a proprietary blend of natural, locally sourced ingredients that naturally deliver the nutrients to the crop, while minimizing the impact on our environment.

Rubicon Organics is in possession of an extensive genetic library of cultivars previously developed in the medical cannabis market that have been stabilized for successful growth in greenhouse conditions.

Brands and Products

Simply Bare™ Organic is Rubicon Organics' flagship super-premium brand launched in December 2019. Cannabis packaged and sold under the Simply Bare™ Organic brand is grown in a proprietary mix of 100% certified organic living soil made in-house with ingredients from British Columbia's Sunshine Coast. Each plant is grown under full-spectrum sunlight, harvested by hand and cold cured for two weeks to achieve a rich terpene profile. Buds are then selected and carefully trimmed before being packaged into a sustainable terracotta-coloured glass jar. Simply Bare™ Organic pre-rolls take the same dried flower, delivered in a convenient format at a more accessible price point. Simply Bare™ hash is single strain, each cultivar is pressed by hand conserving the terpenes and quality of its' organic flower. Simply Bare™ PAX® ERA™ pods are formulated from our harvested flower, the oil is formulated in its' own terpenes and is a true expression of the flower. Simply Bare™ live rosin, available in limited drops, is crafted from our organic fresh flower grown in living soil; the live rosin showcases the terpenes of each carefully chosen cultivar and is kept fresh in calyx containers.

Product formats available as of August 2021:

- 3.5 gram jar
- 7.0 gram jar
- 3 x 0.5 gram pre-rolls
- 1.0 gram hash
- 1.0 gram live rosin
- 0.5 gram PAX® Era™ pod

LAB THEORY™ is a premium concentrate brand launched in January 2021 in British Columbia. LAB THEORY™ combines high terpene flower with industry-leading extraction techniques to produce high-quality concentrates, available in sought after formats. To create flavourful, full spectrum concentrates, every strain must be seen on its own merits. By experimenting with different processes for growing and extracting, we find the perfect formula that brings out the unique characteristics of each cultivar.

Product formats available as of August 2021:

- 1.0 gram diamonds

1964 Supply Co™, initially launched in December 2020, is now available from Coast to Coast in seven provinces from British Columbia to New Brunswick. 1964 Supply Co™ is aimed at offering premium cannabis at legacy market prices. The brand is available in dried flower, pre-rolls, and hash formats.

Product formats available as of August 2021:

- 3.5 gram bag
- 15 gram bag
- 5 x 0.5 gram pre-rolls
- 2.0 gram hash bag

Homestead Cannabis Supply™ launched in Western Canada in July 2021 and is planned to hit the Ontario market early fall. Homestead Cannabis Supply™ is Rubicon Organics' first mainstream brand developed for the price conscious and avid cannabis consumer and is the first product in Rubicon Organics' suite of brands that includes a 28g flower product format.

Product formats available as of August 2021:
- 28 gram flower

Wildflower™ is a brand licensed by Rubicon Organics from Wildflower Brands Inc. to bring Wildflower-branded CBD Relief Sticks and CBD Cool Sticks to the Canadian market. The Company has an exclusive license to the brand in Canada. Launched in late March 2021 and available since early April 2021 to consumers nationally and on certain medical platforms.

Product formats available as of August 2021:
- 30 mg and 73 mg CBD Relief Stick
- 30 mg and 73 mg CBD Cool Stick

Strategy and Outlook

Canadian Recreational Market

Rubicon Organics is focused on achieving industry leading profitability through a focus on innovation and the development of brands and cannabis products, including its flagship super-premium brand Simply Bare™ Organic, its super-premium concentrate brand LAB THEORY™, its premium flower and hash brand 1964 Supply Co™ and mainstream brand Homestead Cannabis Supply™. Simply Bare™ Organic is a top organic brand in all major provinces and maintains leadership in the premium category. 1964 Supply Co™ and Homestead Cannabis Supply™ have been accepted by seven and five of the provincial distributors, respectively.

New Product Innovation

Rubicon has hired an experienced team of consumer-packaged goods ("CPG") professionals with a focus on continuous innovation and a plan to launch new product innovations throughout 2021 and beyond.

On March 3, 2021, the Company entered into a services agreement with the Valens Company ("Valens") to provide organic certified extraction services. This agreement is accelerating the launch of our 2.0 innovation pipeline, including the launch of the Company's Simple Bare™ Organic branded PAX® pods.

On March 24, 2021, the Company announced the launch of Wildflower™ topicals including the CBD Relief Stick and CBD Cool Stick. The Wildflower-branded products were available in early April 2021 to consumers nationally and on certain medical platforms.

Rubicon has partnered with PAX LABS®, a leader in premium cannabis vaporization technology, to launch organic cannabis oil smart pods for the PAX® ERA™ and PAX® ERA Pro™ premium vaporizers. PAX® pods were available in June 2021 to consumers in Saskatchewan and are now available to additional consumers in New Brunswick, Ontario, and Alberta.

In June 2021, Rubicon launched its first live rosin into the Ontario market, with British Columbia following in August 2021. The live rosin was extracted in house and crafted without the use of solvents to enter a new space within the premium concentrates segment.

Europe and Other International Markets

Through its supply agreement with Canacur GmbH, the Company established its distribution channel to the German medical cannabis market. The Company expects its first exports to Germany in the first half of 2022, pending European Union Good Manufacturing Practices ("EU-GMP") certification. Although the Delta Facility is ready for the EU-GMP inspection, it has been delayed due to COVID-19 travel restrictions and thus this has delayed the first shipments to Germany.

The Company continues to seek additional distribution channels into international cannabis markets.

The Delta Facility

While most capital projects are complete at the Delta Facility, the Company plans to continue small scale, strategic capital investments to drive best in class production quality. Rubicon continues to wait for BC Hydro to install the necessary infrastructure for a power upgrade, which will reduce the need for generators and improve the Company's operating costs. The power upgrade is expected to be completed over the coming twelve months. Furthermore, the Company is performing an assessment of areas for additional capital expenditure which could increase throughput and efficiency. All future investments made by the Company are focused on improving quality, increasing efficiency, or decreasing operating costs.

Company Outlook

During the second quarter of 2021, the Company maintained significant market share in the premium and organic product categories with its Simply Bare™ Organic brand[1]. The brand continues to be the #1 organic dried flower product of choice in all provinces[1]. The Company also maintained a top six position in premium in each of Ontario, Alberta and Quebec and remained the #1 premium brand in British Columbia[1].

Consistent with industry trends and guidance, the shutting of stores in the first and second quarter of 2021 had a significant impact on sales to provincial distributors relative to forecasts, particularly in Ontario and Alberta. This trend began to reverse in the last two weeks of the second quarter as stores in Ontario partially re-opened. Exiting the second quarter and for the third quarter to date, we have seen accelerating retail sales velocity, indicating a strong consumer demand in the premium segment for our Simply Bare™ Organic brand. Rubicon believes that the combination of its 132% increase in SKU count, new brands in key Canadian markets and an Ontario restocking event in September of 2021 will increase our revenue trajectory throughout the second half of 2021.

COVID-19 related store closures impacted Rubicon Organics' ability to achieve its previously disclosed Adjusted EBITDA and operating cash flow targets during the six months ended June 30, 2021. As a proactive measure, Rubicon Organics undertook a company-wide restructuring during the period and has achieved annualized savings of $2.6 million. The Company's current expectation for the achievement of key milestones remains in the second half of 2021, subject to the timing of shipments of new SKUs to large provincial buyers. With our recent expansion in available SKUs and increased sales velocity, we remain confident in the appeal of our brands and our strategy to win in the premium market.

COVID-19

In March 2020, the World Health Organization declared the outbreak of the COVID-19 virus a global pandemic. This outbreak continues to cause major disruptions to businesses and markets worldwide as the virus, including new variants, continues to spread. Several countries, as well as certain provinces and cities within Canada, have enacted temporary closures of businesses, issued quarantine or shelter-in-place orders, and taken other restrictive measures in response to COVID-19. The extent to which COVID-19 and the related global economic crisis affect our business, results of operations and financial condition, will depend on future developments that are highly uncertain and cannot be predicted, including the scope and

[1] Based on information from industry data sources including the Ontario Cannabis Stores and Buddi data during the period from January 1, 2021, to June 30, 2021, where premium is defined as any product with a retail price per gram above the average retail price plus 20% in the market of interest, during the period of observation.

duration of the pandemic and any recovery period, future actions taken by governmental authorities, central banks and other third parties (including new financial regulation and other regulatory reform) in response to the pandemic, and the effects on our products, clients, vendors and employees. We continue to service our customers amid uncertainty and disruption linked to COVID-19 and we are actively managing our business to respond to the impact.

Financial Highlights

	Three months ended		Six months ended	
	June 30, 2021 $	**June 30, 2020 $**	**June 30, 2021 $**	**June 30, 2020 $**
Net revenue	**4,595,591**	992,003	**8,706,154**	1,446,046
Other income	**31,450**	307,289	**31,450**	438,462
Loss from continuing operations	**(5,096,459)**	(1,568,361)	**(9,083,775)**	(5,264,603)
Loss from discontinuing operations	**-**	(246,691)	**-**	(358,617)
Net loss for the period	**(5,096,459)**	(1,815,052)	**(9,083,775)**	(5,623,220)
Adjusted EBITDA[1]	**(3,416,332)**	(2,510,839)	**(6,791,699)**	(5,547,096)
Cash and cash equivalents[2]	**4,009,930**	12,577,730	**4,009,930**	12,577,730
Working capital	**25,994,223**	5,467,987	**25,994,223**	5,467,987

1. Adjusted EBITDA is a non-GAAP measure that is calculated as earnings (losses) from operations before interest, tax, depreciation and amortization, share-based compensation expense, and fair value changes. See *Selected Financial Information* for additional detail on the Adjusted EBITDA calculation.

2. As at June 30, 2021, $9,907,200 (US$8.0 million) was receivable in relation to the issuance of the Debenture. The Company received the full amount in July 2021.

Second Quarter Financial Review

For the three months ended June 30, 2021, the Company reported net revenue of $4,595,591, a $485,028 increase from the three months ended March 31, 2021. The increase is driven by sales growth in Ontario as the province wide COVID-19 restrictions began to ease allowing for further partial store re-openings in the last two weeks of the quarter. We believe net revenues in the first half of 2021 were negatively impacted by COVID-19 cannabis store closures, particularly in Ontario, along with reduced orders from provincial distributors as they were focused on selling through inventory built up in the fourth quarter of 2020 and first quarter of 2021. The Company expects that once provincial restrictions are lifted and remain lifted, consumer behaviour returns to normal, and provinces and stores sell through their old inventory, the cannabis retail market will resume the previous trajectory of growth. The return to pre-pandemic behaviour combined with Rubicon's new products launching in third quarter of 2021, is expected to result in restocking orders by provincial distributors in the latter half of the third quarter of 2021, which we will capitalize on, particularly in Ontario.

For the three months ended June 30, 2021, the Company reported production costs $2,361,175, a $248,751 decrease from the three months ended March 31, 2021. As a result of the company-wide restructuring that occurred during the second quarter of 2021 and the seasonal impact of less power required to the facility in the spring, there was a decrease in quarter over quarter production costs between the first and second quarters of 2021. Cultivation process improvements and the company-wide restructuring have translated to production efficiency savings that are expected to reduce costs in the second half of 2021.

For the three months ended June 30, 2021, the inventory expensed to cost of sales as a percentage of net revenue increased by 8%, from 36% for the three months ended March 31, 2021, to 44%, for the three months ended June 30, 2021. Certain production process inefficiencies were identified during the second quarter of 2021, and the Company began to implement process improvements at the end of June 2021 with cost efficiencies to be realized in the second half of 2021. In particular the first production runs of new cannabis products were inherently inefficient and will improve as processes mature. Some of these expected improvements will be tempered by changing product mix, which will impact the ratio of inventory expensed to cost of sales as a percentage of net revenue.

For the three months ended June 30, 2021, the Company reported an Adjusted EBITDA loss of $3,416,332, a $40,964 increase from the three months ended March 31, 2021. Adjusted EBITDA was flat for the first two quarters of 2021 as increased net revenue was offset by investment in sales and marketing for the launch of new brands and certain termination benefits paid on account of the restructuring implemented in the three months ended June 30, 2021.

For the three months ended June 30, 2021, the Company reported a net loss of $5,096,459, a $1,109,143 increase from the three months ended March 31, 2021. The increase to net loss reflects the factors impacting adjusted EBITDA described above and non-cash adjustments.

Recent Activities

Key Developments in the six months ended June 30, 2021

- Received Health Canada license sales amendment for the direct sale of cannabis topical, edible and concentrate products
- Completed $23.0 million bought deal offering at $3.80 per unit
- Entered into an agreement with Valens for organic certified extraction services
- Repaid first and second mortgages, and refinanced with a US$8.0 million principal amount secured debenture
- Received first purchase orders from CNB, YLC and first direct purchase order from MBLL
- Published the Company's inaugural Environmental, Social and Governance Report

On January 14, 2021, Rubicon announced that it received its Health Canada license sales amendment which authorizes the direct sale of cannabis topical, edible and concentrate products to provincially authorized distributors/retailers and registered patients, in addition to dried and fresh cannabis products. The Company used a licensed intermediary to launch its LAB THEORY™ and 1964 Supply Co.™ brand of concentrate products to provincial distributors and recently completed the process of transitioning its Quebec concentrate sales to be direct with the SQDC. Since launching LAB THEORY™ in December 2020, new entrants have entered the hydrocarbon concentrate market which has resulted in a significant price drop for products in this market. The Company has been pursuing limited product releases and is further assessing how LAB THEORY™ will be positioned in the Canadian market.

On February 26, 2021, Rubicon closed a bought deal offering of 6,052,631 units at $3.80 per unit for aggregate gross proceeds of $23.0 million. Each unit is comprised of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $5.30 until February 26, 2024, subject to an accelerated expiry if the 20-trading day volume-weighted average price of the common shares on the TSX Venture Exchange is equal to or greater than $6.90 per common share.

On March 3, 2021, Rubicon announced that it has entered into an agreement with Valens for organic certified extraction services.

On March 31, 2021, the Company fully repaid the $5.0 million first mortgage loan that matured.

On April 19, 2021, the Company announced that it has signed a Cannabis Purchase and Sale Agreement with the YCL for the distribution of its portfolio of cannabis products to consumers in Yukon territory. The Company has received its first purchase order and has made its first shipment to the YCL in May 2021.

On April 23, 2021, the Company fully repaid a second mortgage tranche which had matured. The Company repaid a total of $4,207,635 representing $3,355,000 in principal and $852,635 in accrued interest.

On April 23, 2021, the Company also early repaid a second mortgage tranche originally due on May 27, 2021. The Company repaid a total of $6,268,057 representing $5,000,000 in principal and $1,268,057 in accrued interest.

On April 27, 2021, the Company announced that it has received its first direct purchase order from the MBLL. Rubicon was previously selling our portfolio of cannabis products to the MBLL indirectly through our Manitoba distributor.

On May 20, 2021, the Company announced that is has received its first purchase order from Cannabis NB, New Brunswick's provincial cannabis distributor and retailer.

With the cultivation operations in more steady state, Peter Doig, the Chief Scientific Officer, has resigned as a full-time employee of the Company and will transition to a consultant role as Scientific Advisor effective May 31, 2021.

On June 2, 2021, the Company received initial purchase orders for its Simply Bare™ Organic live rosin solventless concentrate and PAX® pod products.

On June 3, 2021, the Company announced the publication of its inaugural Environmental, Social and Governance Report ("ESG Report"). The ESG Report reflects the Company's determination to embed sustainability in a formal manner through its operations and supply chain, and to communicate its progress with stakeholders in a transparent and authentic manner. The ESG Report captures the period between January 1 and December 31, 2020, and is informed by leading sustainability and reporting frameworks including Global Reporting Initiative (GRI) Standards, the Ten Principles of the United Nations Global Compact (UNGC), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD).

On June 25, 2021, the Company fully repaid a second mortgage tranche originally due on July 11, 2021. The Company fully repaid a total of $562,756 representing $500,010 in principal and $62,756 in accrued interest.

On June 29, the Company issued an US$8.0 million principal amount secured debenture (the "Secured Debenture"). in connection with a debt financing transaction. The Secured Debenture has a two-year term and bears interest at 6.5% annually. In connection with the transaction, the Company issued 907,000 bonus warrants to the Financier. Each warrant entitles the Financier to purchase one common share in the capital of the Company at an exercise price of $4.00 per common share for a period of three-years from the date of issuance.

Developments Subsequent to June 30, 2021

On July 8, 2021, the Company announced the creation of the Cannabis Cultivators of B.C. ("CCBC") with leading cannabis producers Pure Sunfarms and Tantalus Labs. CCBC is a non-profit industry association dedicated to advocating for the growth of a responsible cannabis industry and advancing a favourable social, economic, and business environment for cannabis cultivation in BC.

On July 26, 2021, the Company entered several foreign exchange swaps to fix the future exchange rate of the principal and interest payments on the US$8.0 million Debenture to 1.2580 CAD/USD. The foreign exchange swaps will settle on June 27th, 2022, December 28, 2022, and June 27th, 2023, at rates that range from 1.2589 to 1.2640 CAD/USD, which reflects the exchange rate spreads of 8.5 to 60.0 basis points on the swaps.

On July 29, 2021, the Company was granted a Research & Development License by Health Canada. The Research & Development License allows the Company to distribute and administer its cannabis for research purposes and to test and review its products based on taste, sight, smell, and touch.

The Company continues to receive approval from provincial distributors for product listings of Simply Bare™ Organic, 1964 Supply Co™, and Homestead Cannabis Supply™. Ten new SKUs under Simply Bare™ Organic and eight new SKUs under 1964 Supply Co™ have been launched in 2021. Homestead Cannabis Supply™ was launched in July 2021 and is the first product in the Company's suite of brands that includes a 28g flower product format.

Results of Operations and Financial Review

	Three months ended		Six months ended	
	June 30, 2021 $	June 30, 2020 $	**June 30, 2021 $**	June 30, 2020 $
Net revenue	**4,595,591**	992,003	**8,706,154**	1,446,046
Production costs	**2,361,176**	1,759,598	**4,971,103**	3,468,376
Inventory expensed to cost of sales	**2,022,433**	428,848	**3,515,653**	644,750
Inventory written off or provided for	**623,171**	-	**1,222,587**	-
Gross profit before fair value adjustments	**(411,189)**	(1,196,443)	**(1,003,189)**	(2,667,080)
Fair value adjustments to cannabis plants, inventory sold, and other charges	**(329,818)**	2,461,648	**335,819**	3,040,763
Gross profit (loss)	**(741,007)**	1,265,205	**(667,370)**	373,683

Net revenue

For the three and six months ended June 30, 2021, net revenue increased by $3,603,588 and $7,260,108, respectively, compared to the same periods in the prior year. Revenue increased with the ramp up of Simply Bare™ Organic product availability and provincial distribution agreements in Quebec, Ontario, Alberta, British Columbia, and the Yukon as well as private distribution in New Brunswick, Saskatchewan, and Manitoba. In the first half of 2020, the Company started the quarter with only two strains available for sale in 3.5 gram jars of Simply Bare™ Organic. Through 2020, the Company launched several new strains, product formats and brands, and by June 30, 2021 has five brands with 44 different product offerings. The Company has experienced growth in existing provinces of British Columbia, Ontario, and Alberta, and has launched into new provinces including Quebec, New Brunswick, and the Yukon.

We believe net revenues in the first half of 2021 were negatively impacted by COVID-19 cannabis partial or full store closures, particularly in Ontario, along with reduced orders from provincial distributors as they were focused on selling through inventory built up in the fourth quarter of 2020 and the first quarter of 2021. The Company expects that once provincial restrictions are lifted and remain lifted, consumer behaviour returns to normal, and provinces and stores sell through their old inventory, the cannabis retail market will resume the previous trajectory of growth.

Production costs

For the three and six months ended June 30, 2021, production costs increased by $601,578 and $1,502,727, respectively, compared to the same periods in the prior year.

Under the Company's accounting policy, production costs are expensed as incurred. Production costs consist of the direct and indirect costs incurred to grow cannabis plants to the point of harvest. They include labour related costs, cultivation materials and consumables, utilities, facility costs, certain overheads, and production related depreciation. This methodology means that unless product is produced and sold in the period, the production costs associated with inventory held at the period end are expensed prior to revenue being derived.

Production costs for the three and six months ended June 30, 2021, were higher than in the comparable periods as operations were being ramped up through the first half of 2020 and the Delta Facility was not fully planted until the end of March 2020. Production costs are expected to be consistent quarter over quarter now that the Delta Facility is operating at full capacity, with moderately more cost in the winter months when additional energy is consumed to heat and light the facility. As a result of the company-wide restructuring that occurred in the second quarter of 2021 and the seasonal impact of less power required to the facility in the spring, there was a decrease in production costs between the three months ended March 31, 2021 and June 30, 2021.

The Company continues to incur additional production costs for quality testing and costs related to COVID-19 for protective equipment, additional trailer space leased for social distancing on site, and labour due to quarantining of personnel and time off.

Inventory expensed to cost of sales

For the three and six months ended June 30, 2021, inventory expensed to cost of sales increased by $1,593,585 and $2,870,903, respectively, compared to the same periods in the prior year.

After cannabis is harvested, the remaining costs incurred in drying, processing, and packaging are capitalized to inventory and expensed once a finished good is sold and the associated revenue is recorded. Inventory expensed to cost of sales was 44% and 40% of net revenue for the three and six months ended June 30, 2021 (June 30, 2020: 43% and 45%), which was relatively consistent with the prior year. Management expects an improvement in these percentages as revenue builds and the benefits of the production process improvements and restructuring take effect in the second half of 2021. The addition of the Company's premium flower and hash brand 1964 Supply Co.™ and mainstream brand Homestead Cannabis Supply™ will change the product mix of the Company's sales impacting the consistency of the ratio of cost of sales to net revenue in future.

Inventory written off or provided for

For the three and six months ended June 30, 2021, inventory written off or provided for was $623,171 and $1,222,587 (June 30, 2020: $nil and $nil).

During the three months ended March 31, 2021, $599,416 of certain finished goods were written off, some of which may have an alternative use in our other cannabis products. During the three months ended June 30, 2021, $623,171 of finished goods and bulk flower were written down. As sales increased month over month through 2020, the Company increased its finished goods inventory to meet forecasted sales demand. However, the COVID-19 lockdowns that occurred in the first half meant that sales were lower than forecasted, resulting in the aging of some finished goods inventory. Furthermore, as our quality thresholds in the second quarter of 2021 increased for our super-premium products, we reallocated certain of our existing inventory to our mainstream brand resulting in a write down. Production of finished goods and bulk cannabis inventory is now more aligned with sales demand.

Fair value adjustments to cannabis plants, inventory sold and other charges:

Unrealized gain on changes in fair value of cannabis plants

Unrealized gain on changes in fair value of cannabis plants is the gain resulting from management's estimate of the fair value of growing cannabis plants up to the point of harvest. IFRS requires management to estimate the fair value of cannabis through its growth phase, to the point of harvest. Once harvested, the fair value estimate of a plant at the harvest date becomes "crystallized" and forms the cost base of that plant as it is further processed in post-harvest activities.

For the three and six months ended June 30, 2021, unrealized gain on changes in fair value of cannabis plants was $2,346,044 and $5,273,849, respectively (June 30, 2020: $3,218,918 and $4,056,534).

The gain for the three months ended June 30, 2021, decreased by $872,874 compared to the same period in the prior year. This decrease is due to a reduction in fair value less costs to sell on a per dried gram basis from $2.00 per dried gram to $1.61 per dried gram. The reduction in fair value less costs to sell was offset by an increase in the plants harvested and an increase in expected.

The gain for six months ended June 30, 2021, increased by $1,217,315 compared to the same period in the prior year. The increase is due to an increase in plants harvest during first half of 2021 as the Delta Facility was not fully planted until the end of March 2020. This increase from the number of plants was offset by a reduction in fair value less costs to sell on a per dried gram basis.

Realized fair value of inventory sold

For the three and six months ended June 30, 2021, realized fair value of inventory sold was $1,092,879 and $2,446,099, respectively (June 30, 2020: $757,270 and $1,015,771, respectively). Realized fair value of inventory sold is the non-cash fair value estimate associated with a batch at the point of harvest, traced through inventory with throughput to cost of goods sold. Refer to Inventory expensed to cost of sales discussion above.

Adjustment to net realizable value of inventory on hand at period end

For the three and six months ended June 30, 2021, fair value of inventory written off was $1,582,983 and $2,491,931, respectively (June 30, 2020: $nil and $nil, respectively). Fair value of inventory written off consists of the non-cash fair value component of cannabis plants that were attributed to inventory. Refer to Inventory write off discussion above.

Gross Profit (Loss)

For the three and six months ended June 30, 2021, gross profit was ($741,007) and ($667,277), respectively (June 30, 2020: $1,265,205 and $373,683). The change from period to period is due to the factors noted above.

Operating Expenses

	Three months ended		Six months ended	
	June 30, 2021 $	June 30, 2020 $	**June 30, 2021 $**	June 30, 2020 $
Consulting, salaries and wages[1]	**2,184,328**	1,422,012	**4,180,836**	2,822,798
General and administrative[2]	**733,241**	412,733	**1,524,802**	914,796
Sales and marketing	**610,610**	145,368	**1,022,078**	253,306
Share-based compensation	**615,396**	419,000	**787,854**	853,273
Depreciation and amortization	**62,600**	27,893	**118,371**	32,582
Total operating expenses	**4,206,175**	2,427,006	**7,633,941**	4,876,755

[1] Contains reorganization charges and research and development charges
[2] Contains research and development charges

Operating expenses increased year-over-year to support the ramp up of operations at the Delta Facility. We also expanded our sales and marketing efforts to support the brands we introduced into the market, are spending on research and development on our cannabis 2.0 products and are developing new brands to expand our organic certified cannabis in Canada.

Consulting, salaries and wages

For the three and six months ended June 30, 2021, consulting, salaries and wages increased by $762,316 and $1,358,038, respectively, compared to the same periods in the prior year. This increase was due to a rise in headcount, an increase in executive compensation, and reorganization charges. Headcount increases were largely attributed to the build out of the research and development, sales, marketing, innovation, commercial, and finance teams. Headcount increases specific to the Delta Facility are accounted for separately, as they are expensed through production costs, or capitalized to inventory and ultimately charged to cost of sales.

During the three months ended June 30, 2021, Rubicon Organics underwent a company-wide restructuring to re-align the size and capabilities of the management teams to the business needs of the Company. Certain jobs were consolidated or removed as the Company resized the organization. The reorganization charges consist of termination benefits that were paid and payable to employees as at June 30, 2021. For the three and six months ended June 30, 2021, reorganization charges were $261,361 and are included in consulting, salaries and wages (June 30, 2020: $nil).

General and administrative expenses

For the three and six months ended June 30, 2021, general and administrative expenses increased by $320,509 and $610,006, respectively, compared to the same periods in the prior year. General and administrative expenses consist of certain short-term leases, insurance, professional fees, investor relations fees, office expenses, and research and development costs. This change reflects increased activity of the Company due to additional head count, more expensive insurance premiums, and expanded research and development. During the first half of 2021, the Company experienced a significant rise in its insurance premiums with the growth of its business as well as tightness in the insurance market and broad premium increases in the cannabis sector.

Share-based compensation

Non-cash share-based compensation reflects the estimated value of stock options granted to new and existing employees, restricted share awards & units issued to senior management and deferred share units issued to directors.

For the three and six months ended June 30, 2021, share-based compensation increased by $196,396 and decreased by $65,419, respectively, compared to the same periods in the prior year. There has been an overall decrease in vesting of options in 2021 due to fewer recent option grants, offset by the granting of 2,540,000 restricted share units in April 2021.

Sales and marketing

For the three and six months ended June 30, 2021, sales and marketing expenses increased by $465,242 and $768,772, respectively, compared to the same periods in the prior year. Sales and marketing expenses consist of the costs to maintain the Simply Bare™ Organic brand, carry out marketing initiatives, and develop new brands. This increase period over period reflects the Canada-wide rollout of Simply Bare™ Organic and the development of new brands including 1964 Supply Co™ and Homestead Cannabis Supply™. Sales and marketing expenses as a percentage of net revenue decreased to 13% and 12%, respectively, for the three and six months ended June 30, 2021 (June 30, 2020: 15% and 18%, respectively). These costs are expected to remain consistent as a percentage of net revenue for the remainder of the year.

Research and development costs

For the three and six months ended June 30, 2021, the Company incurred $181,814 and $616,415, respectively, of research and development costs related to the development of cannabis 2.0 products, including those for Wildflower™, PAX®, and LAB THEORY™. Negligible research and development costs were incurred in the three and six months ended June 30, 2020, as the Company was focused on ramp up of production and roll-out of Simply Bare™ Organic flower. Of the $181,814, $152,645 has been recorded in consulting, salaries and wages and $29,169 has been recorded in general and administrative expenses. Of the $616,415, $328,308 has been recorded in consulting, salaries and wages and $288,107 has been recorded in general and administrative expenses.

Selected Financial Information

The following tables present selected financial information of the Company:

As at:	**June 30, 2021 $**	December 31, 2020 $
Current assets	**30,855,143**	26,175,413
Non-current assets	**25,956,616**	24,896,834
Current liabilities	**4,860,920**	22,009,233
Non-current liabilities	**9,363,845**	221,134
Shareholders' equity	**42,586,994**	28,841,880

	Three months ended		**Six months ended**	
	June 30, 2021 $	June 30, 2020 $	**June 30, 2021**	June 30, 2020 $
Net revenue	**4,595,591**	992,003	**8,706,154**	1,446,046
Other income	**31,450**	307,289	**31,450**	438,462
Loss from operations	**(4,915,732)**	(854,512)	**(8,269,861)**	(4,064,610)
Loss from continuing operations	**(5,096,459)**	(1,568,361)	**(9,083,775)**	(5,264,603)
Loss from discontinued operations	**-**	(246,691)	**-**	(358,617)
Net loss for the period	**(5,096,459)**	(1,815,052)	**(9,083,775)**	(5,623,220)
Total comprehensive loss	**(5,096,459)**	(1,888,271)	**(9,083,775)**	(5,070,548)
Adjusted EBITDA**	**(3,416,332)**	(2,510,839)	**(6,791,699)**	(5,547,096)
Loss per share from continuing operations	**(0.09)**	(0.04)	**(0.17)**	(0.13)
Loss per share	**(0.09)**	(0.04)	**(0.17)**	(0.14)

**Adjusted EBITDA is a non-GAAP measure that is calculated as earnings (losses) from operations before interest, tax, depreciation and amortization, share-based compensation expense, and fair value changes as shown below. Management uses Adjusted EBITDA to assess the Company's performance. Adjusted EBITDA may not be comparable to similar measures presented by other issuers. The following table presents the Company's adjusted EBITDA for the three and six months ended June 30, 2021, and June 30, 2020.

	Three months ended		**Six months ended**	
	June 30, 2021 $	June 30, 2020 $	**June 30, 2021 $**	June 30, 2020 $
Loss from operations	**(4,915,732)**	(854,512)	**(8,269,861)**	(4,064,610)
IFRS fair value accounting related to cannabis plants and inventory	**(329,818)**	2,461,648	**335,819**	3,040,763
	(4,585,914)	(3,316,160)	**(8,605,680)**	(7,105,373)
Depreciation and amortization	**554,186**	386,321	**1,026,127**	705,004
Share-based compensation expense	**615,396**	419,000	**787,854**	853,273
Adjusted EBITDA	**(3,416,332)**	(2,510,839)	**(6,791,699)**	(5,547,096)

Summary of Quarterly Results

The following table summarizes quarterly financial results for Rubicon Organics for the last eight quarters:

	2021		2020				2019	
(C$000's)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Net revenue	**4,596**	4,111	4,774	3,167	992	454	—	—
Inventory written off or provided for	**(623)**	(599)	(905)	(460)	—	—	—	—
Gross profit	**(411)**	(592)	(719)	(641)	(1,196)	(1,471)	(1,720)	(466)
Net loss for the period	**(4,454)**	(3,987)	(5,043)	(4,317)	(1,815)	(3,808)	(4,031)	(4,454)
Weighted average shares outstanding (000's)	**55,632**	51,776	47,260	46,148	42,047	40,041	40,041	38,122
Net loss per share, basic and diluted	**(0.08)**	(0.08)	(0.11)	(0.09)	(0.04)	(0.10)	(0.10)	(0.12)

Initial revenues were earned in the first quarter of 2020, and the Company realized significant growth throughout the remainder of that year as it launched its Simply Bare™ Organic flower brand across Canada. In the first half of 2021, revenues flattened out as compared to the fourth quarter of 2020 given the impact of seasonality, COVID-19 and related store closures.

Cultivation began in 2019, and the associated production costs were expensed while the Company earned no revenues, resulting in net losses. To continue driving growth, in the third quarter of 2020, the Company invested in its organization and new product launches resulting in increased costs for headcount, research and development, sales and marketing, and certain non-cash costs. Products that did not meet our strict quality standards were written down, which limited improvements to both gross profit and net loss. The benefits of the new product launches are expected to be seen in the second half of 2021.

Although COVID-19 and related store closures have decelerated the ramp up of revenue and gross profit, the Company has continued to observe improvements as internal production processes are enhanced, economies of scale are realized, and new products are launched.

For a detailed review of the three and six months ended June 30, 2021, refer to the results analysis under '*Results of Operations and Financial Review'.*

Liquidity and Capital Resources

Liquidity

Our objectives when managing our liquidity and capital structure are to maintain sufficient cash to fund our working capital needs, capital asset development and contractual obligations.

Six months ended:	**June 30, 2021** **$**	June 30, 2020 $	Change $
Net cash provided (used in):			
Operating activities	**(9,676,193)**	(7,194,506)	(2,481,687)
Investing activities	**(3,591,502)**	(3,977,012)	385,510
Financing activities	**5,139,177**	21,715,912	(16,576,735)
Effect of foreign exchange on cash	**1,989**	(50,252)	52,241
Increase (decrease) in cash	**(8,126,529)**	10,494,142	(18,620,671)
Cash beginning of the period	**12,136,459**	2,083,588	
Cash end of the period	**4,009,930**	12,577,730	

Operating Activities

In the six months ended June 30, 2021, net cash used in operating activities increased by $2,481,687 compared to the same period in the prior year. Operating activities in the first half of 2021 represent full scale operations compared to the ramp up stage in the first half of 2020. The Delta Facility was not fully planted until the end of March 2020 and the Company has since increased headcount across our operation to meet the needs of our growing operations and revenues.

Investing Activities

In the six months ended June 30, 2021, net cash used in investing activities decreased by $385,510 compared to the same period in the prior year. In the first half of 2020, the Delta Facility was ramping up to full scale operations and incurred capital expenditure to fully commission the remaining two growing compartments of the greenhouse (total of five growing compartments plus the nursery at the Delta Facility). In six months ended June 30, 2021, the Company incurred capital expenditure for facility upgrades. Facility upgrades during the first half of 2021 included HVAC system improvements to enhance temperature and humidity controls, processing area expansions to accommodate the production of cannabis 2.0 products and building expansions for additional packing space.

Financing Activities

In the six months ended June 30, 2021, net cash provided by financing activities decreased by $16,576,735 compared to the same period in the prior year. Similar levels of financing occurred during the six months ended in each year, however it was only in 2021 that debt repayments were made. In the first half of 2021, the Company completed a prospectus offering for net proceeds of $21,203,825. This cash inflow was offset by $16,186,186 in repayments of debt and accrued interest. In the first half of 2020, the Company completed a non-brokered private placement for net proceeds of $13,311,970 and completed the sale of most of its US assets for net proceeds of $8,638,845.

Capital Resources

The Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at June 30, 2021, the Company had cash and cash equivalents of $4,009,930 and net working capital of $25,994,223. The Company had a receivable for $9,907,200 (US$8.0 million) in relation to the issuance of the Debenture that was received in full during July 2021. The Company fully repaid all prior loans and borrowings during the quarter and refinanced with a US$8.0 million debenture at 6.5% interest.

The Company may seek other capital through equity. After the February 26, 2021, bought deal financing, the Company has $17.0 million remaining on its $40.0 million Base Shelf Prospectus filed on December 29, 2020.

Contractual Obligations

The Company has the following contractual obligations as at June 30, 2021:

Payments due by period:	Less than one year $	One to three years $	Over three years $	Total $
Lease liabilities[1]	169,703	146,655	—	316,358
Trailer leases[2]	91,068	—	—	91,068
Loans and interest obligations[3]	650,000	10,650,000	—	11,300,000
Total contractual obligations	**910,771**	**10,796,655**	**—**	**11,707,426**

[1] Consists of right-of-use Vancouver head office and right-of-use tractors.
[2] Modular buildings to provide additional space at the Delta Facility.
[3] Includes principal and interest on maturing loans. All USD amounts were translated at an exchange rate of 1.25 CAD/USD

Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at August 19, 2021, the Company has the following securities outstanding:

	Number of units
Common Shares	55,983,327
Stock Options	3,576,917
Warrants	5,879,142
Restricted Share Units	2,540,000
Deferred Share Units	150,000
Fully Diluted Shares Outstanding	**68,129,386**

Proposed Transactions

There are no undisclosed proposed transactions that will materially affect the Company.

Off-balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements.

Related Party Transactions

Accounts payable and accrued liabilities at June 30, 2021, included $341,205 (December 31, 2020: $566,327) owed to executives and directors of the Company for deferred salaries, deferred bonuses and other expenses paid on behalf of the Company.

Compensation of key management personnel

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

For the six months ended:	**June 30, 2021 $**	June 30, 2020 $
Salaries and accrued salaries	**646,500**	584,348
Bonuses in accrued liabilities	**—**	370,000
Share based compensation	**134,662**	557,593
Total compensation of key management personnel	**781,162**	1,511,941

Critical Accounting Estimates and Judgments

The preparation of the Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Management considers the policies described in Note 4 of the Financial Statements and Annual Financial Statements to be the most critical in understanding the judgments that are involved in the preparation of the Company's Financial Statements and the uncertainties that could impact its results of operations, financial condition, and cash flows.

Changes in Accounting Policies Including Initial Adoption

The Company has not identified any new accounting standards that would be applicable and are not yet effective that would have a material impact on the Company.

Financial Instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Security deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	Amortized cost

The fair values of cash and cash equivalents, accounts receivable, security deposits, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term maturity of those instruments. Loans and borrowings were incurred to fund the purchase and retrofitting of the Delta Facility and to fund operations. Refer to Note 12 in the Financial Statements for more information on loans and borrowings.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risk are credit risk, liquidity risk and market risk. These risks arise throughout the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk on its cash and cash equivalents, accounts receivable and security deposits. The carrying amount of these assets represent the maximum credit exposure.

The Company limits exposure to credit risk by maintaining its cash and cash equivalents with institutions of high credit worthiness.

The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into arrangements with reputable and stable counterparties and frequent reviews of exposure to individual entities. With regards to receivables, the Company is not exposed to significant credit risk as the majority of the Company’s sales are to government bodies. The Company provides credit to some of its customers in the normal course of business. The majority of trade receivables are held with crown corporations.

An impairment analysis of receivables is performed at each reporting date and the balances are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan and a change in the commercial terms associated with the balance held.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows, capital expenditures and cash holdings. The Company believes that these sources should be sufficient to cover the likely short-term requirements. In the long term, the Company may have to issue debt or additional common shares to ensure that there is cash available for its programs.

All current liabilities, being accounts payable and accrued liabilities, the current portion of the loans and borrowings, current portion of lease liabilities, and interest payable are payable within one year and are to be funded from cash. Deferred revenue is due within one year and is expected to be funded through the delivery of cannabis product. Long term liabilities consist of the non-current portion of lease liabilities.

Interest rate risk

Interest rate risk is the risk the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debts are all held at fixed interest rates and no significant interest rate risk applies.

Foreign exchange risk

The Company and its subsidiaries conduct certain transactions denominated in currencies other than the functional currency of the Company (United States dollars and Euros). Foreign currency transactions are exposed to currency risk due to fluctuations in foreign exchange rates.

For the six months ended June 30, 2021, the Company was exposed to currency risk through the following assets and liabilities denominated in US$:

		June 30, 2021		December 31, 2020
Cash		**227,139**		9,641
Accounts receivable		**8,000,000**		-
Accounts payable and accrued liabilities		**(234,529)**		(404,164)
Loans and borrowings		**(8,000,000)**		-
	US$	**(7,390)**	US$	(394,523)

A 10% change of the US$ against the CAD$ would have decreased net loss by $916 (December 31, 2020: $50,231) or increased net loss by $916 (December 31, 2020: $50,231).

Fair value

The Company classifies its fair value measurements with a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 – Financial Instruments; Fair Value Measurement ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

There were no transfers within the fair value hierarchy during the six months ended June 30, 2021.

The Company does not hold any Level 1 financial assets or liabilities that are based on unadjusted quoted prices trading in active markets.

Capital Management

It is management's objective to safeguard its capital in order that it will be able to continue as a going concern in the best interests of all stakeholders. Through the ongoing management of its capital, the Company will modify the structure of its capital based on changing market conditions. In doing so, the Company may issue new shares or refinance existing long-term debt. Annual budgeting is the primary tool used to manage the Company's capital. Updates are made as necessary to both capital expenditure and operational budgets in order to adapt to changes in risk factors, proposed expenditure programs and market conditions.

Risks and Uncertainties

The Company is exposed to risks and uncertainties relating to the business of the Company that should be considered by both existing and potential investors. The risks and uncertainties appearing in the Company's Management, Discussion and Analysis for the year ended December 31, 2020, are qualified in their entirety by reference to, and must be read in conjunction with, the Company's Annual Information Filing dated July 27, 2020. These risks and uncertainties are intended to serve as an overview and should not be considered comprehensive. Investing in the Company's common shares involves significant risks. The Company may face additional risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner. Many factors could cause the Company's results of operations, performance and financial condition to differ materially from those expressed or implied by the forward-looking statements and forward-looking information contained in this MD&A.

Conflicts of interest

To the best of our knowledge, there are no known existing or potential material conflicts of interest among us and our directors, officers or other members of Management as a result of their outside business interests except that certain of our directors and officers serve as directors, officers or advisors of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director, officer or advisor of such other companies.

Cautionary Note Regarding Forward-Looking Statements

Some of the statements contained in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Forward-looking statements may be identified by such terms as "believes", "if", "expects", "estimates", "may", "could", "should", "will", "intends" and similar expressions. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Although the Company believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking statements are based on certain assumptions and analyses made by the Company considering the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to (i) information or statements concerning the Company's expectations of financial resources availability to fund operations; (ii) obtaining the necessary regulatory approvals; (iii) that regulatory requirements will be maintained; (iv) general business and economic conditions; (v) the

Company’s ability to successfully execute its plans and intentions; (vi) the Company’s ability to obtain financing at reasonable terms though the sale of equity and/or debt commitments; (vii) the Company’s ability to attract and retain skilled staff; (viii) market competition; (ix) the products and technology offered by the Company’s competitors; (x) that our current good relationships with our suppliers, service providers and other third parties will be maintained; and (xi) the impact of the current global health crisis caused by COVID-19 pandemic.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including: general risks associated with the COVID-19 global pandemic, the legal status of cannabis cultivation, distribution and sales in Canada; changes in general economic conditions and conditions in the financial markets; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; uncertainty about the Company’s ability to continue as a going concern; risk that the Company will not obtain or retain any relevant licenses; technological and operational difficulties encountered in connection with the Company’s activities; changing foreign exchange rates and other matters discussed in this MD&A.

The global pandemic related to an outbreak of the COVID-19 novel coronavirus disease has cast uncertainty on the Company’s assumptions. There can be no assurance that they continue to be valid. Given the rapid pace of change, it is premature to make further assumptions about these matters. The COVID-19 outbreak was declared a pandemic by the World Health Organization in 2020. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time. These impacts could include an impact on our ability to maintain operations, to obtain debt and equity financing, access to necessary supplies, credit risk associated with our accounts receivable, impairments in the value of our long-lived assets, or potential future decreases in revenue or the profitability of our ongoing operations. The Company continues to work diligently to ensure operations continue and product is delivered while continuing to emphasize the safety of our product and employees.

Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Many of the factors are beyond our control. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. We disclaim any intention and assume no obligation to update any forward-looking statements even if new information becomes available, as a result of future events, new information, or for any other reason except as required by law. These forward-looking statements are made as of the date hereof. Additional information related to us is available by accessing the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval (“SEDAR”) website at www.sedar.com.

Additional Information

Additional information related to the Company is available on the Company's website at www.rubiconorganics.com and through its public filings on www.sedar.com.

RUBICON ORGANICS INC.

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Directors	Bryan Disher David Donnan John Pigott Jesse McConnell Margaret Brodie Julie Lassonde* **Currently Board Observer status as Director appointment is pending Health Canada security clearance*
Officers	Jesse McConnell – Chief Executive Officer Margaret Brodie – Chief Financial Officer Tim Roberts – President
Registrar and Transfer Agent	Odyssey Trust Company 350-409 Granville Street Vancouver, BC, Canada, V6C 1T2
Auditor	Deloitte LLP, Chartered Professional Accountants 939 Granville Street Vancouver, BC, Canada, V6Z 1L3
Solicitors	Borden Ladner Gervais LLP 1200 Waterfront Centre, PO Box 48600, 200 Burrard Street Vancouver, BC, Canada, V7X 1T2
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