

April 11th, 2023

Organigram Reports Second Quarter Fiscal 2023 Results

Continues trend of improving Adjusted Gross Margin and fifth consecutive quarter of positive Adjusted EBITDA

FINANCIAL HIGHLIGHTS

- Net revenue of \$39.5 million, up 24% from \$31.8 million in the same prior-year period.
- Adjusted Gross Margin⁽¹⁾ of \$13.4 million or 34%, compared to \$8.3 million or 26% in the same prior year period, reflecting improvements from increased efficiencies, higher sales volume and increased international sales.
- Adjusted EBITDA⁽¹⁾ of \$5.6 million, the fifth consecutive quarter of positive Adjusted EBITDA, compared to Adjusted EBITDA of \$1.6 million in the same prior year period.

SALES AND OPERATIONAL HIGHLIGHTS

- In Q2 Fiscal 2023, maintained #3 position among Canadian licensed producers⁽²⁾.
- Organigram held the #1 position in milled flower, the #1 position in hash, and the #3 position in gummies nationally⁽²⁾.
- SHRED Tropic Thunder, Funk Master and Gnarberry milled flower were the top three selling SKUs in the country⁽³⁾ for the six months ended February 28, 2023.
- Organigram held the #1 market position in the Maritimes⁽⁴⁾, #2 in Ontario and #3 in Quebec⁽²⁾.
- Introduced 18 SKUs in Q2 Fiscal 2023.
- Shipped \$10.7 million of high margin flower to Australia and Israel in Q2 Fiscal 2023.
- Subsequent to quarter end, the Company announced agreements with Greentank to exclusively access new vape cartridge technology including the development of a custom all-in-one device that will be proprietary to Organigram.

TORONTO, ON, April 11, 2023 - Organigram Holdings Inc. (NASDAQ: OGI) (TSX: OGI), (the "Company" or "Organigram"), a leading licensed producer of cannabis, announced its results for the second quarter ended February 28, 2023 ("Q2 Fiscal 2023"). All financial information in this press release is expressed in thousands of Canadian dollars ("\$"), except for references to \$ millions.

"We are pleased with our results in a quarter with typical seasonality. Our market position remains

competitive, supported by our leading brand portfolio, strong international sales and customer-focused innovation," said Beena Goldenberg, Chief Executive Officer. "Just 12 months after adding hash to our portfolio with the acquisition of our Lac Supérieur facility, we gained the number one position in the hash sector and launched SHRED X Rip-Strip Hash, the first product of its kind in Canada."

In the quarter, we continued to see aggressive pricing pressure in our markets, particularly in large format flower SKUs," added Goldenberg. "While this impacted revenue in the quarter, we are confident that our branding and marketing expertise, proven track record of innovation and operational efficiency will deliver long-term success and leadership in the cannabis industry. This is supported by our strong balance sheet which provides us the flexibility to continuously evaluate investment opportunities that increase our competitive advantage."

Select Key Financial Metrics	Q2-2023	Q2-2022	% Change
(in \$000s unless otherwise indicated)			
Gross revenue		52,898	43,934
Excise taxes		(13,405)	(12,098)
Net revenue		39,493	31,836
Cost of sales		29,642	24,955
Gross margin before fair value changes to biological assets & inventories sold		9,851	6,881
Realized fair value on inventories sold and other inventory charges		(14,170)	(5,314)
Unrealized gain on changes in fair value of biological assets		14,121	7,502
Gross margin		9,802	9,069
Adjusted gross margin (1)		13,372	8,255
Adjusted gross margin % (1)		34%	26%
Selling (including marketing), general & administrative expenses (2)		16,071	13,998
Net loss		(7,488)	(4,047)
Adjusted EBITDA (1)		5,648	1,556
Net cash used in operating activities before working capital changes		(2,450)	(2,239)
Net cash used in operating activities after working capital changes		(19,711)	(803)

(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.

Select Balance Sheet Metrics	FEBRUARY 28, 2023	AUGUST 31, 2022	% Change
(in \$000s)			
Cash & short-term investments (excluding restricted cash)			
Biological assets & inventories			
Other current assets			
Accounts payable & accrued liabilities			
Current portion of long-term debt			

Select Balance Sheet Metrics (in \$000s)	FEBRUARY 28, 2023	AUGUST 31, 2022	% Change
Working capital			
Property, plant & equipment			
Long-term debt			
Total assets			
Total liabilities			
Shareholders' equity			

“Our results for the second quarter of Fiscal 2023, with increased net revenue, gross margin and positive Adjusted EBITDA, are aligned with our outlook for the full year,” added Derrick West, Chief Financial Officer. “We remain confident that based on this progress, we will achieve positive free cash flows by the end of calendar 2023⁽⁵⁾.”

Key Financial Results for the Second Quarter 2023

Net revenue:

Compared to the prior period, net revenue increased 24% to \$39.5 million, from \$31.8 million in Q2 Fiscal 2022. The increase was primarily due to an increase in international revenue, partly offset by a decrease in medical sales.

Cost of sales:

Q2 Fiscal 2023 cost of sales increased to \$29.6 million, from \$25.0 million in Q2 Fiscal 2022, primarily as a result of the increase in sales volume in the adult-use recreational market.

Gross margin before fair value changes to biological assets, inventories sold, and other charges:

Q2 Fiscal 2023 margin improved to \$9.9 million from \$6.9 million in Q2 Fiscal 2022, positively impacted by higher net revenue and lower cost of production per unit.

Adjusted gross margin⁽⁶⁾:

Q2 Fiscal 2023 adjusted gross margin was \$13.4 million, or 34% of net revenue, compared to \$8.3 million, or 26%, in Q2 Fiscal 2022. The improvement in quarterly results was primarily due to lower cultivation costs that was the result of higher plant yields, ongoing cost efficiency improvements, an increase in international shipments, and the benefit of a lowered per unit costs that were achieved

due to increased scale of operations at the Moncton Campus.

Selling, general & administrative (SG&A) expenses:

Q2 Fiscal 2023 SG&A expenses increased to \$16.1 million from \$14.0 million in Q2 Fiscal 2022. SG&A expenses as a percent of net revenue has decreased from 44% to 41%. The increase in expenses was primarily due to the higher spend to support the growth in the business.

Net loss:

Q2 Fiscal 2023 net loss was \$7.5 million, compared to a net loss of \$4.0 million in Q2 Fiscal 2022. Net loss increased due to the change in fair value of derivative warrant liabilities which was a gain of \$2.4 million during Q2 Fiscal 2023 compared to a gain of \$10.6 million in Q2 Fiscal 2022, as movements in the Company's share price had a greater absolute impact on the fair value of the derivative warrant liability in the prior year period.

Adjusted EBITDA⁽⁷⁾:

Q2 Fiscal 2023 Adjusted EBITDA was \$5.6 million compared to \$1.6 million in Q2 Fiscal 2022. The improvement is primarily attributable to the increase in adjusted gross margins due to the higher volume of products sold, increased international sales, and lower cultivation and post-harvest costs.

Net cash used in operating activities after working capital changes:

Q2 Fiscal 2023 net cash used in operating activities was \$19.7 million, compared to \$0.8 million cash used in Q2 Fiscal 2022, which is primarily due to higher working capital needs in the current year period resulting from the growth in receivables from increased revenues and a decrease in accounts payable and accrued liabilities.

The following table reconciles the Company's Adjusted EBITDA to net loss.

Adjusted EBITDA Reconciliation	Q2-2023	Q2-2022
(in \$000s unless otherwise indicated)		
Net (loss) income as reported		