

12-May-2026

OrganiGram Holdings, Inc. (OGI.CA)

Q2 2026 Earnings Call

CORPORATE PARTICIPANTS

Max Schwartz

Director-Investor Relations, OrganiGram Holdings, Inc.

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

Greg Guyatt

Chief Financial Officer, OrganiGram Holdings, Inc.

OTHER PARTICIPANTS

Aaron Grey

Analyst, A.G.P. / Alliance Global Partners LLC

Kenric Tyghe

Analyst, Canaccord Genuity Corp.

Frederico Gomes

Analyst, ATB Cormark Capital Markets

Pablo Zuanic

Analyst, Zuanic & Associates LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Ed, and I'll be your conference operator today. At this time, I would like to welcome everyone to the Organigram Global Second Quarter Fiscal 2026 Earnings Conference Call. After the speakers' prepared remarks, there will be a question-and-answer session. [Operator Instructions] Thank you.

I'll now turn the call over to Max Schwartz, Director of Investor Relations.

Max Schwartz

Director-Investor Relations, OrganiGram Holdings, Inc.

Thank you very much, and good morning, everyone. Thank you so much for joining us today. As a reminder, this call is being recorded, and a replay will be available on our website within 24 hours.

Today's call will include forward-looking statements. Actual results could differ materially due to a number of risk factors outlined in our filings and the cautionary statements included in our Q2 fiscal 2026 press release and MD&A.

We'll also reference certain non-IFRS measures such as adjusted EBITDA, adjusted gross margin and free cash flow. Definitions and reconciliations are available in our disclosure materials.

Unless otherwise noted, market share data is sourced from Hifyre, WeedCrawler, provincial boards, retailers and our own internal sales tracking.

Discussing our results today are James Yamanaka and Greg Guyatt, CEO and CFO of Organigram Global, respectively. Once again, I welcome you to today's call.

And with that, I will turn the call over to James.

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

Thank you, Max, and good morning, everyone. Thank you for joining us today. It's now been about four months since I joined Organigram. And after an initial period of deep operational review across the business, my focus remains on execution, leveraging our strengths, addressing areas for improvement and fully realizing the financial and strategic contributions of Sanity Group in Q3 and beyond.

Overall, the company has meaningfully repositioned itself for expansion. However, Q2 was a challenging quarter with the Canadian recreational market growth being called down from 5% to 2.2%, operational issues temporarily impacting our performance in vapes and infused pre-rolls, and improving but elevated levels of out-of-spec international flower, which we continue to work through.

Before getting into our quarterly highlights, I'll walk through these challenges and how we are addressing them. In pre-rolls, coated IPR quality inconsistencies following the internalization of pre-roll production in Aylmer and the use of new production equipment introduced higher variability in fill rates and lower overall product consistency as we calibrated our processes. The result was lower repurchase rates and a 1.6-point share loss in overall pre-rolls versus the prior-year with period. That is not acceptable to us.

In response, we tightened quality control processes and implemented production changes to enhance consistency. Pre-rolls coming off the line today are already more consistently filled and coated, and we expect to introduce IPR coating automation in the near term to ensure consistency remains at acceptable levels.

In vapes, segments of our portfolio fell below competitive benchmarks on both pricing and potency, contributing to share erosion across 510s and all-in-ones. A key driver of the 6.1-point year-over-year share decline was our over-indexing toward lower potency 1.2 gram vapes, as consumer demand shifted toward higher potency 1-gram formats. To address this, we are launching higher potency offerings and refreshing both product and hardware, including BOXHOT liquid diamond all-in-ones in the coming weeks.

On international flower, on-spec pass rates have improved from Q1 due to adjustments we've made to our post-harvest processes. Quarter-over-quarter growth in international sales from CAD 5 million in Q1 to CAD 6.1 million in Q2 reflects that progress. However, there is more work to be done here to bring our on-spec volumes up to international levels. We expect continued improvement in Q3, supporting both revenue and margin expansion in the back half of the year. Despite these challenges, we delivered strength across a number of other areas.

In flower, we gained 2.2 share points year-over-year, driven by strong performance from Big Bag o' Buds and key cultivars such as Purple Punch-Out and Ultra Sour, as well as very strong reception for our new Root Beer cultivar. These gains reflect continued improvements in flower potency, quality and consistency, strengths we expect to carry into upcoming pre-roll and milled flower launches and our Summer of SHRED retail activations.

In edibles, we gained 1.8 share points year-over-year, while beverages and concentrates grew 0.7 and 3.1 points, respectively. We attribute this growth to innovation, including new beverage launches such as SHRED Shotz featuring our FAST technology, as well as continued momentum in products like SHRED'ems MAX10s and BOXHOT with diamonds. While we saw increased competition in milled flower and modest share declines year-over-year, we returned to growth sequentially and held a leading 38.9% share in that segment.

Overall, Organigram remains the number one LP in Canada by market share in Q2. We maintain leadership positions in the key markets of Ontario, British Columbia and Alberta, while continuing to build momentum in Québec. We now rank number three in the province, reaching 11.3% market share as of the end of March, a 2.6-

point increase year-over-year, and are the fastest-growing LP in Québec fiscal year-to-date. This performance has been driven by strong Québec vape and flower sales, contributing approximately CAD 25 million in retail sales in the province during the quarter.

Across our portfolio of industry-leading brands, SHRED, BOXHOT and Big Bag o' Buds were all ranked within the top 8 brands nationally. Big Bag o' Buds is the fastest-growing flower brand in the country. BOXHOT is the number one concentrate and number two vape brand. And SHRED alone would rank as a top 10 LP by its market share. Taken together, with the operational remediation and product enhancements underway in vapes and infused pre-rolls, we are confident in our ability to regain share and drive stronger growth in the back half.

Moving on to our international business, the completion of our Sanity acquisition in April marks a significant milestone for Organigram, creating a combined entity with leadership positions in the world's two largest federally legal Cannabis markets, Canada and Germany, with growth initiatives underway in Switzerland, the UK, Poland and the Czech Republic.

Sanity is expected to generate on average approximately €25 million in quarterly revenue over the next year and serves as a platform to scale across Europe as the market continues to evolve toward more structured medical frameworks. From an integration standpoint, Sanity will operate fairly independently in the first year, allowing the team to remain focused on execution and growth within its core markets, while receiving strategic support and supply from global Organigram resources where appropriate.

Outside of Europe, we continue to supply flower to partners in Australia, where we also recently launched vape and edible SKUs under our BOXHOT and Edison brands, expanding beyond wholesale flower into branded sales. Our products are expected to be available to more than 4,000 pharmacies nationwide as distribution rolls out.

Regarding recent Cannabis rescheduling in the US, we are watching closely. It is too early to determine which pathways, if any, to accessing the US medical markets are viable for us. Our two US strategic investments will likely benefit from these developments, and we continue to evaluate opportunities as the regulatory landscape evolves.

Finally, with respect to EU-GMP certification, in April, we provided all additional documentation requested by the regulator to date to support the closure of all major findings identified in our certification audit. Given the increased scrutiny of licensed producers seeking EU-GMP status, it is difficult to predict timing, but we expect an update on certifications in the coming months.

Turning to operations, notwithstanding the quality control improvement we've already implemented in IPR production, we are seeing continued improvement in several areas. In Q2, we achieved a record quarterly harvest of over 32,000 kilograms, supported by yield improvements, while average THC at our Moncton facility reached 29.8%, the highest level to date.

Looking back at Q2 last year, our yield improvements equate to a 56% increase in capacity, without expanding our facility footprint and reducing our cultivation costs, while we also continue to advance our genetics programs, including the identification and deployment of powdery mildew resistant cultivars discussed last quarter.

Two resistant cultivars were launched in March. These advancements are contributing to lower plant care requirements, reduced input costs and improved yields. We are now expanding the program to target additional traits, including terpene and aroma expression color and broader resistance to mold and yeast. This work also dovetails with our seed-based cultivation strategy, which remains a key focus area. In Q2, approximately 25% of

our harvest was grown from seed, and we continue to evaluate opportunities to expand this approach to further reduce costs and increase consistency.

Finally, in Winnipeg, we continue to ramp up our beverage production line to meet the growing demand of the market, and we are already seeing a strong reception for our recently launched SHRED sodas, which are expected to drive additional beverage growth in Q3.

Overall, Q2 presented challenges that impacted our results and required us to move quickly to implement competitive and operational adjustments that we expect will support more sustainable performance over the back half of the year. Those adjustments are being closely monitored, and early indicators suggest the actions already completed and underway are beginning to improve execution and stabilize performance across the impacted business segments.

With stronger execution expected in our core business, further improvements in international performance, typical seasonal tailwinds and the addition of Sanity's financial contributions in Q3, we expect a stronger back half of the year supported by both revenue growth and margin expansion.

With that, I'll turn over the call to Greg to provide additional details on our financial results.

Greg Guyatt

Chief Financial Officer, OrganiGram Holdings, Inc.

Thanks, James. As James outlined, Q2 reflected a combination of market softness and, more significantly, some execution-driven challenges in vapes and infused pre-rolls. Further, while we made progress improving the proportion of international flower meeting EU specifications, international growth in the quarter was constrained by lower than typical on-spec volumes.

Net revenue for the quarter was CAD 59.8 million, compared to CAD 65.6 million in the prior-year period, representing a year-over-year decline of about 9%. Quarterly revenue was primarily impacted by share erosion in vapes and infused pre-rolls, but partially offset by continued strength in other parts of the portfolio.

International revenue for Q2 was CAD 6.1 million, which was flat year-over-year and up from CAD 5 million in Q1. International shipments in the first half equaled CAD 11.1 million, up from CAD 9.4 million in the first half of fiscal 2025, an 18% improvement year-over-year. We expect the second half of fiscal 2026 to represent a material step change in international growth, especially as proportions of international flower meeting specifications continue to improve and we add the consolidated financials of Sanity Group in Q3.

Adjusted gross margin for the quarter was CAD 18.4 million, compared to CAD 21.9 million in the prior-year period, representing a decline of 16%. Our adjusted gross margin rate was 31%, a decrease of 200 basis points year-over-year. This decline was primarily driven by more value products representing a higher proportion of our mix and higher-than-typical returns on vapes, infused pre-rolls and international flower.

While margin performance in the quarter was below our expectations, it is important to note that the underlying cost structure continues to improve. Cultivation yields and realized synergies remain positive contributors, and we expect those to become more visible as we regain competitiveness in vapes and infused pre-rolls and our international volume continues its previous growth trajectory.

G&A expenses for the quarter were effectively flat compared to Q2 fiscal 2025 at CAD 14.9 million. G&A reflected lower ERP implementation expenses, offset by higher professional fees and a credit provision of approximately

CAD 800,000 due to the insolvency of a customer. As a percentage of net revenue, G&A was approximately 25%, representing an increase of approximately 300 basis points year-over-year, largely due to lower revenue base in the quarter. We continue to expect G&A to trend down as a percentage of revenue as we move through the second half of the year.

Sales and marketing expenses were CAD 8.7 million, compared to CAD 7.5 million in the prior-year period, representing 14.5% of net revenue. The increase reflects higher investments in advertising, promotions and trade marketing initiatives to support new product launches in the current period. Overall, SG&A as a percentage of revenue was 39%, an increase of 500 basis points year-over-year.

Adjusted EBITDA for Q2 was CAD 0.9 million, compared to CAD 4.9 million in the prior-year period. The decline was primarily driven by lower recreational revenue, while operating expenses increased as a proportion of net revenue as well as lower gross margin.

Net loss for the quarter was CAD 0.9 million, compared to net income of CAD 42.5 million in the prior-year period. The decrease in net income in the current period is primarily attributable to lower fair value gains on derivative liabilities and preferred shares, lower net revenue and gross margins, and an impairment of CAD 5.8 million on our hemp-derived products business in the US due to the change in the regulatory environment in the US.

From a cash flow standpoint, cash used by operating activities was CAD 6.8 million compared to cash used of CAD 16.6 million in the prior-year period, representing favorable changes in working capital, partially offset by lower adjusted EBITDA.

It's worth noting that between Q1 and Q2 last year, our inventory increased significantly due to the Motif integration and new product launches. In Q2 of this year, inventory was flat compared to the prior quarter, reflecting tighter inventory management with clearer demand visibility.

Free cash flow represented an outflow of CAD 7 million in the quarter, compared to an outflow of CAD 23.1 million in the prior-year period, primarily attributable to lower investment in working capital and lower capital expenditures.

Regarding our liquidity position, as of the end of Q2, Organigram had cash and equivalents of CAD 54.8 million, including CAD 4.3 million of unrestricted cash. Subsequent to quarter-end, we deployed the majority of our cash to fund the acquisition of Sanity Group and secured CAD 60 million in financing from ATB Financial to maintain financial flexibility. This includes CAD 20 million non-revolving term loan used in part to fund the acquisition, a CAD 30 million revolving facility to support the Sanity earn-out obligations and general corporate purposes, and a CAD 10 million operating facility for general corporate purposes. Following the transaction, we had approximately CAD 40 million of available liquidity on our credit facilities.

The financial impact of the competitive and operational challenges we experienced earlier in the year was largely realized in the first half of fiscal 2026, and we are now seeing performance stabilize in the second half of fiscal 2026. While margins and profitability were impacted in the quarter, the underlying cost structure continues to improve, supported by significantly higher yields, efficiency gains and prior investments in automation, which positions us well to continue our previous trajectory of margin improvement and profitability.

As we move into the second half of the year, we expect improvements in net revenue and adjusted gross margin, along with sequential international revenue growth. Following the acquisition of Sanity Group, we are adjusting our fiscal 2026 guidance, now projecting net revenue to exceed CAD 350 million in fiscal 2026, with adjusted

EBITDA and adjusted gross margin exceeding our fiscal 2025 performance, free cash flow approximately breakeven and less than CAD 10 million in capital expenditures, based on assumptions that we continue to have a strong innovation pipeline, increasing international sales, high cannabis quality and higher potency, and receipt of our EU-GMP certification.

With that, we'll open up the call for questions.

QUESTION AND ANSWER SECTION

Operator: We'll now begin the question-and-answer session. [Operator Instructions] Your first question comes from the line of Aaron Grey at AGP. Your line is open. Please go ahead.

Aaron Grey

Analyst, A.G.P. / Alliance Global Partners LLC

Q

Hi. Good morning, and thank you very much for the questions. I guess, first to start off, you gave a lot of color in the prepared remarks, but just kind of take maybe a high-level view to make sure we have an understanding. You've obviously done a lot of work to improve the yields over the past two years. So just as we understand some of the issues that occurred during the quarter, just give us some of the confidence that you feel like you are on the other side of it and you're going to start to see some of the improvements that you talked about in terms of pre-roll and others. I know some of it was bringing it in-house. So just some of the confidence that you have that it was more of a short-term hiccup and you're going to be able to rebound back to some of the market share dominance that you've had in Canada. Thanks.

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

A

Sure. I can take that question. This is James. The issues that happened in the quarter, as you mentioned, on the IPR line, what happened is we in-housed and we had to do it a little quicker than we wanted to because of the CCAA status of the previous supplier. We've gotten on top of it. We've taken a look. We've already taken a lot of remediation actions. And we're already seeing an improvement in the quality, which we think we'll be able to continue to improve over Q3 and Q4.

In terms of vapor, there was an issue with a new device component, again, which we have identified and are fixing and, again, confident that will improve in Q3 and Q4. When it comes to the out-of-spec, yes, there was great performance, I think, in terms of improving the yields. It did put pressure on the downstream drying capacity, but we're seeing sequential improvement in the pass rate time-over-time. And I think you could see it in the quarterly increase in the shipments that we had internationally.

It's one of those things that – the micro issues are one of those things that you have to be constantly on top of. But I think in all three of the operational areas, which unfortunately all happened to happen at the same time, we have identified the fundamental issues. And I think we're already seeing some initial indicators in all three, and we do expect improvement over Q3 and Q4.

Aaron Grey

Analyst, A.G.P. / Alliance Global Partners LLC

Q

Okay. Thanks for that color, James. Second question for me, just as we think about the US and rescheduling, how should we think about the opportunities, particularly given the investment vehicle that you have shared with

BAT? Does this open up more opportunities, particularly on the medical side, to make more investments, potentially even consolidate them? And do you think more now about plant-touching state legal medical markets given the language within the rescheduling?

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

A

Yeah. I think you remember, we're not a plant-touching player in the US at the moment. We are looking into it, and I think we'll look at what might be some viable options for us in the US. I think for the moment, though, the focus of the business is really on operational fixing the issues that we had in Canada in the previous quarter and really supporting the Sanity Group to grow into the second half of the year.

I think with the growth in the European markets and in Germany, in particular, we want to focus on really growing that part of the business because it's the best short-term opportunity and midterm opportunity for that matter. But we will, of course, be monitoring and we're looking at what options there are in the US at the moment. But as a non-plant player at the moment, [ph] non-plant-touching (00:22:33) player at the moment, it's not an immediate impact on us.

Aaron Grey

Analyst, A.G.P. / Alliance Global Partners LLC

Q

Okay. Great. Thanks for the color. I'm going to jump back in the queue.

Operator: Your next question comes from the line of Kenric Tyghe at Canaccord Genuity. Your line is open. Please go ahead.

Kenric Tyghe

Analyst, Canaccord Genuity Corp.

Q

Thank you, and good morning. Your commentary sort of calls out largely internal issues with respect to your IPR and vapes. But what I'd like to just focus on, you could perhaps sort of bucket for us is how much of the impact was also competitive intensity based. You saw a few of your key competitors launching some very successful product in market in those categories. So it sounds as if it was a combination of the manufacturing issues you've called out, but also a step change in competitive intensity. How do you address the competitive intensity piece of this, given that by your comments, it sounds as if you're largely dealing with your internal issues?

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

A

Yeah. I mean, like in any quarter, there were competitive issues. I'd say, if I was looking at the issues, it was probably 70/30 on the internal issues versus competitive issues. The way we're addressing it is very specifically in vapes. We now have a competitive product. We're launching a few new products to make sure that we're competitive in terms of the potency levels. And in vaping, we also have new devices and liquids that we're going to be putting into the market. So we have a direct response, which I think we have a fair amount of confidence in that these will be well accepted in the market.

And in terms of IPRs, I would say that was primarily the internal issues that happened when we moved the – we had to step up the internalization of the IPR production in the market. So, yes, there is always competition, but I think we need to fix our quality issues. And I think we're putting into the market in the next few months offers that will be quite competitive and supported by the campaigns and the usual seasonal impact of the Q3 and Q4 growth.

Kenric Tyghe

Analyst, Canaccord Genuity Corp.

Q

Thanks, James. And then just a quick follow-up for me. With respect to international, is this a function of how much supply there is in market that the regulators are being just that much more particular around the requirements, not because the requirements have changed, but that the margin of errors has decreased? Or was this very specifically a challenge that you faced in quarter with flower into the market?

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

A

Yeah. I think it's a combination of two things. I think the European regulators are certainly looking at – in terms of regulation, they are stepping up their assessment of the things coming in. I think some of this, though, again, is it's always challenging to manage the micros. And you'll see that many competitors, many of the players in the industry have similar issues. At the same time, we, I think, have identified some of the main drivers, particularly in the drying capacity, and procedures to be able to address those issues.

And as I mentioned earlier, we are sort of seeing sequential improvement in pass rates. And we are able to ship – we were able to ship more to our international business in Q2 versus Q1, and we're expecting that to continue. At the same time, we're looking at different remediation pathways to manage the risk over time so that we can continue to supply both Sanity Group and our other international customers.

Kenric Tyghe

Analyst, Canaccord Genuity Corp.

Q

Great. Thanks so much. I'll get back in queue.

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

A

Yeah.

Operator: Your next question comes from the line of Frederico Gomes at ATB Cormark Capital Markets. Your line is open. Please go ahead.

Frederico Gomes

Analyst, ATB Cormark Capital Markets

Q

Hi. Good morning. Thanks for taking the questions here. Just going back to international, do you have any estimate of what international sales would have been if not for the out-of-spec product?

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

A

I don't have a specific figure for it. Greg, do you have anything on that? I mean, it would have been higher. I don't have a specific number. Greg, do you have that?

Greg Guyatt

Chief Financial Officer, OrganiGram Holdings, Inc.

A

Yeah. I think in terms of the sales opportunity, there's probably about CAD 4 million to CAD 5 million of international sales that we missed out on as a result of the off-spec product, so a meaningful amount.

Frederico Gomes*Analyst, ATB Cormark Capital Markets*

Q

Perfect. Thanks for that. And then just a broader on the Canadian market. You mentioned, I guess, the overall market sort of slowed down recently. I think we've seen that in the market data. Can you talk about that? Do you expect a recovery in the overall market in terms of growth or do you think we're going to be flat for this year? And how is that impacting potentially consumer behavior in terms of shift in product mix, maybe higher-priced product versus lower-priced product? Any color on the overall views of the market? Thank you.

James Hideo Yamanaka*Chief Executive Officer & Director, OrganiGram Holdings, Inc.*

A

Yeah. I think as we did mention, the market did grow about 2.2% versus the 5% we expected at the beginning of the year, which is an impact if you take our fair share of about CAD 9 million in net revenue for us alone.

I don't expect sort of a ramp-up into double digits again, but I would say something between the 2% to 4% rate would not be unreasonable as looking at the market going forward. You are seeing some impacts in specific areas, say, in Ontario, for example, in the parts of the market which are heavily impacted by the US tariffs. You are seeing lower sort of basket purchase rates in those markets and some level of down trading, but it's not sort of – we haven't seen it at a national level, but there's certainly pockets of the country which are impacted by the current economy where you're seeing different consumer behavior. Again, but at the moment, it does seem confined to specific areas, but it's something to watch going forward.

Frederico Gomes*Analyst, ATB Cormark Capital Markets*

Q

Perfect. Thank you very much.

Operator: Your next question comes from the line of Pablo Zuanic at Zuanic & Associates. Your line is open. Please go ahead.

Pablo Zuanic*Analyst, Zuanic & Associates LLC*

Q

Good morning, everyone, and thank you for taking the questions. Look, I just want to go back to the guidance commentary on the moving from CAD 300 million to CAD 350 million. How much of that CAD 50 million is coming from the higher spread captured now, which would have been from OGI product, right, now being sold towards the downstream? And how much of the CAD 50 million would be sales that Sanity was doing or selling from other suppliers? Can you just roughly break that out?

Greg Guyatt*Chief Financial Officer, OrganiGram Holdings, Inc.*

A

Sure. Thanks, Pablo. So out of the increased sales, we're expecting €25 million roughly on average from Sanity Group, so strong growth there. In terms of like adding back from the €300 million guidance that we had before, we have to take out the amount of sales that we had previously recognized on direct shipments to Sanity and recognized it upon sale to the ultimate customer by Sanity Group. So I'd say the majority of the increase is from Sanity Group, partially offset by some softness in the core Organigram business.

Pablo Zuanic*Analyst, Zuanic & Associates LLC*

Q

Right. And then just to follow up. I mean, when you announced the deal, if I'm not mistaken, the sales that were given for Sanity were €50 million with €19 million in the fourth quarter, right? So that would have been like roughly, what, €76 million. In Canadian dollars, it would have been about CAD 120 million. I'm just – there seems to be a bigger drop-off in the sales number of Sanity, or maybe my math is wrong.

Greg Guyatt

Chief Financial Officer, OrganiGram Holdings, Inc.

A

No, I think the number you're referring to was the run rate as of Q4. It wasn't their actual annual number.

Pablo Zuanic

Analyst, Zuanic & Associates LLC

Q

No, I know. I know the annual number was €50 million, but the fourth quarter run rate was €19 million times four, €76 million, right? That would have been about...

Greg Guyatt

Chief Financial Officer, OrganiGram Holdings, Inc.

A

Right.

Greg Guyatt

Chief Financial Officer, OrganiGram Holdings, Inc.

A

...CAD 120 million. But so I'm just trying to reconcile the CAD 120 million with the new number. But, again, my math could be wrong. Thanks.

Greg Guyatt

Chief Financial Officer, OrganiGram Holdings, Inc.

A

No. So for the next two calendar quarters, we're expecting €25 million from Sanity, so an average of €50 million for the back half of the year. So that brings you to at least €100 million versus what they had last year.

Pablo Zuanic

Analyst, Zuanic & Associates LLC

Q

Right. Okay. No, that's good. And then just if I may, in the case of Sanity, can you expand in terms of their opportunities or their current presence in markets outside Germany, particularly in the UK? And in the case of Switzerland, if you can just give us a reminder of what they have and the potential for growth there? Thank you.

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

A

Yeah.

Greg Guyatt

Chief Financial Officer, OrganiGram Holdings, Inc.

A

Do you want to tackle that one, James?

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

A

Yeah. Sure. I can take that one. So Sanity Group does export medical product to the UK, and they'll continue to do that. And Organigram also separately was exporting flower to the UK. And we'll look how to consolidate those businesses going forward.

In Switzerland, it's actually quite an exciting opportunity where there is a recreational pilot. Sanity is in two of the cantons as one of the only players in the market where they have – they're working on the pilot. And we expect that the recreational market in Switzerland will open around 2028, and it's a very interesting, small but very high margin market. So it's an exciting sort of pilot there that Sanity is in lead position on.

We're also – they're also selling into Poland and the Czech Republic. And we'll continue to support those efforts to work to expand into those markets. But the focus of Sanity Group is Germany as the main one because this is by far the biggest growth potential and the largest market in Europe. But I think there's some interesting opportunities, particularly in Switzerland and the UK, to drive additional revenue and margin through the future.

Pablo Zuanic

Analyst, Zuanic & Associates LLC

Q

Right. Thank you. And if I may, I want to ask – just to add one more question here. I know there's a lot of TBD in the case of what happens in the US, how the rules change. But assuming that they do not allow exports and that they do not allow interstate trade, would you still be interested in investing in the medical operators, with every state being their own island? Or for you, exports and interstate trade would be a necessary requirement for you to invest in the US?

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

A

Look, I think we'll continue to look at all of the opportunities. I think the key for us is to really look at where – if we did invest, what is the real potential? What optionality does it give us? Does it give us a real chance to compete long term in those markets or not?

And I think we'll be prudent in where we go, and we'll have to weigh it against the opportunities to invest in all the markets that Sanity is talking about and what's that return on investment we'll get from those. I mean, the US is obviously by far the largest market in the world. But I think we'll invest if there's an opportunity, if the regulatory situation is right, if the cost is right, and we think we have a legitimate chance to build some optionality to grow for the future.

But we'll always balance it against the other options we have, whether it's domestically in Canada and probably more likely over the next few years in Europe using the resources and capabilities of the Sanity Group.

Pablo Zuanic

Analyst, Zuanic & Associates LLC

Q

All right. Thank you.

Operator: We've now reached the end of the Q&A session. I'll turn the call back to James for closing remarks.

James Hideo Yamanaka

Chief Executive Officer & Director, OrganiGram Holdings, Inc.

Thank you very much, everyone, for your time. Just to sum it up, it was a challenging quarter. It was driven primarily by specific operational issues that we are addressing, and we have great confidence in our ability to turn that around in Q3 and Q4. And we're very excited about the growth potential of Sanity in our other markets in the world.

So thank you very much once again for your attention and for the questions that we all received. Have a good day, everyone.

Operator: This concludes today's call. Thank you for attending. You may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.