

OGI Q1 FISCAL 2020 RESULTS

January 14, 2020

NASDAQ (OGI)
TSX (OGI)



ORGANIGRAM

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financial and operational performance of the Company. These include cost of cultivation, adjusted EBITDA and adjusted EBITDA as a percentage of net revenue (adjusted EBITDA margin %). The Company believes that these non-IFRS financial measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company’s operating results, underlying performance and prospects in a similar manner to the Company’s management. As there are no standardized methods of calculating these non-IFRS measures, the Company’s approach may differ from those used by other issuers, and accordingly, the use of these measures may not be directly comparable. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. For further information regarding these non-IFRS measures, including definitions, a quantitative reconciliation to the most directly comparable IFRS measure, see the final slides in this presentation.

Readers are cautioned against comparing cost of cultivation per gram harvested with cost of sales for the same period for at least two reasons. 1. Cost of sales includes packaging costs which “cost of cultivation” does not. 2. There is a delay between when product is harvested and when it is sold and cost of cultivation does not include indirect production costs.

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Q1 2020 Highlights

- **As guided by management, improved key metrics from Q4 2019:**
 - ✓ Net revenue grew to \$25.2M
 - ✓ Gross margin (before FV changes to bio assets and inventories sold) increased to 37%
 - ✓ Cash and “all-in” cost of cultivation declined to \$0.61 and \$0.87 per gram¹ of dried flower harvested
 - ✓ SG&A as a % of net revenue declined to 37%
- **Returned to positive adjusted EBITDA** – generated \$4.9M¹ or 19% of net revenue
- **As planned, shipped first of Rec 2.0 products**, Trailblazer Torch vape cartridges in December 2019
- **Further improved financial flexibility** with at-the-market program (ATM program) established in Dec. 2019
 - ✓ Cash and short term investments of \$34.1M at quarter-end
 - ✓ Raised \$22.9M in gross proceeds under ATM program after Q1 2020 & \$32.1M in current remaining capacity
 - ✓ \$30M in current available capacity on term loan
 - ✓ Up to \$25M revolver available to be drawn against receivables²
 - ✓ Option to increase credit facility from \$140M to \$175M³

¹ Adjusted EBITDA and cost of cultivation are non-IFRS measures – see Company’s Q1 2020 MD&A for definition and a reconciliation to IFRS

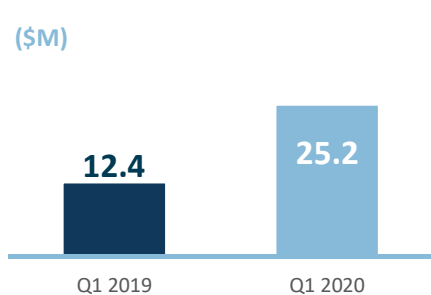
² To be drawn against specified receivables

³ Subject to agreement from lenders and certain legal and business conditions

Q1 Fiscal 2020 Financial Results

NET REVENUE

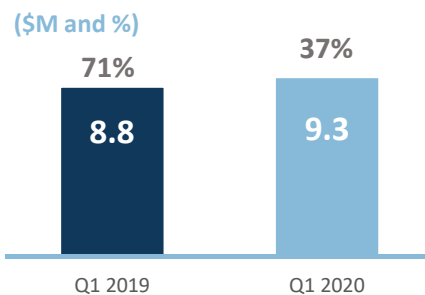
Q1 2020 net revenue almost doubled from Q1 2019 as Q1 2020 included a full quarter of adult-use rec sales (legalized in October 2018)



GROSS MARGIN

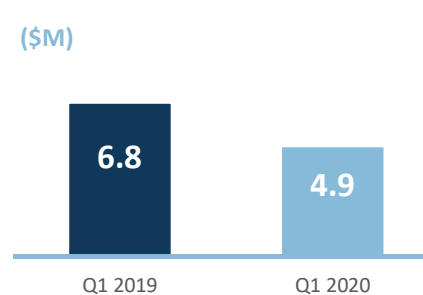
before FV CHANGES to BIO ASSETS & INVENTORIES SOLD

Lower Q1 2020 gross margin % vs Q1 2019 largely due to higher cost of sales from increased staffing for more cultivation/post-harvest capacity without the benefit of full economies of scale (as consumer demand impacted by inadequate retail store network in Canada)



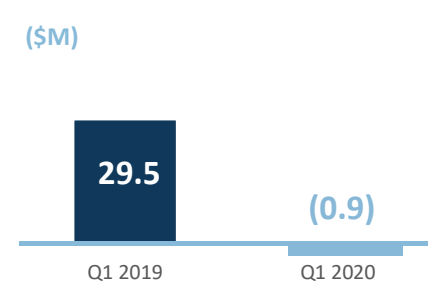
POSITIVE ADJUSTED EBITDA¹

- Q1 2020 positive adjusted EBITDA margin¹ of 19% as a percentage of net revenue
- Q1 2020 SG&A² at 37% of net revenue, similar to Q1 2019, with higher net revenue and continued focus on prudent spending and cost control



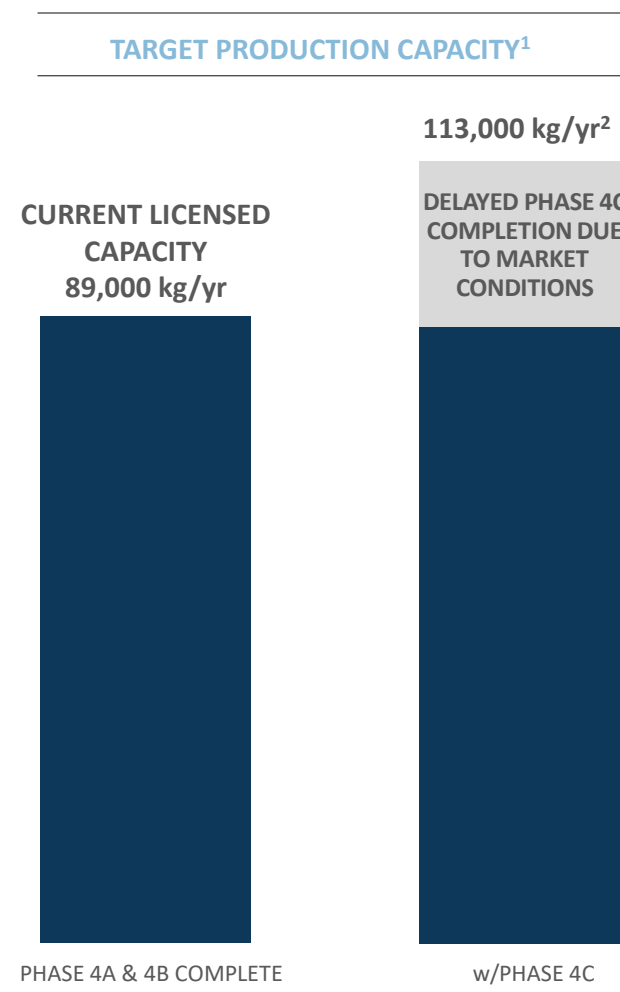
NET INCOME (LOSS)³

Q1 2020 net loss of \$0.9 million or \$(0.006) per share on a diluted basis compared to Q1 2019 net income of \$29.5 million or \$0.195 per share largely due to non-cash fair value changes to biological assets and inventories sold



Phase 4 Expansion of Moncton Campus

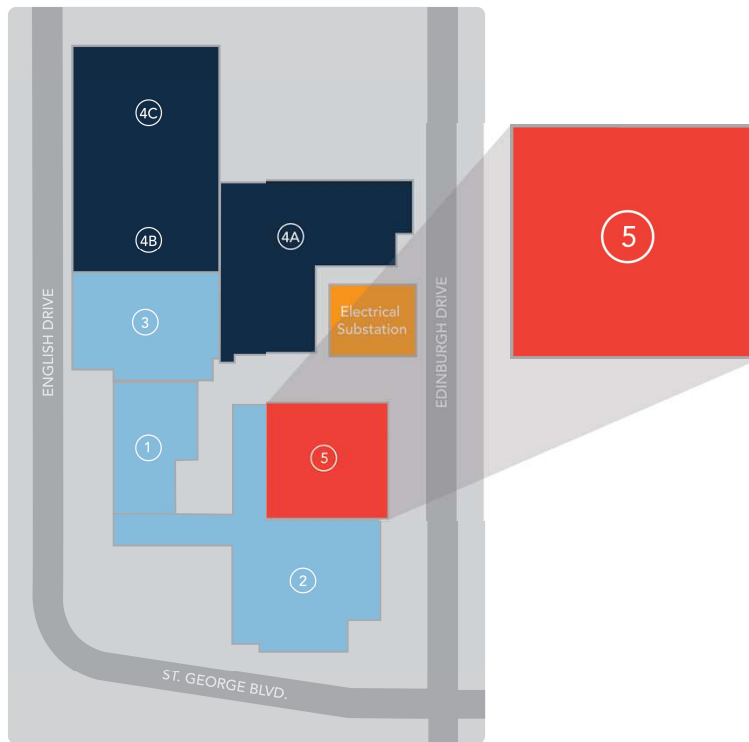
- **Current licensed production capacity of 89,000kg/yr¹**, with all Phase 4A and Phase 4B rooms licensed
- **Delayed completion of Phase 4C** until more clarity on longer term consumer demand and to:
 - Prioritize and effectively manage cash flow; and
 - Potentially use portions of Phase 4C space for other strategic purposes
- Management believes it can complete remaining construction on Phase 4C in a relatively short timeframe to respond to increased consumer demand



1 Target production capacity once licensed and fully operational; several factors can cause actual capacity and costs to differ from estimates. See "Risk Factors" in the Company's Q1 2020 MD&A.

2 113,000 kg/yr is total target production capacity if and when the Company decides to finish Phase 4C as designed

Phase 5 - Refurbishment for Edibles and Derivative Products



- 56,000 square feet within existing Moncton Campus facility being refurbished and designed under EU GMP standards for:
 - **An edibles and derivative production facility; and**
 - **Additional extraction capacity (CO₂ and hydrocarbon)**
- Received licensing for site perimeter for Phase 5 edibles facility and our chocolate processing and packaging rooms
- Estimated remaining spend of ~\$20M as at end of Q1 Fiscal 2020 of total capex estimate of ~\$65M¹

Well-positioned for Edibles and Derivatives



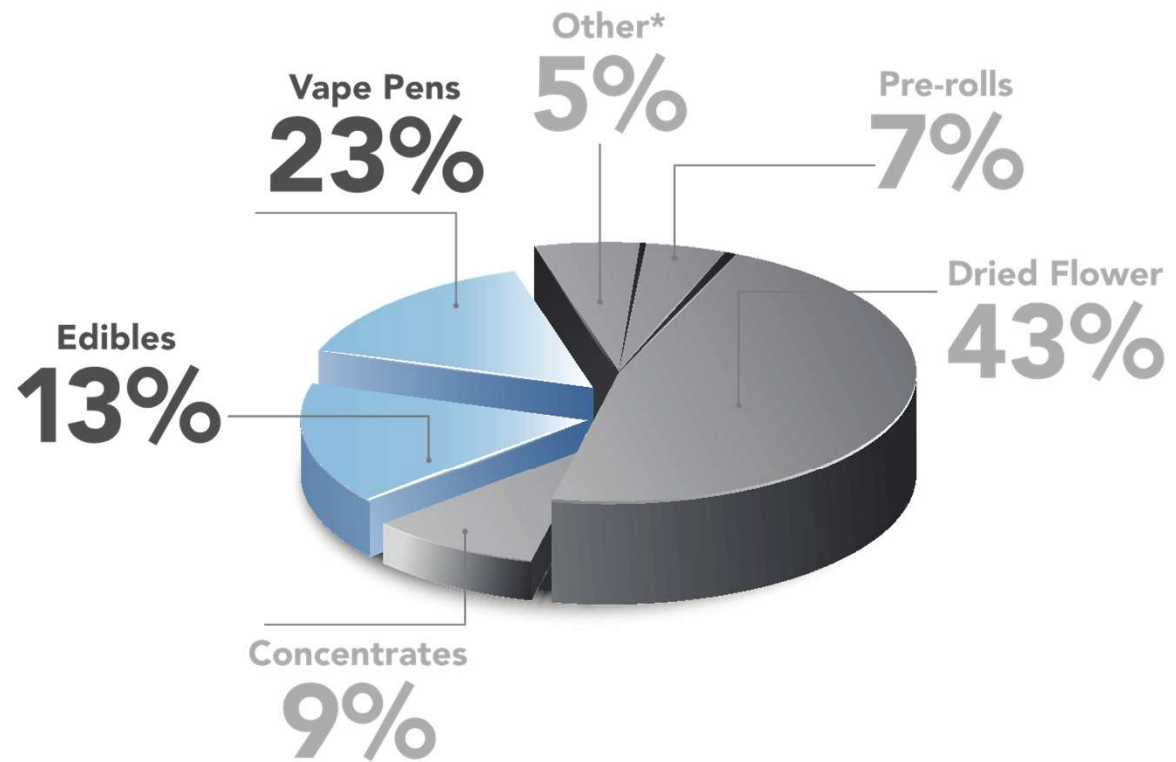
Exclusive agreement with **The Green Solution**, a proven market leader in the US for consulting services re: product processing and development as well as market segmentation and trends



Immediate increased extraction capacity from **Valens GroWorks** agreement and Phase 5 refurbishment underway for additional in-house extraction capacity

Well-positioned for Edibles and Derivatives

Initial OGI focus on two largest segments based on US state sales data in the edibles and derivative market - **vaporizer pens and edibles, including beverages**, representing 23% and 13%, respectively of total US recreational cannabis state sales¹



*Tinctures & sublingual, topicals, and capsules.



OGI Vaporizer Pen Portfolio

- As planned, began shipping Trailblazer Torch vape cartridges in December 2019
- Selected as **one of the Canadian partners for PAX ERA**, the premium closed loop vaporizer system created by PAX Labs, Inc.
- PAX Labs, Inc. - a leader in the design and development of premium app-controlled vape technologies for cannabis
- Selected as **exclusive Canadian supplier of Feather Company's** industrial design-patented vaporizer hardware and technology
- Expect to launch Edison + Feather ready-to-go distillate pens and Edison + PAX ERA distillate cartridges in January 2020 and Q2 calendar 2020, respectively



Premium Cannabis-infused Chocolates

- ~\$15M investment in **high-speed, high-capacity, fully-automated production line** that includes advanced engineering, robotics, high-speed labeling, automated carton packing
- OGI product development and production team has more than **deep chocolate expertise**
- Installation of the production line completed
- Received licensing approval in December 2019
- Expect **to launch cannabis-infused chocolate in Q1 calendar 2020**

Proprietary Nano-Emulsification Technology Dissolvable Powder Product

- Proprietary nano-emulsion technology, developed by internal R&D team
- **An expected initial absorption of cannabinoids in 10-15 minutes** once ingested by adding to a liquid
- Anticipated stability to temperature variations, mechanical disturbance, salinity, pH and sweeteners as well as being shelf stable, water-compatible, and unflavoured
- Offers consumers a measured dose of cannabinoids to add to a beverage of their choice while also offering discretion, portability and shelf life of a dry powder
- Expect to **launch dissolvable powder product in Q2 calendar 2020**



Liquidity and Capital

- **Cash and short-term investments of \$34.1M** as at end of Q1 Fiscal 2020
- **Generated positive adjusted EBITDA of \$4.9M¹** in Q1 Fiscal 2020
- **\$30M in undrawn capacity** on total term loan of \$115M as of January 14, 2019
- **A revolver available of up to \$25M** to be drawn against specified receivables
- Credit facility includes an **option to increase to \$175M² from \$140M**
- In December 2019, established an at-the-market equity program for **further financing flexibility** and has issued ~7.3M common shares for **gross proceeds of ~\$22.9M** as of Jan 12, 2019
 - Allows for the issuance of up to C\$55M³ of common shares from treasury
 - **Remaining capacity of \$32.1M** available as at Jan 12, 2019
 - Volume and timing of issuance of common shares at the sole discretion of the Company

¹ Adjusted EBITDA is a non-IFRS measure – see Company's Q1 2020 MD&A for definition and a reconciliation to IFRS

² Subject to agreement from lenders and certain legal and business conditions

³ Or US\$ equivalent



APPENDIX

 **ORGANIGRAM**

Select Key Financial and Operating Metrics

(in 000s) unless indicated	Q1 2020	Q1 2019	% CHANGE
Gross revenue	28,448	14,479	96%
Excise taxes	(3,295)	(2,040)	62%
Net revenue	25,153	12,439	102%
Cost of sales	15,811	3,618	337%
Gross margin (GM) before FV changes to bio assets & inventories sold	9,342	8,821	6%
GM before FV changes as % of net revenue	37%	71%	-34%
FV changes to bio assets & inventories sold	1,852	42,925	-96%
Gross margin	11,194	51,746	-78%
SG&A ¹	9,418	4,528	108%
SG&A as a % of net revenue	37%	36%	1%
Net income (loss) from continuing ops	(863)	29,517	-103%
Adjusted EBITDA ²	4,867	6,839	-29%
Adjusted EBITDA as a % of net revenue ²	19%	55%	-36%
Cash cost of cultivation per gram harvested ²	0.61	0.56	5%
"All-in" cost of cultivation per gram harvested ²	0.87	0.74	13%
Kilograms harvested	12,759	8,042	59%
Kilograms sold-DFE equivalents ³	5,501	2,126	159%

1 Sales and marketing and general and administrative expenses (excludes noncash share based compensation and impairment loss)

2 Adjusted EBITDA, adjusted EBITDA as a % of net revenue, all-in and cash cost of cultivation are non-IFRS measure- please see Company's Q1 2020 MD&A for definition and reconciliation to IFRS.

14 3 Dried flower equivalent, or DFE, is a non-IFRS measure, and is based on the conversion of oil sales to an equivalent measure at a standard rate of 9.0 mL/g for recreational oil and 4.5 mL/g for medical oil.

Select Key Balance Sheet Metrics

(in 000s)	Q1 2020	Q4 2019	% CHANGE
Cash & Short-Term Investments	33,956	47,555	-29%
Biological Assets & Inventories	125,206	113,796	10%
Other Current Assets	32,427	34,550	-6%
Accounts Payable and Other Current Liabilities	48,972	43,864	12%
Working Capital	142,793	152,417	-6%
Property, Plant & Equipment	261,083	218,470	20%
Long-Term Debt	78,418	46,067	70%
Total Assets	469,484	428,525	10%
Total Liabilities	140,663	101,519	39%
Shareholders' Equity	328,821	327,006	1%