

Organigram Holdings Announces Annual and Fourth Quarter Results for Fiscal 2015

Organigram attains Breakeven cash flow in Q1

MONCTON, New Brunswick (December 18, 2015) – Organigram Holdings Inc. (TSX-V) today reported results for the year and fourth quarter ended August 31, 2015.

Highlights

In Canadian dollars	<u>Q4-15</u>	<u>Q4-14</u>	Fiscal 2015	Fiscal 2014
Revenue	\$675,530	\$0	\$986,676	\$0
Gross margin	720,168	-273,854	1,326,187	-274,905
As percentage of revenue	106.6%		134.4%	
Gross margin before indirect production and fair value adjustment to biological assets	427,630	0	625,039	0
As percentage of revenue	63.3%		63.3%	
EBITDA ⁽¹⁾	213,981	-7,796,804	-747,768	-8,227,480
As percentage of revenue	31.7%		-75.8%	
Net Profit (loss)	56,926	-7,806,848	-1,276,854	-8,269,281
Cash cost per gram sold			\$1.91	

(1) Earnings before interest, taxes, depreciation and amortization. (see “non-GAAP financial measures”)

Business Outlook

The company sales for Quarter 1, ending November 30, 2015, exceeded \$1,000,000, representing over a 70% increase quarter to quarter.

The company sales for the week ending December 11, 2015, were approximately \$120,000. This sales milestone provides the company with an adequate level of cash flow which exceeds their current operating expenses. Management is very pleased to have attained positive cash flow so early in their infancy.

The company exceeded their targets for this fiscal year from a revenue and customer acquisition basis. They focused on solidifying their production capabilities and ensuring a superior customer experience. They completed Phase 3 of their build out and now have 7 large grow rooms in production of a potential 13 within the existing facility.

As the next fiscal year unfolds, the company has many of the same targets but only on a much larger scale. However, in conjunction with this, the company will continue to implement solid business practices and policies which will ensure structure and stability. The Company's key short-term goals continue to include:

- Complete the construction (Phase 4 & 5) and receive Health Canada approval of an additional 6 large grow rooms within the existing facility. This will add an additional 1,500kg of annual production capacity, which will bring its annual capacity to over 3,100 kg.
- Continual efforts on education within the Medical Community.
- A focused effort on cost control throughout the organization and a further reduction on production costs per gram.
- To continue to generate positive cash flow from operations.
- Ensure the company is well positioned for legalization from a production and branding perspective.
- Complete the expansion of the Company's facility by connecting the adjacent building and starting phase 6 & 7 of the development plan. This will access an additional 12 grow rooms and provide annual production capabilities of approximately **7,500 kilograms**.

The company has grown significantly over the past year, achieved many milestones and met all commitments. The industry is evolving at a rapid rate and it is our intention to be prepared for these changes as they occur. We continue to streamline our systems and processes for efficiency and optimization of resources. It is the company's opinion that those producers who can maximize their product margins will be the leaders in the industry as it exists today and if legalization occurs.

The Company has secured an additional \$6.4 million of financing which will enable them to continue their expansion, provide additional working capital and to continue to onboard clients at a rapid rate.

Fourth quarter ended August 31, 2015

- Current Assets at quarter-end was \$4.6 million while current liabilities were \$1.7 million, for a net working capital position of \$2.9 million.
- Quarterly revenue was \$675,530, an increase of 194% from the \$230,053 recorded for the previous quarter.
- Sales gross margin percentage, before indirect production and fair value adjustment to biological assets, for the quarter was 63%, and also 63% for the year.
- Net income was \$56,926 for the quarter, compared to a net income of 119,695 for the prior quarter.

Non-GAAP Financial Measures

In this news release, the Company uses the non-GAAP financial measure EBITDA. The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance of the Company. These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

Forward-Looking Statements

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation. Forward-looking information, in general, can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans”, or “continue”, or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and our objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to our plans and objectives, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities; and, statements regarding our future economic performance. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. We have based these forward-looking statements on our current expectations about future events.

Although the forward-looking statements contained in this news release are based on what we believe are reasonable assumptions, these assumptions are subject to a number of risks beyond the Company’s control and there can be no assurance that actual results will be consistent with these forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to: financial risks; dependence on senior management; sufficiency of insurance; industry competition; general economic conditions and global events; product development, facility and technological risks; changes to government laws, regulations or policy, including environmental or tax, or the enforcement thereof; agricultural risks; supply risks; product risks; and, other risks and factors described from time to time in the documents filed by the Company with securities regulators.

All forward-looking information is provided as of the date of this news release. The Company does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by law. Additional information about these assumptions, risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our web site at www.organigram.ca.

Financial statements are attached.

Organigram Holdings Inc.
Consolidated Statements of Financial Position
As at August 31, 2015 and August 31, 2014

Assets	<u>2015</u> (unaudited)	<u>2014</u>
Current Assets		
Cash	\$ 1,473,694	\$ 5,726,674
Accounts receivable	766,788	245,201
Biological assets	1,309,814	115,768
Inventories	969,263	36,152
Prepaid expenses	73,182	64,298
	<u>4,592,741</u>	<u>6,188,093</u>
Property, plant and equipment	<u>9,583,376</u>	<u>2,477,486</u>
	<u>\$ 14,176,117</u>	<u>\$ 8,665,579</u>
 Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,463,119	\$ 1,091,956
Current portion of long term debt	<u>284,713</u>	<u>-</u>
	1,747,832	1,091,956
Long-term Debt		
Long-term debt	<u>4,574,153</u>	<u>-</u>
	<u>6,321,985</u>	<u>1,091,956</u>
 Shareholders' Equity		
Share capital	16,753,777	15,477,518
Reserve for options and warrants	689,872	530,923
Accumulated deficit	<u>(9,589,517)</u>	<u>(8,434,818)</u>
	<u>7,854,132</u>	<u>7,573,623</u>
	<u>\$ 14,176,117</u>	<u>\$ 8,665,579</u>

Organigram Holdings Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the Year Ended August 31, 2015 and the six month period August 31, 2014

	Year Ended August 31, 2015 (unaudited)	Six Months Ended August 31, 2014
Revenue		
Sales	\$ 986,676	\$ -
Cost of sales	361,637	-
Indirect production	<u>375,255</u>	<u>274,905</u>
	249,784	(274,905)
Add: Fair value adjustment to biological assets and inventory	<u>1,076,403</u>	-
Gross margin	<u><u>1,326,187</u></u>	<u><u>(274,905)</u></u>
Expenses		
Sales and marketing	720,968	169,551
General and administrative	1,507,435	549,131
Share-based compensation	256,743	473,222
Financing costs	115,405	21,600
Loss (gain) on disposal of fixed asset	<u>2,490</u>	<u>(858)</u>
Total expenses	<u><u>2,603,041</u></u>	<u><u>1,212,646</u></u>
Net loss before listing expenses	(1,276,854)	(1,487,551)
Listing expenses	<u>-</u>	<u>6,781,730</u>
Net loss and comprehensive loss for the year	<u><u>\$ (1,276,854)</u></u>	<u><u>\$ (8,269,281)</u></u>
Weighted-average number of shares, basic and diluted	<u><u>52,404,328</u></u>	<u><u>31,716,488</u></u>
Net loss per common share, basic and diluted	<u><u>\$ (0.024)</u></u>	<u><u>\$ (0.261)</u></u>

Organigram Holdings Inc.
Consolidated Statements of Cash Flows
For the Year Ended August 31, 2015 and the six month period August 31, 2014
(Unaudited)

	Year Ended August 31, 2015	Six Months Ended August 31, 2014
Cash Provided (Used)		
Operating Activities		
Net loss for the period/year	\$ (1,276,854)	\$ (8,269,281)
Changes not involving cash:		
Listing expenses	-	6,512,690
Share based compensation	256,743	473,222
Loss (gain) on disposal of asset	2,490	(858)
Amortization of deferred financing	1,667	-
Depreciation	<u>414,801</u>	<u>51,997</u>
	(601,153)	(1,232,230)
Financing costs to financing activities	115,405	21,600
Net change in accounts receivable	(521,587)	(75,900)
Net change in biological assets	(1,194,046)	(151,920)
Net change in inventories	(933,111)	-
Net change in accounts payable and accrued liabilities	371,163	296,776
Net change in other working capital balances	<u>(8,884)</u>	<u>(55,415)</u>
	<u>(2,772,213)</u>	<u>(1,197,089)</u>
Financing activities:		
Shares issued in private company	-	1,484,850
Shares issued in private placement	1,407,418	7,534,391
Share issue costs	(106,798)	(724,377)
Payment of long term loan	(120,301)	(1,000,000)
Proceeds of long term loan	5,000,000	1,000,000
Deferred financing costs	(22,500)	-
Financing costs	<u>(115,405)</u>	<u>(21,600)</u>
	<u>6,042,414</u>	<u>8,273,264</u>
Investing activities:		
Cash acquired in RTO	-	15,171
Proceeds on disposal of vehicle	-	9,000
Acquisition of property, plant and equipment	<u>(7,523,181)</u>	<u>(1,451,686)</u>
	<u>(7,523,181)</u>	<u>(1,427,515)</u>
CASH (USED) PROVIDED	(4,252,980)	5,648,660
CASH POSITION		
Beginning of period/year	<u>\$ 5,726,674</u>	<u>\$ 78,014</u>
Ending of period/year	<u>\$ 1,473,694</u>	<u>\$ 5,726,674</u>