

## The Green Organic Dutchman Reports Record Monthly & Quarterly Revenue, Reports Second Quarter 2022 Results

- Achieved record quarterly net revenues of \$11.63 million, a 43% increase from Q2 2021, and a 10% increase from Q1 2022
- Achieved record monthly net revenues of \$5.56 million in June
- Reports gross profit of \$7.33 million, a 195% increase over Q2 2021, and a 31% increase from Q1 2022
- Adjusted EBITDA\* loss improves 80% from Q2 2021 to \$4.27 million.
- Completed the sale of the Puslinch Facility building improvements for \$3.0 million

**TORONTO, August 29, 2022** - The Green Organic Dutchman Holdings Ltd. (the "**Company**" or "**TGOD**") (CSE: TGOD) (US-OTC: TGODF), a sustainable global cannabis company, reports its financial results for the quarter ended June 30, 2022. These filings are available for review on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). All financial information is provided in Canadian dollars except where otherwise indicated.

### Management Commentary:

“Our momentum continued in Q2 2022, including another record month in June. Quarterly growth was achieved by several initiatives, including the first harvest from the Valleyfield facility, the launch of Organic Cherry Mints premium flower, continued expansion in distribution, increasing key account agreements, and a continued commitment to the TGOD promise of quality, consistency, and high THC products,” commented Sean Bovingdon, CEO of TGOD. “In addition to continuing to increase our retail distribution by investing in building relationships with the retail cannabis chains, we are preparing for future growth with new and unique strains and products. We continue to have strong conviction in our products and believe they can provide further penetration in key markets to drive our revenue potential. In Q2 our success in Ontario and in roads into growth markets in western Canada have been vital drivers of our financial performance. We remain focused on quality and consistency, as well as continued cost discipline and execution to build a strong and sustainable organization and brands that consumers love.”

### Second Quarter 2022 Financial Highlights:

	Three months ended				Three months ended		
	June 30, 2022	June 30, 2021	Variance to Q2-2021 (\$)	Variance to Q2-2021 (%)	March 31, 2022	Variance to Q1-2022 (\$)	Variance to Q1-2022 (%)
<b>Net Revenue</b>	<b>11,627</b>	8,106	3,521	43%	10,575	1,052	10%
Cost of sales	9,134	5,531	3,603	65%	6,868	2,266	33%
Gross profit before changes in fair value of biological assets	2,493	2,575	(82)	(3%)	3,707	(1,214)	(33%)
<i>Gross profit % before changes in fair value of biological assets</i>	21%	32%			35%		
Realized fair value adjustment on sale of inventory	(3,845)	(2,331)	(1,514)	65%	(2,435)	(1,410)	58%
Unrealized gain on changes in fair value of biological assets	8,683	2,244	6,439	287%	4,305	4,378	102%
<b>Gross profit</b>	<b>7,331</b>	2,488	4,843	195%	5,577	1,754	31%
<i>Gross profit %</i>	63%	31%			53%		

## The Company:

- Achieved record quarterly net revenues of \$11.63 million, a 43% increase from Q2 2021, and a 10% increase from Q1 2022. The quarter-over-quarter increase in revenue is in line with the Company's forecast and can be mainly attributed to the launch of premium flowers (Cherry Mints & Maple Kush), launch of Pre-rolls, and Highly Dutch Organic™ flower continuing to gain traction in 2022. With additional sales efforts to provide direct store support as well as budtender and consumer education, in addition to the new listings accepted in key markets, the Company achieved significant increased revenues in key markets. The Company has also continued to invest in building relationships with the retail cannabis chains to expand distribution.
- Year to date 2022 net revenue of \$22.2 million, reflecting growth of 65% versus the same period in the prior year.
- Gross profit (before changes in fair value) in Q2 2022 was \$2.49 million resulting in a gross profit margin of 21%, reflecting more Highly Dutch mainstream flower and hash in the quarter. The Company believes gross margin and net revenue in Canada will increase as it sells proportionately more premium flower.
- General and administrative expenses ("G&A") were \$4.90 million for the three months ended June 30, 2022, an 8% decrease in comparison to \$5.34 million for Q2 2021. In comparison to Q1 2022, G&A expenses increased by \$0.98 million which is primarily a result of annual salary increases in Q2 2022 as well as a net accrued vacation reversal of \$0.03 million in Q1 2022, along with additional one-off non-recurring costs incurred in the quarter including \$0.28 million in consulting and \$0.35 million in legal fees.
- Adjusted EBITDA\* loss was \$4.27 million for Q2 2022, representing an 80% improvement of \$17.10 million compared to Q2 2021. This was largely as a result of the Company's increase in revenue and continued cost cutting initiatives.
- As of June 30, 2022, the Company had a total cash position of \$4.67 million, including \$1.47 million in restricted cash.

## **Key Initiatives:**

- The Company processed its first harvest from the Valleyfield, Quebec facility ("**Valleyfield**"). The expanded production base allows the Company to meet increasing consumer demand by adding an estimated 3,000 kgs of flower annually while providing the Quebec market with TGOD flower that is grown in-province.
- Increased SKUs and distribution across Canada for TGOD, Highly Dutch and Cruzy brands. TGOD sales focused on three dried flower lines, Organic Maple Kush, Organic Sugarbush and Organic Cherry Mints. Highly Dutch brands had increased penetration due to a strong PR campaign around 4/20, and global media attention on the launch of the "Highly Dutch Hotline".

- In May 2022, the Company announced that it had completed the sale of the Puslinch Facility building improvements for \$3.0 million and in conjunction extinguished two shareholder promissory notes totaling \$0.9 million.
- On April 29, 2022, the Company announced that the Revolver Loan was amended and restated, whereby the lender agreed to: (i) increase the overall Revolver Loan limit from \$30 million to \$34 million, through providing an additional advance of \$4 million (ii) increase the term portion of the Revolver Loan from \$20 million to \$24 million (iii) amend the EBITDA financial covenant (as defined in the Revolver Loan agreement) to take effect on June 30, 2022, (iv) remove the covenant requiring a \$4 million prepayment through funds raised by the sale of HemPoland and (v) introduce certain prepayment fees in the combined amount of 2% of any prepayments, subject to the satisfaction of various conditions set out therein.
- Since October 2021, the Company has been engaged with advisors for the sale of Company's entity in Poland, HemPoland S.p.a. Z.o.o. ("**HemPoland**"), which was deemed non-core to future operations and the Company strategy. The Company received a non-binding competitive offer subsequent to Q2 2022. The Company anticipates completing the sale of HemPoland by the end of September 2022.

#### **Investor Conference Call to Discuss First Quarter Results:**

Management will host a conference call with analysts on August 31, 2022, at 10:00 a.m. Eastern Time to discuss the results. Participants may access the call by dialing 416-764-8688 (Toronto) or 1-888-390-0546 (North America); Conference ID 05534890. For those unable to participate on the live call, a replay of the call will also be available until September 7, 2022, by dialing 1-416-764-8677 or 1-888-390-0541 (Passcode: 534890#).

#### **About The Green Organic Dutchman Holdings Ltd.**

The Green Organic Dutchman Holdings Ltd. (CSE: [TGOD](#)) (US-OTC: TGODF) is a sustainable, global cannabis company with a focus on innovation, quality, consistency, integrity and transparency. By leveraging science and technology, TGOD harnesses the power of nature from seed to sale. The Company is committed to cultivating a better tomorrow by producing its products responsibly, with less waste and impact on the environment. In Canada, TGOD serves the recreational market with a brand portfolio including The Green Organic Dutchman, Highly Dutch Organics, Ripple by TGOD and Cruzy brands, and the medical markets in Canada, South Africa, Australia, and Germany. All cannabis utilized in products for The Green Organic Dutchman and Highly Dutch Organics brands is grown through a certified organic process, which includes living soil, filtered rainwater, sunlight, and natural inputs.

TGOD's Common Shares and certain warrants issued under the indentures dated December 19, 2019, June 12, 2020, October 23, 2020 and December 10, 2020 trade on the Canadian Securities Exchange ("**CSE**") under the symbol "TGOD", "TGOD.WS", "TGOD.WR", "TGOD.WA", and "TGOD.WB" respectively. TGOD's Common Shares trade in the U.S. on the OTCQX under the symbol "TGODF". For more information on The Green Organic Dutchman Holdings Ltd., please visit [www.tgod.ca](http://www.tgod.ca).

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### **(\*) Non-GAAP Measures, Reconciliation and Discussion**

This press release contains references to "Adjusted EBITDA" which is a non-international financial reporting standards ("IFRS") measure (a "Non-GAAP Measure"). Management defines Adjusted EBITDA as loss for the period, as reported, adjusted for deferred income tax recovery, foreign exchange gains and losses, finance costs, accretion expenses, finance income, share of loss on investments in associates, revaluation of contingent consideration, loss (gain) on disposal of assets, impairment of investment in associates, impairment (reversal of impairment) charge for non-financial assets, loss on derecognition of investment in joint venture, impairment loss on remeasurement of disposal group, loss on assets held for sale, debt modification, acquisition related costs, change in fair value of investments, realized fair value adjustment on sale of inventories, unrealized gain on changes in fair value of biological assets, share based compensation, depreciation and amortization. This measure does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies.

Management believes Adjusted EBITDA provides useful information as it is a commonly used measure in the capital markets to approximate operating earnings. The Company provides the Non-GAAP Measure as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. The Non-GAAP Measure is also presented because management believes such measures provide information which is useful to shareholders and investors in understanding its performance and which may assist in the evaluation of the Company's business relative to that of its peers. Management believes the Non-GAAP Measure is a useful financial metric to assess the Company's operating performance on a cash basis before the impact of non-cash items, and on an adjusted basis as described above. However, such Non-GAAP Measure should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the most comparable Non-GAAP Measure.

Reconciliations of the Non-GAAP Measure is presented in the Company's management's discussion and analysis for the three and six months ended June 30, 2022 (the "Q2 MD&A"). The Non-GAAP Measure should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with the IFRS financial measures presented in the Company's financial statements. For more information, please see "Non-GAAP Performance Measures" in the Company's Q2 MD&A, which is available under the Company's profile on [www.sedar.com](http://www.sedar.com).

### ***Cautionary Statements***

*This news release includes statements containing certain "forward-looking information" within the meaning of applicable securities law ("forward-looking statements"). Forward looking statements in this release include, but are not limited to, statements about future net revenue and gross margin, statements about future Adjusted EBITDA, statements about future production quantity and timing, statements about the offering of any particular products by the Company and statements regarding the future performance of the Company, statements about future development, growth and delivery of products, and statements about the level of demand for TGOD's products. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "should", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking*

*statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties (including market conditions) and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements, including those risk factors described in the Company's most recent Annual Information Form filed with Canadian securities regulators and available on the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company believes that the assumptions and factors used in preparing the forward-looking information or forward-looking statements in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this news release are made as of the date of this news release. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.*

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