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Orgenesis Reports 143% Increase in Revenue and 316% Increase in Gross Profit for the Third Quarter of Fiscal 2018

CDMO segment achieves operating profit of $2.1 million

GERMANTOWN, Md., Oct. 15, 2018 (GLOBE NEWSWIRE) -- Orgenesis Inc. (Nasdaq:ORGS), a manufacturer, service provider and developer of advanced cell therapies, today reported financial results and provided a business update for the fiscal third quarter ended August 31, 2018.

Fiscal Q3 2018 financial highlights include:

- Revenue increased 143% to $6.2 million, as compared to $2.6 million for the same period last year.
- Gross profit increased 310% to $2.9 million, as compared to $695,000 for the same period last year.
- Gross margin increased to 45.7%, versus 27.1% for the third quarter of 2017.
- CDMO segment recorded an operating profit of $2.1 million.
- Quarter ended with $16.7 million of cash and approximately $30 million of shareholders' equity.

Vered Caplan, CEO of Orgenesis, commented, "We continue to generate strong growth and achieved record revenue of $6.2 million for the third quarter of 2018. At the same time, we continue to expand our gross margin, and generated gross profit of $2.9 million, a 310% increase over the same period last year. We attribute this growth to the traction our CDMO segment is gaining within the marketplace, among both new customers, as well as expanded services among our existing customers. I am especially pleased to report that our CDMO segment achieved an operating profit of $2.1 million for the third quarter of 2018. On the heels of our recent financing with a leading healthcare fund, we now have over $16.7 million of cash, positive working capital and approximately $30 million of shareholders' equity. Overall, we believe that we are well positioned heading into the fourth quarter and 2019."

"In addition to our strong financial performance, we achieved a number of important operational milestones as we further evolve our business. Specifically, we are aligning ourselves with regional partners in order to set up a network of leading healthcare facilities with interest in developing our autologous cell therapy products. Our goal is to leverage our IP, technical and manufacturing expertise to allow a closed system manufacturing approach for our development stage products. Towards this end, we announced a collaboration with Secant Group to develop and commercialize biodegradable and injectable scaffold technologies. We also announced a partnership with BGN Technologies and the National Institute for Biotechnology in the Negev, both affiliates of

Ben-Gurion University of the Negev, to develop and commercialize a novel alginate scaffold technology for cell transplantation, with an initial focus on autoimmune diseases. We are expanding our geographic focus and recently announced a license agreement with HekaBio K.K. to collaborate in the clinical development and commercialization of regeneration and cell and gene therapeutic products in Japan. Over the next few quarters, we look forward to further elaborating on our efforts to develop a point-of-care collaboration model, including partnerships to expand our footprint, licensing of new therapies, and the addition of new production technologies."

Financial Results

Revenue for the three months ended August 31, 2018 increased 143% to $6.2 million, as compared to $2.6 million for the three months ended August 31, 2017. Gross profit increased to $2.9 million for the three months ended August 31, 2018, as compared to $695,000 for the same period last year. Operating loss was $645,000 for the three months ended August 31, 2018, as compared to $3.4 million for the same period last year. The Company achieved an operating profit of $2.1 million within its CDMO segment compared to an operating loss of $124,000 for the same period last year. Net loss for the three months ended August 31, 2018 was $5 million, or $0.35 per diluted share, as compared to $3.9 million or $0.40 per diluted share for the three months ended August 31, 2017.

As of August 31, 2018, the Company reported $16.7 million of cash and $30 million of shareholders' equity.

Complete financial results are available in the Company's Quarterly report on Form 10-Q filed with the Securities and Exchange Commission on October 12, 2018, which is available on the Company's website at www.orgenesis.com or at www.sec.gov.

About Orgenesis

Orgenesis is a vertically-integrated biopharmaceutical company with expertise and unique experience in cell therapy development and manufacturing. Through its Israeli subsidiary, Orgenesis Ltd., Orgenesis is developing technology designed to successfully reprogram human liver cells into glucose-responsive, fully functional, Insulin Producing Cells (IPCs). Orgenesis believes that converting the diabetic patient's own tissue into insulin-producing cells has the potential to overcome the significant issues of donor shortage, cost and exposure to chronic immunosuppressive therapy associated with islet cell transplantation. Through its Masthercell Global subsidiary, a global contract development and manufacturing organization (CDMO), Orgenesis is able to deliver optimized process industrialization capacities to cell therapy organizations and speed up the arrival of their therapies onto the market. From technology selection to business modeling, GMP manufacturing, process development, quality management and assay development, Masthercell's teams are fully committed to helping their clients fulfill their objective of providing sustainable and affordable therapies to their patients. Masthercell operates in a validated and flexible facility located in the strategic center of Europe within the Walloon healthcare cluster, Biowin. This integrated approach supports the Company's business philosophy of bringing to market significant life-improving medical treatments. For more information, visit www.orgenesis.com.

Notice Regarding Forward-Looking Statements

This press release contains forward-looking statements *which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities and Exchange Act of 1934, as amended.* These forward-looking statements involve substantial uncertainties and risks and are based upon our current expectations, estimates and projections and reflect our beliefs and assumptions based upon information available to us at the date of this release. We caution readers that forward-looking statements are predictions based on our current expectations about future events. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Our actual results, performance or achievements could differ materially from those expressed or implied by the forward-looking statements as a result of a number of factors, including, but not limited to, the success of our reorganized CDMO operations, the success of our partnership with Great Point, our ability to achieve and maintain overall profitability, the sufficiency of working capital to realize our business plans, the development of our transdifferentiation technology as therapeutic treatment for diabetes which could, if successful, be a cure for Type 1 Diabetes; our technology not functioning as expected; our ability to retain key employees; our ability to satisfy the rigorous regulatory requirements for new procedures; our competitors developing better or cheaper alternatives to our products and the risks and uncertainties discussed under the heading "RISK FACTORS" in Item 1 of our Annual Report on Form 10-K for the fiscal year ended November 30, 2017, and in our other filings with the Securities and Exchange Commission. We undertake no obligation to revise or update any forward-looking statement for any reason.

Contacts

David Waldman
Crescendo Communications, LLC
Tel: 212-671-1021
Orgs@crescendo-ir.com

Source: Orgenesis Inc.