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OrganiGram Holdings, Inc. (OGI.CA)

CIBC Eastern Institutional Investor Conference

CORPORATE PARTICIPANTS

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Chief Executive Officer and Director, OrganiGram Holdings, Inc.

MANAGEMENT DISCUSSION SECTION

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Welcome to the cannabis portion of the Eastern Institutional Investor Conference. It's the second year we've had this as a topic. It's very exciting. There's, of course, never any shortage of interesting subjects within the cannabis industry. There's the vaping-related illnesses right now. There's political catalyst in North and South of the border. There are, of course, derivative products coming later this year which we call Rec 2.0 or Legalization 2.0. But sometimes we forget there's real businesses being born and real businesses to run. We're delighted today to talk about Organigram first and foremost.

So, Organigram is based in Moncton, maybe not quite as well-known as some of the biggest players, but it's certainly one of the earliest LPs, and I think that's evident through their results. They've been EBITDA positive four quarters in a row – no one else in the space can say that – and have had industry leading-margins, gross margins and EBITDA margins, since adult-use legalization.

And here to tell us more is CEO, Greg Engle. Greg, welcome.

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

Yeah. Thanks for having me today, [ph] John (00:01:00).

QUESTION AND ANSWER SECTION

Q

All right. Great. So I mentioned derivative products. Maybe we can start there. How are you feeling going into – and everyone's says October 17th, that's not really the date, but how do you feel going into derivative products and how you're feeling about your portfolio, and do you think you're well-positioned versus competitors?

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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Yeah. I think when we look at the, kind of, opportunities for derivative products, I mean, we have a unique position as well in that we have an IP technology relationship with a company in Colorado called The Green Solution. So, we see not only statewide data across different states, we've looked at illicit market data in Canada, but we get insight into kind of their product demand. So that's really helped formulate a lot of our planning around what we're looking to do in Canada.

So, our focus was to look at the big categories where we can differentiate ourselves, [ph] one (00:01:44) we can look in certain instances to bring premium products to market. So, on the vaporizer – and we've got a fulsome portfolio, we're one of four companies that have an agreement with PAX for the PAX Era which is a closed loop system. They're a leading technology company in the vape space, have a great app. We have a disposable product with a company called Feather, which is operating out of Colorado and California today; again, a great product. And then we'll be bringing a value product from a company called [indiscernible] (00:02:12). And the key with all these is that we know those products – we know they're lead-free. We know they're proved in the marketplace. We know the technology in terms of delivering, that they're not going to leak, they're not going to fail, the batteries are going to operate as they're supposed to. And also, there's been a lot of assistance with those companies on formulations.

So that's going to be our first group of products in December. And then in early 2020, we'll be bringing chocolates to market and we have an operational team that has a long history of experience at Ganong chocolates. A chocolatier from Belgium has come in and really helped us. And part of our strategy on chocolates was, again, we can premiumize, right. We can look to produce a product and we've done recently did a whole series of tests samples of our, kind of, milk chocolate and dark chocolate products. And it matched up either at or above any of the leading chocolates in the noncannabis-infused space in terms of taste profiles. So you know we know that chocolates and soft chewables make up the dominant two categories within edibles. So, we chose chocolates, because we could differentiate a product.

And then our kind of third product line towards the end of Q1 2020 will be dissolvable powder for beverages and really excited about that. We've got both a liquid and a dissolvable powder beverage formulation, which is low in molecular weight and the value of that is that it doesn't have to go through liver metabolism to actually be effective. So, people can microdose, add it to whatever beverage they want, hot or cold, and they'll have a moderate experience and then that will have a fast onset and a fast offset. So, it'll have an effect in the first 5 to 10 minutes, and then wane over the next two hours. So, they can kind of continue to have beverages over the night and not get the effect that we see with some of the US products or some of the illicit products in the market. So really excited about that. The provinces are excited about that product, because it's pretty unique in the Canadian market.

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Yeah. Okay. So, I want to follow up on a few of those subjects. Maybe we'll start with the PAX relationship. You mentioned that's really popular products south of the border. I mean, let's talk about what's going on in the vaping world right now. I guess, how do you think this plays out from a regulatory perspective. Is there a chance Health Canada takes a much more restrictive view of these products than maybe those of us in the industry are expecting, or does it give you the opportunity to demonstrate safety and efficacy and everything good about that relationship?

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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And I think you hit the nail on the head there in terms of what we're seeing today in terms of – on e-cigarettes with nicotine, as well as around cannabis vaporizer products where there have been health issues, people having lung damages. In the e-cigarette world, these are predominately knockoff products or counterfeit products that are on the market or people are filling their own pods with nicotine, and they are using carrier oils like vitamin E acetate is a viscosity agent or other carrier oils that are causing lung damage, right.

The same here in Canada, we've had the first case of a serious health effect in Manitoba; again, an illicit vaporizable product. And one of the things you have to keep in mind in terms of cannabis is that in dried flower cannabis, we know and we've seen data presented in the past [indiscernible] (00:05:16) that some of those products there are pesticide contaminants on them. But when you take something that starts with a contaminant and you concentrate it down, you're going to increase that contaminant significantly right, tenfold, hundredfold, as you get into a concentrate.

So, it's potentially a combination of what are the carriers that are being used, as well as what are the kind of other contaminants that are in the product. So I think, we start off again chosen partners that we know are lead-free, we know the formulations that we're working on them with are proven formulations. And I think the regulatory scrutiny has to be there, and I think there's a unique opportunity for Canadian companies, Health Canada, to tout and talk about the safety of these products versus what the issues we're seeing around vaping health right now.

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Yeah. It strikes me as odd to ban these products because I think that pushes people to the illicit market which is exactly what is hurting and harming people, but we'll see how that plays out. So, you've got an August year-end. We probably won't hear from you I think until late November. Maybe you could tell us about what to expect in Q4 not on a numbers basis, but what are you seeing in the industry right now? Do you think everyone is ready for 2.0? Everyone talks about supply versus demand. What are some of your thoughts on those?

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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Yeah. I think, first of all, to talk about kind of the last 12 months and kind of how things – we saw in the early days, first couple of quarters for us in the market that we were one of the only companies that was able to meet the, kind of, demand that was out there; and part of that was through our focus on automation, our focus on production, our ability to actually process and package product, excise stamp it in a meaningful way, and get it out to the market. As the market has grown and evolved, I think certainly we're seeing that it's critical to have the

retail buildout. And I think one of the things that is impacting the entire market is the lack of a retail buildout in Ontario, in particular, right now.

We know in other jurisdictions, Alberta now with over 275-plus stores, that having a retail environment, consumers want to have that retail experience, especially returning or new consumers; they want to look at products, they want understand. And we had done some market research in Colorado with TGS's customer base to look at their purchase habits, how they purchase, how they plan to purchase. And certainly, what we saw is that for first-time purchases if online was allowable in Colorado, which is not today, they would still visit stores for the first three to four purchases. They want to have that interaction and experience. So that retail buildout has had a dampening effect without that full buildout.

And we're seeing that where Alberta, Atlantic Canada, Manitoba are performing very well, and Saskatchewan versus other parts of the country, but BC is increasing stores, Quebec is now increasing stores, and we expect Ontario in the near future to make a dramatic shift in terms of how they're doing. Certainly, the lottery system isn't working, right. So, I think that's one of the key aspects, but it has had a bit of lumpiness in the market. I mean, Ontario has historically – they want to buy inventory in large volume in advance of additional stores coming to market.

But to answer the second part question on prep for Cannabis 2.0, if you think back to the launch of Rec 1.0 last fall, we were all producing dried flower, we were producing oils; the only products that were really new for companies were pre-rolls. And the ability for the companies to go from small volume – relatively small volume supply to medical patients to now producing skids versus packages, right. I think a lot of companies underestimated the timeframe it would get them to get automation up and running, and have it effective, including excise stamping. So, we've had full automation of pre-rolls, pre-roll packaging, dried flower, oils, including excise stamping, since early days and that's one of things that gave us an advantage. We've also anticipated that as we go to the Rec 2.0 products.

I mean our chocolate line for example, CAD 15 million investment that is a leading chocolate line from a company called [indiscernible] (00:09:20) of Europe that can produce a broad range of products in high volume, everything from doing the product, start to finish, excise stamping to actually doing cartons at the end. So, that automation – because one of the key things when we get to 2.0 is going to be with the exception of vaporizable products which have a high concentration of product, all of the edibles will be relatively low concentration relative to the cost of the product, right? So your ability to produce chocolate at a low rate and deliver a high margin is going to be dependent upon your food production capability; it's not about cannabis production capability, so.

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And you mentioned you've got people in your senior management team with experience at Ganong, McCain Foods, and Moosehead. So, you seem well suited to that. You already answered my question on TGS in Colorado. So, we'll skip to the next one. It does surprise me, more people don't take lessons learned from Colorado. I know it's a different regulatory system, but I mean it's five years ahead of us and it's got I think the best data of any state. Let's talk about extraction for a bit. I've seen investors move some capital towards the extractors in the space. How do you feel about your extraction capabilities? Are you self-sufficient, and is this an area of priority for capital allocation for the next year for you?

Gregory Engel
Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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It is. I mean, we're confident. We're using Valens today GroWorks. They've been a great partner with us and certainly has delivered a high quality product in a timely fashion. We chose them for two reasons. One is I think they're a little advanced [indiscernible] (00:10:44) companies. They have an agreement Thermo Fisher Scientific and really have an advanced kind of technique and technology. We are building out our own extraction capacity within our facilities. So when our Phase 5 is completed, which will be before the end of this year, we'll be able to extract 100% of the product that we're producing ourselves.

We will continue to use Valens for hemp processing, because we do have access to a high CBD hemp from a company called 1812. We've already been processing that product at Valens. What you typically see – for those of you that don't know the hemp market – is the majority of hemp grown Canada is typically 1% to 1.5% CBD. 1812 has genetics that are providing hemp that's a 4% to 8% CBD. So, the cost of processing that product and getting a higher yield of hemp is much, much lower. So we see the partnership is important. I think there is definitely an ability – those companies and some of those companies are doing things because they are spending capital solely on this area are doing a good job not that we don't do, but I think there are some expertise there that's pretty unique and that's why we chose Valens. I think MediPharm is a great company as well, and we've certainly looked at them.

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Okay. Let's get to beverages, because I think this dominates the conversation for some people despite the fact that it's such a low sales in states where it is legal. You've publicly said you're looking for an experienced beverage partner, but at the same time, you do have your own product. So, I mean, what is it that you're looking for in an ideal partner, presumably it's something beyond just a very large check. So, maybe tell us about that.

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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Yeah. So when we saw the early investments certainly with Constellation and then subsequent to that [indiscernible] (00:12:23) and Molson Coors, and we've had ongoing discussions with both CPG and beverage alcohol companies, and I think our approach was we wanted to develop the formulation. So let's develop the right product that could lend itself to a beverage partnership. So we've done that with both a liquid formulation as well as a dry powder formulation. We are going to launch the dry powder ourselves, as I said earlier. And then, we've also invested in biosynthesis, which I think is part of that potential partnership, right; having the ability – we're invested in a company here in Montreal called Hyasynth, which is [ph] – has a (00:12:55) proven path to produce through yeast fermentation and genetically modified yeast.

And for those of you that don't know biosynthesis, the world's aspirin supply comes from biosynthesis, insulin comes from biosynthesis, where you're genetically modifying microorganisms to produce either an intermediate or the final product. And that will allow kind of an infinitely scalable process, right. And I think that's when a CPG company or a beverage alcohol company is looking at a potential partner, that's one of the key things to understand is how do they scale up that production that's not plant-dependent in a manner that can allow them to meet a global demand.

So, when we talk about we're looking for a global partner on beverages and part of the process we wanted to go to them with a solution, we'll produce the right product that can lend itself to any beverage as well as in the future or kind of an input material that lends itself as well. I think for us an ideal partner is one that has a similar, kind of, management approach, has proven branding distribution, has a leverageable brand that has good equity in it. We've built up a very strong reputation, and we wouldn't want to kind of impact our reputation by choosing a

partner that didn't align with kind of our management philosophy and our board's philosophy. And certainly the discussions we've had today what we are seeing is it tends to go up and down in cycles. So if you think of who's going to play in what field, CPG companies are looking at CBD beverages as the future. The majority of them missed out on energy drinks. So, they're very focused on they can't miss CBD. At the same time, the beverage alcohol companies is more of a defensive strategy versus offensive. They're looking at protecting their business.

We're hearing some interesting data in Canada. So in Nova Scotia, for example today it's the only jurisdiction where cannabis is co-located with alcohol. What we're seeing is that, that kind of daily consumer that is coming in and typically spending CAD 10 or CAD 15 to buy a couple tallboys is now shifting to cannabis. So that kind of erosion of beverage alcohol is actually happening at a more rapid rate in a province like Nova Scotia where they have a choice. They're not buying both; they made a decision to stop buying alcohol and they're actually buying cannabis which I think is pretty interesting.

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Yeah. I wish more provinces would have done that model. So, I think it is an interesting concept. So you mentioned CBD drinks. Let's talk about this for a moment. Is that the majority of the sales in the future? Is it CBD beverages rather than THC beverages? And it strikes me that there's two commonalities or two common views of the industry and one of these probably can't be true and one of them is that beverages right now taste terrible in the US or they're way too potent, and the other is that California trends go nationwide or go internationally, but these products don't sell in California. So is it as simple as they're not good enough or is it just a point of distribution thing in Canada where we don't have them and we likely won't be able to get them outside of cannabis stores?

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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So I think you kind of look at it two ways. One is that they are not the right formulation and it's not just the flavor profile. If you don't have the right technology to develop kind of the right size molecule, so that's one of the limiting factors today. So, both our liquid in our dried powder are 15- to 20-nanometers in size in terms of the cannabinoid kind of combination. What that means is that you can provide a low dose and people can take multiple beverages overnight if it's THC; and for CBD, they're going to have rapid onset as well. So, big advantage both from a liquid and a dry powder perspective.

In the US, what you tend to see as a majority of beverages are 100 milligrams versus 10 milligrams or 5 milligrams. And the reason for that is that they don't have the right formulation and it affects taste, because they have emulsifier in there that tastes soapy, and we've seen kind of articles about that and taste profiles. But they also can't produce a lower concentration, because the formulation is inconsistent. So, our formulation when you look – not to get into the science side, but what you get based on the size of the molecule is it's called Brownian motion and you get this attraction and repelling happening in there and you get a homogeneous mix. So, when you produce a large batch, each bottle is going to have 10 milligrams or 5 milligrams. The formulations, the way they're done in the US, you can't do that and which is why to hit the specs they have to do 100 milligrams and 100 milligrams is way too much for any consumer to consume. So, it's combination of taste and the formulation, and I think you're seeing advancements in technology like the work we're doing that will lend itself to a better experience.

Now, again, still unproven; one of the challenges and part of the reason we chose to launch a powdered beverage – a powder to add to beverages in Canada is that storage is going to be an issue, right. The existing retail stores

are not designed for refrigeration. They're not designed for large volume storage of bottles of premade beverages. We want to give consumers a choice to choose their flavor, hot or cold, their experience and everything. So I think it's a combination.

But to answer the other part of your question about CBD; I think the potential for CBD is more significant than THC. I mean we're seen – I was just in Europe last week and when you travel in the US, I mean, I was at a major chain hotel and in their gym they were selling the CBD recovery drink. I mean, this is a chain where that local location didn't just choose to do it; they were – now, it's in California where it's more predominant, but they're getting clearance. Even though the FDA is still has to go through a more fulsome review of CBD and put regulations in place, I think there's an advantage for Canadian companies working in a regulated world that when those regulations come into place, we actually have worked in that type of world and Canadian companies can pivot, and that's why we're looking for a partner globally.

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When do you think we'll see CBD beverages in a Circle K or a grocery store, a pharmacy, or a hotel as you mentioned. I mean, it's interesting, the US is ahead of us in that...

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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Yeah, they are, and Europe is as well, right. I mean, certainly, we're seeing that throughout Europe. And Health Canada is going through a CHP, kind of, review right now. So they've asked for initial input. They're putting in place an advisory panel to do that review. I think we'll expect to see regulations by Q2 of next year on CBD products to look to change the distribution of CBD and to move it away from cannabis retail stores or online to more mass merch, as you said. And I think that's going to be – that's the wave of the future, but they're kind of taking a stage-by-stage approach.

I think Canada was impacted. As we all know, the WHO came out with a position statement early this year which they had hoped to be adopted by the UN on CBD to declassify it in terms of regulation position as a Category 1 drug and how it's classified globally. And that was not adopted by the UN, but certainly expected to be adopted next year in March when they look at the single convention and kind of changes to that. So, Canada didn't want to be out in the forefront, to be honest, of CBD regulations. We've already at the forefront on cannabis, so – and there is some political pressure globally on that. So, there's a bit more of a wait-and-see approach on CBD.

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Okay. One more CBD question, I promise I'll move on. You're one of the few brands that – or one of few companies that has pure CBD oil at least in my channel checks. Despite its popularity, why is it others can't produce this. Is there something proprietary you're doing? Does it have to do with 1812 Hemp. You mentioned the genetics advantage. Like, why isn't this more prevalent?

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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I think companies have looked at – so it is kind of what we can do with 1812 Hemp and that's been a huge advantage. And I think one advantage we've had from day one is that we've been – we're now in all 10 provinces, but we've had strong relationships with our retail. And one thing I forgot to mention when we were talking about – I

mentioned TGS earlier is as the program was being developed we were involved in showing all the provincial retailers, public and private, in Canada what the Colorado system looked like by taking people down to Colorado, and looking behind the scenes even what's the ERP, how do they plan to grab their space, understanding the future products.

So, having that relationship, we were getting feedback like immediately from the retailers about CBD. And as soon as the stores open, like literally the first day in New Brunswick, I was in a store with the then-CEO of the program [indiscernible] (00:21:13) and they were getting inundated with requests for CBD. They had 50 to 100 requests in every store in the first day. So, we were immediately, okay, how do we respond to this market need. It takes you time to pivot there, and I think other companies have maybe not been able to do so in a nimble fashion because they may not have the right genetics to produce that product or they didn't necessarily have their feedback from the market as quickly as we did to respond. So, there's couple other companies that certainly have pure CBD products, but we're really one of maybe three or four that do, so.

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Yeah. I think it demonstrates that just the fact you've been in the industry longer and you do have that relationship with TGS. I want to get back to biosynthesis. I hear about this more and more from clients. Unfortunately, I did not follow my parent's advice to take as many science classes as possible. So I don't understand it all that well, but I do know enough about it that it's going to be very important for the industry. How many years away do you think we are from this being a truly disruptive force whether it's wellness, medical, whatever?

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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So I think \again, there's two aspects to look at biosynthesis. One is, it can replace plant-based production for derivative based material – for some derivative based material. You're always going to have – there's two types of derivatives that are produced; one is kind of an [indiscernible] (00:22:26) where you go through and you get a pure THC or pure CBD; there's also a whole plant resin which is a different process where you want the fulsome effect of a sativa or indica.

So biosynthetically-produced THC or CBD or CBG can't replace that, but it can replace – I think we're going to start see – I mean, Hyasynth expects to have first commercial batches available next year. And I know from some of the other companies, I mean, Cronos who's going to be on stage after you, I mean Mike and his group working with Ginkgo, they're optimistically hoping to have some product out next year as well. And then, there's how do you scale up to large scale production, right? But again the cost and the time to scale up to that production is much shorter than building the cannabis facility, right. This is proven technology, and the ability of scale especially with yeast, I mean, there's different ways to do this, but yeast is more efficient than bacteria; bacteria is more efficient than algae. So that's one advantage of working with Hyasynth is they're focused on yeast.

The other way [indiscernible] (00:23:26) impact is in the future when you can produce pure forms of minor cannabinoids and you can actually create unique products where those minor cannabinoids are found only at trace levels within the plant. So it actually lends itself to unique products. It also potentially can lend itself to pharmaceutical companies starting to engage in the space in a more fulsome manner to look at, we can create unique products for pain, mental health, other areas. But you have to go back and do the Phase 1 preliminary testing of the effect on animals of all those, because no one's really tested minor cannabinoids at a pure level in – again, it's a longer path to get there.

There's a weird irony right now we could actually produce through biosynthesis a pure minor cannabinoid that's never been proven, but would we feel comfortable without knowing the effect to actually provide that to humans? We wouldn't, right. So, I think only the products that we – only the cannabinoids that we know – CBG is one that we do know the effect of it and we are comfortable with it. So I think it is a disruptive technology that's going to have a big impact. There's always going to be a place for the plant especially high quality plants because we see that from other markets. But in a big portion of the supply chain, it can disrupt. So I certainly would not want to be a high cost, low quality producer today because that's the area that's at the biggest risk.

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Okay. Fair enough. I want to ask about the US and open up to the floor if anyone's got any questions.

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

Sure.

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You've identified Canada as your main opportunity and fair enough. What would cause you to go to the US? Is it a full scale legalization event, is it you reach maturity in Canada and then it's look for another market; what's stopping you from being in the US?

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

I think first of all, we're never going to enter a market where it's not legal to do, so. But is there an evolution, so for example you could go into the market today with ancillary products, right. That's a way to enter the US to get a toehold. As the CBD regs come in maybe able to enter the market on CBD not participating in THC, right. So I think that's TSX, NASDAQ, which we're both listed on those prohibitions there. Also as a company, we certainly would never operate in a market where that wasn't legality. So I think there is a legal hurdle there from a regulatory and legality perspective, and that has to be there. But it doesn't mean we're not planning, right. You have to be doing the work, and it's a huge major market and I think Canadian companies still have an advantage. We're doing things at a level and scale that no one in the US is doing. US MSOs, as you know, are operating in silos; state-by-state they don't have efficiencies of scale. We're still not seeing the development and innovation in technology and IP in the US that we're seeing in Canada, and maybe they'll catch up in the not too distant future, but that hasn't been their focus. Their focus is building out retail, building out cultivation, grabbing the next dispensary, getting the next license in the next state; they're not thinking about the long game whereas we are. And I think preparing for the US is important, but you have to do it in a measured manner based on the opportunities so.

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Yeah. It strikes me with the US MSOs now look at number of states that same way Canadians looked at cultivation capacity three or four years ago.

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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Right.

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I'd like to open up the opportunity for anyone in the audience with any questions. Okay. So, I want to ask you the question I get most from investors which is you're one of the earliest LPs, you have profitability track record. I mentioned the industry-leading margins, you've probably got high single-digit maybe low double-digit market share. You personally had been running a cannabis company probably longer than anyone in the world let alone Canada, yet your EVs is well below some peers. Why do you think that is, what do you attribute it to?

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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So I think we have been fundamentally focused on fundamentals, to be frank. I mean, we're cautious on our SG&A spend, what we spend on promotion is on the retail environment about building a brand. We're not stock promoters. We do see – you can look at the MD&As and look at fulsome disclosure from some other companies, relative to their share price and relative to their revenue, some of the companies are dramatically outspending kind of – and it's not sustainable, right. You can't continue that spend on promotion or corporate promotion or share promotion in a long-term, sustainable business, which is why we've heard some companies talk about there's a long path to profitability for them.

We believe in our approach and my approach has been build a long-term, sustainable, profitable business, and investors will look to invest in you, and we have seen a big shift in our investor base. We do have long-only funds now that have now moved in and are taking significant positions in us and that's the investor we're tracking. It does mean you don't – you know, the volatility in the space and the kind of swings that we see up and down are predominately still driven by the retail investor, right. And not that we don't attract retail investors, but we're focused on the long-term and delivering, kind of, real results as you said. And I think that's one of the things that in the short-term, has that impacted our price? It potentially has and our relative ratio to others, but we look at it as there are funds that [indiscernible] (00:28:43) and say, yes, this is a company we want invest into and when they invest in us they hold. So, there's a positive to it as well.

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Okay. We've just got time for one more. If I could ask you for a prediction. We've seen what's happened in the sector over the past six months. What do you think the next catalyst is? I mean, is your vote that it's something on the regulatory side, STATES Act or the SAFE Act vote that's happening today, is it an outside CPG firm coming in with an investment, or is it – I know this sounds crazy, but hear me out good results from some of your peers above my expectations and other expectations. What do you think?

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

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I think there's two big catalysts. I think one is that when Cannabis 2.0 launches, there's going to be some fumbles, there's going to be some separation that happens, there's going to be companies like ourselves they're confident we'll perform, but there's going to be other companies that really struggle, right. As I said earlier, we are all producing flower and oils and we were just going up in scale and yes we have some complexities to the

system, but your ability to scale up in terms of with technology and do that is critical. So, I think, again, you're going to see some separation of events between performers and non-performers. I also think that you're going to see – you can look at the financials today of some of the companies. I mean, there are companies that are in a tough position right now in terms of their cash position. Capital markets has not dried up completely, but certainly it's a bit more difficult to raise capital today, especially if you don't have a differentiation story. And I think that's the key right now is you know what do you represent. How do you differentiate yourself? How do you bring investors and capital to the market? And you know if companies aren't prepared to perform over the next 12 to 18 months, because the investors have shifted, they want to see performance, and I think companies that perform will win out and do well; companies that don't perform I think are in tough shape.

Unverified Participant

Okay. Great. That's all the time we've got. Thanks for sharing your thoughts, Greg. We'll take a break. If we could reconvene at 3:25. There's refreshments outside. But, Greg Engle, thank you very much.

Gregory Engel

Chief Executive Officer and Director, OrganiGram Holdings, Inc.

Okay. Thanks, [ph] John (00:30:41).

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