PARTICIPANTS

Corporate Participants

Amy Schwalm – Vice President-Investor Relations, OrganiGram Holdings, Inc.
Gregory Engel – Chief Executive Officer and Director, OrganiGram Holdings, Inc.
Paolo de Luca – Chief Financial Officer, OrganiGram Holdings, Inc.

Other Participants

Tamy Chen – Analyst, BMO Capital Markets (Canada)
Adam Buckham – Analyst, Scotia Capital, Inc.
Rupesh Parikh – Analyst, Oppenheimer & Co., Inc.
Graeme Kreindler – Analyst, Eight Capital
John Zamparo – Analyst, CIBC World Markets, Inc.
Matt Bottomley – Analyst, Canaccord Genuity Corp.
Rahul Sarugaser – Analyst, Raymond James Ltd.
Douglas Miehm – Analyst, RBC Dominion Securities, Inc.
David M. Kideckel – Analyst, AltaCorp Capital, Inc.
Justin Keywood – Analyst, GMP Securities LP
Neal Gilmer – Analyst, Haywood Securities, Inc.
Alan Brochstein – Analyst, New Cannabis Ventures

MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Jack and I will be your conference operator today. At this time, I would like to welcome everyone to Organigram Holdings, Inc.'s Fourth Quarter and Full Year 2019 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. We ask that you please limit yourself to one question and one follow-up question. You may re-queue if you have further questions. As a reminder, this conference call is being recorded and a replay will be available on Organigram's website.

At this time, I would like to introduce Amy Schwalm, Vice President, Investor Relations. Ms. Schwalm?

Amy Schwalm, Vice President-Investor Relations, OrganiGram Holdings, Inc.

Thank you, operator. Joining me today are Organigram's Chief Executive Officer, Greg Engel; and Chief Financial Officer, Paolo de Luca. Before we begin, I would like to remind you that today's call will include estimates and other forward-looking information from which our actual results could differ. Please review the cautionary language in today's press release regarding various factors, assumptions, and risks that could cause our actual results to differ.

Furthermore, during this call, we will refer to certain non-IFRS financial measures. These measures do not have any standardized meaning under IFRS and our approach in calculating these measures may differ from that of other issuers, so these measures may not be directly comparable. Please see today's earnings report for more information about these measures.

I will now hand the call over to Greg.

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

Thanks, Amy. Good morning and thank you for joining today's call. This morning, we reported results for our fourth quarter and 2019 fiscal year ended August 31, 2019. We're pleased with our execution in the first year of legalization of adult-use recreational cannabis in Canada. Our strong performance was reflected in our operating and financial results. We grew top line revenue growth by over six times to CAD 80 million and translated this to positive adjusted EBITDA of CAD 20 million for the year.

Importantly, we estimate Organigram has an enviable market share nationally in the adult-use recreational market, which we believe is truly an important metric to measure success at as it represents the ultimate sell-through to the consumer. There are no publicly available stats on market share but based on our analysis of the data available, including but not limited to market share analysis we received from certain provinces as well as publicly reported data, we estimate our year-to-date market share at approximately 10% in the Canadian adult-use recreational cannabis market.

We attribute this successful year to executing against our strategy, which continues to be a focus on building brand equity, ongoing product research and development to bring innovative and differentiated products as well as leading cultivation and manufacturing best practices, all of which has afforded us the ability to produce high-quality, indoor product at the low cost of production. Ultimately, we attribute our success to not only the Organigram team but also our strategic partnerships we have secured along the way.

As you've heard from many in the industry, the past year has not been without its temporary challenges, but importantly, we believe we have the capital and cost structure to withstand short-term headwinds. We believe additional retail store openings in the next three to six months and the launch of Rec 2.0 products will position us for significant growth going forward.

We have seen recreational cannabis sales per capita highly correlated to the availability of physical retail stores to consumers. The Canadian market is positioned to grow substantially with more retail stores opening, particularly in two most populous provinces of Ontario and Québec, which represent about 60% of the total national population.

Organigram has and continues to build excise tax finished product across a variety of SKUs and is ready to on-board the addition of the second wave of Ontario retail stores in the next two to three months. These stores should triple the existing retail network currently available in Ontario based on licenses granted. The first few of these new stores are now expected to be opened in December 2019. Ontario's most recent announcement to expand the retail network beyond these stores should be an important catalyst to drive even further growth for us and the industry.

Québec also announced plans to double its number of stores and BC and Alberta's robust network of retail stores continue to grow to meet consumer demand. Even with the limited stores in Québec, we have seen steady growth in orders from this province since we started shipping there at the start of Q4. We're pleased with the growth in market share we're capturing there.

We significantly ramped staffing and capacity in the first half of fiscal 2019 in order to satisfy what was generally understood as forecasted demand. Again, this demand has been stunted to date. Our Q4 results reflected some of these challenges. We have not yet realized the benefit of full efficiencies from scale, with lower than forecasted demand in the market. Early indications of our yet-to-be-completed fiscal Q1 2020 is indicating improvements from Q4 in terms of net revenue and adjusted gross margin. Our Q4 2019 performance does not align with overall performance for the year nor do we believe it is an indication of how we will perform going forward. Beyond Q1 2020, we believe that we have an even more fitting outlook for the company.

As we were one of the early success stories in the market, we have insight into the ultimate sell-through to consumers and their emerging product preferences. This may not yet be fully available to licensed producers who came into the adult-use recreational market later or in limited geographies. Responding to the consumer preferences and changing the production strain mix and ultimately the product mix takes time for any licensed producer because of the lead-time necessary in cultivation at mass scale.

Having this information earlier than some of our peers in 2019, we have already been well underway in adjusting our production mix to meet demand based on consumer insights we've received. The product returns noted in Q4 were disappointing but they were largely isolated to two product SKUs sold to the Ontario Cannabis Store or OCS, THC recreational oils and a bespoke order of lower THC dried flower. We have learned, as have other producers in the industry, that the THC rec oil as currently formulated is not a high-demand product for rec users. And our bespoke dried flower orders to OCS was created due to our strong execution out of the gate in response to their perspective on the market demand, including the belief that there would be a significant market from moderately strong from a THC perspective dried flower.

We were able to quickly fulfill the supply gap in the market with this order, however, the demand for that product type has been lower than they had anticipated, which coupled with their slow retail buildup led to product return. This material will be reworked for extraction. We do not believe these two SKUs change the overall appeal of our brands and products today. For example, in the first year of legalization, OCS noted that we have the top three selling pre-rolls in the province, with our Edison City Lights, Rio Bravo and Casablanca strains. In addition, Rio Barvo and Casablanca were highlighted as two of the top five strains ordered on the OCS website. The Canadian Cannabis Awards recognized our products recently with the award of Top High THC Bottled Oil for Rossignol, our medical product, along with runner-up award and runner-up awards in seven other categories.

We continue to expand and refine our product portfolio based on consumer feedback and sales from limited time offers such as our highly successful, high THC strain called Limelight, which we are incorporating into our core product portfolio. We consistently implement continuous improvement programs with the goal of balancing higher yields with higher cannabinoid content and we'll continue to elevate different strains from our genetic bank to offer new products.

As first discussed in our third quarter earnings report, the cannabinoid content in our harvested flower has continued to reach all-time highs and we have identified what we view as an optimal balance of high yields and high cannabinoid content. With certification received from Pro-Cert last quarter for organic product sales in the recreational market, we have determined which strains from our genetic bank to launch under our Ankr Organics brand.

As of today, once fully operational, we have total licensed target production capacity of 76,000 kilos per year and expect to receive approval for an additional 13,000 kilos per year shortly. At this time, we believe this is adequate supply – adequate capacity to take advantage of the market opportunity in the short to medium term until the market matures. As such, we have paused completing the remaining construction on our Phase 4 build-out, which was expected to add 24,000 kilos target production capacity per year, until we have better clarity on the magnitude and timing of the retail expansion in Canada. This will allow us to prioritize and more effectively manage cash flows and provides us with the optionality to use portions of the 4C space for other opportunities if the need arises.

We're currently as at the date of this PR, at 70% completion on Phase 4C as of now and believe we can finish remaining construction in a short timeframe to respond to growing demands once we have more certainty on market build-out. The remaining estimate to complete as of year-end is approximately CAD 33 million, when it was only 50% complete on a revised CapEx estimate of CAD 135 million to CAD 145 million from the previous estimate of CAD 125 million. The increase is primarily related to design improvements and some increased material and labor costs.

If and when we decide to complete the rest of 4C as was originally contemplated, our facility would be expected to have total target production capacity to be 113,000 kilos per year once the remaining rooms of 4B, which are currently awaiting licensing and Phase 4C are completed, licensed and fully operational.

We're also well underway with completing our Phase 5 expansion. We're transforming 56,000 square feet of space within our existing facility into a multi-functional space. It includes an edibles and derivatives facility as well as additional extraction capacity designed under EM – EU GMP certification standards.

Phase 5 plans include additional post-harvesting rooms and drying rooms, additional extraction by both CO2 and hydrocarbons as well as additional areas for formulation, including short path distillation for edibles and vape pen formulas. In addition, Phase 5 also includes chocolate production and powdered drink mixing and packaging lines. Each area of Phase 5 has different expected completion dates, however primary construction was completed as planned in October 2019 and the schedule remains on track. We expect substantial construction of additional in-house extraction capacity to be completed by the end of this calendar year, but have the capacity to fill and package vape pens in our existing facility to be ready to sell vape pens in December of this year.

The estimated total capital cost of Phase 5 is now expected to be in the range of CAD 60 million to CAD 65 million from the previous estimate of CAD 48 million, primarily due to an additional 18,000 square feet of processing space created by utilizing a second level, also increasing EU GMP design costs as well as multiple new automation projects designed to reduce reliance on manual labor and lower operating costs in long run. Our estimate to complete Phase 5 was approximately CAD 41 million as at the end of our 2019 fiscal year.

Initially, our Rec 2.0 strategy is focused on the two most popular product forms based on US state sales data: vape pens and edibles. I'll speak to vape pens first. For the vape pen platform, we have announced partnerships with both PAX Labs and the Feather Company. California-based PAX is one of the best known and respected brands in the cannabis industry. Edison was one of the few selected brands to meet PAX's quality standards. We're producing and filling Edison-branded pods specifically for the PAX Era platform and they will be filled on-site at our facility.

We also have an exclusive license in Canada to represent Feather's proprietary disposable vape pen technology and form factor. Feather products have been well received in Colorado. Edison PAX Era pods and Feather ready-to-use vape pens combine the true-to-flower aroma of Edison strain and we will be available in three distinct varieties for launch, each filled with high quality cannabinoid products. We will round out our vape pen portfolio with the third SKU category, which is the introduction of torches by Trailblazer, a traditional 5/10 cartridge, which will [indiscernible] (00:12:56) in our value offerings.

Now on to chocolates, as expected, we took delivery of our chocolate production line last month and has been fully installed in our Phase 5. It is a high-speed, high-capacity, fully automated line, which includes a molding and fully integrated packaging line, with high-speed labeling and automated carton packaging. We expect licensing of this area and commissioning of the equipment to be done in time for initial sales of chocolates in Q1 calendar 2020. The CAD 15 million investment in this world-class line positions us well for leading manufacturing efficiency and a diverse product portfolio as well as offering the company opportunities to pursue co-manufacturing and private labeling across the market.

Also our research and partnership with Canada's Smartest Kitchen have worked hard at differentiating our chocolate products. We are sourcing the highest-quality beans while supporting global programs to support self-sustaining farming practices, protecting nature and communities.

We have received great feedback on our test products. As one example, in a blind consumer study, our non-infused chocolate product has the highest likeability score compared to two of the country's top selling consumer chocolates in market.

Last month, we completed our submissions to Health Canada for vape pens and chocolates and also received our R&D license to conduct further in-house research, including taste testing, to strive for optimal consumer experience.

To our knowledge, we're the only ones planning to launch powdered beverage products that are anticipated to be shelf stable, water compatible and flavorless with a nano-emulsion formulation expected to provide an initial onset of effect within 10 to 15 minutes. The product offers consumers a measured dose of cannabinoids, which then can be added to any beverage of their choice and is also discrete and portable.

This unique product allows us to enter the beverage space without having to secure bottling or canning equipment and incurring significant transport cost associated with liquid beverages. We expect to launch a variety of powdered products to be added to beverages in Q2 of calendar 2020.

I will now turn the call over to Paolo to go through our results in more details before I close with formal remarks and open up the call for questions. Paolo?

Paolo de Luca, Chief Financial Officer, OrganiGram Holdings, Inc.

Thanks, Greg. As Greg mentioned, fiscal 2019 net revenue grew 547% to CAD 80.4 million with the legalization of adult-use recreational cannabis in Canada. Our Q4 net revenue of CAD 16.3 million was comprised of sales from about 2,425 kgs of dried flower and about 3,131 liters of oil.

In Q4 2019, rec sales represented CAD 13.4 million and medical sales were CAD 2.4 million, with a negligible amount coming from other items. The limited retail stores and slower-than-expected store openings in Ontario continued to impact revenue growth in Q4 2019 and were further exacerbated by increased industry supply.

Our Q4 net revenue reflected about CAD 20 million of sales and about CAD 3.7 million in a provision for product returns and pricing adjustments. The split between returns and pricing adjustments is approximately CAD 2 million of net revenue in returns and CAD 1.7 million in price adjustments.

Importantly, we currently are almost through fiscal Q1 2020, and are on track for our net revenue to be higher than Q4. In general, we expect a better Q1 than Q4, but as a caveat, please remember that we have not completed the quarter or any of the financial close processes yet.

In 2019, for the full year, our gross margin under IFRS, which would include the fair value adjustments, was CAD 48.5 million compared to CAD 51.6 million in 2018. For Q4 2019, our gross margin under IFRS, which would again include the fair value adjustments, was negative CAD 11.1 million compared to Q4 2018 gross margin of positive CAD 32.5 million. Both variances from 2018 largely related to non-cash fair value changes to bio assets and inventories, and which tend to be highly sensitive to a multitude of judgments and estimates.

As a company, we spent a lot more time internally focused on adjusted gross margin and adjusted EBITDA, which excludes fair value changes to bio assets and inventories. We believe these to be key measures of our underlying performance and generally find this to be what analysts and investors tend to track.

As noted at the beginning of the call, these measures are not IFRS financial measures, and we encourage you to review our year-end and Q4 report for more information, including the reconciliation to comparable measures under IFRS. These will be available on SEDAR and EDGAR.

Our 2019 adjusted gross margin in the full fiscal year 2019 grew 575% to CAD 37.9 million or 47% of net revenue from CAD 5.6 million or 45% of net revenue in full fiscal year 2018. Q4 2019 adjusted gross margin of CAD 0.7 million compared to Q4 2018 adjusted gross margin of CAD 1.6 million, largely due to lower net revenue and higher cost of sales and indirect production costs.

Q4 cost of sales and indirect production expenses increased to CAD 15.4 million from CAD 12.5 million in Q3 2019, largely due to higher cost product sold in Q4 and about CAD 1.6 million in inventory adjustments and write-offs related to legacy packaging and product that did not meet quality standards or that had expired.

Higher cost product sold in Q4 versus Q3 was primarily driven by two factors: firstly, the temporary yield decline in Q3 resulted in higher costs of cultivation capitalized to inventory, which flowed through Q4 cost of sales due to the normal lag between harvesting and sales shipments. That lag includes standard post harvesting processes, such a drying, testing, packaging, excising, QA review, et cetera. Secondly, with respect to higher post-harvest costs, the quarter included greater cost allocations capitalized to inventory in Q3 and Q4 of 2019 as the company ramped up staffing during the year without being able to realize the benefit of full efficiencies from scale. The company expected significantly more throughput of orders and in order to be prepared for growth, it had to ensure that sufficient staffing, especially with large provinces that often provide large "pipeline filled orders" in anticipation of increases in retail store count.

As was well documented, there has been less than expected demand in the market, stemming from the lack of retail outlets. This can change quite rapidly based on some of the media reports surrounding Ontario's plans and the company has to balance the meet to be overly cost conscious with being flexible enough to take advantage of market opportunities.

At this point, we anticipate a higher adjusted gross margin at fiscal Q1 2020 compared to Q4 2019 on higher expected net revenue, including the higher portion of wholesale revenue and the lower cost of sales and indirect production expenses. We do not currently expect to have the same magnitude of inventory adjustments [ph] to play out in (00:20:36) Q1 as we had in Q4. Again as a cautionary note, the quarter is not complete, and we have not begun our quarter end financial statement close processes so these are just estimates.

While our harvest and production capacity are increasing significantly, our staffing is not expected to proportionately. Should increases in sales materialize on Rec 1.0 and Rec 2.0, we should be able to drive efficiencies in margins back to acceptable levels more in line with the entire fiscal 2019 year versus Q4 2019.

We reported positive adjusted EBITDA for the year of CAD 19.9 million or 25% of net revenues compared to a negative adjusted EBITDA of CAD 1 million in 2018. We also reported a Q4 2019 negative adjusted EBITDA of CAD 7.9 million compared to Q4 2018, adjusted EBITDA of CAD 0.3 million.

Q4 2019 was impacted by lower adjusted gross margin and higher SG&A compared to Q4 2018, as we increased staffing and sales and marketing efforts in response to the first year of legalized adult-use recreational cannabis.

In 2019, SG&A of CAD 33.2 million or 41% of net revenue compared to 88% in 2018 and reflects our disciplined approach since discretionary spending despite being in a high growth period. In Q4 2019, SG&A of CAD 13.9 million was 85% of net revenue. We have a strong track record of proven discretionary spending, it is part of our culture at Organigram such that we believe Q4 to be an anomaly. As such, we expect SG&A to decrease as a percentage of net revenue in Q1 fiscal 2020 and beyond.

In 2019, we reported a net loss of CAD 9.5 million or negative CAD 0.07 per share on a diluted basis compared to net income of CAD 22.1 million or CAD 0.17 per share in 2018. Q4 2019 net loss of CAD 22.5 million or negative CAD 0.14 per share on a diluted basis compared to Q4 2018 net income of CAD 18.1 million or CAD 0.15 per share.

Both variances from the prior year were largely due to non-cash fair value changes in bio assets and inventories.

Now some comments from an operational perspective. As expected, Q4 2019 cost of cultivation declined from Q3 as yield per plants increased in line with traditional levels historically seen following a temporary decrease in Q3. Our harvest in Q4 also increased to 7,434 kgs from 6,052 kgs in Q3 2019 due to a yield improvement from 110 grams per plant in Q3 to 148 grams per plant in Q4.

We expected our harvest amounts to increase again in Q1 2020 as we now have more plants growing in the facility as a result of the onboarding of some of the Phase 4 roots.

Cash and all-in costs of cultivation declined to CAD 0.66 and CAD 0.94 per gram of dried flower harvesting respectively from CAD 0.95 to CAD 1.29 per gram in Q3 2019. Not only did our yield increase but we've also seen a gradual but sustained increase in the THC levels of our harvest. This is ultimately important as we've seen a strong linkage in the market between high velocity product sales and value for THC as perceived by recreational consumers and by tenders.

Turning to the balance sheet, we believe we have sufficient liquidity capital to fund both our operations and planned expansions. We ended the year with approximately CAD 48 million in cash and short-term investments. On top of that, we had CAD 65 million in undrawn and available capacity on our term loan of CAD 115 million at attractive rates. Not included in those amounts is an additional revolver of up to CAD 25 million available to be drawn against specified receivables.

Lastly, included in our credit facility is an uncommitted option to increase the term loan and revolving debt by an incremental CAD 35 million to a total of CAD 175 million, subject to agreement by lenders and to the satisfaction of certain legal and business conditions. Subsequent to the fiscal yearend, we made amendments to our credit facility to further improve balance sheet flexibility. We extended a final draw deadline on the term loan from November 30, 2019 to March 31, 2020 to avoid drawing the undrawn CAD 65 million [ph] premature leads (00:25:13) and postponed the start of principal term loan repayments to May 31, 2020.

The financial covenants were realigned to be more consistent with industry norms which will provide us with greater flexibility around the timings and amount of drawdowns, the covenants will revert to the original structure on August 31, 2020.

Earlier this month, we filed a preliminary base-shelf prospectus for an amount up to CAD 175 million to the issuance of common shares, preferred shares, debt securities, subscription receipts, warrants or units. In order to utilize the base-shelf prospectus, we would also be required to file a final base-shelf prospectus and one or more respective supplements.

The purpose of filing the base-shelf prospectus is to shorter the timeline to raise funds with growth opportunities and working capital. We believe that maintaining flexibility in these volatile markets is of up most importance.

I will now give the floor back to Greg for closing remarks.

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

Thanks Paolo. The Organigram team has done an excellent job in their first year of legalization from building Moncton Campus for new capacity and functionality to developing and delivering products that resonate with our customers and patients. We continue to have a relentless focus on automation and innovation to deliver a diverse number of high-quality products but to also ensure our product is consistently on the shelves in order to build brand equity.

We believe we have earned considerable goodwill and brand loyalty with our customers and provincial and retail partners. We have made significant progress on our Rec 2.0 strategy with these principles at the forefront. Our overall priority remains to deploy disciplined capital allocation with a focus on achieving sustainable and attractive return on investment for our shareholders. We have strong conviction that our strategy is designed to do just that.

We believe we're ready to take on the challenges and execute on further growth opportunities as they begin to unfold.

That concludes my formal remarks. Operator, if you could go ahead and open up the line for questions.

QUESTION AND ANSWER SECTION

Operator: Certainly, for a copy of the slides referenced on today's webinar, please refresh your browser and click on the downloadable resources widget below the audio player on the webcast console. [Operator Instructions] Tamy Chen with BMO Capital Markets, your line is open.

<Q – Tamy Chen – BMO Capital Markets (Canada)>: Yes, thanks. Good morning. First question, I was wondering if you could comment on the production – pivot or adjustments that you're making. So you say that you're well underway, how much more of this transition is there left? And is it a substantial part of all of your production footprint that needs to get realigned with demand or are you saying just modest parts require some adjustment, and where are you with that now? Are you almost done or there is still more to go?

<A – Greg Engel – OrganiGram Holdings, Inc.>: It's a great question Tamy. So I think again one of the key benefits for Organigram is that we had an early strong position in the marketplace and with that as I said we're able to garner feedback on our various strains. So at the end of Q1 calendar year this year, we went into a pretty in-depth process to look at our current strain mix and evaluate kind of where our strains stood against which were higher demand. And at that time, we began to shift towards the higher demand, higher velocity throughput strain.

So as you know with growing cannabis it takes months to kind of get that change into place. But we are now positioned over the last six, seven months where we're starting to see the results of that repositioning where we are growing more of our leading strains such as Rio Bravo and Casablanca, and those have been the high demand strains we know from key provinces like Québec, Ontario, Alberta, that they're always looking for more of those strains. So it didn't happen overnight but certainly we started to do that in the spring and we're now starting to see that product flow through to market.

<Q – Tamy Chen – BMO Capital Markets (Canada)>: Okay, got it. And my follow-up then is so when you talk about fiscal Q1 trending to be an improvement versus this quarter, specific on your Rec sales, so is that because we're not really seeing substantial store openings in Ontario still yet, so is that being driven by now you're seeing the results of your production re-pivot? And so should we think about it as you're going to now start to regain market share in direct channel as a result of this production re-pivot starting in fiscal Q1 results?

<A – Greg Engel – OrganiGram Holdings, Inc.>: No, I think the way to look at it, so it is – so yes we've not seen that build-out happening in Ontario, however, Ontario as in total still is either first or second with Alberta in total revenue, right, so demand is very strong there. Where we have seen growth, so again, keeping in mind that we only started selling in Québec at the start of Q4 for us. So Québec has grown and continues to grow and will be increasing – more than doubling the number of stores they have by early 2020. We have seen significant growth as you're aware in Alberta which was just under 300 stores now and British Columbia I believe is at 99 stores.

So, over the last few months we've seen growth in all of those key markets, right in between Québec, British Columbia, Alberta, they represent approximately 50% of the Canadian population. So, it is in part being driven by that growth, but again we are starting to just see the results of that pivot. And one thing I mentioned in my commentary was our strategy on pre-rolls was one to get as much brand awareness with product out in the market and our strength of pre-rolls has created and established our brands. And again that would see us state and highlighting that our three Edison products at the top three pre-rolls from their data is a strong indication of future purchases. So, Paolo will add an additional...

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: Yeah. So, Tamy, it's Paolo here. So I think one of the things to add to that is because we are now in Québec and Québec is obviously the second largest province in the country, and because of the way Québec orders, they order on a regular basis versus kind of the central distribution model where there is this kind of pipeline fills, and because we're starting to pick up in B.C., we have a little bit more ability to plan our – kind of our packaging and our sales going forward, compared during the past where there was a bit more reliance on these kind of lumpiness from either a large pipeline sold to Ontario or to Alberta if they're looking to – they can add onboard a bunch of stores.

So I think in general, having its national presence, having a few strains that we can now reasonably project as being popular and Greg alluded to Rio Bravo and the other one is La Strada which has done really well to-date and we expect Limelight, which is a high THC strain that we recently put on the market, that's been doing well with every province that we put it out there. We think that we can predict sales a bit better and kind of smooth our planning and ultimately double drive both revenue growth and also efficiencies on the cost side.

<Q – Tamy Chen – BMO Capital Markets (Canada)>: Okay. Thank you.

Operator: Adam Buckham with Scotia Bank. Your line is open.

<Q – Adam Buckham – Scotia Capital, Inc.>: Morning. Thanks for taking my question. So, I just kind of wanted to chat about free cash flow here, and just some of the puts and takes in 2020 that we can expect. So first with the delay of construction on 4C, your expected CapEx is about CAD 41 million plus an extra I don't know maybe CAD 10 million, CAD 15 million, like can you give us an idea of what additional CapEx is required in that 2020?

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: Yeah, sure, I'll handle that question. So, I'll give you all these numbers as at August 31 because it gets kind of messy if I start to bring them forward. So, we had CAD 48 million of cash and short-term investments at year-end, we had CAD 65 million of undrawn credit facility. So in total that takes you to CAD 113 million, that does not include the CAD 25 million revolver, that does not include the CAD 35 million upsizing that's potentially on the table there with the credit facility. So you're a CAD 113 million there.

Our Phase 4B had about CAD 5 million of CapEx left, our 4C which we're now going to pause had CAD 28 million left, so we've gone to call it half of that to-date. And our Phase 5 is CAD 41 million. So in total, the CAD 5 million to CAD 28 million, the CAD 41 million on 4B, 4C and 5 respectively, and this will all be in the MD&A by the way once that is filed, it's CAD 74 million.

So that's excess cash of CAD 39 million right there, but again we're pausing 4C so we can create some more cash there, and I think in terms of a lot of our working capital has been tied up, to be frank we've been building up a lot in either packaging material or kind of more relevant on concentrate and that's – some of that is going to be converted into edible and vape pen products. And so we'll be monetizing that once we start shipping that out to the provinces as early as mid-December.

<Q – Adam Buckham – Scotia Capital, Inc.>: Okay great. That's super helpful. Then just additionally, so you guys noted the capitalized costs in the quarter and the impact on gross margin, are you able to give an idea of what those impacts were like on a numbers basis or what a normalized number would be if you ex-out those capitalized costs?

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: Yeah, look I think the year as a whole is probably a better indication of where our margins are going to – we're striving for certainly longer run. Q4 had kind of a confluence of events that led to this kind of definitely lower gross margin than we would ever want and we're working hard to kind of reverse that. But you had some returned product from the OCS as we mentioned that affected our revenues, you also – some of that had to be some of the oil, formulated oil, has to be destroyed because it's not – it can't be reused. We also had some formulated kind of 5:5 oil that we had to destroy just because we had too much of it, and after a certain point it can't be used.

We had some packaging – we launched with a lot of white jars and now we're using the blue jars, so some of that had to be kind of written off. So in general, you're looking at kind of at least CAD 3 million I'd say just from year-end adjustments, just things that we had to write-off or obsolete packaging that affected margin.

And then I would say the other big impact was we had higher cost of cultivation in Q3 that spilled over into our sales in Q4, and we also have a post-harvesting department and that would include all things including like drying and packaging, mainly packaging, that's designed really to drive sales of kind of CAD 30 million to CAD 40 million a quarter, and we have to have that to a certain degree in place because you never know especially with the province of Ontario when the stores are going to get announced and when they're going to be begging for product like they did earlier in the year. So, we have to do a better job of demand timing and that's kind of cross-functional responsibility within the organization and we're taking a lot of steps to do that.

So I think, will Q1 be better than Q4? Yes. Is it going to be where we want it to be? Probably not, but we're working to get it to where we need to. And I think by Q2, Q3, we'll be in a much better position than we are right now.

<Q – Adam Buckham – Scotia Capital, Inc.>: Okay. That's super helpful. Thanks.

<A – Greg Engel – OrganiGram Holdings, Inc.>: Maybe just to add one point to Paolo's answer, so in Q4 as Paolo said we were overstaffed in the post kind of harvesting area particularly on packaging and we made a decision at that point to retain staff and to cross-train people. And so there has been some ability to move people across into different departments that reduced our overall demand for a required increase in staffing as cultivation went up, so we've been able to redeploy people accordingly. And then as packaging demands come online or have come online, we're able to redeploy people back, so.

<Q – Adam Buckham – Scotia Capital, Inc.>: Great. Thanks.

Operator: Rupesh Parikh with Oppenheimer. Your line is open.

<Q – Rupesh Parikh – Oppenheimer & Co., Inc.>: Good morning, and thanks for taking my question. So I also wanted to ask about gross margins. So I was curious if you can just give us your thoughts on the puts and takes as you see gross margins this year. And then on the pricing side I was wondering if you expect pricing pressures to continue for this year?

<A – Greg Engel – OrganiGram Holdings, Inc.>: It's great. I'll answer the pricing question first, I think, Rupesh, where – so again our focus has and continues to be primarily on growing high quality premium indoor-grown product and we actually saw our average selling price increase in the quarter over our previous quarter. What we know from the US state data when we look at data is that in the US states, there was and continues to be price compression on low and mid-end product, but it's really on that upper end product that there has been pricing sustainability. So, certainly we have seen pricing pressures in the marketplace. A lot of that has been driven, to be frank, by lower quality product where people have had challenges in moving that product. So in general, yeah, there has been pricing pressure across the market.

But again part of our focus to shift to higher velocity, high demand products has been able to really ensure that the core production capability of our facility is focused on the in-demand products which we believe are differentiated from our competition. And with that we certainly are in a better position from a pricing perspective. And I'll turn it over to Paolo to answer the second part of your question.

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: Yeah, Rupesh, so I think it's hard to answer with great detail because it's such a dynamic market but our ASP on average for the year has been above CAD 5 and our all-in cost of sales for the year has been just under CAD 3 so that's gross margins of over 40% there. Can we achieve that in 2020? Yes, but things have to – the market has to be in a certain kind of stasis, right. So in terms of the way I like to think of this is, where do we stand versus our peers and what are our advantages? So we're an indoor growing – we have an indoor growing facility, our ASP on average is higher than what we've seen some of our peers get, our cost of cultivation is lower than our peers, our SG&A is definitely more prudent than our peers. So that allows us to have the wherewithal to compete in this market, not just in the short term, in the long run, right. So, again, we had greater than 40% gross margin for the year. Can we sell about CAD 5 a gram and sell for – or to have a cost of less than CAD 3? Yes, I think we can. But that's just half the market that's dried flower and pre-rolls. Then you have Rec 2.0, which is another kind of half of the market that we're just launching now, so let's see how we do, but I think given our culture, we'll do well.

<Q – Rupesh Parikh – Oppenheimer & Co., Inc.>: Great. And a quick follow-up, so on the advanced product front, so with some of the products that you're launching, are you guys happy with the shelf space that you expect to get so far with those launches?

<A – Greg Engel – OrganiGram Holdings, Inc.>: Yeah, so it's a great question. So, not all the provincial agreements have been finalized, but certainly, we've seen very strong response to our product mix, both our broad vape pen portfolio, as well as our chocolate mix, because we have a variety of chocolates. And certainly we have, at certain events, given people the opportunity to taste test our non-infused chocolates and they've certainly met with overwhelmingly positive response.

So yeah, so again, the agreements have not been finalized in most cases, but we know in terms of the demand and where we stand, we have a very strong representation across the country with the exception of Québec, as you know, which has limited 2.0 products.

<Q – Rupesh Parikh – Oppenheimer & Co., Inc.>: Great, thank you.

Operator: Graeme Kreindler with Eight Capital. Your line is open.

<Q – Graeme Kreindler – Eight Capital>: Hi, good morning and thanks for taking my question. I wanted to ask with respect to the CAD 3.7 million provision for the returns and adjustments in sales, if you could give an update on how much of that has already come back to the company, how much of that product remains out in the market at this point in time? Thanks.

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: Yeah. So, Graeme, half of it came back right away and that was kind of the returned part of it. Half of it is still in market and within that half, there was kind of a split between the flower and the oil. The flower has been selling through, we price-adjusted it, the oil is selling, but not as we expected, so that's the answer.

<Q – Graeme Kreindler – Eight Capital>: Okay, thanks. And then just a follow-up on that. I was just curious in terms of managing the rollout of all the derivative products, what is the thoughts internally in the company in terms of managing the challenges? I assume that you're going to have some similar conditions where there's going to be opportunities to fill some gaps in the short term, but you're also going to be dealing with changing consumer preferences. How are you guys balancing trying to get a first-mover advantage in that market with ultimately delivering a product that's going to be sustainable and really speaks to where you think consumer demand is going to head? Thanks.

<A – Greg Engel – OrganiGram Holdings, Inc.>: It's a great question, Graeme. I think where certainly our focus and our decision-making around which 2.0 products we would enter the market in were driven by market data out of the U.S. We know that vape pens and edibles are the two leading categories, and then even in with the edibles category, we know chocolates and soft chewables are the two main categories and we felt with our chocolates that we could produce a differentiated premium product and again, the response to the non-infused version has been extremely positive from the market. So, I think for us having a diversity of a vape pen platform, which can target different consumers has been important, and then having a range of products for chocolates is also critically important.

But you're right, I think certainly consumers at the end of the day are going to determine product flow and I think there is more of a sense of demand-based purchasing now, we're seeing that as Paolo mentioned earlier in Québec on flower and other markets now, and we expect that same will be true with Cannabis 2.0 products. So, the way the provinces are looking to bring those products in is a little different, they're not necessarily going to carry as much inventory upfront and they are going to let demand dictate more as well. So, our focus is on ensuring the experience and the consumer awareness and the differentiation of our products. So, you can't build a brand without being on the shelf, but getting our product out in the consumers' hands is going to make a big difference for us.

<Q – Graeme Kreindler – Eight Capital>: Okay, thank you.

Operator: John Zamparo with CIBC. Your line is open.

<Q – John Zamparo – CIBC World Markets, Inc.>: Thanks, good morning. I wanted to get a better sense of how to forecast orders coming from Ontario's next set of stores and obviously, we don't expect these to match the magnitude of the first round, but could you give us a sense of size and timing of these orders? And then maybe comment on the inventory position of the OCS at the moment.

<A – Greg Engel – OrganiGram Holdings, Inc.>: Yeah, John, you're right. I mean, certainly, we all know now and we've seen and Organigram is not unique, we've seen other companies been in the same position relative to kind of the over inventory that OCS put in their warehouse versus what they were allowing the stores to purchase, so a number of impacts. As you know, their limits had a big impact on sell-through when there was consumer demand in the market. At this point, we don't have certainty on what OCS is looking to order. I think again we're going to see a shift over timing in OCS' certainly distribution strategy, they will retain their central warehouse is our understanding, but they are going to look to having companies with new product offerings. I think this will be for the second round of 2.0 products. Actually, hold the inventory at their facility and do allocations on a weekly basis to OCS based on throughput. So, it is not going to be kind of the lumpy, big infills that we saw after the first orders in 2.0 for Ontario and the future is going to be more demand-driven as we are seeing in other parts of the country.

<Q – John Zamparo – CIBC World Markets, Inc.>: Okay, thanks. And then my follow-up is on derivative products. You got some attractive products coming to market, can you just give us a sense of what the margin profile is for each of these and maybe not being exact, but just directionally versus your dry flower portfolio?

<A – Greg Engel – OrganiGram Holdings, Inc.>: So, John, we still have not finalized pricing agreement with any province. So, we're not in a position to give any guidance as it relates to margin.

<Q – John Zamparo – CIBC World Markets, Inc.>: Okay, understood, thank you.

Operator: Matt Bottomley with Canaccord Genuity. Your line is open.

<Q – Matt Bottomley – Canaccord Genuity Corp.>: Yeah, good morning, just sticking on the Cannabis 2.0, just wondering if you can comment on your risk assessment of, let's say, Ontario or another big province going through this process over the last six weeks or so to finalize the SKUs and then deciding not to actually wholesale, let's say, vape pen products into the market given some of the negative headlines in the U.S., do you think that we're too far past that point to happen or is there a risk that although these products are being approved, they might not actually be moved into retail channels right off the bat?

<A – Greg Engel – OrganiGram Holdings, Inc.>: So, Matt, I think what we're seeing and consistently, I think there are two key things to keep in mind related to vape pens, one is that all of the cases, CDC has reported on this and everything we've seen in Canada on the vaping health-related illnesses continue to be linked to illicit product on the market, whether or not that is THC product or illicit e-cigarettes and now they have identified vitamin E acetate as contaminant in the product that it may be causing.

But I think certainly there is a potential here in terms of kind of the market demand. We know in the U.S. that there has been a decline in the market demand on these products by around 20%. So, it is still a very strong leading product dominant of the derivative products in the marketplace. And I think the second thing is that we have every indication both from federal government and the majority of the provinces that we expect to see more education focused around the risks of illicit products and a focus on the fact that tested product that will be sold through legal channels that consumers can be confident that it does not contain these harmful additive products. Certainly, there still is a risk to the market in terms of how the market will respond to these products because of those cases, but every indication both federally and provincially seems to be, again, with the exception of Québec that they are supportive of these products coming to market. Again, remember one of the goals of legalization in Canada was to stamp out the illicit market.

<Q – Matt Bottomley – Canaccord Genuity Corp.>: Right, thank you. And then the follow-up question just on Cannabis 2.0, it certainly relates again to what Graeme was talking about or inquiring about, what's your ability to pivot or how much investment is going upfront for certain product SKUs like your nanotechnology or maybe others you're working on where you don't actually know the ultimate uptake yet, there isn't great data out there even if you look at the U.S, just in terms of product planning in case we have issues in 2.0, like we saw with some of the, I think the capsules and some of the less popular oil products industry-wide in Cannabis 1.0?

<A – Graeme Kreindler – Eight Capital>: So, I think the only area we've really focused on is our chocolate line in terms of disclosing our investments. So, we've put in place a high-volume, high-capacity chocolate line with an investment of CAD 15 million. As I said, we know that's one of the two leading edible categories and part of that investment, as we look at Cannabis 2.0 products, the critical part of producing the majority of these products is going to not be the cost of the cannabinoids that go into the product, it's actually going to be your cost efficiency of producing the end product. So with a high volume, high throughput capacity chocolate line, ultimately we're going to be in position to have a higher throughput of that product from a production perspective. So, that's the only area we've kind of given any clarity on in terms of our investment. To this point, our investment in products such as our dried powder have really been in creating and developing the formulation, although that product will take a much smaller kind of processing manufacturing line, but again the demand for that product, in the discussions we've had with the provinces, has been very, very high because it's unique, very, very high levels of excitement about that product.

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: Yeah, and I think just to add on that, on vape pens, we have a bit of a diversified strategy in order to make sure that we've got kind of covered all the basis between our partnerships with PAX, Feather and then our value line in terms of the Trailblazer torches and kind of I think we're in the different kind of bunch of points on the category segments there and so I think going in with a diversified strategy is probably better to start off with to see what were the uptake really is.

<Q – Matt Bottomley – Canaccord Genuity Corp.>: Great, thanks a lot.

Operator: Rahul Sarugaser with Raymond James. Your line is open.

<Q – Rahul Sarugaser – Raymond James Ltd.>: Good morning, Amy, Greg and Paolo. Thank you so much for taking my questions. There has been a lot of questions – there's lot of discussion around the top line revenue that's highly dependent on the provincial retail rollout and hence the factors that are somewhat out of your control. So, I wanted to focus a little bit on what is in your control and the cost of production. So, you note that the cost of production has come back down to around CAD 0.66 per gram in cash cost, which is really a positive trend. Just wanted to see if this is – if you see this is leveling off at around this level or do you think that you'll be able to drive this cost downward and if so to what level?

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: Yeah, we've had the cost even lower in the past and they, as we – when you think about where we were a year ago and where we are now, our facility obviously is getting bigger and our targeted production is larger, so there should be natural economies to scale there. One of the reasons we kind of had volatilities from quarter to quarter is, there is just lot of change that happens with growth and over time we had the ability to put in kind of continuous improvement projects and drive efficiencies down. So, I think the number definitely could get lower, it has been lower, but I'm not promising anything but certainly there is no reason to believe in under normal kind of experience with businesses that grow that we can't get that number down.

<Q – Rahul Sarugaser – Raymond James Ltd.>: Great, great. Thanks, that's really helpful. And so in terms of quick follow-up, speaking of driving down cost of goods, we recognize that Organigram is one of just two Canadian LPs that's made a bet on biosynthesis. And so we wanted to see if you have an update on the investment that you made in Hyasynth and the trajectory when you expect to see it yielding commercial production and where you expect those costs of goods to end.

<A – Greg Engel – OrganiGram Holdings, Inc.>: So, we've not and Hyasynth has not given out any kind of updates publicly at this point, so can't necessarily – I mean the one highlight I would indicate back to previous guidance that they had given is in addition to the work on the three major cannabinoids, CBG, CBD, and THC, they have been and have proven in ability to produce at small scale a number of minor cannabinoids now as well and I think that's going to be really interesting and intriguing for the future.

So, beyond that, we have not seen anything additional on Hyasynth, but certainly optimistic that their progress continues to grow. And I know this is an area that you have a certain interest in, Rahul, and we're seeing growth across the board. And so I think it's all about getting ready to get those first commercial batches out and they've given some indication of that publicly but it'll be up to them to comment on, so.

<Q – Rahul Sarugaser – Raymond James Ltd.>: Great, thanks so much.

Operator: Doug Miehm with RBC Capital Markets, your line is open.

<Q – Doug Miehm – RBC Dominion Securities, Inc.>: Thanks very much. First question just has to do maybe with – for Paolo, can you talk to us what you think the breakeven level of revenue is for EBITDA on a quarterly basis?

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: Yeah, I think, look, we've been EBITDA positive with kind of CAD 25 million to CAD 28 million of net revenue in the quarter. Our costs have gone up on the SG&A side a little bit just because we're a completely different company now that we're on the NASDAQ and we're – there's just bunch of projects that you would expect the company of our size to be put in place, so I think kind of in that CAD 30 million to CAD 35 million range is where we're comfortably EBITDA positive, but we can take measures if we needed to, to get even more efficient but, again, we're running the company with expectation that revenue will increase from where we're right now just because of the market expansion, even with the current retail network that exists because of Rec 2.0, which in theory should almost double the market size. And then when you look at what Ontario is talking about in terms of potential expansion, that could really be a catalyst for sales growth across the industry. So, I think we're comfortable at, I'd say, CAD 30 million but if needed, we can strip our cost even further and be breakeven positive at a lower number.

<Q – Doug Miehm – RBC Dominion Securities, Inc.>: Okay, great. And then, Greg, when you think about how this market is changing and we've noticed that in our data as well with respect to THC content and that sort of thing, given that change, what percent of high-quality, high-THC product do you think this market is going to gravitate to? Normally, you have this 80-20 rule, where highest quality is 20% of the market, do you see that being different here?

<A – Greg Engel – OrganiGram Holdings, Inc.>: Well, and I think there is a difference, Doug, between high quality and high THC. And I think that's where there is and continues to be more of a focus from an education perspective, right? We have seen and I know you visited a number of retail stores, easy for the budtenders in the stores to just automatically point to here is your highest THC per dollar value kind of as an easy way to position a product but that's not what every consumer is looking for. So, I think, again, we continue to see and we talked about, for example our Rio Bravo and La Strada strains, where it is about the experience, right, and certainly what we continue to look here, for example on Rio Bravo, is that differentiation related to that being a very clean sativa that does not have some of the undesired or unwanted effects that you may see with other products, where – and I think that's what we talk about when it's quality, it is cannabinoid profile, terpene profile that is really effect. So, I know when we look at – we get TGS' data from Colorado. TGS has a roughly a 10% share of the Colorado market and they still have more than 30% of their revenue in that kind of upper end of premium products.

<Q – Doug Miehm – RBC Dominion Securities, Inc.>: Perfect, thank you.

<A – Greg Engel – OrganiGram Holdings, Inc.>: Yeah thanks Douglas.

Operator: David Kideckel with AltaCorp Capital, your line is open.

<Q – David Kideckel – AltaCorp Capital, Inc.>: Hi, good morning, thanks for taking my call. I'm wondering if you can maybe comment about what your current percentage of extraction is currently in-house versus outsourced, and especially for legalization 2.0? And whether you feel there is an opportunity to outsource more of the extraction line?

<A – Greg Engel – OrganiGram Holdings, Inc.>: Yeah, I think – so two things, David. One is everyone is aware we have an ongoing agreement with Valens to outsource extraction, so that was due to the fact that we had built up excess capacity – excess inventory for extraction, so we did go to Valens as a partner and have them work through some of that backlog. We did announce that we are going to have expanded extraction capacity within our own facility once Phase 5 is fully licensed and built out. And so, part of Phase 5 is under Health Canada review right now, which is predominantly the chocolate area as well as some of the processing areas. And that next phase would be under review following the current review being complete. So, we do believe that once that's been completed and we've shared this publicly before that we would have capacity to do our all of our in-house production with our own in-house extraction. That being said, we continue to see Valens as a strong partner for external hemp processing and we'll continue to use them as a third-party partner.

<Q – David Kideckel – AltaCorp Capital, Inc.>: Okay, thanks for that color, Greg. Just as a follow-on as well, I'm wondering at a very macro level here, who does Organigram see as their most significant competitors? Is it other licensed producers or is it still the illicit market? And if it's the latter, is there an opportunity for Organigram to bring in a very low-cost product to compete with the illicit market more effectively?

<A – Greg Engel – OrganiGram Holdings, Inc.>: So, it's a great question. So, I think, as an industry, we should continue to look at the illicit market as our primary competitor here. And I think the way – this isn't just a cost approach and I think companies that are taking solely a cost targeted approach to competing with the illicit market are missing the mark. I think there's two key aspects. One is I think we need to see more education of consumers in that market that they do understand that there are risks associated with purchasing products from that market. As I said earlier, we've seen out of the US and the data from Canada that all of the cases related to vaping, health-illnesses have been from illicit product, so that's one key aspect. And I think the second is differentiating the experience for cannabis consumers. Certainly having premium chocolate products, having innovative vape products, having unique products like our dried powder formulation, which can change the entire cannabis experience is the way to compete with the illicit market, bringing innovation and quality is going to win out every time.

<Q – David Kideckel – AltaCorp Capital, Inc.>: Thanks for that, Greg, that's really good color. That's it from me.

Operator: Justin Keywood with GMP Securities, your line is open.

<Q – Justin Keywood – GMP Securities LP>: Good morning. Thanks for taking my call. Just going back to the 4C, what would be the cost to complete this expansion? And is there incremental expenses to have the project 70% complete as far as G&A?

<A – Greg Engel – OrganiGram Holdings, Inc.>: Sorry, the question is on 4C?

<Q – Justin Keywood – GMP Securities LP>: Yes, correct.

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: So, we – well, we had more details of that and I already gave some details earlier on the call in terms of what the CapEx is but the rest of the details, you'll find in the MD&A when we publish that today. There are no incremental SG&A costs related to the unfinished capacity of 4C. One of the benefits of putting it on pause, so to speak, is A, we're not obviously outlaying the CapEx but in the event that we ever need to use that facility for something else, it obviously can be repurposed in terms of space because we can get the licensing for it and use it for something else. So we're trying to preserve flexibility and we don't think that we need that flower right now, we may need it in the future, so it's more of a tactical move from our perspective to remain flexible and also save cash in the short term.

<Q – Justin Keywood – GMP Securities LP>: Okay, makes sense. And then just to clarify on the Phase 5, is that CAD 41 million cost to complete a good estimate to use or is it lower post Q4?

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: That's as at August 31, so as we've completed it, since then, obviously that number has come down.

<Q – Justin Keywood – GMP Securities LP>: And do you have an updated number for that?

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: Not at this time, no.

<Q – Justin Keywood – GMP Securities LP>: Okay. All right, thank you for taking my questions.

Operator: Neal Gilmer with Haywood Securities, your line is open

<Q – Neal Gilmer – Haywood Securities, Inc.>: Yeah, maybe just a small clarification, Paolo. On the SG&A comment that you made, I assume that – can you provide a little bit more color on, on a dollar basis, are you expecting some more increases? I know you said it's going to drop as a percentage of revenue but that's obviously on the revenue growth side. But sort of where are you at with sort of – on the overall dollar basis?

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: I think it's probably going to be flattish this quarter, [ph] and to be honest in (01:02:45) the next quarter. And then beyond that, a lot of it will tie depending on what kind of sales ramp we have and how much marketing efforts we intend to deploy based on the market outlook and obviously if sales start to pick up and the market open up, we'll put a bit more pedal to the metal so to speak. But I don't expect it to go up with anywhere near the same level that it went from Q3 to Q4, in fact it should be flattish to be honest.

<Q – Neal Gilmer – Haywood Securities, Inc.>: Okay, that's helpful, thanks. Maybe just one small follow-up on the gross – or I guess more on the higher cost of inventory that you had from Q3 that impacted Q4, has most of that been worked through or do you still expect some of that to flow into Q1?

<A – Paolo de Luca – OrganiGram Holdings, Inc.>: Yeah, some of that will flow in but I would say the actual cost of the flower is less of the issue than it is also just the kind of the apparatus that we've set up in terms of the labor pool to handle orders. So it's still probably bigger for Q1 than ideal just because again when we built this labor force, we expected a different kind of state of sale and at the same time, we can't like [ph] yield the (01:04:04) labor force for a bunch of reasons but one of them is that we're now going to Rec 2.0, we need some of that labor pool for there, for that. And if an announcement comes out that a bunch of stores opening in Ontario, guess what, there's going to be again a scramble to put that in place. So, again, we're probably a little bit "over staffed" for Q1 but we expect growing to that shortly.

<Q – Neal Gilmer – Haywood Securities, Inc.>: Great, thanks very much.

Operator: Alan Brochstein with New Cannabis Venture (sic) [New Cannabis Ventures], your line is open.

<Q – Alan Brochstein – New Cannabis Ventures>: Yeah.

<A – Greg Engel – OrganiGram Holdings, Inc.>: Hey, Alan, go ahead with your question.

<Q – Alan Brochstein – New Cannabis Ventures>: Yeah, I'm sorry about that, phone problem. First of all, thanks for taking the call. And I know it was a rough quarter but I want to congratulate you on a great first year of legalization. And without talking about what's going on in Canada right now, I wanted to ask you about two other things. First, can you give us any sort of update on your global efforts, your efforts outside of Canada?

<A – Greg Engel – OrganiGram Holdings, Inc.>: Yeah. So, again, thanks for the comment on the year and yeah, we certainly have felt that we had a very strong year overall. So, again, thanks for the comment. So, we are – our focus, I guess, is twofold. We have kind of made a decision going back early this year to, from a design perspective, design and build out our entire Phase 5 area to EU GMP standards. It's a big undertaking but it will give us the ability to process products. So, we're looking for a comprehensive EU GMP certification, right, so that will give us an ability to provide a depth and breadth of products to countries in Europe that require that. So, we're going through that process now. We have been working with a certified EU GMP body for actually more than a year and a half. But certainly we now feel that certainly at some point by the middle of next year, we expect and hope to be in a position to be EU GMP certified to kind of target some of those markets. We are still actively involved in exporting to the Australian market and that's an ongoing process for us over the last two years.

And we are evaluating other markets and other ways to access them, where they would be willing to take GACP product and process it in their own facility for sale within Europe. We previously announced as well Eviana, an investment we made in Europe in terms of accessing CBD for that marketplace, we have seen some challenges happened in the European marketplace related to CBD sales, so we pulled back somewhat in terms of our efforts to expand in Europe on CBD as it's now being classified as a novel food and come some restrictions on it. And we continue to follow the US. I mean, certainly we all know that there continues to be movement in the US and I know you follow this on and write a lot about it. Certainly, a major market to be concerned about and focused on and certainly nothing that we've done to-date for the US but we continue to follow it. And at some point, if the regulations were to allow, we would consider participating in the US market.

<Q – Alan Brochstein – New Cannabis Ventures>: Okay. And then on a different subject, it's been about 15 months since Constellation took control of Canopy and saw Altria with Cronos but frankly it's been disappointing to see no follow-through really and I've expected some interesting companies like yours and I was wondering if you could comment in general about what you perceive is the overall interest of global companies in Canadian LPs and if you'd be willing to share any commentary on any discussions that you might have had.

<A – Greg Engel – OrganiGram Holdings, Inc.>: I think the only comment I can make Alan is more of a general one, where we know certainly in discussions that we have participated in that there is still a wait-and-see cautioned approach from many of the global players. Certainly, there have been challenges related to some of those investments in terms of the valuation and the write-down that has happened across some of those investments. So, I think that has created a bit of hesitancy for other players. They are continuing to follow the space, they are continuing to express some interest but whether or not they will actually move and/or participate with a partner or on their own is till yet to be seen, so.

<Q – Alan Brochstein – New Cannabis Ventures>: Okay. Well, I appreciate that color, good luck in the year ahead. Thank you guys.

<A – Greg Engel – OrganiGram Holdings, Inc.>: Great, thanks for all the questions, Alan, so – sorry go ahead.

Operator: There are no further questions at this time. It is now my pleasure to turn it back over to Greg Engel for closing remarks.

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

Great, so, yes, again, thank you, I just want to thank everyone for participating in the call today, I appreciate your focus and attention to our efforts. I just wanted to clarify one thing for everyone, our MD&A and financial will be available both on SEDAR and EDGAR in the next day or so. There is a chance it may not be posted today but we do have a filing commitment this week and we will have them posted this week. So, thanks again, and we look forward to talking to all of you soon, take care.

Operator: Ladies and gentlemen, this concludes today's call. We thank you for your participation. You may now disconnect.