



Value Investors: 1 Cheap Cannabis Stock to Own

Description

Organigram Holdings ([TSX:OGI](#))([NASDAQ:OGI](#)) is a leading Canadian [licensed producer of high-quality cannabis](#) and cannabis-derived products in Canada. The company is focused on producing high-quality, indoor-grown cannabis primarily for adult recreational consumers in Canada and the medical market as well as developing international business partnerships to extend the company's global footprint.

High-quality products and brands

The company has been working on establishing strong brands for use in the adult-use recreational market place and is seeking to create a portfolio of diverse brands and products. The company's adult-use recreational brands strategy reflects Organigram's views about current and potential consumers, the industry, future product development, and opportunities for growth.

Huge recreational cannabis opportunity

The company developed an [initial portfolio](#) of adult-use recreational brands to specifically meet the evolving needs of Canada's recreational use market. The suite of brands created by the Company for Canada's adult-use market include Edison Cannabis, Trail Blazer, and SHRED. Each brand is unique to a specific customer demographic with a product offering designed to meet the needs of the target audience, including as to strength and price point.

Medical cannabis

The company received a medical cannabis certification and now offers organically grown medical cannabis under the certification body. The company offers a broad offering of medical cannabis products, including cannabis flowers, cannabis oils, and vaporizers to suit a variety of preferences.

New product development

The company plans to bring a variety of cannabis-based products to market. Such products are at various stages of development, including edible products, vape pens, chocolate, and dissolvable powdered beverages. These products require 60-day advance new product notifications to be submitted to Health Canada before they can be sold.

Efficient operations

The company has assembled a capable management team with significant experience in the management and growth of successful enterprises. Coupled with operational experience, the company is a cost-competitive producer of cannabis, owing to various operational cost-saving attributes such as competitive power costs and competitive labour costs.

Further, the company has a facility that maximizes real property square footage through the use of tiered grow rooms.

Other cost-saving attributes include competitive real property costs, the adoption of various efficiencies and access to various government assistance programs. Substantially all of the company's revenue is derived from the sale of cannabis, cannabis product, and cannabis plant material produced, which is cultivated and processed by the company.

Capital markets risk

An economic downturn of global capital markets would make the raising of capital by equity or debt financing is difficult. The company is dependent upon the capital markets to raise additional financing in the future, while it establishes a user base.

As such, the company is subject to liquidity risks in meeting development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors could impact the company's ability to raise equity or obtain loans and other credit facilities in the future and on favourable terms.

Despite risks, Organigram has huge potential due to the company's broad offering of medical cannabis products.

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1. Cannabis Stocks
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