SLANG Worldwide Inc.

Q1 2019 Investor Conference Call

Event Date/Time: May 30, 2019 — 6:00 p.m. E.T.

Length: 36 minutes

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PRESENTATION

Operator

Good evening. My name is David, and I will be your conference Operator today. At this time, I would like to welcome everyone to the SLANG Worldwide Q1 2019 Investor 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. If you would like to ask a question during this time, simply press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, press the # key. Thank you.

John Vincic, Investor Relations Advisor, you may begin your conference.

John Vincic — Investor Relations, Vincic Advisors, SLANG Worldwide Inc.

Thank you, Operator, and good afternoon, everyone. Our speakers on today's call will be Peter Miller, Co-founder and CEO of SLANG Worldwide; Billy Levy, Co-founder and President; and Kelly Ehler, Chief Financial Officer. Joining us for the Q&A session will be Mike Rutherford, VP of Finance.

Today's call includes presentation slides. Viewers of the webcast can download a PDF of the slides from the webcast interface, and dial-in participants can also log in to the webcast or visit SLANG's Investor website to download the presentation.

Before we begin, I would like to remind listeners that certain statements made during this conference call presentation may constitute forward-looking information, and forward-looking statements within the meaning of applicable securities laws. These statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of SLANG Worldwide and its subsidiary entities, or the industry in which it operates to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements.

When used in this conference call presentation, such statements use words such as, may, will, expect, believe, plan, and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this presentation. These risk factors are discussed in detail under the heading, Risks and Uncertainties, in SLANG's Management Discussion and Analysis dated May 30, 2019, and filed on SEDAR. Company undertakes no obligations to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, other than as required under securities legislation.

And now, I'd like to turn the call over to Mr. Peter Miller.

Peter?

Peter Miller — Chief Executive Officer, SLANG Worldwide Inc.

Thanks, John, and good evening, everybody. To state the obvious, SLANG is a cannabis company. But what isn't obvious about any cannabis company in the market is how they make money and how they scale. We are here today to lay out very simply how SLANG operates, how we scale, and how we performed in Q1.

SLANG Worldwide is a consumer packaged goods company that owns, licenses, and markets 11 cannabis brands, serving the flower, concentrates, edibles, and beverage categories. Our portfolio is one of the highest-selling of all time, as tracked by a third party, with over 250 million in sales at retail. We are a multistate and multinational operator, with brands and products available in over 2,600 retail stores, one of the largest distribution footprints in the cannabis industry.

We’re a global business that operates on a local scale. We are able to create global reach with a local focus because of the SLANG Worldwide network, comprised of our company and network partners. While many simply view our company as SLANG, the SLANG network is not a single entity from a legal or managerial perspective and does not own or control all of the network partners.

Generally, SLANG sells product bases, ingredients, and packaging to network operations which have a license to manufacture finished goods. Those operations then wholesale the SLANG goods to retailers. Retail customers then sell our products to consumers at an average rate of 600,000 servings per day in the US. This is the general business model of mature consumer packaged goods firms like Coca-Cola and Pepsi.

The network works closely with retail customers to execute local strategies developed in partnership with SLANG, and within the framework of SLANG’s global marketing and sales initiatives, each designed to maximize branded unit sales. Cultivators are concerned with physical yields, manufacturers focus on efficiency and consistency, distributors aim to maximize inventory turnover, and retailers are measured by sales per square foot. Branded unit sales are our priority as a brand owner.

As this market continues moving toward a consumer packaged goods framework, branded unit sales will be the KPI we are all measured by as cannabis brand owners. It is the most apples-to-apples way to understand the competitive landscape, how are consumers voting with their dollars, and whose brands are driving the most sales. Consumers spent $32 million on SLANG branded products in the quarter.

Branded servings, another important KPI, measures the number of experiences consumers have with our brands, quantified by 5-milligram servings. These experiences form the consumer relationship, build trust, and lead to brand loyalty, a major factor in driving long-term brand value. By branded servings sold, SLANG is one of the largest cannabis companies in the world.

The number of retail stores carrying SLANG products is a KPI that we're incredibly proud of, and further validates the strength of the network. Most reporting cannabis companies have revenues highly concentrated to a handful of retail stores or markets. Our revenue is distributed over 2,600 stores, 11 states, and across multiple categories. This lack of revenue concentration reduces exposure to local regulatory risks, moderates purchasing power dynamics, and generally supports a framework for national brand building.

With the strategic priorities of branded unit sales, branded servings, and broad distribution in mind, it's important to further discuss how the SLANG network is structured and to explain how the business makes money.

As mentioned, SLANG generates revenues, income, and cash flows by selling certain ingredients, components, and some finished cannabis products. We generally license and sell these products to the SLANG network partners who operate licensed cannabis extraction and manufacturing operations. At this stage of the network, we have three types of business relationships. Relationships with regulated extractors and manufacturers in which we own equity; with regulated extractors and manufacturers in which we have options to own equity; and with regulated contract extractors and manufacturers which operate entirely at arm's length. In all three cases, we authorize these manufacturers to produce in wholesale our branded goods to retailers.

Manufacturers in which our Company has no ownership interest, or a noncontrolling ownership interest, represented the majority of worldwide branded unit sales in the quarter. Generally, the operations we control or in which we own equity generate higher net operating revenue but lower gross profit margins than our operations which sell licences, ingredients, and components to third-party manufacturers.

When SLANG acquired NCG on January 22, 2019, we fully acquired all of Organa Brands' IP—all brands, all trademarks, standard operating procedures, and formulations. But we entered into binding options to acquire the entities that own and operate licensed network assets, including extraction, manufacturing, and distribution facilities. These options can be exercised at any time, and the shares required to close those transactions are already contemplated in SLANG's fully diluted share count. If and when SLANG exercises these options, branded unit sales will not be affected, however, SLANG will recognize the full revenue of those network entities.

Generally speaking, management has decided to consolidate the most strategic parts of the SLANG network in the most mature markets. These assets are de-risked by the validated demand for our brands within those markets, and asset prices are not inflated by licence scarcity or limitation. We believe that finished goods manufacturing entities within the network are the most strategic to our overall economic strengths, and as such, we will begin the process of exercising the Organa options to own these entities. The Company anticipates pursing the exercise of the options in the fiscal year, and the exercise of such options shall be subject to the terms and conditions of the applicable options agreements. As a consumer packaged goods company, we will not be consolidating commodity cultivation businesses or purchasing generic retail operations.

At the distribution stage of the network, our focus is on fostering a mutually beneficial relationship with our retail partners. Due to the high value per gram of cannabis products relative to other CPG categories such as food and beverages, distribution is less logistically intensive and less expensive per unit.

As increased scale increases logistical complexity, we will continue to work with great network partners while we stay focused on our relationship with the retailers and consumers of our brands. To that end, our inside sales activities, local brand ambassadorship, and retail support activities are key areas of focus and significant contributors to the growth of branded unit sales.

Throughout the SLANG network, we make significant marketing expenditures in support of our brands, including those for sales, sponsorship, advertising, and promotional incentives. These expenditures increase branded unit sales and global market share. In the future, we expect that these expenditures, relative to net revenue, will mirror those of Fortune 500 consumer packaged goods firms, as cannabis becomes further mainstream and regulation is more consistent between legal jurisdictions. A level playing field in terms of regulation and unit economics will highlight the importance of strong brand portfolios.

In addition to marketing, we support our SLANG network partners with funds designated for growth initiatives where their existing working capital is insufficient. Capital relationships primarily include purchase leasebacks and debt financing for activities such as the purchase of equipment, materials, and other items required by our network to meet market demand for our brands. Simply put, we financially support the supply chain where it makes sense to drive branded unit sales.

From the manufacturing process through the marketing of finished goods, our business is incredibly scalable, capital-efficient, and its success is repeatable in new markets that emerge for legal cannabis. I'm incredibly encouraged by the macro tailwinds we see in our industry generally, but as each state-level market matures, we're seeing validation of the SLANG business model. Our brand and financial performance reflect these trends, and I expect will continue to.

I'm now going to hand the conversation over to our CFO, Kelly, to talk about the financial highlights from the quarter.

Kelly Ehler — Chief Financial Officer, SLANG Worldwide Inc.

Thank you, Peter. We're very excited to have completed our first quarter as a public company. During the quarter, we completed the acquisitions of Firefly and NCG on January 22nd, which means that financial results only include about 2.2 months of the operations of Firefly and NCG.

For the first quarter, we reported revenue of $4 million compared to a negligible amount of revenue in Q1 2018. If we had included results from Firefly and NCG for the full quarter, we would have reported revenue of approximately 5 million. Gross retail sales for our products were over 32 million for the quarter.

As Peter mentioned, we focus on branded unit sales when we think about how our business is performing. During Q1 2019, we sold 1 million branded units, representing over 51 million branded servings, based on a 5-milligram serving size. As you can see from the table showing branded unit volumes in our news release and other disclosure, sales commenced in Florida and Michigan subsequent to the quarter, and we expect these to be key growth areas for us, given the partnership we launched during the quarter. Also, we are anticipating sales to commence in Canada in Q4 this year, following the rollout of the new regulatory framework for concentrates and edibles.

We reported an adjusted gross profit of $2.2 million, equivalent to an adjusted gross margin of 56 percent, excluding the impact of an acquisition-related, onetime inventory and fair value adjustment. This adjustment was a noncash charge to gross up inventory value, based on the value of the acquisition of Firefly and NCG. Gross profit was negative-$224,000, including the impact of the fair value adjustment. We expect that gross margins for the balance of the year will remain in the 50 to 60 percent range, as we have already finished working through the adjusted inventory.

Our EBITDA of negative $6 million includes the inventory adjustment which is a noncash item, and onetime cash costs including professional fees, compensation, and marketing expenses. We do not expect these costs to recur in the future. As a result, we disclosed an adjusted EBITDA of negative $1.1 million after excluding these items.

We are pleased that we are able to report only a modest adjusted EBITDA loss during our first quarter as a public company. We anticipate a steep revenue growth curve in the coming quarters, as implied by the full year guidance we provided today.

As Peter previously discussed, we will be working to integrate certain elements of the SLANG network into our capital structure, and this is expected to have a significant positive impact on the Company's revenue and profitability. Billy will speak about our outlook in more detail.

Net loss for the period was $16.1 million, which was impacted significantly by several onetime or unusual items, including corporate development costs related to the start-up of the Company, completion of our public listing, and related financing.

An important consideration for investors to keep in mind is the fact that we also recorded a significant depreciation charge in the first quarter. The signing of our foundational transactions means that acquired intangible assets were required by IFRS to be reported at fair market value at the time of closing, rather than share values at the time the transactions were negotiated.

Our financial position is strong, with more than $13 million in cash on hand at quarter-end, and up to an additional $10 million coming in the door as a result of the accelerated warrant expiry announced a few days ago. This strong financial position underpins our business, provides us with the funding necessary to meet our obligations for the foreseeable future, as well as the flexibility to continue pursuing additional transactions that fit well with our business model.

I'll now hand the call over to Billy to discuss our outlook for 2019.

Billy Levy — Co-founder and President, SLANG Worldwide Inc.

Thank you, Kelly. Based on everything we know and believe about our Company and industry, we are extremely optimistic about the long-term prospects for SLANG Worldwide. There are regulatory and cultural tailwinds at the back of the entire industry, however, the maturity of the industry will bring more consistent regulatory and economic environments. These regulatory environments will be defined by a shift towards the more traditional supply chain dynamics, favouring consumer packaged goods companies.

I can confidently say this because the crystal ball for each of us are the states that were first to legalize. These states are favourable markets where we compete very effectively. At one end of the supply chain, raw ingredients become commoditized, while at the other, a robust and competitive retail environment create additional customers for our wholesale goods, serving more consumers with our brand.

Every data point and trend we have visibility into supports our thesis that the SLANG network is best organized and positioned because of our strong brand and financial performance.

With this in mind, we will provide some visibility into our expected performance. As you can see in our news release, today we introduced financial guidance for fiscal 2019. We are projecting 130 million to 160 million of annualized revenue for the year. The annualized revenue figure represents the amount of revenue that the group would expect to generate, assuming SLANG owned all the acquired businesses for the full year of operations.

The key assumption assumes we exercise the Organa Brands options during the year. As we noted earlier on the call and in today's disclosure materials, we anticipate pursuing the exercise of the options during the fiscal year, and the exercise is subject to terms and conditions of applicable options agreements.

The guidance also assumes we complete a number of acquisitions during the year that we have already announced our intention to complete two acquisitions, Arbor Pacific and LBA Global, and we will continue to evaluate other opportunities.

We also projected gross margin in the range of 50 to 60 percent for the year. Our first quarter gross margin was in the middle of that range.

Before we open up the call for questions, I'd like to thank you very much for your time. We hope you leave this call with a clearer understanding of how we operate, how we think about the future, and how we expect to perform in the near term. We look forward to another exciting quarter of branded unit sales growth, continued geographic expansion, deeper market penetration, and strong overall financial performance.

Q&A

Operator

At this time, I would like to remind everyone, in order to ask a question, press *, then the number 1, on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from the line of Noel Atkinson with Clarus Securities. Your line is open.

Noel Atkinson — Clarus Securities

Hi. Good evening. Thanks very much for taking our questions. First off, just thanks for the 2019 guidance. Much appreciated. Can you give us any sense of how much of that 2019 guidance would be reflected by the two pieces of the Organa Brands business that you guys don't yet own?

Peter Miller

Hey, Noel. Thanks for the question. We're not going to get into deep detail on that, primarily for competitive reasons. As I mentioned, as we look to roll up certain parts of the network beyond just the companies we have options to acquire, it's going to affect negotiations significantly if people are able to back out the performance of those entities relative to the price we're paying. So as time goes on and perhaps we announce the transaction, you'll see the details in the filings post-close, but that's going to be our position for now for competitive reasons.

Noel Atkinson

Okay. In terms of the Arbor Pacific and Lunchbox Alchemy acquisitions, are those acquisitions also incorporated into your guidance?

Peter Miller

Those are part of the guidance. Yeah.

Noel Atkinson

Okay. Are you able to provide any further detail about either of those acquisitions in terms of, again, revenue? Will you buy all the assets? Will you only buy the IP portion first? And any insight into when you might get to a definitive agreement or a close?

Peter Miller

Sure. So a few things to unpack there. We're not going to give details on the price at this moment, although I can speak to, at a high level, the structure. It's going to be a stock-based transaction with cash going into treasury for growth. There are two pieces, one based on trailing revenue and one based on projected, and the projected component will be earned out.

In terms of how we structure those agreements, I don't think we're going to guide specifically today the details of that, other than our general theme here is a shift towards consolidating the plant-touching assets generally, so I think you'll see those deals consistent with that narrative.

Did I miss one of the pieces of your question?

Noel Atkinson

No, that's good for now. I just, do you have any insight onto when you might get to a definitive agreement on either of those transactions?

Peter Miller

Yeah. Imminently. There are no roadblocks that we see. These are in friendly markets, friendly transactions based on long-standing relationships, as all of the transactions that we've contemplated are. So I think there won't be any major hurdles getting those done in the near term.

Noel Atkinson

Okay. And then in terms of exercising those transactions, the purchase options for the rest of Organa Brands. So there was, I guess, a fairly positive move on that front in Colorado with the signing of the new state bill allowing public companies to own cannabis licenses. So can you talk a little bit about what the environment is like for you guys to be able to exercise those options?

Peter Miller

Yeah. It's favourable, as you mentioned. The same bill went right to the finish line before Hickenlooper vetoed it about a year ago, so it was our expectation this was getting done. Jared Polis is a far more supportive governor to cannabis companies generally. And I think the market dynamics that you'll see in Colorado will mirror other competitive markets or public companies, and outsiders are allowed to own interest. So it'll be very competitive, prices will be far more rational than in the limited ones. But I think you'll see perhaps a more orderly series of events in Colorado just because of how long these companies have had a chance to stabilize. So I think, generally speaking, Colorado's a great market because it's the most mature. It's the biggest right now, although I think California will eclipse it. And our outlook for Colorado is super-positive.

Noel Atkinson

Okay. Cool. Just two more questions for me.

Peter Miller

Mm-hmm.

Noel Atkinson

In terms of that gross-up of the inventory value at acquisition, so was all the inventory sold through in Q1? Or was there some impact on gross margin in Q2 as well?

Kelly Ehler

No, it was all sold in Q1.

Billy Levy

Yeah, all sold through.

Noel Atkinson

Okay. Great. And then finally, just on your Health & Wellness, your CBD product line. Can you talk a little bit about the distribution? So you folks have made an announcement about Greenlane being able to sell in, so I guess there are just about 10,000 stores. And what other opportunity do you have to sell those products? Are you guys going to be attempting to sell direct to grocery, or finding distribution to get into the grocery mass market and other avenues as well?

Peter Miller

So there's a few things there, and we talk a lot about CBD versus THC in terms of distribution channels, and, well, we've done as good a job as anyone I'm aware of at opening up THC-focused stores. CBD requires a different set of relationships, skills, and just sales cycles generally. Greenlane has those in terms of all the cannabis-relevant environments where they sell their accessories into, so I think CBD will do extremely well there. We can't speak to ongoing conversations with other headline-grabbing channels, but as you mentioned, the CBD vape side of the equation is being undertaken with Greenlane and there are other conversations happening relative to the edible side of the equation.

Noel Atkinson

Great. All right. Thanks very much for taking my call.

Peter Miller

Yeah, absolutely. Thanks, Noel.

Operator

Again, if you would like to ask a question, press *, then the number 1 on your telephone keypad.

Your next question comes from the line of Bobby Burleson with Canaccord. Your line is open.

Bobby Burleson — Canaccord Genuity

Hey, guys. Thanks for taking my questions.

Billy Levy

Hi, Bobby.

Peter Miller

Thank you.

Bobby Burleson

So, guys, I think just impressive 2019 guidance. I'm trying to understand a little bit in terms of the purchase options. Are you assuming a partial quarter of ownership in that number you've put out for 2019?

Peter Miller

No, that's annualized. So, Kelly can speak to what IFRS requires in terms of disclosing annualized numbers for transactions closed within the period, but simply put, it's annualized.

Kelly Ehler

That's correct.

Bobby Burleson

Okay.

Kelly Ehler

So when you acquire a company, you would basically, in the notes disclosure of the financial statements, talk about if the transaction had a close on January 1st of the calendar year, then my revenues would have been x dollars.

Bobby Burleson

Okay. So the Organa Brands component of that guidance sounds fairly—the additional assets there sounds fairly substantial as a component of that guidance.

Peter Miller

Yeah. We feel great about the acquisitions; we feel great about organic growth. I think CBD reflects a significant catalyst for growth. Some of the things that hurt the industry generally in terms of a slow rollout in terms of markets like Massachusetts being slow, Michigan, et cetera, aren't missed opportunities, they're just deferred opportunities. So what you didn't see in previous quarters for us and the peer group, you'll see in future quarters where regulatory delays were the culprit. So, I think I can speak now generally to the sector, and there are a few macro events that are going to support everybody's performance.

Bobby Burleson

And then, when we look at kind of linearity of growth this year in the top line coming into this release, we are expecting a pretty steep Q4 ramp. It sounds like you're still expecting that, with Canada coming online with other delivery mechanisms, and also with the Trulieve Florida partnership. What are the key risks you see to that ramp, timing-wise or otherwise at this point?

Peter Miller

Mostly regulatory, both on THC and CBD on both sides of the border. I'm sure everyone's waiting with bated breath for the FDA call tomorrow around CBD.

And in terms of Canada, there have been different reports on when we expect certain products to enter the market. I think we feel pretty confident about the solid and liquid concentrates categories, because Health Canada has been quite clear in draft regulation what constitutes regulatory sizes, what the specs should be, et cetera. On the edible side of things, I think it could take a little bit longer. We're more dominant in vape than edibles, although edibles are showing us quite a lot of growth. So I think the risks are primarily regulatory.

And one of the other themes we've talked about both in the preamble to the Q&A and just generally is that, all the regulatory issues will normalize over time if we're all of the belief that, over some period of time, you'll see more consistent regulation, open market, and pricing dynamics. Our business model is positioned to benefit from that environment. So, what can be short term frustrating I think is long term good for us. But certain moats around regulatory environments that are going to change can also be scary for certain business models, so. I went a little bit off track your question to make a point, but that's kind of how I see the risk and opportunities for the short term and in the long term for our business model.

Bobby Burleson

Okay. And as you pursue growth, it sounds like you continue to make some acquisitions, maybe bring additional brands into the portfolio. Are you focused outside of the vape category in terms of trying to get a different overall product mix? You obviously are very heavy on the vape side right now. Are you prioritizing edibles or other delivery mechanisms to kind of balance things out over time?

Peter Miller

Yep. So our focus will generally track data around consumer trends and regulatory environments. So in terms of consumer trends, vape is the fastest-growing in any maturing market. And the closest thing we have to data on what it looks like at scale is that vape and concentrates and edibles as a group are bigger than bud. And then each of these categories segment in different ways, with bud kind of going premium and everything else, and vape segmenting a handful of ways and concentrate segmenting even more ways, and then edibles, the sky's the limit. So if you look at the data in a little bit more granular detail, inhalable distillate in a vape pen is sort of the fat of the market where our reserve product does incredibly well, and price is one of the bigger levers.

On the edible side, gummies are the most popular form factor. And that is our District brand, and it does incredibly well, and it's a massive contributor to our performance in California. Generally speaking, we fill gaps in the portfolio both through pioneering and colonizing, so we've announced a couple acquisitions subsequent to the quarter. The Lunchbox Alchemy acquisition is an edibles-focused company, but more on the vegan, organic, healthy edible side of the equation than District, which is more of a traditional candy confectionary product.

And then we also fill regional gaps. So there's kind of a shift away from the top-down national brand strategy just generally, cannabis in the mainstream, that kind of prevailed between the dawn of mass media and the internet, and now there's so many little pockets of the world that you can't have one product and expect it to appeal to everybody. So even though it seems like there's redundant formulation or form factor, if you have a product with regional appeal, you're capturing an entirely new market.

So we have the O.pen, which is as close to a national brand as it gets, and then you'll have these more regional brands like the Arbor Pacific deal we announced, which has incredibly strong positioning in Washington, a new market for us. So there's going to be a combination of creating new products internally as well as making acquisitions where it fills gaps, but it's all going to be based on data. We won't go off on some lark for a category that doesn't have meaningful traction beyond basic R&D and keeping our eye on trends.

Bobby Burleson

Okay. And just to be clear, I mean, it sounded like when it comes to backfilling kind of the vertical operations and mature markets where it makes sense to capture more of the value, it sounds like that doesn't include cultivation in any circumstance. Is that true if it's even a boutique craft kind of operation that gets premium pricing in terms of retail sales?

Peter Miller

No. I just said, we won't acquire commoditized production. So we absolutely would look at the premium end of things. So if you try to maybe draw a beverage analogy, you'll have your blended and you'll have your estate wines, and one commands a much higher premium than the other. On the blended side, both for our low-cost bud products when they launch and on the concentrate side of things, if you're making distillate, multi-batch, low-cost inputs is the common and most economic way to go.

But in terms of brand authenticity, when you roll out a premium product, oftentimes you will see the benefit of ownership when you can deliver on a brand promise of quality. It's hard to do that authentically if you're totally doing it with a collection of third parties. So that's kind of how we would look at cultivation. And in certain regulatory environments where there's vertical integration, either as a legacy or as a mandatory component, we may have exposure to some cultivation such as in Canada where we have equity in a licensed producer jointly with Canopy, and that licensed producer just so happens to be one of the only outdoor cultivators in the entire industry in Canada. And we'll benefit greatly from that on the profit margin side of things. But that was more of a regulatory shift that took place that brought that into our lap, so to speak.

Bobby Burleson

Okay. Well, thanks for answering all my questions.

Peter Miller

Yeah. Thanks for your questions.

Operator

Your next question comes from the line of Irving Glick with Seventh Avenue Investments. Your line is open.

Irving Glick — Seventh Avenue Investments

Hey. How are you?

Peter Miller

Hey, Irving.

Billy Levy

Hi, Irving.

Peter Miller

Good. How's it going?

Irving Glick

I just wanted to know, concerning the partnership you have with Trulieve, does that translate into other states that they—

Peter Miller

Do you mean Trulieve?

Irving Glick

—might expand to? Yeah.

Peter Miller

Well, I expect Trulieve will be one of the winners at the end of the day, which means they'll be in more places that just Florida, although I can't speculate on exactly what they'll do. And they're a different company, and even what I do know I wouldn't be at liberty to say.

I can say, though, that where they have publicly gone, like California where they're doing some interesting things, there may be favourable purchasing dynamics in consideration of our overall relationship. So where we may not offer wholesale terms to an account of a certain size, any large partner of ours, whether they be Trulieve or another, we'll look at the overall picture in terms of our relationship and think about how that should factor into any local relationship where they're either fledgling or exploring.

Irving Glick

Okay. Got it.

Operator

Again, if you would like to ask a question, press *, then the number 1 on your telephone keypad.

There are no further questions at this time. I will turn the call back over to the presenters.

Peter Miller

All right. Thank you everyone for joining us on our first quarterly conference call. We look forward to continuing to update you on our progress each quarter. And if you have any further questions or are listening to this call on the recording, you can reach us through our Investor Relations page, and Billy and I, Kelly, the whole team will be happy to chat at any point. And I know I'll get the aggressive calls, earned or otherwise, but don't hesitate to just call for a friendly comment, too. Thank you very much. Bye.

Operator

This concludes today's conference call. You may now disconnect.