



A YEAR IN REVIEW

April 1, 2020 – March 31, 2021

ABOUT THIS PUBLICATION

The Ontario Cannabis Store (OCS) publishes *A Year in Review (April 1, 2020 – March 31, 2021)* as a resource for the entire legal cannabis industry in Ontario. This document is intended to provide historical key facts and figures for the period between April 1, 2020 and March 31, 2021.

This publication marks the second annual data report by the OCS following *A Quarterly Review (October 1 – December 31, 2020)*. This publication will evolve over time, and feedback is welcome to help improve its value. Comments and feedback on this report can be submitted to inquiries@OCS.ca.

DISCLAIMER: The OCS shall be the sole owner of all intellectual property rights and all right, title and interest in this publication, *A Year in Review (April 1, 2020 – March 31, 2021)*, and any and all data used in it, and no use of the same shall be made, nor may ideas obtained there be used except with written approval from the OCS.

Without limiting the generality of the above, no party, other than the OCS, shall be permitted to modify, publish, transmit, participate in the transfer or sale, create derivative works, or in any way exploit or use this publication, *A Year in Review (April 1, 2020 – March 31, 2021)*, or any and all data used in it, in whole or in part, without the prior written consent of the OCS.

This publication is intended for general guidance and information purposes only. Under no circumstances is this publication intended to be considered any form of financial reporting or a recommendation to buy, sell or consume any of the products listed. The data provided are unaudited and have not been reconciled with official OCS data, and the OCS shall have no liability to any person resulting from the use of this publication.





A Year of Growth Against All Odds

Letter from David Lobo, Interim President and CEO

I am pleased to share with you our *A Year In Review* insights publication, covering the Ontario cannabis marketplace from April 1, 2020 to March 31, 2021.

OVERCOMING COVID-19

While our legal marketplace has a great distance to go to fulfill our mandate of bringing in legacy consumers, the progress made in 2020–21 deserves celebration. In the last year, our industry demonstrated resolve as it continued to grow despite the challenges presented by a global pandemic. While all retail businesses in Canada faced the devastating impact of COVID-19, the Ontario legal cannabis industry showed significant resiliency given it was only in its second full year of operation. Most prominently, our network of legal retail stores had to overcome lockdown measures that forced them to shut their doors for in-store sales for more than half the year, relying exclusively on newly launched curbside pick-up and delivery platforms to service their customers. These same important public health measures and stay-at-home orders also tempered demand - minimizing social and tourism activity across our province. And while legal retailers did their part to help our

province fight this devastating virus, persistent illegal operators continued to fight for the attention of consumers. Notwithstanding these challenges, Ontario's legal marketplace consistently grew its rate of market capture and percentage of national sales. This was primarily driven by increases in retail points of access, advances in product innovation and quality, and gradual acceptance among consumers around shopping legal.

REORIENTING OPERATIONS AROUND CONSUMERS

A notable observation of the past year has been the progress made across legal cannabis producers, retailers, and even the OCS, in reorienting our business activities toward clearer consumer-focused operating strategies. At the heart of this shift has been a step forward in what consumers care most about – products. Product pricing on OCS.ca and retail stores became more competitive in 2020-21, and on average prices are almost a dollar per gram lower than prices found through illegal online sellers. Quality and freshness, particularly in dried flower, consistently improved with a more mature supply chain and improved logistics



infrastructure. Most rewardingly, legal dried products have started to shed the negative reputation they once garnered as being dry and stale. A growth of craft cannabis producers also successfully emerged in the market, encouraging the rest of the industry to build brands based on fresh products and farm-to-consumer artisanal practices.

RISE IN CONSUMER ACCESS

Most central to the growth of the Ontario cannabis marketplace in 2020-21 has been the rapid expansion of our retail store network. At the time of this publication, Ontario was home to the most stores in Canada, with over 800 stores across all regions of the province, up from 53 in April 2020 when Ontario's open market retail framework began. The average distance to a store for residents in Ontario is now below 6.5 kilometres, down from almost 20 kilometres less than a year ago. Behind these numbers are hundreds of retail operators who all faced hurdles around leasing, building out stores and getting doors open during a pandemic. Despite construction delays, challenges in accessing capital and recruiting employees virtually, many new retailers opened their stores during this time.

CANNABIS 2.0 PRODUCT INNOVATION

In 2020-21 the emergence of Cannabis 2.0 product categories (extracts, edibles and topicals) resulted in significant infusion of capital investment into legal cannabis manufacturing. The output of this has been a wave of new legal Cannabis 2.0 products that have launched into market in Ontario, and consumers have provided a wealth of feedback for producers on how to improve the products in these new legal categories. With each quarter that passes, improved data

on shopper habits and consumer preferences are propelling CPG-oriented (consumer packaged goods) cannabis producers toward the ultimate goal of offering products that not only rival, but surpass, the illegal market in all consumer desired attributes. Feedback from consumers through our legal supply chain has further underscored the competitive global advantage Canadian producers and retailers have when maximizing the learnings available to them from our domestic marketplace.

LOOKING AHEAD

With or without continued COVID-19 challenges, the immediate future of the legal cannabis marketplace is likely to continue to shift and adjust. Ontario's open market is expected to grow in the months ahead, with 1,000 retail stores expected to open their doors by September 2021. Unfortunately, this rapid growth will likely result in some retailers being faced with increased competition and a crowded marketplace, which could result in some closures and market right-sizing. Other retail stores may choose to participate in mergers and acquisitions to increase their size and scale, and presumably drive down their operating costs. However, at the core, all retailers will be challenged to further drive a relentless focus on targeted consumer segments and differentiating themselves from others.

For cannabis producers, additional consolidation activity is expected as the number of participants and licensed cultivation capacity continues to far exceed the size of domestic demand. Some producers will continue to face the harsh challenge of adjusting their business to accurately capture the right share of the addressable market in Canada. Additional craft and micro-cultivators

and processors are expected to come to market in waves, creating a healthier level of competition to meet consumer demand, particularly in product categories with deep legacy roots. Product innovation and the pipeline of new products is also expected to radically shift as producers leverage greater consumer insights and feedback, put more focus into targeted assortments, and adopt more stringent CPG and traditional retail standards into their operations.

Regardless of how our new marketplace continues to unfold, cannabis producers, retailers, and the OCS must remain focused on maintaining a culture of innovation centred on delighting legacy consumers with compelling legal offerings. As the flash and attention of legalization of cannabis wears off, a stronger commitment to continuous improvement is critical to establishing a sustainable industry. In the months ahead, many Ontarians emerging from COVID-19 lockdowns will enter a new legal retail store in their community for the very first time. These shopping experiences and attention to consumer feedback hold the secret to success for the industry for years to come. If we stay on the right course, this new legal cannabis industry will most certainly establish itself as an important engine that helps drive Ontario toward economic recovery in the months and years ahead.

David Lobo, Interim President and CEO,
Ontario Cannabis Store

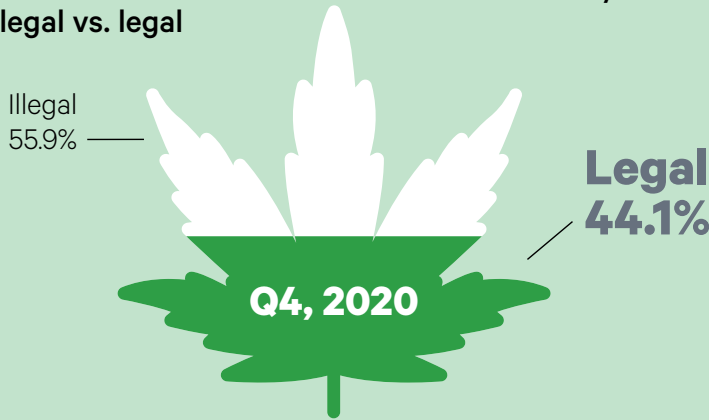
Table of Contents

The Big Picture	2
Ontario market share of illegal market	
Total grams sold	
Number of retail stores	
Total sales in Ontario	
Unique and new items listed	
Ontario share of national recreational sales	
Cumulative monthly retail cannabis sales across all provinces and territories	
Sales Data	4
Sales for new product categories	
Sales velocity by THC %	
Sales proportion by quarter, size, and channel for dried flower	
Sales proportion by quarter, type, and channel for vapes	
Sales proportion by quarter, type, and channel for edibles and beverages	
Total sales and grams sold by product categories	
Top five brands per category based on sales	
Pricing	9
Illegal market price for dried flower	
Sales velocity by price bucket for dried flower	
Average price per gram across cannabis subcategories on OCS.ca	
Growing Access Points	11
Grams and sales sold by region (West, North, GTA, Toronto, East)	
Average sales and grams sold by a store	
Average distance of consumers to a retail store	
Top ten retailers by store count	
Growing number of retail stores	
Number of stores by region and municipality	
Conversion rate on OCS.ca	
Population served by express shipping	
Growth of new vs. returning visitors	
Attributes most important customers on OCS.ca	
Barriers to purchasing on OCS.ca	
Supply Chain	16
Order-to-ship lead time for wholesale customers	
Selling classes of product	
Top 10 SKUs by sell-through	
Average SKU count per wholesale order	
Unique SKUs ordered by month	
Quality Assurance	18
Product quality recalls	
Percent of returns by channel	
Regulatory reviews completed	
Total product quality complaints received	
Number of quality vendor audits performed	
Appendix	20



THE BIG PICTURE

Ontario recreational cannabis market share by source: illegal vs. legal



Q1, 2020 **25.1%** | Q2, 2020 **36.2%** | Q3, 2020 **43.1%**

As a result of continued growth in retail store openings, Ontario's legal share of the recreational market nearly doubled from 20% during the 2019 – 2020 fiscal year to 37.6% in this past fiscal year. This last quarter, Ontario's legal share of the recreational market increased by 1% point compared to Q3, reaching 44%.

Note: Ontario legal market share has been calculated based on data from Statistics Canada. The time period of reporting has been adjusted to reflect OCS fiscal periods compared to the calendar year used by Statistics Canada.

Source: Statistics Canada; calculated by OCS *Revised data

Total grams sold

99,100,000 g

Retail Stores **81,500,000 g**

OCS.ca **17,600,000 g**

Number of retail stores

572

Total sales in Ontario

Retail Stores	OCS.ca
\$707,600,000	\$132,400,000

\$840,100,000

Note: All figures are unaudited and include both cannabis products and accessories. Sales exclude taxes (HST).

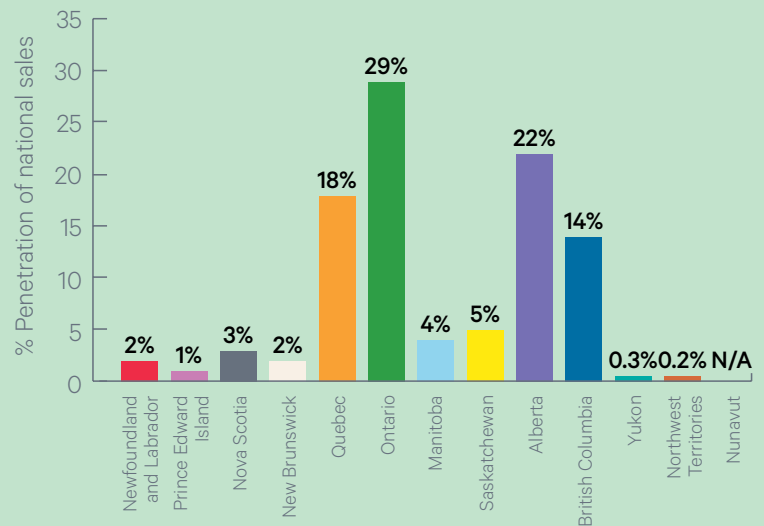
Unique and new items listed

Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020
907	1,115	1,362	1,386
	323	329	268

The number of unique items available for sale on OCS.ca is growing consistently and has increased by 34.5% since the end of Q1, with 920 new SKUs in the last fiscal year. Unique items listed include active SKUs that were in-stock and excludes accessories.

Ontario share of national recreational sales

April 1, 2020, to March 31, 2021

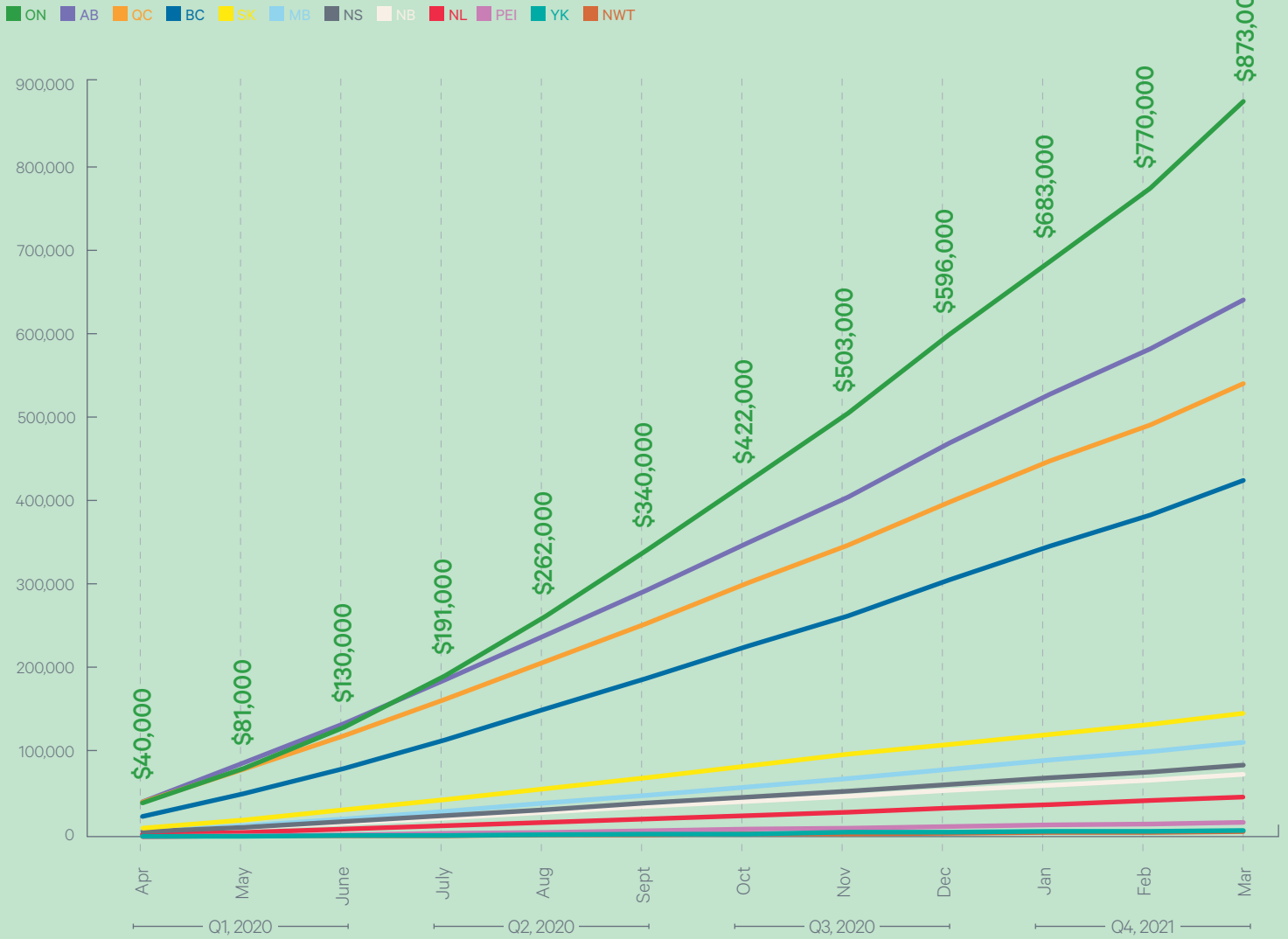


Despite extended COVID-19 lockdown measures which prohibited in-store sales, Ontario grew its national recreational sales among all provinces and territories to 29%, an increase of 4% points compared to 2019 – 2020.

Source: Statistics Canada. Table 20-10-0008-01 Retail trade sales by province and territory

THE BIG PICTURE

Cumulative monthly retail cannabis sales across all provinces and territories



Note: The time period of reporting used by Statistics Canada is based on a calendar year.

Source: Statistics Canada. Table 20-10-0008-01 Retail trade sales by province and territory (x 1,000)

SALES DATA

In the second full fiscal year of commercial operations, 99,100,000 grams of legal recreational cannabis valued at approximately \$840,100,000 were sold in Ontario, an increase in volume of 182% over last year. Physical stores made up of 84% of sales in the province representing 81,500,000 grams versus the online channel's sales of 17,600,000 grams. This year dried flower continued to lead product categories, with over 59% of sales, followed by vapes and pre-rolls, at 16% and 12% respectively, with edibles making up 4% of all sales.

The entire duration of the fourth quarter, Ontario was under a state of emergency and provincial emergency measures temporarily limited retailers' operations to curbside pick-up and delivery, with many stores unable to consistently open for in-person sales. Despite these challenges presented by COVID-19, cannabis sales grew aligned with the number of brick-and-mortar stores across the province. Progress was made in taking market share away from the illegal market with legal sales representing nearly 44% of all cannabis sold in Ontario, a slight increase from 43%.

As new product categories continued to grow, the categories that experienced the most amount of revenue growth included milled flower, resin and rosin, and lotions and creams. Vapes captured over 16% of total sales, an increase of 795% in sales from last fiscal. 74% of these sales were attributed to 510 cartridges while disposable vape pens continued to see a steady decline each quarter. Soft chews dominated the edibles category as chocolate, baked goods and hard edibles declined in sales.

Consumer preference continues to lean towards products with higher THC levels (above 20%) with customers in stores buying high THC products 344 times faster than low-THC products. CBD-dominant products were the second-fastest selling category, 138 times faster than the slowest selling products. On OCS.ca the sales velocity of high-THC and CBD-dominant products were sold at an extremely close rate with only a 4-point difference.



Total sales and grams sold by product categories

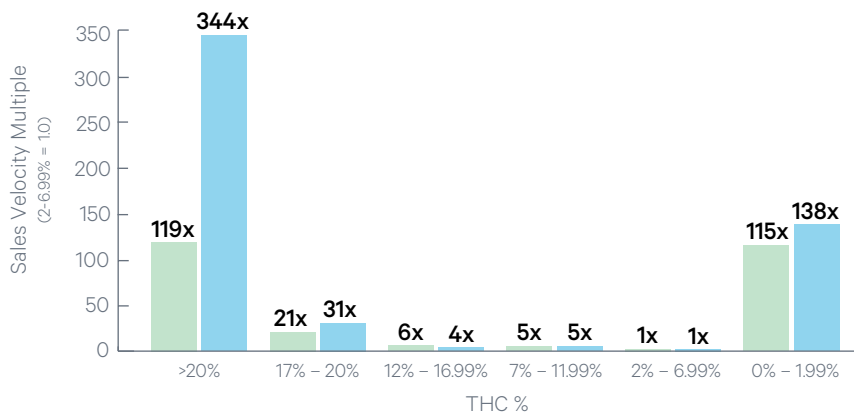
		OCS.ca		Retail Stores		% of Sales
Dried Flower	Milled Flower	\$1,501,000	391,000 g	\$6,178,000	1,235,000 g	59%
	Whole Flower	\$68,826,000	11,808,000 g	\$411,397,000	55,189,000 g	
Vapes	510 Thread Vape Cartridges	\$14,561,000	848,000 g	\$81,804,000	4,081,000 g	16%
	Disposable Vape Pens	\$4,247,000	151,000 g	\$14,594,000	455,000 g	
	Proprietary Systems Vape Cartridges	\$1,741,000	73,000 g	\$4,800,000	163,000 g	
	510 Thread Vape Kits	\$1,691,000	67,000 g	\$5,984,000	207,000 g	
Pre-Rolled	Single Strain Packs	\$6,935,000	846,000 g	\$89,920,000	8,598,000 g	12%
Edibles	Hard Edibles	\$141,000	5,000 g	\$349,000	13,000 g	4%
	Baked Goods	\$201,000	43,000 g	\$630,000	117,000 g	
	Chocolate	\$3,094,000	557,000 g	\$9,864,000	1,491,000 g	
	Soft Chews	\$3,385,000	410,000 g	\$18,158,000	1,609,000 g	
Oils	Bottled Oils	\$8,632,000	239,000 g	\$18,494,000	499,000 g	4%
	Oral Sprays	\$2,027,000	23,000 g	\$2,437,000	37,000 g	
Beverages	Cold Beverages	\$1,620,000	1,266,000 g	\$8,712,000	5,196,000 g	2%
	Dealcoholized Drinks	\$75,000	88,000 g	\$496,000	399,000 g	
	Hot Beverages	\$601,000	22,000 g	\$1,305,000	40,000 g	
Capsules	Softgels	\$4,747,000	225,000 g	\$9,266,000	206,000 g	2%
Concentrates	Shatter	\$227,000	13,000 g	\$2,160,000	120,000 g	2%
	Wax	\$83,000	6,000 g	\$626,000	41,000 g	
	Hash	\$1,504,000	278,000 g	\$6,523,000	1,096,000 g	
	Distillates	\$48,000	4,000 g	\$125,000	7,000 g	
	Resin and Rosin	\$575,000	36,000 g	\$4,041,000	256,000 g	
	Kief and Sift	\$499,000	109,000 g	\$1,172,000	209,000 g	
Topicals	Lotions and Creams	\$1,005,000	20,000 g	\$3,100,000	57,000 g	1%
	Bath	\$75,000	32,000 g	\$344,000	147,000 g	
Seeds	Seed Packs	\$471,000	42,000 g	\$453,000	38,000 g	<1%

Note: Average prices are weighted by sales and exclude taxes. % of sales do not total 100% due to rounding. Dried flower equivalency (DFE) conversion can be found [here](#).

Sales velocity by THC %

Sales velocity references units per day for OCS.ca and units sold per day per average store for retail.

OCS.ca Retail Stores

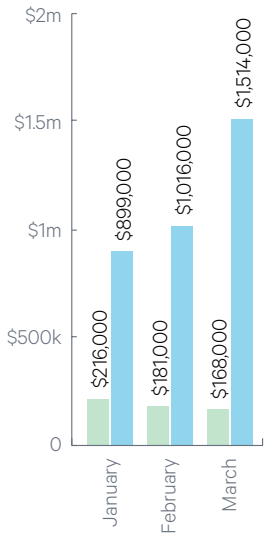




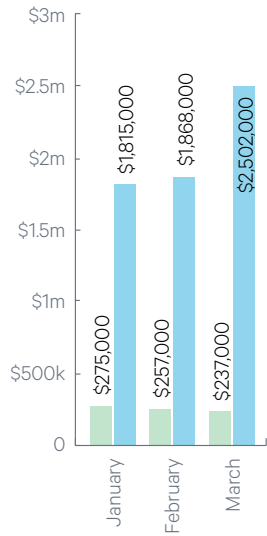
Sales for new product categories January 1, 2021 – March 31, 2021

OCS.ca Retail Stores

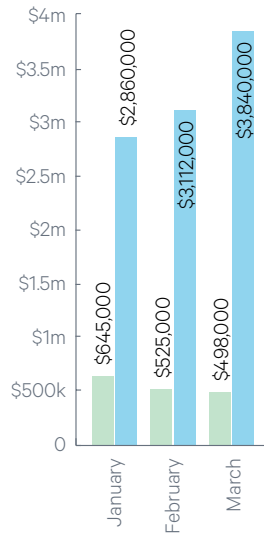
Beverages



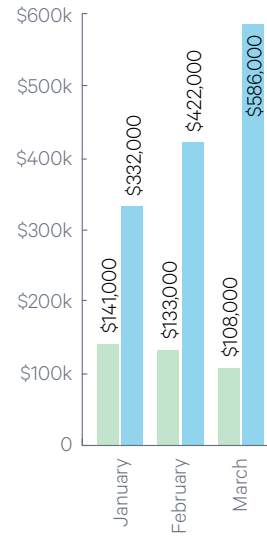
Concentrates



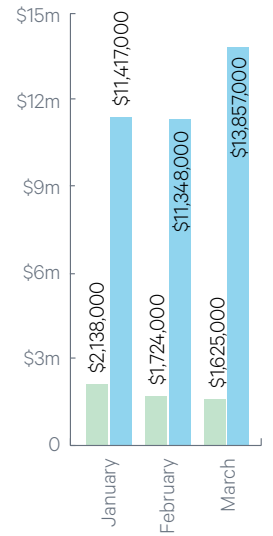
Edibles



Topicals



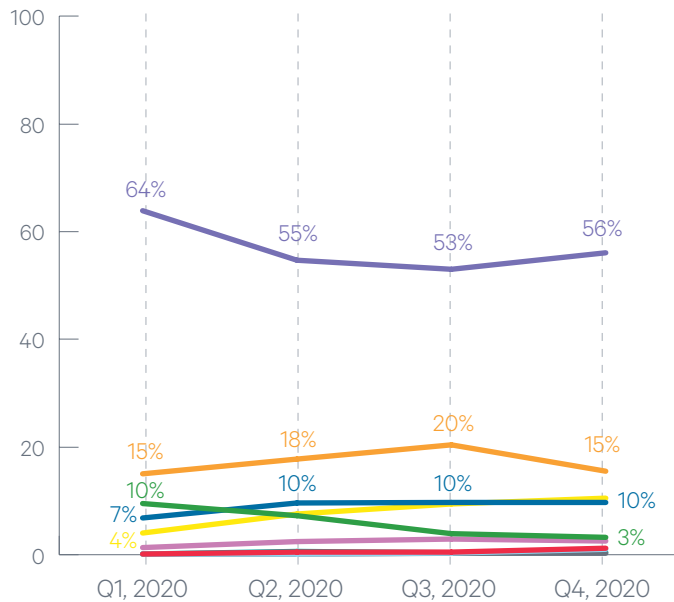
Vapes



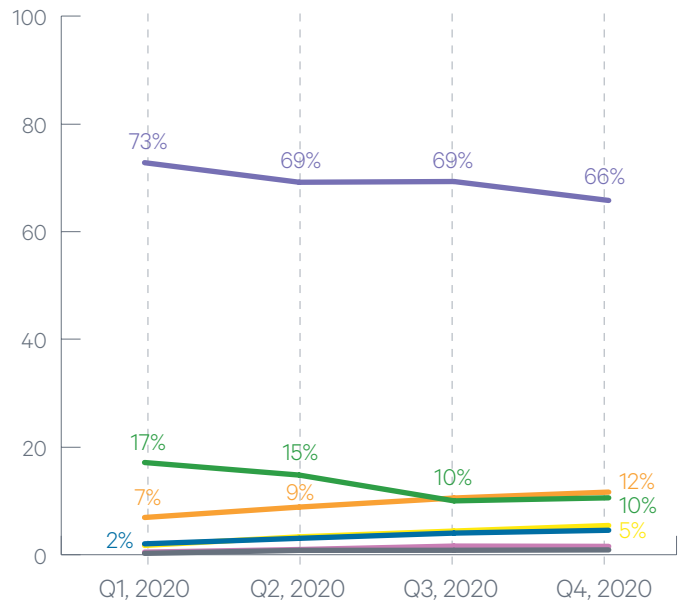
Sales proportion by quarter, size and channel for dried flower

1g 3.5g 5g 7g 10g 14g 15g 21g 28g 30g

OCS.ca



Retail Stores



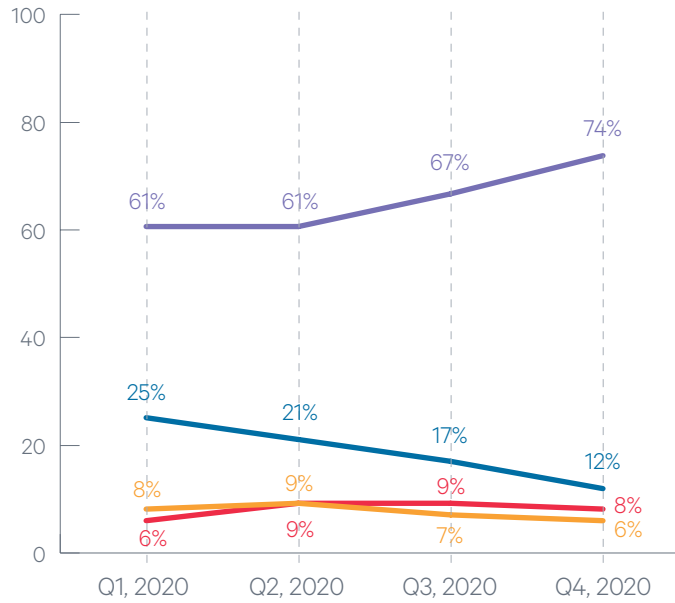
Note: In an effort to drive consistency for consumers, OCS continues to encourage producers to transition towards standardized size variants of 1g, 3.5g, 7g, 14g, and 28g.



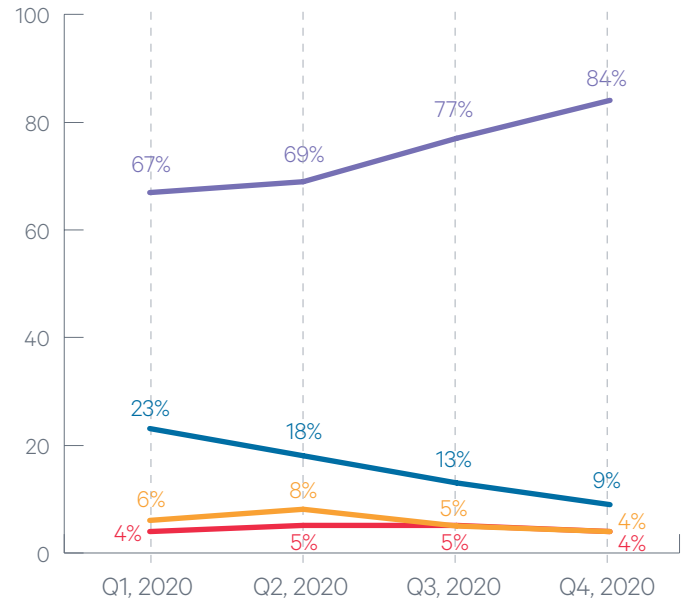
Sales proportion by quarter, type and channel for vapes

■ 510 Thread Vape Cartridges ■ 510 Thread Vape Kits ■ Disposable Vape Pens ■ Proprietary Systems Vape Cartridges

OCS.ca



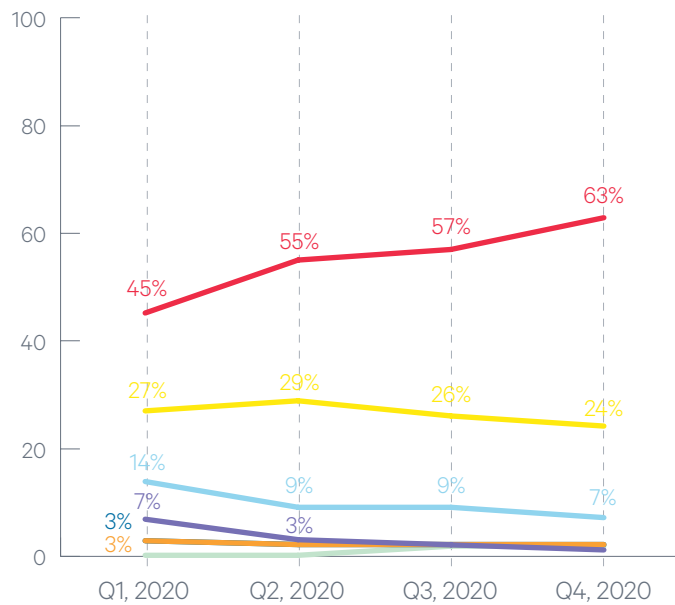
Retail Stores



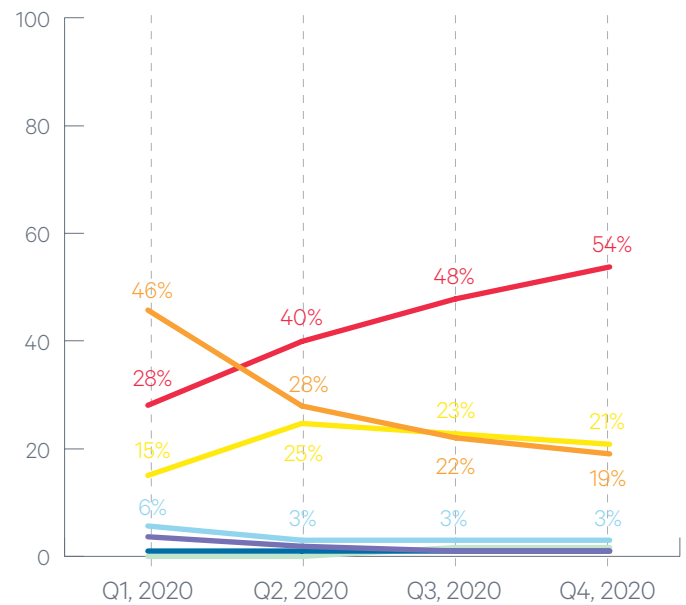
Sales proportion by quarter, type, and channel for edibles and beverages

■ Baked Goods ■ Chocolate ■ Hard Edibles ■ Soft Chews ■ Cold Beverages ■ Dealcoholized Drinks ■ Hot Beverages

OCS.ca



Retail Stores





Top five brands per category based on sales January 1, 2021 – March 31, 2021

OCS.ca

Beverages	
Tweed	26%
Everie	12%
Houseplant	12%
Haven St.	9%
The Green	6%
Organic Dutchman	

Capsules	
Tweed	34%
Redecan	29%
Aurora	10%
Indiva	7%
Daily Special	6%

Concentrates	
Original Stash	26%
Canna Farms	18%
JWC	15%
48North	14%
Hiway	5%

Dried Flower	
Pure Sunfarms	15%
Redecan	12%
Good Supply	11%
Daily Special	11%
Edison Cannabis Co.	6%

Edibles	
Bhang	21%
Foray	20%
Aurora Drift	13%
Chowie Wowie	12%
Wana	7%

Oils	
Solei	31%
Redecan	27%
Symbi	7%
Tweed	4%
Twid	4%

Pre-Rolls	
Redecan	23%
Good Supply	18%
Solei	9%
Tantalus Labs	6%
Re-up	5%

Seeds	
34 Street Seed Co.	57%
Tweed	22%
Pure Sunfarms	14%
Pristine	7%

Topicals	
Tidal	30%
48North	26%
LivRelief	19%
Eve & Co.	11%
Latitude by 48North	5%

Vapes	
Redecan	16%
Good Supply	10%
Solei	9%
Foray	8%
Kolab Project	6%

Retail Stores

Beverages	
Tweed	15%
Houseplant	15%
Deep Space	11%
Everie	10%
XMG	8%

Capsules	
Redecan	64%
Tweed	16%
Daily Special	5%
Aurora	4%
Solei	3%

Concentrates	
Original Stash	21%
48North	17%
Canna Farms	14%
San Rafael '71	9%
Blendcraft	8%

Dried Flower	
Pure Sunfarms	15%
Redecan	11%
Good Supply	11%
Daily Special	7%
Edison Cannabis Co	6%

Edibles	
Bhang	19%
Wana	17%
Aurora Drift	13%
Affirma	11%
Foray	9%

Oils	
Redecan	46%
Solei	21%
Pure Sunfarms	7%
Symbi	4%
MediPharm Labs	4%

Pre-Rolls	
Good Supply	17%
Redecan	17%
RIFF	13%
Solei	8%
Trailblazer	6%

Seeds	
34 Street Seed Co.	61%
Tweed	16%
Pure Sunfarms	15%
Pristine	8%

Topicals	
48North	27%
Tidal	26%
LivRelief	19%
Eve & Co.	18%
Latitude by 48North	5%

Vapes	
Redecan	18%
Good Supply	17%
Daily Special	7%
Back Forty	6%
Foray	5%

For a list of top twenty brands please see Appendix A. Note: Sales market share by category indicated is for the fiscal year and may differ from point in time snapshots were available to Licensed Producers through the OCS Data Program before the year fully closed.

PRICING

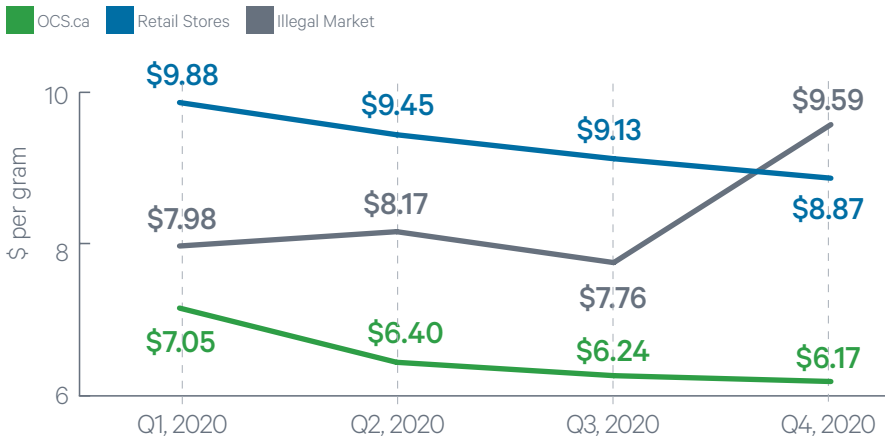
This past year, the average price per gram for dried flower in the legal market continued to show progress with OCS.ca decreasing to \$6.17 per gram and retail stores reducing to \$8.87 per gram by the end of the fourth quarter. Prices found on the illegal market through analysis of online sellers increased by \$1.83 per gram to \$9.59. This may be reflective of various factors including the increased availability of premium quality large format dried flower products available on illegal sites as well as the removal of illegal sites. In the legal market, value-priced, bulk offerings at 14, 15 and 28 grams gave consumers access to quality cannabis at competitive pricing and grew from 12 to 84 SKUs this past year. The gap for premium quality, large format dried flower will begin to close in the months ahead as demand for these products emerge.

There is a clear split between consumers who purchase through OCS.ca versus those who purchase at retail stores for dried flower. On OCS.ca, products priced between \$3 and \$6.50 per gram, sold 3 times faster than those at the higher end of the scale between \$20.50 and \$24 per gram. In retail stores products in the top end were sold at a slightly higher sales velocity of 1.7 than value products at 1.3. Various factors could influence this trend, including consumer education offered by budtenders, different characteristics of online shoppers or customers supporting local businesses. This suggests that consumers shopping through OCS.ca are more price sensitive.

Pricing of product categories are continuing to decline, while newer subcategories are fluctuating. Vape cartridges, capsules, beverages, pre-rolls, edibles, and hash are a few of the subcategories that have shown a decline in pricing compared to last quarter. Customers are shifting from being price-conscious to finding a balance between price and quality, which is informing a broader product catalogue.



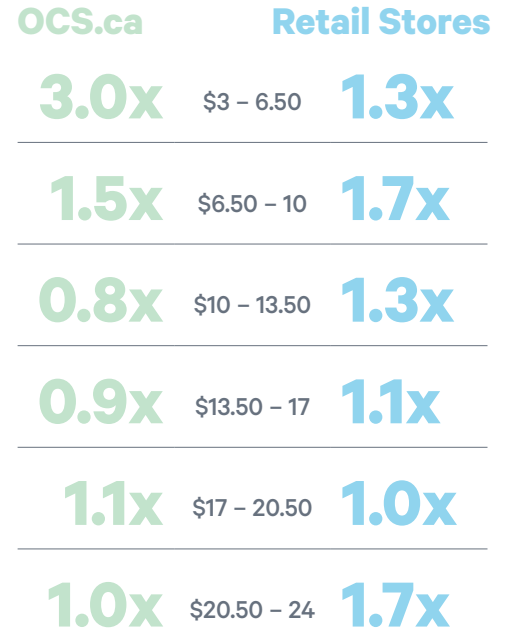
Illegal market price per gram for dried flower



OCS.ca and retail store are weighted by sales and include taxes. Illegal market prices are unweighted and sourced through mail-order-marijuana sites.

Note: Change in illegal pricing may be reflective of various factors including the removal of illegal sites and an increased availability of premium quality large format dried flower products available on illegal sites.

Sales velocity by price bucket for dried flower



Sales velocity references units sold per day for OCS.ca and units sold per day per average store for retail.

Average price per gram across cannabis subcategories on OCS.ca

	Oct 1 – Dec 31, 2020	Jan 1 – March 31, 2021	
Baked Goods	\$5.26/g (DFE)	\$5.26/g (DFE)	—
Bath & Shower	N/A	\$2.67/g (DFE)	
Beverages	\$1.93/g (DFE)	\$1.82/g (DFE)	↓
Capsules	\$35.13/g (DFE)	\$27.09/g (DFE)	↓
Cartridges	\$20.51/g (DFE)	\$18.32/g (DFE)	↓
Chocolates	\$5.66/g (DFE)	\$5.33/g (DFE)	↓
Confectionery	\$10.83/g (DFE)	\$9.67/g (DFE)	↓
Creams and Lotions	\$60.08/g (DFE)	\$61.02/g (DFE)	↑
Dried Flower	\$6.24/g (DFE)	\$6.17/g (DFE)	↓
Hash	\$6.15/g (DFE)	\$4.93/g (DFE)	↓
Kief and Sift	\$6.14/g (DFE)	\$6.41/g (DFE)	↑
Oils	\$20.49/g (DFE)	\$74.36/g (DFE)	↑
Pre-Rolls	\$9.02/g (DFE)	\$8.87/g (DFE)	↓
Resin and Rosin	\$16.18/g (DFE)	\$17.22/g (DFE)	↑
Shatter	\$22.42/g (DFE)	\$15.73/g (DFE)	↓
Seeds	\$11.94/seed	\$12.20/seed	↑
Wax	\$15.69/g (DFE)	\$14.74/g (DFE)	↓

Average prices are weighted by sales and include taxes. Dried flower equivalency (DFE) conversion can be found [here](#). Note: Oils were formally changed to the extract category by Health Canada resulting in an increase when calculating DFE.



GROWING ACCESS POINTS

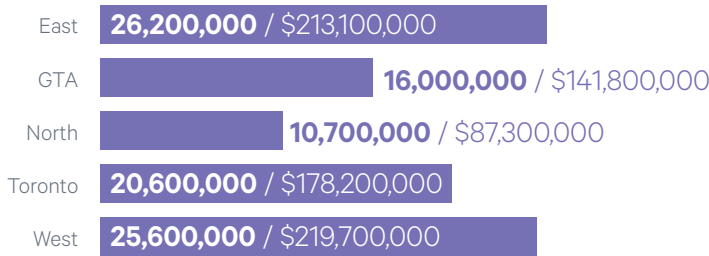
For the entire duration of the fourth quarter, Ontario continued to be challenged with the growing number of COVID-19 cases resulting in the implementation of public health measures that impacted retailers' ability to open. Despite the restrictions, Ontario was operating a total of 572 stores this fiscal year in 122 communities. Comparatively, Ontario opened 53 stores in 27 communities by the end of the last fiscal year.

Western Ontario doubled the number of retail stores operating this quarter from 94 to operating 188 stores and leads total regional sales. Eastern Ontario follows with 123 stores and only a 2% difference in revenue. While the market continues to consistently see a concentration of stores in Toronto each quarter, progress is being made in decreasing the average distance for consumers to a retail store. Since the first quarter, this number has dropped from 19 to 6.5 kilometres indicating that smaller and unserved communities across Ontario are gaining access to legal cannabis.

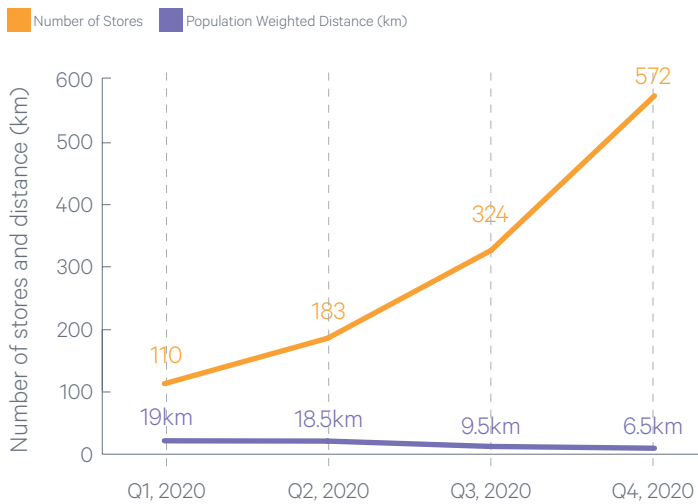
Express 3-day delivery now services 78% of adults in Ontario, an increase of 111% since the end of the last fiscal year. OCS has limited barriers to purchase as a result of expanded delivery options as only 3% of visitors report shipping fees being too high and 8% who believe delivery takes too long.



Grams and sale sold by region

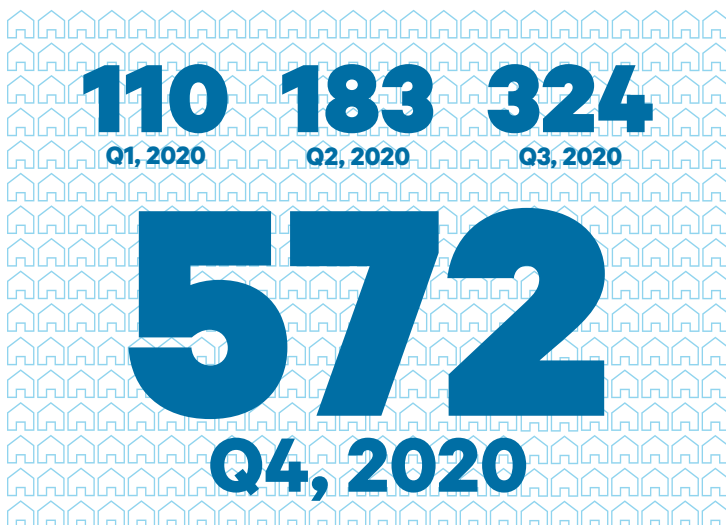


Average distance for consumers to a retail store

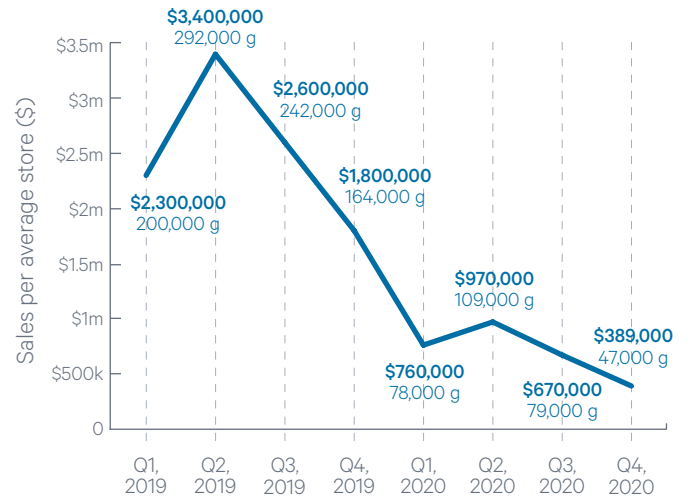


The average distance to a store decreased by 3 kilometres, with the number of stores increasing by 76.5% compared to last quarter. This demonstrates smaller and unserved communities opening more authorized retail stores.

Growing number of retail stores



Average sales and grams sold by a store

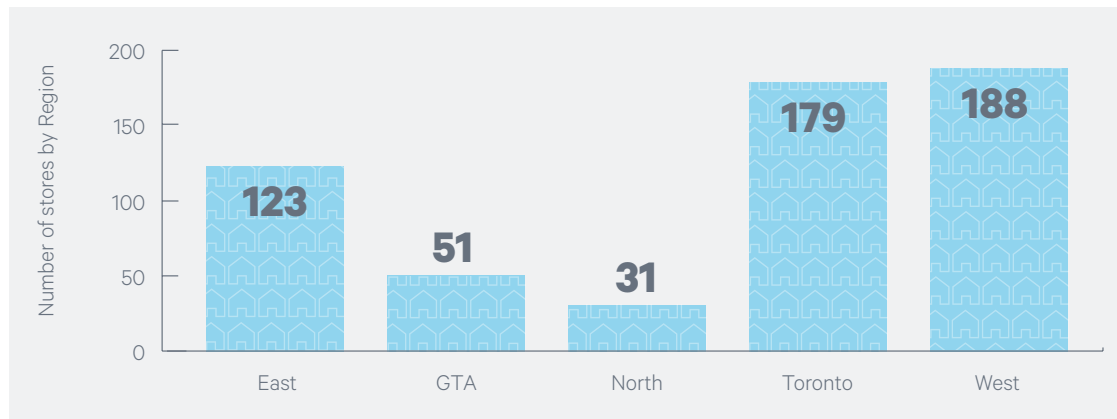


Note: Sales figures include cannabis products and accessories. Taxes (HST) are excluded.

Top ten retailers by store count As of March 31, 2021

Tokyo Smoke	27
Fire & Flower	26
Fire & Flower	11
Friendly Stranger	10
Happy Dayz	4
Hotbox	1
Sessions Cannabis	25
Spiritleaf	25
ShinyBud Cannabis Co.	16
Shiny Bud	14
Budget Bud	2
High Tide	14
Canna Cabana	9
Meta Cannabis	5
One Plant	13
Dutch Love	12
Cannabis Supply Company	8
The Hunny Pot Cannabis Co.	7

Number of stores by region and municipality



Municipality	Number of Stores by Municipality				
	Column 1	Column 2	Column 3	Column 4	
Acton	1	Crystal Beach	1	Listowel	1
Ajax	1	Deep River	1	London	21
Alliston	2	Dryden	1	Midland	2
Amherstburg	2	Dundas	2	Milton	4
Ancaster	1	Dunnville	1	Nepean	6
Angus	1	Elliot Lake	1	Newcastle	2
Arnprior	1	Embrun	1	Niagara Falls	7
Aurora	4	Essex	1	North Bay	5
Bancroft	1	Fort Erie	2	Northbrook	1
Barrie	10	Fort Frances	1	Orangeville	3
Barry's Bay	1	Gananoque	1	Orillia	5
Beamsville	1	Georgetown	2	Orleans	4
Binbrook	1	Gloucester	1	Oshawa	9
Blenheim	2	Grand Bend	1	Ottawa	21
Blind River	1	Gravenhurst	1	Owen Sound	3
Bobcaygeon	1	Guelph	7	Pembroke	6
Bowmanville	1	Haliburton	1	Perth	1
Bracebridge	1	Hamilton	27	Petawawa	2
Bradford	2	Hanover	1	Peterborough	5
Brampton	10	Harrow	1	Petrolia	1
Brantford	6	Hawkesbury	1	Picton	2
Bridgenorth	1	Huntsville	5	Port Colborne	2
Brockville	2	Innisfil	1	Port Elgin	1
Burlington	13	Kanata	4	Port Perry	1
Caledonia	1	Kapuskasing	1	Prescott	1
Cambridge	10	Kenora	2	Rama	1
Carleton Place	1	Kingston	6	Red Lake	1
Chatham	5	Kitchener	8	Renfrew	2
Cobourg	1	Lakeshore	1	Richmond	1
Collingwood	2	Leamington	1	Rockland	3
Cornwall	4	Lindsay	1	Sarnia	5
				Sauble Beach	1
				Sault Ste. Marie	5
				Scotland	1
				Shelburne	1
				Simcoe	2
				Smiths Falls	1
				Southampton	1
				Springwater	1
				St Catharines	9
				St Thomas	2
				Stittsville	1
				Stoney Creek	5
				Stouffville	1
				Stratford	3
				Strathroy	1
				Sudbury	4
				Thunder Bay	7
				Timmins	2
				Toronto	179
				Trenton	1
				Uxbridge	1
				Vanier	1
				Wallaceburg	1
				Waterdown	2
				Waterloo	6
				Welland	4
				Whitchurch-Stouffville	1
				Windsor	18
				Woodstock	4



Conversion rate on OCS.ca

January 1, 2021 – March 31, 2021

Q4, 2020

10%

Q1, 2020 9.2% | Q2, 2020 9.1% | Q3, 2020 9.2%

Conversion rate is an important metric by which e-commerce businesses measure consumer demand on their platforms. For every 100 customers on OCS.ca, 10 made a transaction.

Population served by express shipping

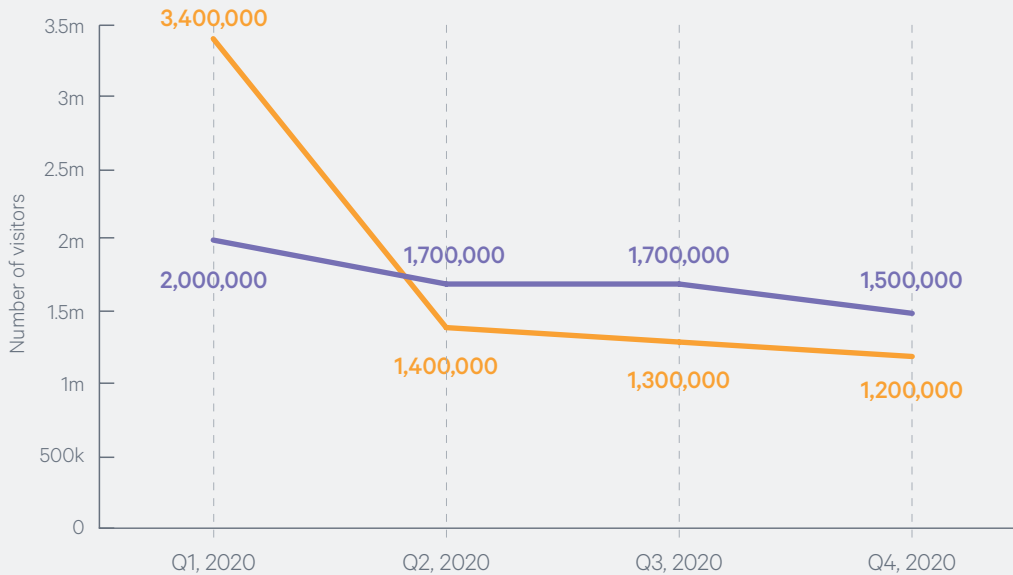
Q4, 2020 78%

Q1, 2020 64% | Q2, 2020 74% | Q3, 2020 78%

OCS.ca delivery was augmented by retailers offering delivery services while Ontario was under a state of emergency. The OCS continues to expand express delivery to additional communities across Ontario to provide consumers direct-to-door delivery within one to three business days.

Growth of new vs. returning visitors

New Visitors Returning Visitors

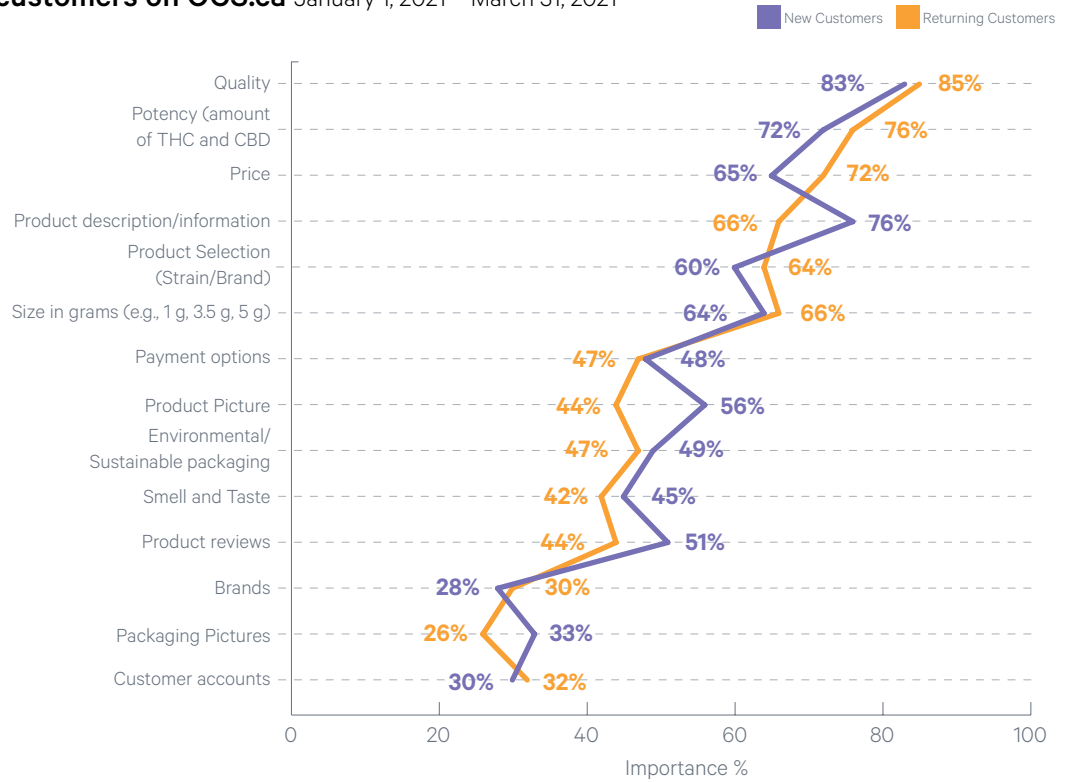




Attributes most important to customers on OCS.ca January 1, 2021 – March 31, 2021

- Quality, potency, and price are the top three attributes that customers are looking for while purchasing cannabis. During this last fiscal year, 12% of customers reported issues with quality of cannabis. Dryness, stems, and underweight product are the main quality related concerns.
- New customers find product information to be more important compared to returning customers who value price as more important.

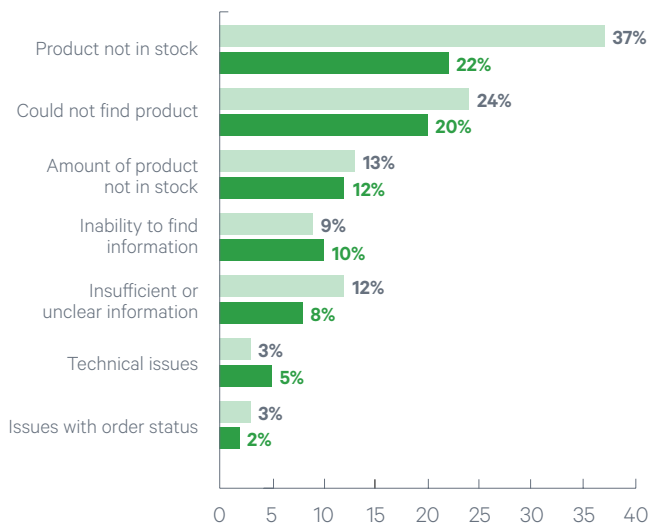
Source: OCS.ca survey by Emplifi



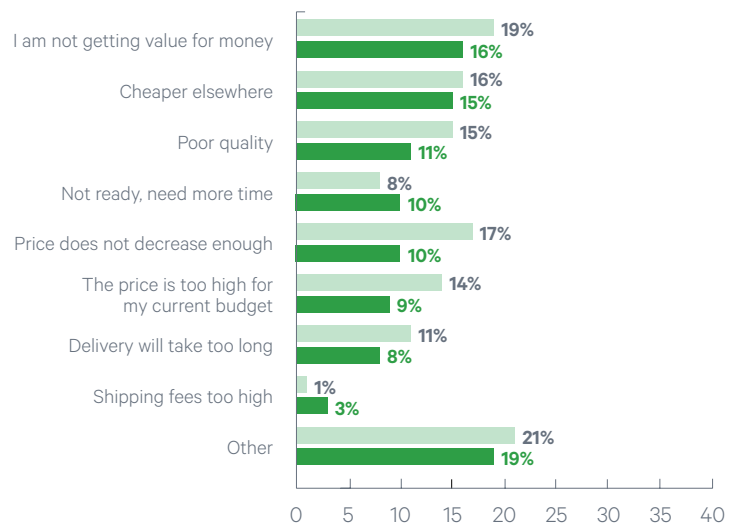
Barriers to purchasing on OCS.ca January 1, 2021 – March 31, 2021

Q3, 2020 Q4, 2020

Findability Issues



Purchasing Issues



- Stock issues decreased by 5% points compared to the previous year whereas assortment issues decreased by 10% points.
- Additionally, visitors reported a slight decrease in information related issues. These issues are mainly driven by visitors who want to learn more about extracts

- Three barriers to purchasing on OCS.ca included: price not decreasing to correlate with higher quantities (bulk pricing), customer can find cheaper products elsewhere, and poor-quality products.
- These top three barriers are mainly driven by those shopping for dried flower and extracts.

Source: OCS.ca survey by Emplifi

SUPPLY CHAIN

Through the course of the year the number of stores in Ontario rapidly increased with a total of 572 authorized retailer stores by the end of the fourth quarter. As the retail network expanded, OCS's distribution centre scaled operationally with over 4,800 wholesale orders in the fourth quarter. Order-to-ship lead time was 2.45 days, slightly faster than the first quarter with only 110 stores in operation. As greater automation is built out, the distribution centre will continue to support and improve the rapid growth of the retail network in Ontario.



Order-to-ship lead time for wholesale customers

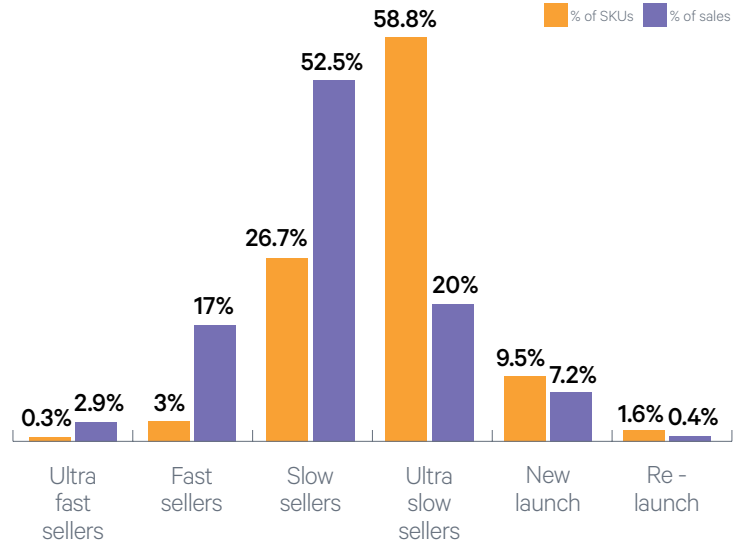
2.45 days

Note: Average since January 1 - March 31, 2021

Top ten SKUs by units sold

343,000 Bhang THC MILK CHOCOLATE BAR 330028_1x10g_---	254,000 Pure Sunfarms PINK KUSH 101557_3.5g_---
230,000 Good Supply ROYAL HIGHNESS PRE-ROLL 100991_1x1g_---	229,000 Redecan REDEES WAPPA PRE-ROLL 101487_10x0.35g_---
211,000 Redecan REDEES COLD CREEK KUSH PRE-ROLL 101483_10x0.35g_---	207,000 Bhang THC DARK CHOCOLATE BAR 330029_1x10g_---
203,000 Good Supply ROYAL HIGHNESS 100990_3.5g_---	199,000 Good Supply JEAN GUY PRE-ROLL 100074_1x1g_---
193,000 Redecan WAPPA 100225_3.5g_---	168,000 Deep Space DEEP SPACE 320025_1x222ml_---

Selling classes of products January 1, 2021 – March 31, 2021



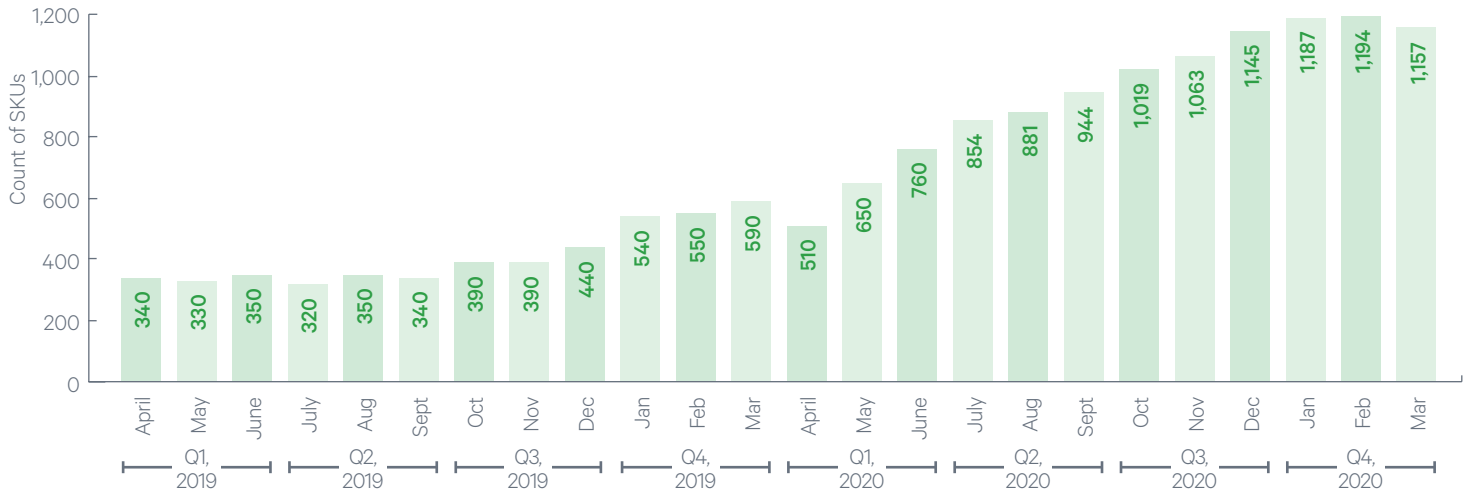
During the last quarter of the year, 3.3% of SKUs were classified as fast-selling products representing close to 20% of sales. Fewer SKUs were able to achieve high rate of sale per store as the store network and market grew. Note: SKU classes are based on the unit rate of sale for a SKU per store per week. Sales include Wholesale and excludes accessories.

Average SKU count per wholesale order



*Revised data

Unique SKUs ordered by month



QUALITY ASSURANCE

The OCS Quality Assurance team ensures products introduced to the market follow Health Canada's guidelines for packaging and labelling, and conducts analysis based on returns and consumer complaints. Every product can be traced to where it has been legally produced.

The addition of 920 new SKUs, with the second-highest number being in the vape product category, requires a regulatory review for every product launch or labelling update. Vapes represented 72% of all product quality complaints received and demonstrate an opportunity for improvement. Feedback for all quality complaints is shared directly with Licensed Producers and only includes details specifically about product issues – dryness, weight, or packaging.

This past year 102 quality vendor audits were performed, a necessary step in the QA process that improves operational practices to drive consistent customer experiences with every product.



Regulatory reviews completed

1,370

Every product launch or labelling update is considered a regulatory review.

Percent of returns by channel

OCS.ca

Retail Stores

0.15% 0.2%

Note: Includes product returns (not undelivered or shipping refunds) based on sales.

Number of quality vendor audits performed

102

13 ON-SITE

78 REMOTE

11 CATEGORY EXPANSION REVIEWS

Total product quality complaints received

12,873

Product quality complaints include dryness, weight, and packaging issues. Feedback is shared and resolved with Licensed Producers. 72% of total product quality complaints received were vape related.

Vapes 9,359

Product quality recalls

No.	Date	Licensed Producer	Recall Issue	Product Category	Product Name	Product Lot(s)	Size
1	January 2021	Hexo Operations Inc.	Product Safety (Mechanical Defect)	Vapes - All-in-One Disposable vape pens	Hexo Blue Dream All-in-One Disposable Pen	All product lots that was distributed in Ontario	0.25g
					Hexo Trainwreck All-in-One Disposable Pen		0.25g
					Hexo Durban All-in-One Disposable Pen		0.25g
2	January 2021	TerrAscend Canada	Product Quality (Mould)	Edibles - Soft Chews	Haven St. Rise. No.570 (Wild Berry THC Infused Soft Chew)	All product lots that was distributed in Ontario	1 x 12g
					Haven St. Drift No. 470 (Sour Watermelon THC Infused Soft Chew)		1 x 12g
3	February 2021	We Grow BC Ltd.	Labelling and Packaging	Pre-rolls	QWEST Pineapple Cake	MC328A. 01A	2 x 0.5g
4	February 2021	Aurora Cannabis Enterprises	Labelling and Packaging	Extracts - Live Resin	San Rafael '71 OG Chemdawg	1104021000377	1g
						1104021000438	1g
5	March 2021	Mediwanna	Labelling and Packaging	Pre-rolls	ELIOS Pink Lemonade	PR5ZCUM	3 x 0.5g

Note: Includes Health Canada reported recalls.



APPENDIX



Top twenty brands on OCS.ca

Beverages

Tweed	26%	The Batch	2%
Everie	12%	Greybeard	2%
Houseplant	12%	BIG	1%
Haven St. Premium Cannabis	9%	Fume TR Signature	1%
The Green Organic Dutchman	6%	Acreage Pharms	1%
Quatreau	5%	7ACRES	1%
Deep Space	5%	Premium 5	1%
Mollo	4%	Verse Concentrates	1%
Little Victory	4%	Good Buds Company	<1%
Ripple by The Green Organic Dutchman	3%	Labs Cannabis	<1%
Summit	3%	Good Supply	<1%
House of Terpenes	2%		
Basecamp	2%		
Edison Re:Mix	2%		
XMG	2%		
Veryvell	2%		
Aurora Drift	1%		
THC BioMed	1%		

Capsules

Tweed	34%
Redecan	29%
Aurora	10%
Indiva	7%
Daily Special	6%
Solei	5%
Vertical	4%
Dosecann	2%
San Rafael '71	1%
Emprise Canada	1%
Kin Slips	1%
Being	0%
LBS	0%
Mood Ring	0%
DNA Genetics	0%

Concentrates

Original Stash	26%
Canna Farms	18%
JWC	15%
48North	14%
Hiway	5%
San Rafael '71	3%
Tantalus Labs	3%
Blendcraft	3%
Fireside X	3%

Legend - Powered by Indiva	1%
Tokyo Smoke	1%
TWD.	1%
Haven St. Premium Cannabis	1%
Olli Brands Inc.	1%
Ace Valley	1%
Trailblazer Snax	<1%

Dried Flower

Pure Sunfarms	15%
Redecan	12%
Good Supply	11%
Daily Special	11%
Edison Cannabis Co	6%
TWD.	5%
Hexo	5%
Tweed	4%
RIFF	3%
Namaste	3%
Original Stash	3%
San Rafael '71	3%
Color Cannabis	3%
Solei	3%
Aurora	2%
7ACRES	2%
BINGO	2%
Spinach	2%
Twd.28	2%
Trailblazer	2%

Edibles

Bhang	21%
Foray	20%
Aurora Drift	13%
Chowie Wowie	12%
Wana	7%
San Rafael '71	5%
Affirma	5%
Legend - Powered by Indiva	3%
Goodship	2%
Tweed	2%
Edison Bytes	2%
Kolab Project	1%
Fireside	1%

Legend - Powered by Indiva	1%
Tokyo Smoke	1%
TWD.	1%
Haven St. Premium Cannabis	1%
Olli Brands Inc.	1%
Ace Valley	1%
Trailblazer Snax	<1%

Oils

Solei	31%
Redecan	27%
Symbbl	7%
Tweed	4%
Twd	4%
Five Founders	4%
Dosecann	3%
Pure Sunfarms	3%
CANACA	3%
Northern Harvest	2%
MediPharm Labs	2%
COVE	2%
Sugar Leaf	2%
Vertical	1%
Blissed	1%
Veryvell	1%
Blissco	1%
Verse Originals	1%
RIFF	1%
Kiwi Cannabis	1%

Pre-Rolled

Redecan	23%
Good Supply	18%
Solei	9%
Tantalus Labs	6%
Re-up	5%
RIFF	5%
Edison Cannabis Co	4%
Aurora	4%
TWD.	3%
Namaste	3%
Tweed	3%
JWC	3%
Trailblazer	2%
Hiway	2%
Pure Sunfarms	2%
Ace Valley	2%
48North	2%

Station House	2%
CANACA	2%
COVE	1%

Seeds

34 Street Seed Co.	57%
Tweed	22%
Pure Sunfarms	14%
Pristine	7%

Topicals

Tidal	30%
48North	26%
LivRelief	19%
Eve & Co.	11%
Latitude by 48North	5%
Solei	4%
Axea	3%
Apothecary Labs	1%
Proofly	0%

Vapes

Redecan	16%
Good Supply	10%
Solei	9%
Foray	8%
Kolab Project	6%
CANACA	6%
Hexo	5%
FIGR	5%
Sundial	5%
Daily Special	4%
Back Forty	3%
dosist	3%
San Rafael '71	3%
Wayfarer	3%
Verse Originals	3%
Aurora Drift	3%
Pure Sunfarms	2%
TWD.	2%
Trailblazer	2%
Palmetto	2%



Top twenty brands in retail stores

Beverages

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like Tweed (15%), Houseplant (15%), Deep Space (11%), Everie (10%), XMG (8%), Little Victory (6%), Quatreau (5%), House of Terpenes (5%), Mollo (5%), Haven St. Premium Cannabis (5%), The Green Organic Dutchman (3%), Ripple by The Green Organic Dutchman (3%), Aurora Drift (2%), Summit (2%), Basecamp (2%), Veryvell (1%), THC BioMed (1%), Edison Re:Mix (<1%), Fireside X (5%), Greybeard (4%), 7ACRES (2%), BIG (1%), Fume TR Signature (1%), Tantalus Labs (1%), Verse Concentrates (1%), The Batch (1%), Acreage Pharms (1%), Good Buds Company Premium 5 (1%), Good Supply Labs Cannabis (<1%).

Capsules

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like Redecan (64%), Tweed (16%), Daily Special (5%), Aurora (4%), Solei (3%), Indiva (2%), Kin Slips (1%), Vertical (1%), Being (1%), Dosecann (<1%), San Rafael '71 (<1%), Mood Ring (<1%), DNA Genetics (<1%), LBS (<1%), Emprise Canada (<1%), AltaVie (<1%), Houseplant (<1%), Pure Sunfarms (15%), Redecan (11%), Good Supply (11%), Daily Special (7%), Edison Cannabis Co (6%), RIFF (5%), TWD. (5%), Color Cannabis (5%), 7ACRES (5%), Namaste (4%), Haven St. Premium Cannabis (4%), Cannabis (3%), Spinach (3%), Tweed (3%), DNA Genetics (3%), Solei (2%), San Rafael '71 (2%), Broken Coast (2%), LBS (2%), Aurora (2%), CANACA (2%).

Concentrates

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like Original Stash (21%), 48North (17%), Canna Farms (14%), San Rafael '71 (9%), Blendcraft (8%), Hiway (7%), JWC (6%), Bhang (19%), Wana (17%), Aurora Drift (13%), Affirma (11%), Foray (9%), San Rafael '71 (8%), Chowie Wowie (8%), Legend - Powered by Indiva (3%), Tweed (2%), Ace Valley (2%), Edison Bytes (2%), Kolab Project (1%).

Dried Flower

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like Pure Sunfarms (15%), Redecan (11%), Good Supply (11%), Daily Special (7%), Edison Cannabis Co (6%), RIFF (5%), TWD. (5%), Color Cannabis (5%), 7ACRES (5%), Namaste (4%), Haven St. Premium Cannabis (4%), Cannabis (3%), Spinach (3%), Tweed (3%), DNA Genetics (3%), Solei (2%), San Rafael '71 (2%), Broken Coast (2%), LBS (2%), Aurora (2%), CANACA (2%).

Edibles

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like Bhang (19%), Wana (17%), Aurora Drift (13%), Affirma (11%), Foray (9%), San Rafael '71 (8%), Chowie Wowie (8%), Legend - Powered by Indiva (3%), Tweed (2%), Ace Valley (2%), Edison Bytes (2%), Kolab Project (1%).

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like Legend - Powered by Indiva (1%), Fireside (1%), Goodship (1%), Trailblazer Snax (1%), Tokyo Smoke (1%), TWD. (1%), Haven St. Premium Cannabis (<1%), Cannabis (1%), Olli Brands Inc. (<1%).

Oils

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like Redecan (46%), Solei (21%), Pure Sunfarms (7%), Symbl (4%), MediPharm Labs (4%), Veryvell (2%), Twd (2%), Tweed (2%), COVE (2%), RIFF (2%), Dosecann (1%), Vertical (1%), Aurora Drift (1%), CANACA (1%), Blissed (1%), Northern Harvest (1%), Blissco (1%), Five Founders (1%), Emerald (1%), Edison Cannabis Co (<1%).

Pre-Rolled

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like Good Supply (17%), Redecan (17%), RIFF (13%), Solei (8%), Trailblazer (6%), Edison Cannabis Co (5%), Broken Coast (4%), 7ACRES (3%), 48North (3%), Tantalus Labs (3%), Spinach (3%), Ace Valley (2%), Tweed (2%), TWD. (2%), Color Cannabis (2%), Citizen Stash (2%), Pure Sunfarms (2%).

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like CANACA (2%), Msiku (2%), Simply Bare (2%).

Seeds

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like 34 Street Seed Co. (61%), Tweed (16%), Pure Sunfarms (15%), Pristine (8%).

Topicals

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like 48North (27%), Tidal (26%), LivRelief (19%), Eve & Co. (18%), Latitude by 48North (5%), Solei (3%), Apothecary Labs (1%), Axea (1%), Proofly (<1%).

Vapes

Table with 4 columns: Brand, Percentage, Brand, Percentage. Includes brands like Redecan (18%), Good Supply (17%), Daily Special (7%), Back Forty (6%), Foray (5%), Kolab Project (5%), CANACA (4%), Pure Sunfarms (4%), Solei (4%), Hexo (4%), Ace Valley (3%), San Rafael '71 (2%), Sundial (3%), Trailblazer (2%), RIFF (2%), MARLEY NATURAL (2%), Aurora Drift (2%), TWD. (2%), Wayfarer (2%), dosist (2%), General Admission (1%), FIGR (1%), Top Leaf (1%), 48North (1%), BINGO (1%), Spinach (1%), Verse Originals (1%).



OCS.ca



Top ten stores by retail sales

January 1, 2021 – March 31, 2021

TORONTO	1	MaryJane's Cannabis	North York
	2	Shiny Bud Inc	North York
	3	Canvas Retail Inc. (Danforth)	Toronto
	4	Tokyo Smoke (333 Yonge)	Toronto
	5	Lakeview Cannabis	Etobicoke
	6	Spiritleaf (2389 Bloor)	Toronto
	7	Budders Cannabis	Toronto
	8	Your Local Cannabis	Scarborough
	9	Spiritleaf	North York
	10	Pufftastic Cannabis	Scarborough

EAST	1	Calyx and Trichomes	Kingston
	2	One Plant	Barrie
	3	Stash and Co.	Ottawa
	4	One Plant	Barrhaven
	5	Dutch Love	Nepean
	6	One Plant	Bradford
	7	Fire & Flower (York St.)	Ottawa
	8	Growers Retail	Peterborough
	9	The Oz Store	Orleans
	10	Dutch Love (Clarence St.)	Ottawa

NORTH	1	High Life	Sudbury
	2	Kana Leaf	North Bay
	3	Sessions Cannabis	Timmins
	4	Tokyo Smoke	Thunder Bay
	5	Cheerful Charlie's	North Bay
	6	J. Supply Co.	Thunder Bay
	7	Canna Cabana	Sudbury
	8	Dutch Love	Timmins
	9	Happy Life	Sudbury
	10	Hello Cannabis	Sault Ste. Marie

GTA	1	Ganjika House	Brampton
	2	One Plant	Ajax
	3	Tokyo Smoke	Oshawa
	4	Dutch Love	Brampton
	5	One Plant	Stouffville
	6	Jane's Cannabis Shop	Aurora
	7	Relm	Burlington
	8	Cannaco - The Cannabis Company	Milton
	9	Paramount Cannabis Co.	Burlington
	10	Friendly Stranger	Oshawa

WEST	1	Tweed	London
	2	The Niagara Herbalist	St. Catharines
	3	Meta Cannabis Co	Kitchener
	4	Spiritleaf	Guelph
	5	Canna Cabana	Waterloo
	6	Canna Cabana	Hamilton
	7	Crossroads Cannabis	Woodstock
	8	Tokyo Smoke	Cambridge
	9	Tokyo Smoke	London
	10	Cabbage Brothers	Dundas

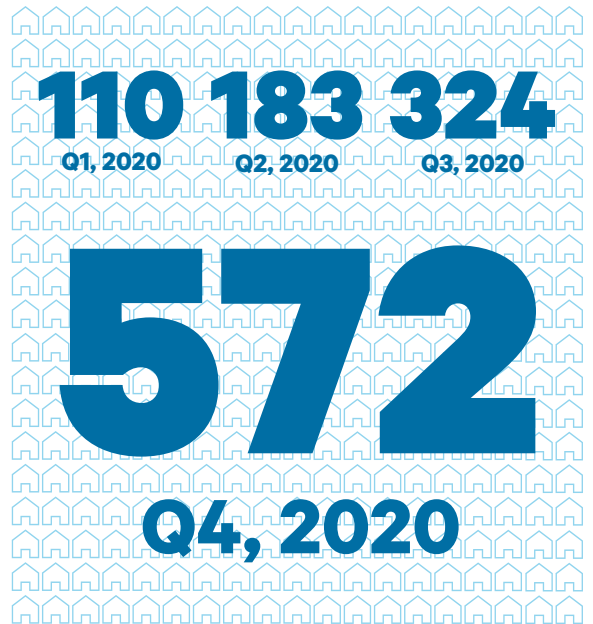


Conversion rate on OCS.ca January 1, 2021 – March 31, 2021

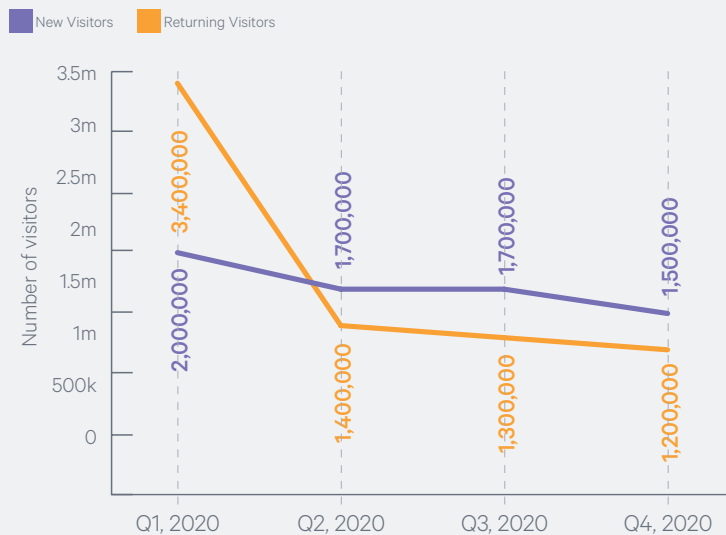


Conversion rate is an important metric by which e-commerce businesses measure consumer demand on their platforms. For every 100 customers on OCS.ca, 10 made a transaction.

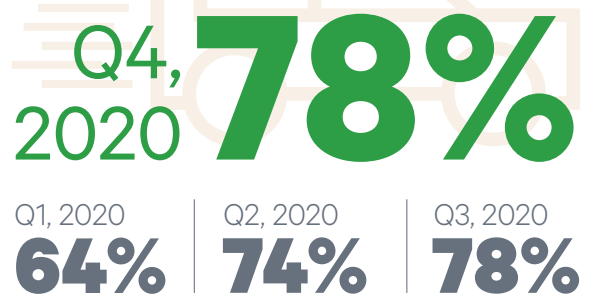
Growing number of retail stores



Growth of new vs. returning visitors



Population served by express shipping



The OCS continues to expand express delivery to additional communities across Ontario to provide consumers direct-to-door delivery within one to three business days.