OCS ONTARIO CANNABIS STORE

A QUARTERLY REVIEW

April 1 – June 30, 2021

ABOUT THIS PUBLICATION

The Ontario Cannabis Store (OCS) publishes A Quarterly Review (April 1 – June 30, 2021) as a resource for the entire legal Ontario cannabis industry. This document is intended to provide historical key facts and figures for the period between April 1 and June 30, 2021.

This publication marks the fifth data report by the OCS following A Yearly Review (April 1, 2020 – March 31, 2021). 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**.

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.

OCS ONTARIO CANNABIS STORE

Executive Summary

The data from this quarter tells a story of resilience and growth in Ontario's legal cannabis sector, despite the broad effects of continued lockdowns in the fight against COVID-19. Licensed producers pushed to improve quality and deliver products in demand from legal cannabis consumers to licensed retailers who continued to invest in stores in communities across the province.

The end of the first quarter of this fiscal year (April 2021 to June 2021) marked the beginning of the third full year of retail stores operating in Ontario and the achievement of a critical milestone in the legalization of cannabis: almost 50% of all cannabis sold in Ontario was sold through the legal, regulated framework.

All together, 99.1 million grams of cannabis were sold, with a dollar value of $307 million, an 18% increase over the previous quarter. This achievement was driven through the rapid growth of brick-and-mortar stores in the province, with 92% of all sales occurring through private licensed retailers. This quarter, $282 million out of $307 million was generated through Ontario's private retailers. This is despite continued lockdowns which lasted well past the end of this quarter.

At the close of the quarter, there were 834 retail stores operating in 160 communities across the province. On average this quarter, each store sold 4,600 grams of product with sales of $342,000. Consumers once again predominantly chose to buy at private retail stores, with 89% of all cannabis products sold on a per-gram basis. The number of communities served by retail stores doubled from 81 to 160, with the average Ontarian being only 5.3 kms away from their nearest cannabis retailer. Preference for in-person shopping has remained a constant over the last several quarters and is expected to continue as more stores continue to open in Ontario.

Ontario continued to offer the broadest catalogue of cannabis products in Canada, with a total of nearly 1700 SKUs, and with almost 300 new items launched in this quarter alone. This broad catalogue offering allows the many licensed producers who wish to enter the Ontario market the opportunity to do so. With a growing number of smaller producers anticipated to enter the market this year, OCS's catalogue is expected to continue to grow. Ontario continued to sell more legal cannabis than any other province or territory, growing from 29% share of the legal Canadian cannabis market at the end of the fiscal year to 36.2% at the end of this first quarter.

The efforts by Ontario's cannabis sector to continue to demonstrate progress despite challenges presented by the global pandemic presents a compelling case for significant optimism going forward. Built on the most choice and the greatest number of stores in the country, it is clear to see the province is beginning to live up to its potential as Canada's largest and most dynamic cannabis marketplace.

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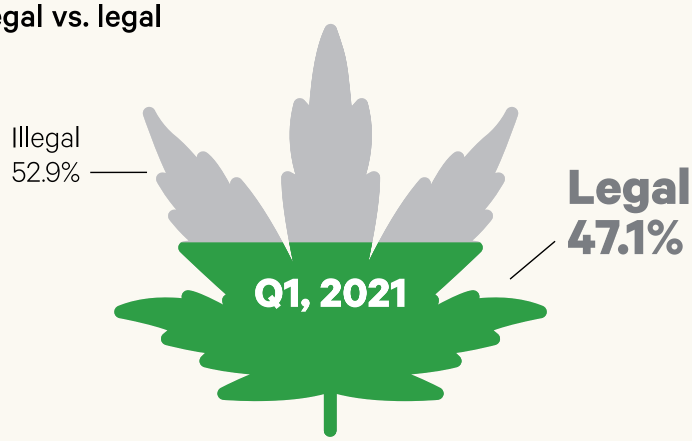
THE BIG PICTURE

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



Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020
25.1%	36.2%	43.1%*	44.1%

Due to the continued expansion of retail stores and reopening of in-person shopping, Ontario's legal share of the recreational market has increased from 44.1% share during Q4, 2020 to 47.1% in Q1, 2021.

Note: The calculation of the Ontario legal market share has been estimated from prior quarterly updates 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

41,900,000 g

Retail Stores **38,400,000 g**

OCS.ca **3,500,000 g**

Number of retail stores

834

Total sales in Ontario

Retail Stores	OCS.ca
$282,800,000	$24,200,000

$307,000,000

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

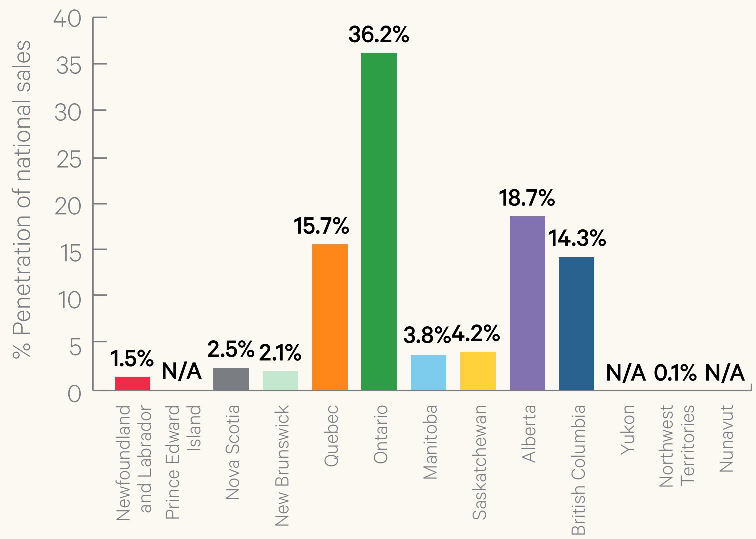
Unique and new items listed

Quarter	Unique items	New
Q1, 2020	907	
Q2, 2020	1,115	323
Q3, 2020	1,362	329
Q4, 2020	1,386	268
Q1, 2021	1,637*	256

The number of unique items available for sale on OCS.ca continues to consistently grow as the market matures. Unique items listed include active SKUs that were in-stock and excludes accessories.

Ontario share of national recreational sales

April 1 – June 30, 2021

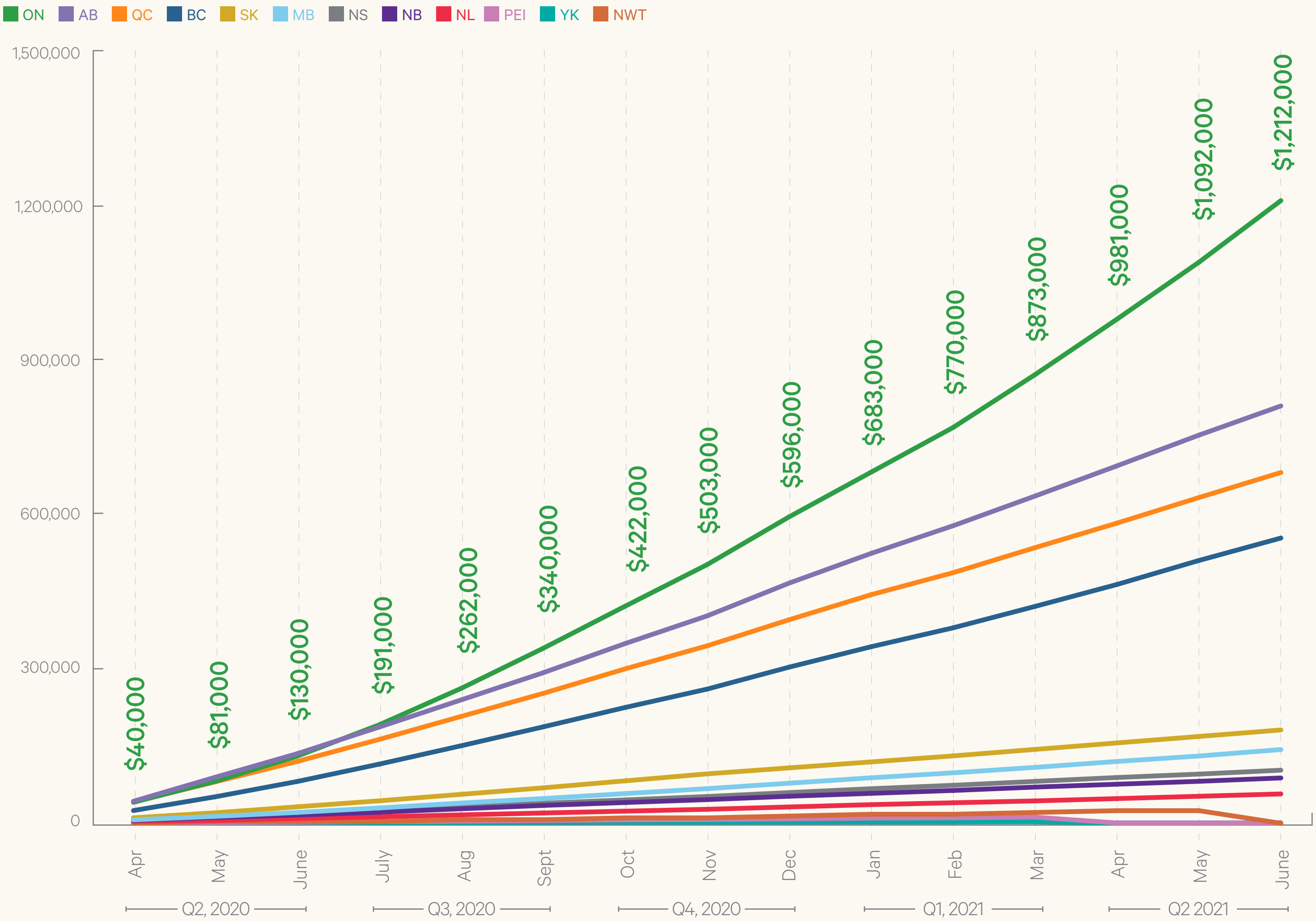


Ontario is leading the national recreational sales among all provinces and territories with 36.2% of national market share which increased by 3.2% compared to last quarter. British Columbia's market share increased by 0.2%. Manitoba and Newfoundland and Labrador conveyed no change while other provinces' market share decreased.

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

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. Cumulative sales are rounded to the nearest thousand.

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

ONTARIO CANNABIS STORE

SALES DATA

In the first quarter of the fiscal year, 41,900,00 grams of legal recreational cannabis valued at $307 million were sold in Ontario, an increase of 18% over the previous quarter. Physical stores made up 92% of sales in the province, with more than 38,400,000 grams moving through Ontario's licensed retail stores, as compared to 3,500,000 grams sold through OCS.ca.

Share for vapes and pre-rolls increased this quarter to 15% share each. Dried flower, while still the dominant category, slipped 3% share over the previous quarter to make up 56% of total sales. Edibles rounded out the top four categories, representing 4% of sales.

Over the duration of the quarter, Ontario was under a state of emergency and provincial emergency measures limited non-essential retail, including cannabis retailers, to curbside pick-up and delivery. Despite the challenges presented by COVID-19, cannabis sales grew 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 50% of all cannabis sold in Ontario.

Consumer preference continued to lean towards products with higher THC levels (above 20%), with customers in stores buying high-THC products 354 times faster than low-THC products. CBD-dominant products were the second-fastest selling category, 135 times faster than the slowest selling products. On OCS.ca the sales velocity of high-THC and CBD-dominant products were sold at a similar rate with CBD holding an 11-point difference over THC. Throughout this quarter, more producers began introducing terpene content on product labels. Impacts of these decisions on shopper habits are expected to be better understood in quarters ahead.

Total sales by product category

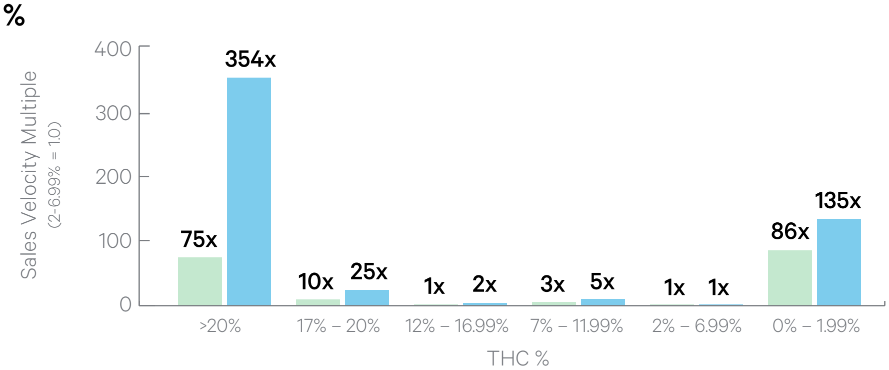
		OCS.ca	Retail Stores	% of Sales	Changes to Q4 2020
Dried Flower	Milled Flower	$539,000	$6,518,000	56%	↓
	Variety Packs	-	$4,000		
	Whole Flower	$11,562,000	$153,739,000		
Vapes	510 Thread Vape Cartridges	$3,449,000	$37,148,000	15%	↓
	510 Thread Vape Kits	$155,000	$835,000		
	Disposable Vape Pens	$378,000	$2,248,000		
	Proprietary Systems Vape Cartridges	$332,000	$1,262,000		
Pre-Rolled	Single Strain Packs	$1,655,000	$44,517,000	15%	↑
Edibles	Baked Goods and Baking	$26,000	$98,000	4%	—
	Chocolate	$429,000	$2,766,000		
	Hard Edibles	$18,000	$97,000		
	Soft Chews	$1,029,000	$9,185,000		
Concentrates	Distillates	$67,000	$258,000	3%	—
	Hash	$325,000	$3,579,000		
	Kief and Sift	$56,000	$296,000		
	Resin and Rosin	$168,000	$2,600,000		
	Shatter	$70,000	$1,430,000		
	Wax	$43,000	$489,000		
Oils	Bottled Oils	$1,714,000	$5,776,000	3%	—
	Oral Sprays	$233,000	$374,000		
	Topicals	-	$1,000		
Beverages	Cold Beverages	$367,000	$3,757,000	2%	—
	Dealcoholized Drinks	$29,000	$302,000		
	Hot Beverages	$79,000	$276,000		
Capsules	Softgels	$990,000	$3,428,000	1%	↓
Topicals	Bath	$30,000	$283,000	1%	—
	Lotions and Creams	$291,000	$1,267,000		
Seeds	Seed Packs	$219,000	$440,000	<1%	—

Note: Average prices are weighted by sales and include taxes. Sub-category sales do not add to total sales due to rounding. Dried flower equivalency (DFE) conversion can be found here. For more details see appendix.

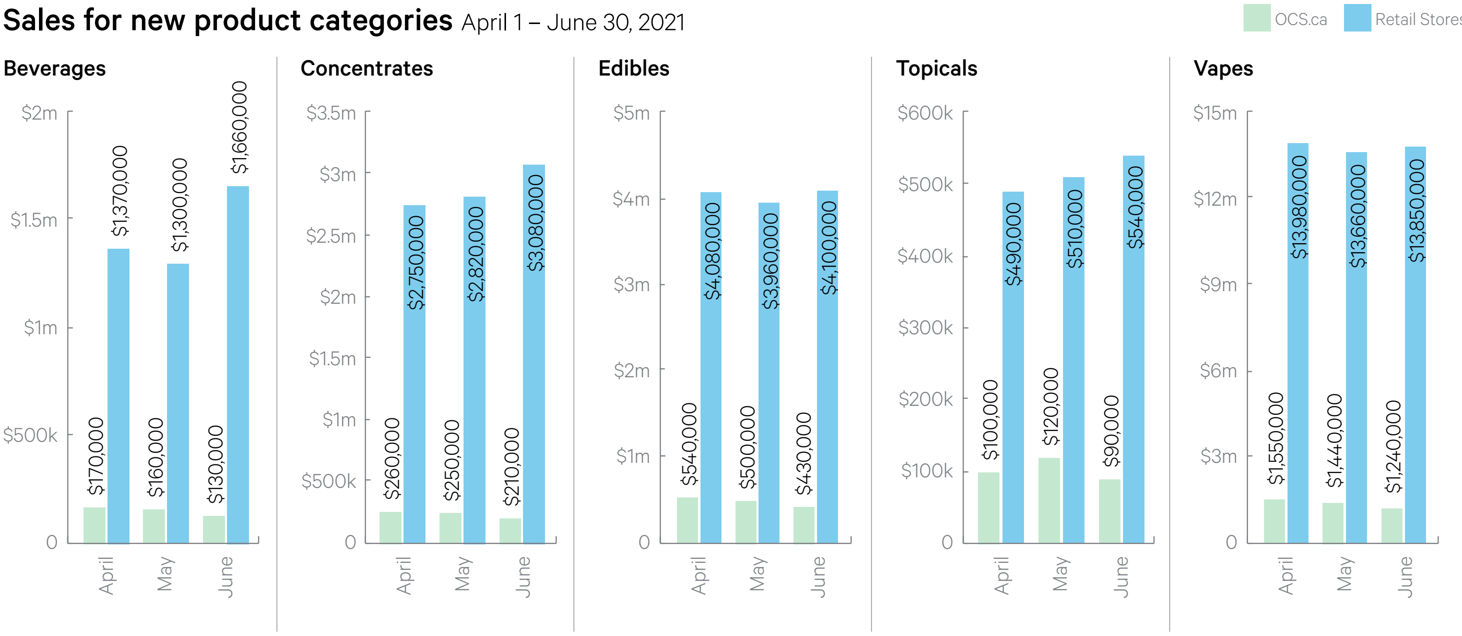
Sales velocity by THC %

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

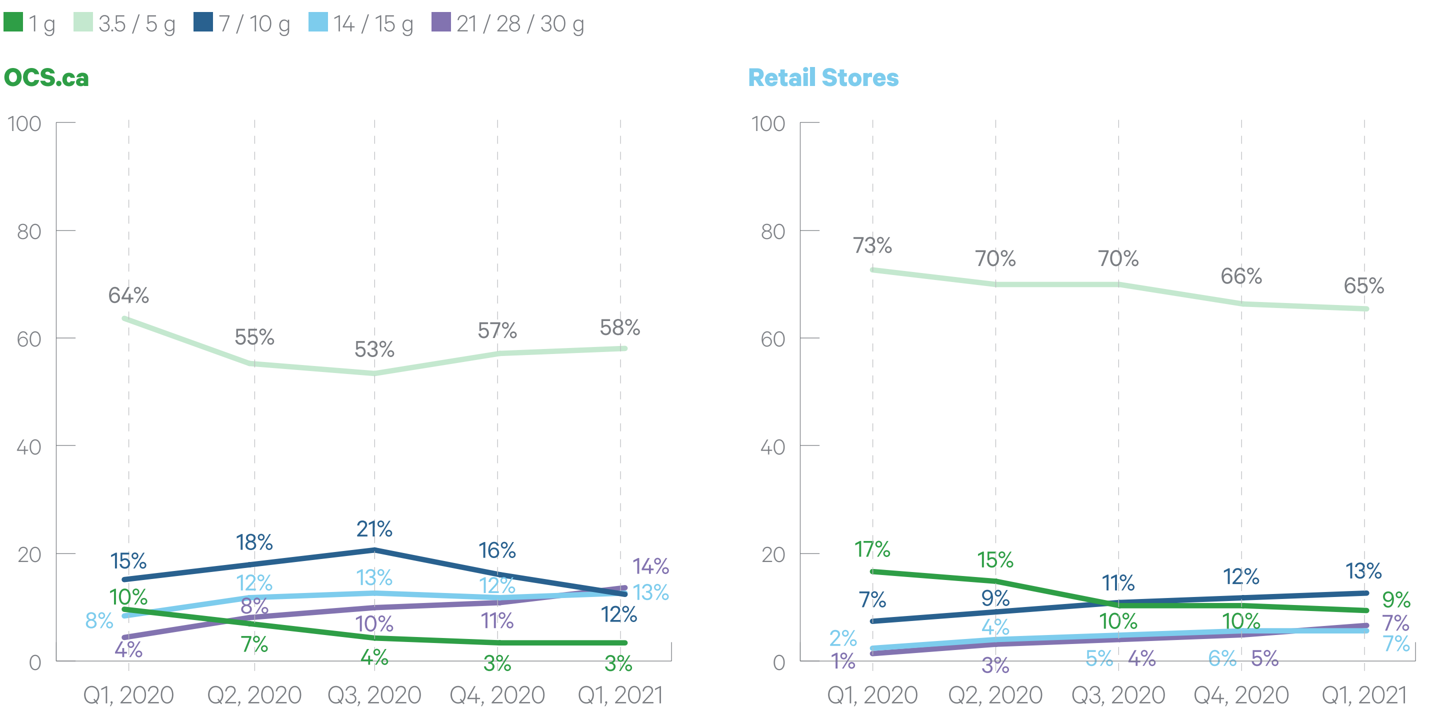
OCS.ca Retail Stores



Sales for new product categories April 1 – June 30, 2021



Sales proportion by quarter, size and channel for dried flower

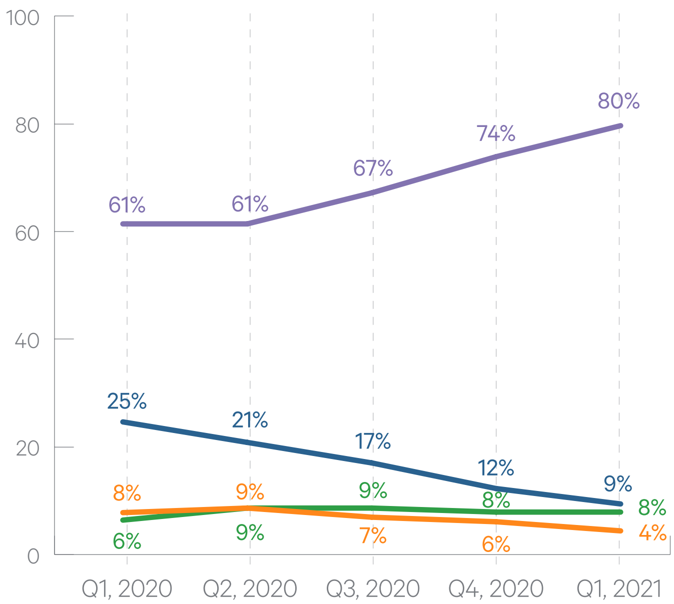


Note: In an effort to drive consistency for consumers, OCS continues to encourage producers to transition towards standardized size variants of 1g, 3.5g, 7g, 14g, and 28g.

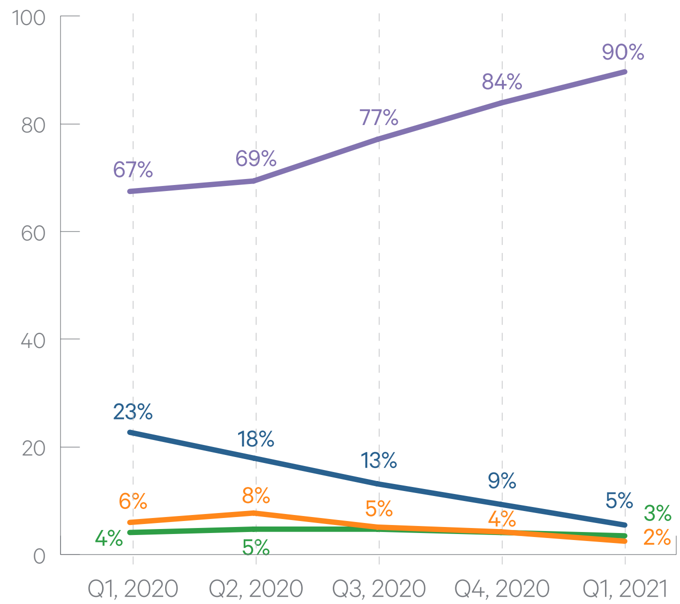
Sales proportion by quarter, type and channel for vapes

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

OCS.ca



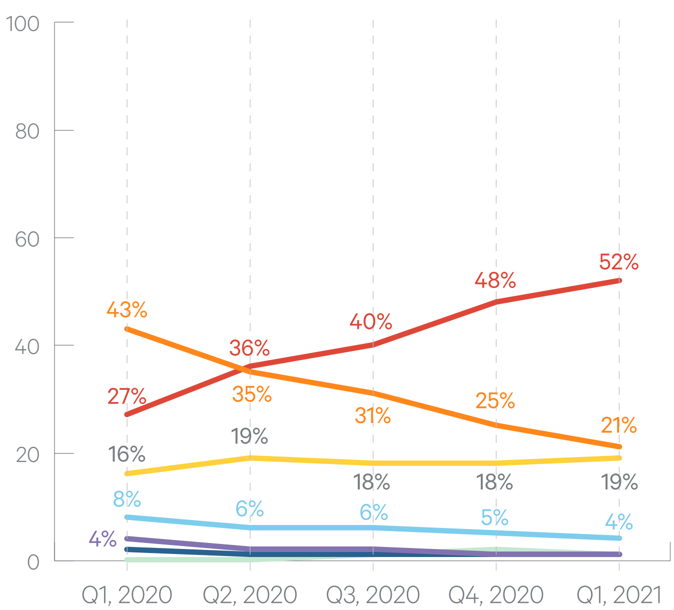
Retail Stores



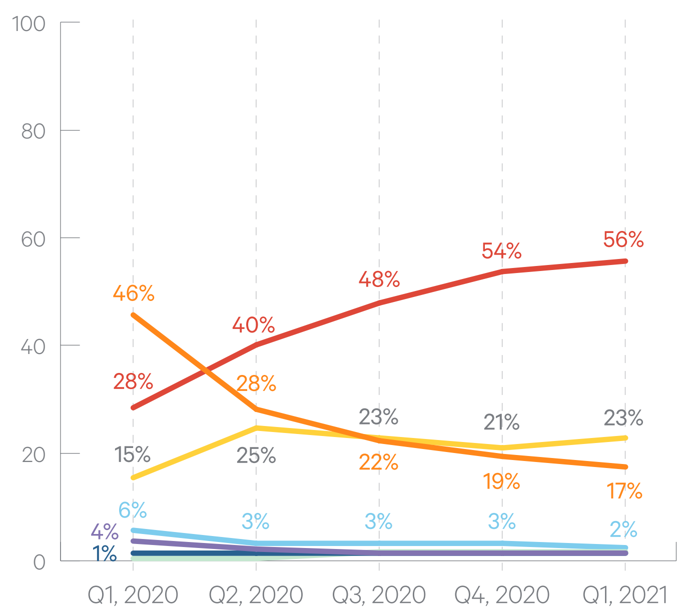
Sales proportion by quarter, type, and channel for edibles and beverages

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

OCS.ca



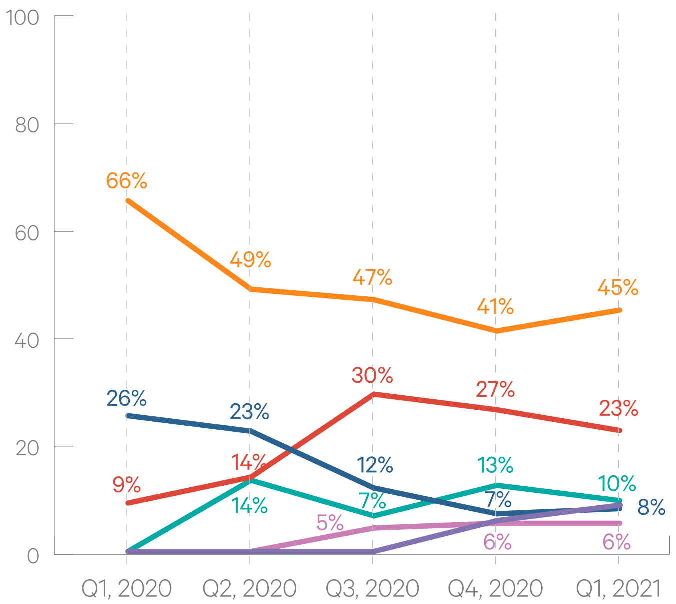
Retail Stores



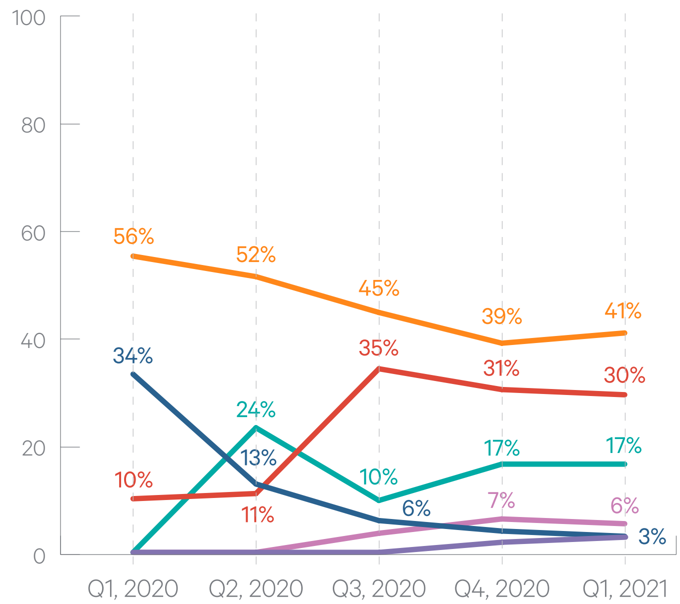
Sales proportion by quarter, type and channel for concentrates

Distillates | Hash | Kief and Sift | Resin and Rosin | Shatter | Wax

OCS.ca



Retail Stores



Top five brands per category based on sales April 1 – June 30, 2021

OCS.ca

Beverages

Tweed	18%
Quatreau	13%
Ripple by TGOD	9%
Mollo	8%
Houseplant	8%

Concentrates

Original Stash	20%
JWC	10%
Good Supply	10%
The Batch	5%
48North	5%

Edibles

Chowie Wowie	17%
Wana	15%
Foray	14%
Bhang	12%
Aurora Drift	7%

Pre-Rolls

Redecan	16%
Good Supply	9%
Hiway	5%
TWD.	5%
Solei	4%

Topicals

Proofly	22%
Soleil	14%
Eve & Co.	10%
LivRelief	9%
Tidal	8%

Capsules

Tweed	35%
Redecan	25%
Dosecann	7%
Daily Special	6%
Emprise Canada	5%

Dried Flower

Pure Sunfarms	9%
Good Supply	7%
Original Stash	4%
Redecan	4%
SHRED	3%

Oils

Redecan	20%
Solei	19%
Five Founders	10%
Twd	7%
Tweed	6%

Seeds

34 Street Seed Co.	53%
Humboldt Seed Company	12%
Pristine	9%
Pure Sunfarms	8%
erbaceous™	8%

Vapes

Back Forty	13%
Foray	5%
Kolab Project	5%
Made By	5%
Good Supply	4%

Retail Stores

Beverages

XMG	18%
Quatreau	11%
Houseplant	10%
Tweed	9%
Little Victory	8%

Concentrates

Original Stash	22%
Blendcraft	12%
Good Supply	9%
JWC	7%
San Rafael '71	6%

Edibles

Wana	31%
Bhang	15%
Chowie Wowie	8%
Foray	7%
Aurora Drift	7%

Pre-Rolls

Redecan	15%
Good Supply	12%
RIFF	5%
Pure Sunfarms	5%
Trailblazer	4%

Topicals

Eve & Co.	25%
Solei	15%
LivRelief	13%
Tidal	9%
48North	7%

Capsules

Redecan	63%
Tweed	13%
Daily Special	7%
Kin Slips	6%
Indiva	3%

Dried Flower

Pure Sunfarms	11%
Redecan	8%
Good Supply	6%
SHRED	5%
Daily Special	4%

Oils

Redecan	45%
Pure Sunfarms	11%
Solei	10%
MediPharm Labs	7%
Symbl	4%

Seeds

34 Street Seed Co.	63%
Pristine	14%
Humboldt Seed Company	10%
Pure Sunfarms	6%
Tweed	4%

Vapes

Back Forty	16%
Good Supply	11%
Daily Special	8%
Redecan	6%
Foray	4%

Note: Sales market share by category indicated is for the fiscal quarter and may differ from snapshots that were available to licensed producers through the OCS Data Program before the quarter fully closed.

Top five SKUs by units sold in retail stores by region

TOTAL	Pure Sunfarms	Pink Kush	3.5g	160,000
	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	159,700
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	139,000
	SHRED	Tropic Thunder	7g	87,300
	Good Supply	Jean Guy Pre-Roll	1 x 1g	86,500
TORONTO	Pure Sunfarms	Pink Kush	3.5g	54,000
	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	35,800
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	33,000
	Good Supply	Jean Guy Pre-Roll	1 x 1g	28,300
	Bhang	THC Milk Chocolate Bar	1 x 10g	23,100
NORTH	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	16,500
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	14,000
	Pure Sunfarms	Pink Kush	3.5g	10,000
	SHRED	Tropic Thunder	7g	7,900
	Wana	Strawberry Lemonade 1:1 Sour Soft Chews	2 x 4.5g	6,100
WEST	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	48,600
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	42,600
	Pure Sunfarms	Pink Kush	3.5g	36,900
	SHRED	Tropic Thunder	7g	25,400
	Good Supply	Jean Guy Pre-Roll	1 x 1g	23,600
EAST	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	37,700
	Pure Sunfarms	Pink Kush	3.5g	36,000
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	32,800
	SHRED	Tropic Thunder	7g	28,100
	Wana	Strawberry Lemonade 1:1 Sour Soft Chews	2 x 4.5g	24,300
GTA	Pure Sunfarms	Pink Kush	3.5g	22,700
	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	21,000
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	16,500
	Bhang	THC Milk Chocolate Bar	1 x 10g	15,600
	Good Supply	Jean Guy Pre-Roll	1 x 1g	12,700

Note: See appendix for full list of top ten SKUs based on units sold by region.

ONTARIO CANNABIS STORE

PRICING

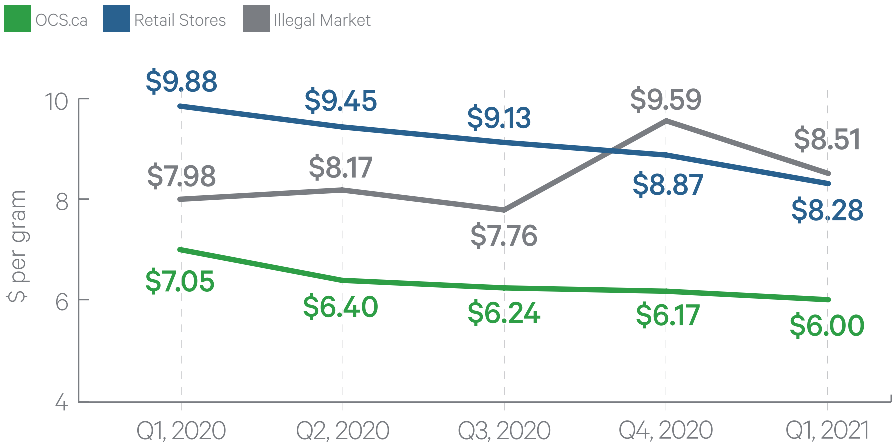
This past quarter, the average price per gram for dried flower in the legal market continued to show progress with OCS.ca decreasing to $6.00 per gram and retail stores reducing to $8.28 per gram.

Prices found in the illegal market through analysis of online sellers dropped to $8.51 from $9.59 per gram. This may be reflective of various factors including the increased availability of large format dried flower products available on illegal sites as well as the shutting down of illegal sites. In the legal market, value-priced, bulk offerings at 14, 15 and 28 grams gave consumers access to cannabis at competitive pricing.

There continues to be a divide between consumers who purchase through OCS.ca versus those who purchase at retail stores around price sensitivity for dried flower. On OCS.ca, products priced between $3.57 and $6.50 per gram, sold 2.8 times faster than those at a higher price between $20.50 and $24 per gram.

In retail stores, products at a higher price point sold at a slightly lower sales velocity, 0.9 times as compared to 1.2 times for value products. Various factors could influence this trend, including budtender guidance, product knowledge and localized trends.

Illegal market price per gram for dried flower



OCS.ca and retail stores are weighted by sales and include taxes. Illegal market prices are weighted by number of SKUs available and sourced through mail-order-marijuana sites.

Sales velocity by pricing segment for dried flower

OCS.ca		Retail Stores
2.8x	$3.57 – 6.50	1.2x
1.5x	$6.50 – 10	1.3x
1.1x	$10 – 13.50	1.1x
1.2x	$13.50 – 17	1.1x
1.0x	$17 – 20.50	1.0x
	$20.50 – 24	0.9x

Sales velocity references units per day for OCS.ca and units 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** (DFE)	**$5.09/g** (DFE)	↓
Bath & Shower	**$2.67** (DFE)	**$1.90/g** (DFE)	↓
Beverages	**$1.82** (DFE)	**$1.70/g** (DFE)	↓
Capsules	**$27.09** (DFE)	**$24.19/g** (DFE)	↓
Cartridges	**$18.32** (DFE)	**$14.66/g** (DFE)	↓
Chocolates	**$5.33** (DFE)	**$5.55/g** (DFE)	↑
Confectionery	**$9.67** (DFE)	**$8.97/g** (DFE)	↓
Creams and Lotions	**$61.02** (DFE)	**$48.26/g** (DFE)	↓
Dried Flower	**$6.17** (DFE)	**$6.00/g** (DFE)	↓
Hash	**$4.93** (DFE)	**$5.18/g** (DFE)	↑
Kief and Sift	**$6.41** (DFE)	**$4.62/g** (DFE)	↓
Oils	**$74.36** (DFE)	**$78.41/g** (DFE)	↑
Pre-Rolls	**$8.87** (DFE)	**$8.55/g** (DFE)	↓
Resin and Rosin	**$17.22** (DFE)	**$16.32/g** (DFE)	↓
Shatter	**$15.73** (DFE)	**$14.82/g** (DFE)	↓
Seeds	**$12.20/seed**	**$9.77/seed**	↓
Wax	**$14.74** (DFE)	**$15.18/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.

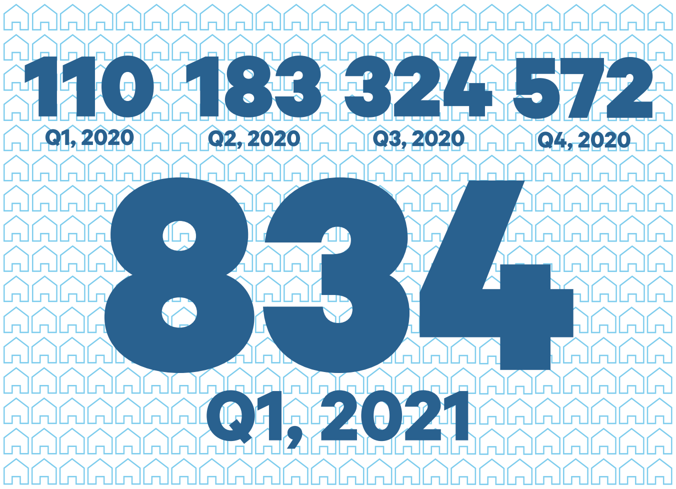
OCS ONTARIO CANNABIS STORE

GROWING ACCESS POINTS

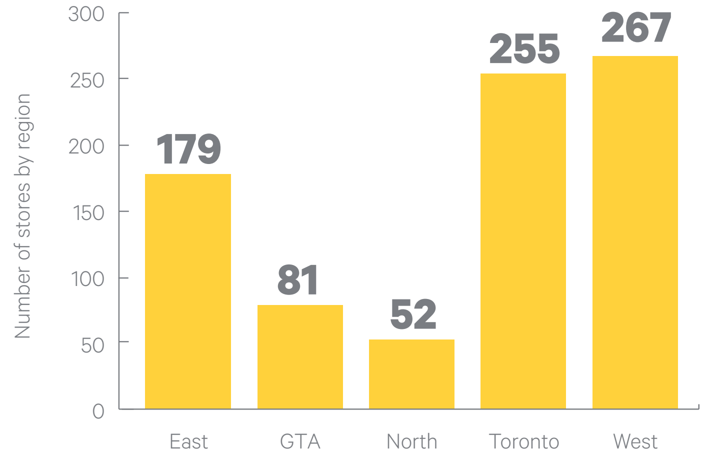
During the first quarter, Ontario continued to be challenged with the growing number of COVID-19 cases resulting in the implementation of public health measures that impacted retailers' ability to open their stores. Despite the restrictions, Ontario grew to 834 stores open compared to 572 at the end of the previous quarter.

Western Ontario continued to lead the province with 267 stores and $80,500,000 in sales. Toronto followed with 255 stores, but only represented $63,700,000 in sales. Certain markets across the province, including Toronto, may also have been affected by the economic impacts of reduced tourism during COVID-19. Ontario's slight increase in legal market share could be attributed to more access points, despite retailers only being able to offer curbside pick-up and delivery.

Growing number of retail stores

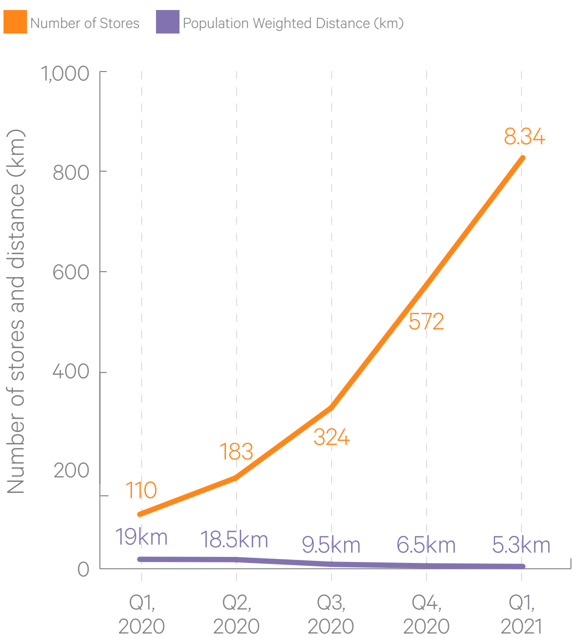


Number of stores by region and municipality



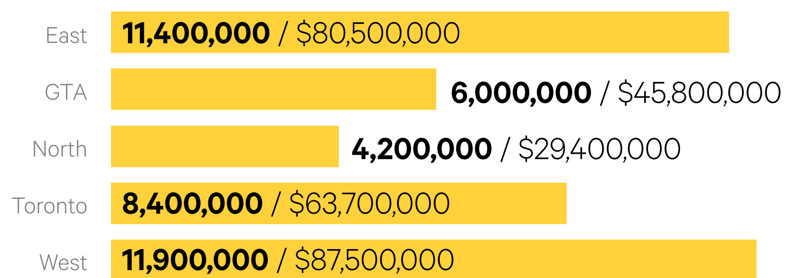
Note: See appendix for the full list of number of stores by municipality.

Average distance for consumers to a retail store

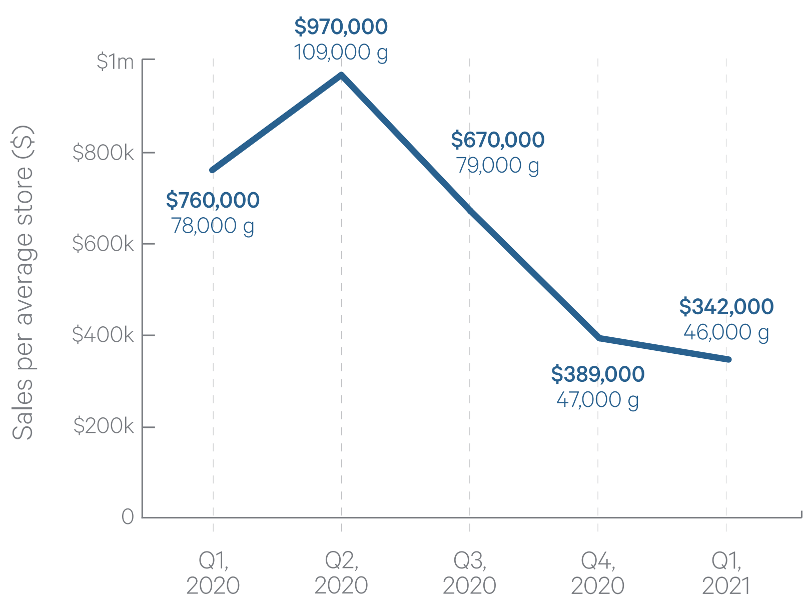


The average distance to a store decreased by 1.2 kilometres, with the number of stores increasing by 46% compared to last quarter. This demonstrates smaller and unserved communities opening more authorized retail stores

Grams and sale sold by region



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 June 30, 2021

Spiritleaf		**33**
Tokyo Smoke		**33**
Sessions Cannabis		**30**
Fire & Flower		**29**
Fire & Flower	14	
Friendly Stranger	10	
Happy Dayz	4	
HotBox	1	
ShinyBud Cannabis Co.		**25**
ShinyBud Cannabis Co.	23	
Budget Bud	2	
One Plant		**19**
High Tide		**19**
Canna Cabana	13	
Meta Cannabis	6	
True North Cannabis Co.		**14**
Dutch Love		**13**
Miss Jones		**9**

Growth of new vs. returning OCS.ca visitors

Conversion rate on OCS.ca April 1 – June 30, 2021

Q1, 2021
10.1%

Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020
9.2%	9.1%	9.2%	10%

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

Q1, 2021 **86%**

Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020
64%	**74%**	**78%**	**78%**

As of June 30th, 2021, at least one express shipping option was available to approximately 86% of the adult population (over the age of 20), based on 2016 census data by Forward Sortation Area (FSA). 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.

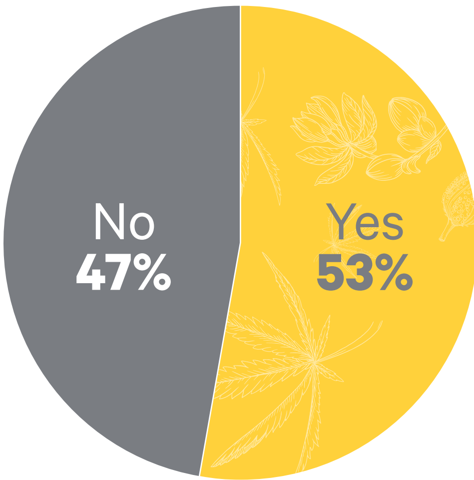
ONTARIO CANNABIS STORE

CONSUMER INSIGHTS

As stores began to open in previously underserviced areas and access to legal cannabis products continued to grow, consumers have shown a preference for a hybrid model of shopping, with many shoppers going in-store and online. For OCS.ca visitors who also shopped in retail stores in the past three months, half reported having made a purchase in both channels. Retail shoppers reported using OCS.ca as their top source when looking for information before making a purchase in store.

Quality, potency, and price were the top three attributes for OCS.ca shoppers when choosing product. For new shoppers specifically, product information outranked price and product selection. While the insights are specific to OCS.ca visitors, they represent the most important factors for consumers when researching and making purchasing decisions this quarter.

OCS.ca shoppers who visited an authorized retail store in past 3 months



Of those who visited a retail store, they purchased:

Online only	23%
Retails stores only	23%
Both	52%
Did not purchase	2%

1 in 2 OCS.ca shoppers also visited a retail store in the past 3 months. Of those who also visited a store, half are buying in both channels, making them Hybrid shoppers.

Pre-purchase research April 1 – June 30, 2021

OCS.ca	**51%**
Cannabis review websites	**46%**
Family/friends	**41%**
Authorized retail store website	**34%**
Social media (e.g. Reddit)	**28%**
Budtender	**27%**
Product info listed in store	**25%**
Unlicensed online store websites	**17%**
Cannabis blogs/online magazines	**16%**
Health Canada	**5%**
General media	**4%**
Medical professional	**4%**
Other	**17%**

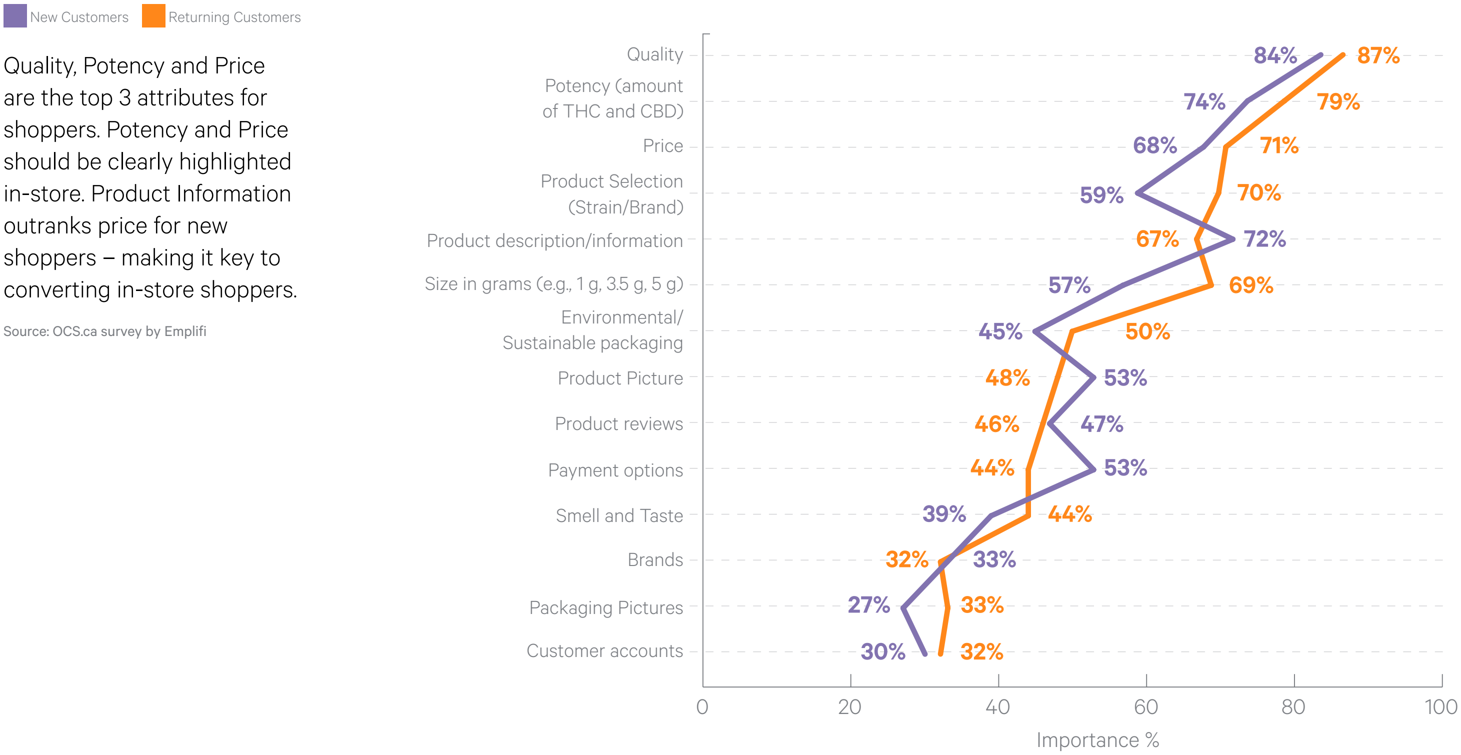
OCS.ca shoppers who have also visited retail stores report using OCS.ca, Cannabis Review Sites, and Friends and Family as top sources of information pre-purchase. In-store information is key for shoppers with 1 in 4 relying on Budtender support and in-store signage.

Source: OCS.ca survey by Emplifi

Product attribute importance ranking for shoppers who visit OCS.ca April 1 – June 30, 2021

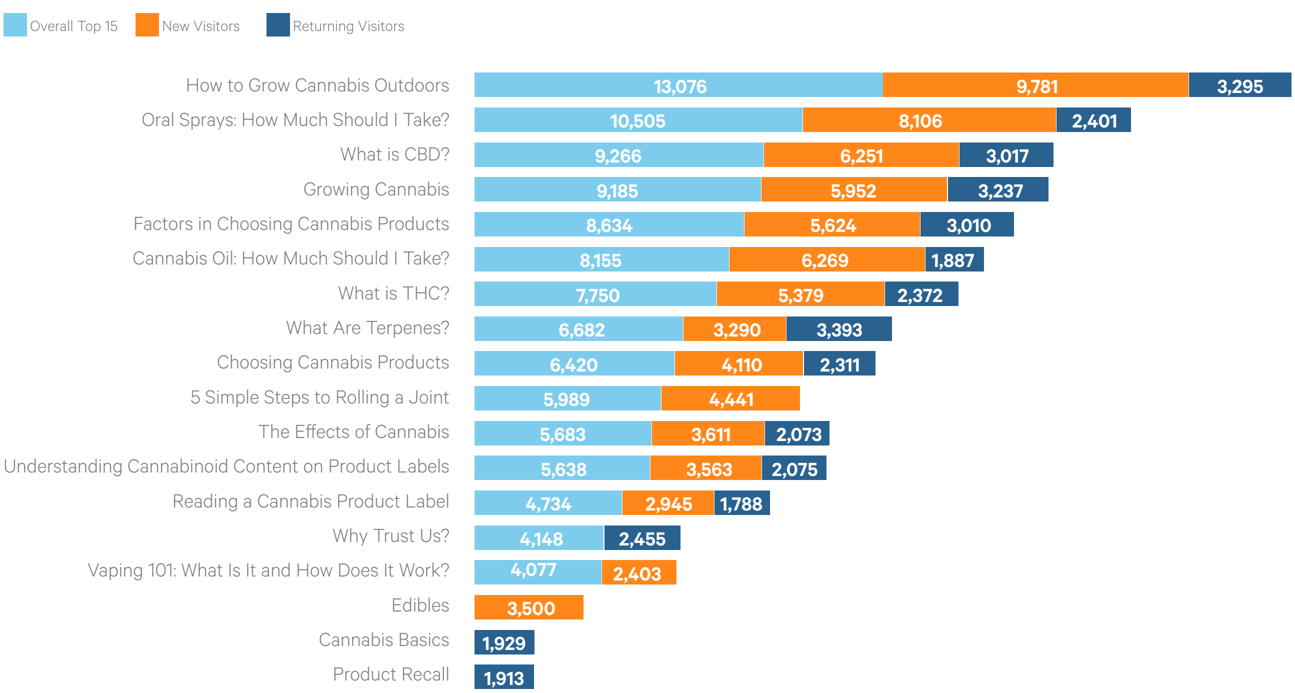
Quality, Potency and Price are the top 3 attributes for shoppers. Potency and Price should be clearly highlighted in-store. Product Information outranks price for new shoppers – making it key to converting in-store shoppers.

Source: OCS.ca survey by Emplifi



Education content and articles most visited on OCS.ca

Visitors to OCS.ca are most interested in seasonal content and cannabis basics, driven by newer shoppers.



Source: OCS.ca survey by Emplifi

SUPPLY CHAIN

The number of stores in Ontario continued to rapidly increase, with an additional 262 stores to support from the previous quarter and 8,016 wholesale orders placed. Order-to-ship lead time was 2.4 days, slightly faster than the previous quarter, as the OCS supply chain scaled operationally to meet the needs of its growing retail network. Automation capacity at the distribution centre continued to be developed to increase efficiency and support safe and secure distribution of all cannabis products.

Order-to-ship lead time for wholesale customers

2.4 days

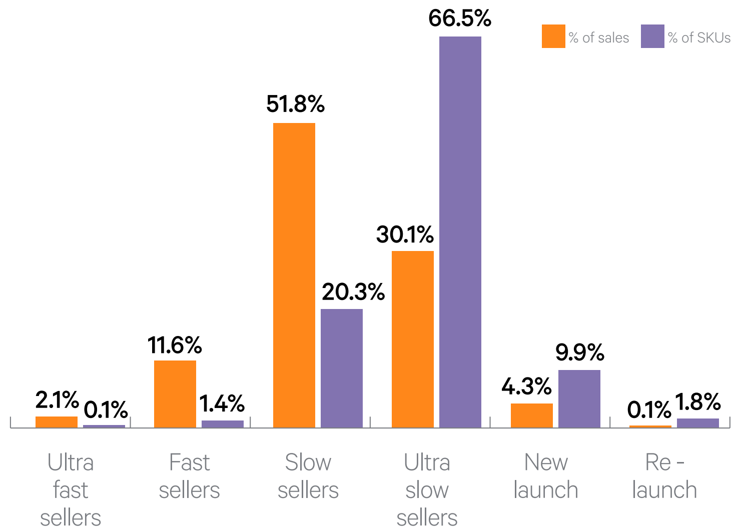
Note: Average from April 1 – June 30, 2021.

Average SKU count per wholesale order

72	92*	65	76	65
Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020	Q1, 2021

*Revised data

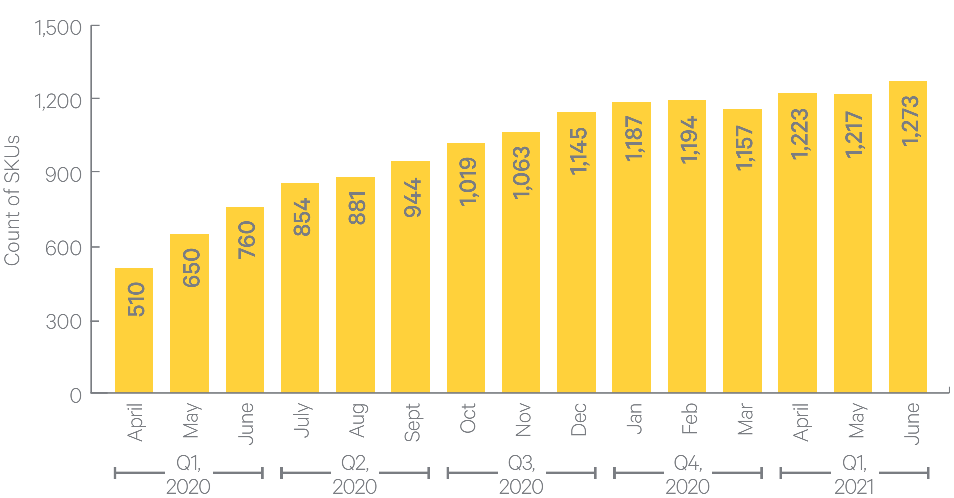
Selling classes of products April 1 – June 30, 2021



During the first quarter of the year, 1.5% of SKUs were classified as fast selling products representing close to 13.7% of sales. With the rapid growth of new products in the marketplace, fewer SKUs were able to achieve a high penetration rate of sales in stores in Q1 compared to Q4 of last fiscal year.

Note: SKU classes are based on the unit rate of sale for a SKU per store per week. Sales include Wholesale and excludes accessories.

Unique SKUs ordered by month



Average wholesale basket size

Includes unique number of SKUs by category.

25	Dried Flower
11	Pre-Rolled
9	Vapes
9	Edibles
5	Beverages
3	Concentrates
1	Capsules
1	Oils
1	Topicals
0	Seeds

ONTARIO CANNABIS STORE

QUALITY ASSURANCE

The OCS Quality Assurance department takes preventive measures and implements internal processes designed to reduce the risk of major product recalls. In part because of OCS quality assurance processes, Ontario was less impacted by Health Canada Public Recalls than the rest of the country, as only two recalls out of five issued by Health Canada affected OCS this quarter. A total of 4,734 units were recalled during this period which impacted less than 1 in 1000 units distributed by the OCS. Label and packaging issues were the number one issues for the recalls.

As new products are introduced, all product labels and packaging are reviewed by the OCS Quality Assurance department for compliance. A total of 489 regulatory reviews were completed this quarter and 80% of submissions met OCS requirements within the first round of reviews. This was higher than the previous quarter, which can be attributed to an increase in the number of new products introduced.

This quarter, OCS received 3,323 complaints, up from 2,209 the year before in Q1 2020. The OCS analyzes complaint rates through the number of complaints per million units sold when normalized to sales, also known as CPMU. The average CPMU this quarter was 466.77, which decreased from 845.76 in Q1 2020.

Vapes continue to represent the most quality complaints and demonstrate an opportunity for improvement. OCS shares the product-specific details of quality complaints directly with licensed producers and works with vendors to share Key Performance Indicators (KPIs).

Total recalls in Ontario vs Canada

Despite a total of 5 country-wide recalls, only 2 recalls impacted Ontario.

Recall trends

Labeling and Packaging 60%
Leading cause of recalls during this period

Dried Cannabis 80%
Largest class of cannabis recalls

Regulatory reviews completed

During Q1, a total of 489 regulatory reviews were completed with 80% submissions meeting OCS requirements within the first round of reviews.

80%

A compliant cannabis label and packaging includes, but is not limited to:

- THC/CBD Content
- Ingredients List
- Child-Resistance Packaging
- Health Warning Message

Areas of improvement

Note: Vendors are provided an opportunity to resubmit to ensure adherence to all relevant product regulations.

Top complaint categories

Top complaints received by OCS represent the issues that matter most to OCS.ca consumers and retail stores. This information is shared with licensed producers to ensure immediate resolution can be provided to the direct consumer and improvement plans can be made as a response to consumer feedback.

OCS Top Complaint Categories Q1 2020	
Vapes	Clogged/No Vapour
	Cartridge Leaking
	Battery Not Functional
All Other Products	Labeling Non-Compliance
	Packaging Accuracy
	Packaging Integrity

Warehouse compliance

During Q1, a total of 1,609 warehouse inspection were completed, with 92% shipments meeting OCS requirements within the first delivery.

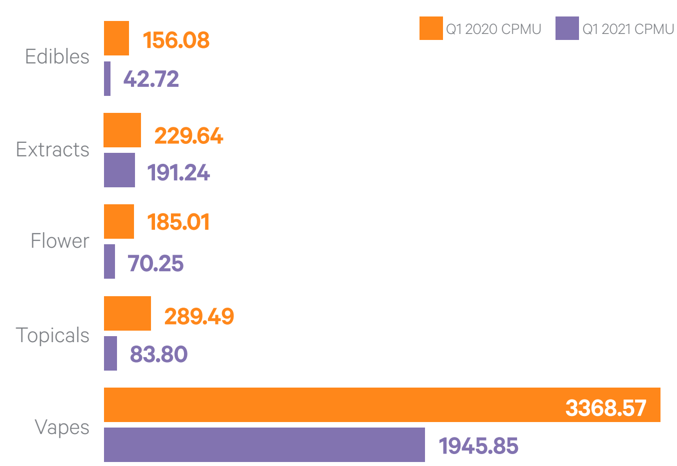
92%

A compliant purchase order at the OCS includes, but is not limited to:

- Legible and Correct Barcodes
- Accurate case counts and case dimensions
- Adherence to OCS Packaging Date Standards

Complaints-per-million-units (CPMU)

CPMU measure is used to gauge how a product is performing in the Ontario market. For every million units sold within each category, the CPMU represents the number of complaints received by OCS when normalized to sales for the respective product category. In Q1 2021, the average CPMU was 466.77, improving from 845.76 in Q1 2020.



APPENDIX

Top ten SKUs by units sold in retail stores by region

TOTAL	Pure Sunfarms	Pink Kush	3.5g	160,000
	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	159,700
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	139,000
	SHRED	Tropic Thunder	7g	87,300
	Good Supply	Jean Guy Pre-Roll	1 x 1g	86,500
	Bhang	THC Milk Chocolate Bar	1 x 10g	86,400
	Wana	Strawberry Lemonade 1:1 Sour Soft Chews	2 x 4.5g	78,300
	Wana	Mango Sour Soft Chews	2 x 4.5g	76,600
	Wana	Pomegranate Blueberry Acai 5:1 Sour Soft Chews	2 x 4.5g	73,000
	MTL Cannabis	Sage N Sour	3.5g	70,800
TORONTO	Pure Sunfarms	Pink Kush	3.5g	54,000
	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	35,800
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	33,000
	Good Supply	Jean Guy Pre-Roll	1 x 1g	28,300
	Bhang	THC Milk Chocolate Bar	1 x 10g	23,100
	Wana	Mango Sour Soft Chews	2 x 4.5g	21,400
	Good Supply	Grower's Choice Sativa Pre-Roll	1 x 1g	19,200
	SHRED	Tropic Thunder	7g	17,900
	MTL Cannabis	Sage N Sour	3.5g	17,600
	Wana	Strawberry Lemonade 1:1 Sour Soft Chews	2 x 4.5g	17,400
NORTH	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	16,500
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	14,000
	Pure Sunfarms	Pink Kush	3.5g	10,000
	SHRED	Tropic Thunder	7g	7,900
	Wana	Strawberry Lemonade 1:1 Sour Soft Chews	2 x 4.5g	6,100
	San Rafael '71	Blaspberry Soft Chews (4-Pieces)	4 x 4.3g	5,700
	Bhang	THC Milk Chocolate Bar	1 x 10g	5,600
	Wana	Blueberry Sour Soft Chews	2 x 4.5g	5,600
	Redecan	Redees Shishkaberry Pre-Roll	10 x 0.35g	5,400
	Aurora Drift	Raspberry Soft Chews (4-Pieces)	4 x 4.3g	5,000
WEST	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	48,600
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	42,600
	Pure Sunfarms	Pink Kush	3.5g	36,900
	SHRED	Tropic Thunder	7g	25,400
	Good Supply	Jean Guy Pre-Roll	1 x 1g	23,600
	Wana	Strawberry Lemonade 1:1 Sour Soft Chews	2 x 4.5g	22,800
	Bhang	THC Milk Chocolate Bar	1 x 10g	22,700
	Wana	Pomegranate Blueberry Acai 5:1 Sour Soft Chews	2 x 4.5g	22,000
	MTL Cannabis	Sage N Sour	3.5g	20,700
	Trailblazer	Spark Stix	1 x 0.5g	20,200

Top ten SKUs by units sold in retail stores by region continued

EAST	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	37,700
	Pure Sunfarms	Pink Kush	3.5g	36,000
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	32,800
	SHRED	Tropic Thunder	7g	28,100
	Wana	Strawberry Lemonade 1:1 Sour Soft Chews	2 x 4.5g	24,300
	Wana	Mango Sour Soft Chews	2 x 4.5g	23,700
	Wana	Pomegranate Blueberry Acai 5:1 Sour Soft Chews	2 x 4.5g	22,900
	Wana	Blueberry Sour Soft Chews	2 x 4.5g	20,000
	Bhang	THC Milk Chocolate Bar	1 x 10g	19,300
	MTL Cannabis	Sage N Sour	3.5g	19,000

GTA	Pure Sunfarms	Pink Kush	3.5g	22,700
	Redecan	Redees Wappa Pre-Roll	10 x 0.35g	21,000
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35g	16,500
	Bhang	THC Milk Chocolate Bar	1 x 10g	15,600
	Good Supply	Jean Guy Pre-Roll	1 x 1g	12,700
	Haven St. Premium Cannabis	No. 427 Retrograde	3.5g	10,200
	Haven St. Premium Cannabis	No. 417 Indigo Daze	3.5g	10,000
	Wana	Mango Sour Soft Chews	2 x 4.5g	9,400
	MTL Cannabis	Sage N Sour	3.5g	9,000
	Chowie Wowie	Balance Solid Milk Chocolate	1 x 16g	8,400

Total sales and grams sold by product categories

		OCS.ca		Retail Stores		% of Sales
Dried Flower	Milled Flower	**$539,000**	150,000 g	**$6,518,000**	1,552,000 g	**56%**
	Variety Packs	**-**	-	**$4,000**	-	
	Whole Flower	**$11,562,000**	2,130,000 g	**$153,739,000**	23,702,000 g	
Vapes	510 Thread Vape Cartridges	**$3,449,000**	266,000 g	**$37,148,000**	2,436,000 g	**15%**
	510 Thread Vape Kits	**$155,000**	6,000 g	**$835,000**	32,000 g	
	Disposable Vape Pens	**$378,000**	14,000 g	**$2,248,000**	85,000 g	
	Proprietary Systems Vape Cartridges	**$332,000**	17,000 g	**$1,262,000**	50,000 g	
Pre-Rolled	Single Strain Packs	**$1,655,000**	219,000 g	**$44,517,000**	4,872,000 g	**15%**
Edibles	Baked Goods and Baking	**$26,000**	6,000 g	**$98,000**	24,000 g	**4%**
	Chocolate	**$429,000**	87,000 g	**$2,766,000**	468,000 g	
	Hard Candy	**$18,000**	2,000 g	**$97,000**	7,000 g	
	Soft Candy	**$1,029,000**	130,000 g	**$9,185,000**	958,000 g	
Concentrates	Distillates	**$67,000**	6,000 g	**$258,000**	21,000 g	**3%**
	Hash	**$325,000**	71,000 g	**$3,579,000**	771,000 g	
	Kief and Sift	**$56,000**	14,000 g	**$296,000**	58,000 g	
	Resin and Rosin	**$168,000**	12,000 g	**$2,600,000**	181,000 g	
	Shatter	**$70,000**	5,000 g	**$1,430,000**	99,000 g	
	Wax	**$43,000**	3,000 g	**$489,000**	34,000 g	
Oils	Bottled Oils	**$1,714,000**	26,000 g	**$5,776,000**	74,000 g	**3%**
	Oral Sprays	**$233,000**	2,000 g	**$374,000**	3,000 g	
	Topicals	**-**	-	**$1,000**	-	
Beverages	Cold Beverages	**$367,000**	273,000 g	**$3,757,000**	2,309,000 g	**2%**
	Dealcoholized Drinks	**$29,000**	39,000 g	**$302,000**	269,000 g	
	Hot Beverages	**$79,000**	3,000 g	**$276,000**	10,000 g	
Capsules	Softgels	**$990,000**	46,000 g	**$3,428,000**	120,000 g	**1%**
Topicals	Bath	**$30,000**	18,000 g	**$283,000**	157,000 g	**1%**
	Lotions and Creams	**$291,000**	7,000 g	**$1,267,000**	27,000 g	
Seeds	Seed Packs	**$219,000**	25,000 g	**$440,000**	44,000 g	**<1%**

Number of stores by region and municipality

Number of Stores by Municipality

Acton	2
Ajax	4
Alexandria	1
Alliston	2
Almonte	1
Amherstburg	2
Ancaster	3
Angus	1
Arnprior	2
Arthur	1
Aurora	5
Aylmer	1
Bancroft	1
Barrie	11
Barry's Bay	1
Beamsville	1
Belle River	2
Belleville	4
Binbrook	1
Blenheim	2
Blind River	1
Bobcaygeon	2
Bowmanville	2
Bracebridge	2
Bradford	2
Brampton	19
Brantford	8
Bridgenorth	1
Brockville	2
Burlington	15
Caledonia	1
Cambridge	11
Carleton Place	1
Carlisle	1
Chatham	7
Chelmsford	1
Coboconk	1
Cobourg	1
Collingwood	3
Cookstown	1
Cornwall	4
Crystal Beach	1
Deep River	1
Delhi	1
Dryden	1
Dundas	2
Dunnville	1
East York	10
Elliot Lake	1
Elmvale	1
Embrun	1
Essex	1
Etobicoke	16
Fonthill	1
Fort Erie	2
Fort Frances	2
Gananoque	1
Georgetown	2
Gloucester	5
Goderich	1
Grand Bend	2
Gravenhurst	1
Guelph	9
Hagersville	1
Haliburton	1
Hamilton	38
Hanover	2
Harrow	1
Hawkesbury	1
Huntsville	6
Innisfil	1
Kanata	7
Kapuskasing	1
Kemptville	3
Kenora	2
Kincardine	1
Kingston	8
Kirkland Lake	1
Kitchener	12
Lakefield	1
Lakeshore	1
Lansdowne	1
Leamington	1
Lindsay	2
Listowel	2
London	22
Longbow Lake	1
Midland	4
Milton	5
Minden	1
Napanee	1
Nepean	6
New Hamburg	1
New Liskeard	1
Newcastle	2
Niagara Falls	11
North Bay	7
North York	34
Northbrook	1
Orangeville	4
Orillia	5
Orleans	6
Oshawa	14
Ottawa	27
Owen Sound	4
Parry Sound	2
Pembroke	6
Perth	1
Petawawa	2
Peterborough	7
Petrolia	2
Pickering	3
Picton	2
Port Colborne	2
Port Dover	2
Port Elgin	1
Port Hope	1
Port Perry	1
Port Sydney	1
Prescott	1
Rama	1
Red Lake	1
Renfrew	3
Richmond	1
Rockland	3
Rockwood	1
Rosseau	1
Sarnia	8
Sauble Beach	1
Sault Ste. Marie	6
Scarborough	30
Scotland	1
Shelburne	1
Simcoe	4
Smiths Falls	2
Southampton	1
Springwater	1
St Catharines	13
St Thomas	5
Stittsville	2
Stoney Creek	6
Stouffville	2
Stratford	3
Strathroy	2
Sturgeon Falls	1
Sudbury	5
Temagami	1
Thornbury	1
Thorold	2
Thunder Bay	12
Tilbury	2
Tillsonburg	4
Timmins	4
Toronto	160
Trenton	2
Uxbridge	3
Val Caron	1
Vanier	2
Wallaceburg	1
Wasaga Beach	3
Waterdown	2
Waterloo	7
Watford	1
Welland	5
Whitchurch-Stouffville	2
Windsor	22
Woodstock	5
York	5

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