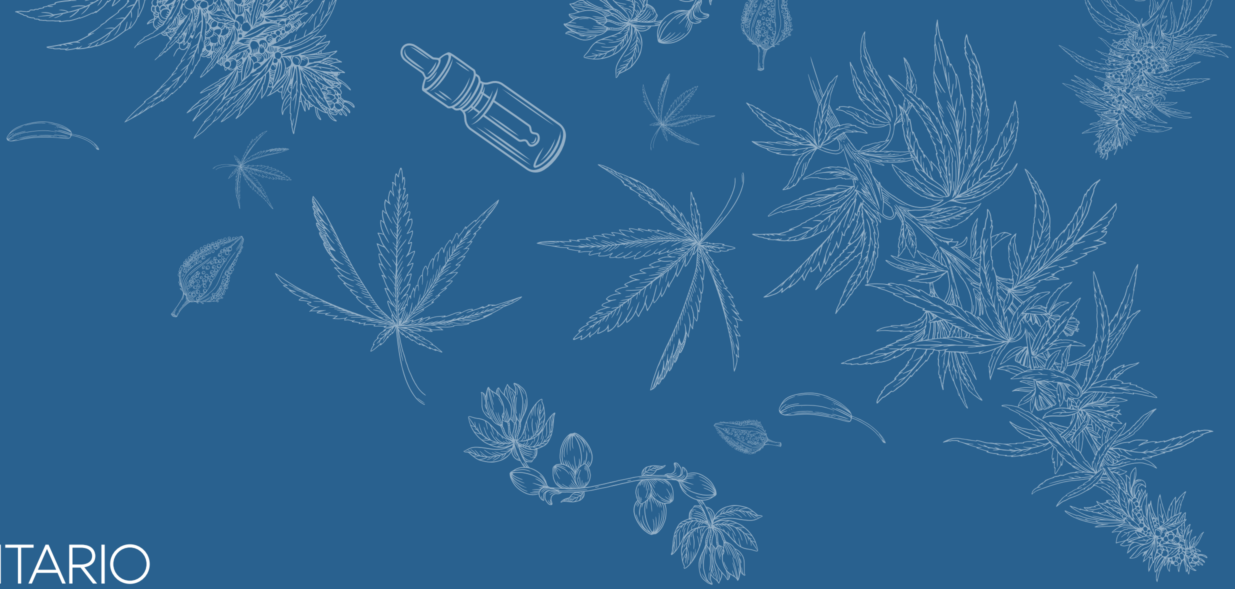

ONTARIO
CANNABIS
STORE

A QUARTERLY REVIEW

October 1 – December 31, 2021

ABOUT THIS PUBLICATION

The Ontario Cannabis Store (OCS) publishes *A Quarterly Review (October 1 – December 31, 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 October 1 and December 31, 2021.

This publication marks the seventh data report by the OCS following *A Quarterly Review (July 1 – September 30, 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.

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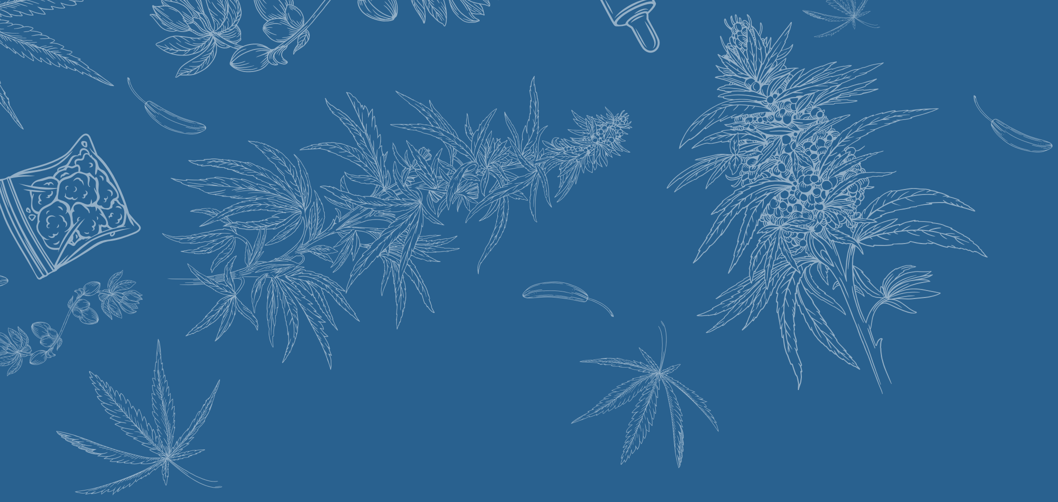

OCS
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STORE

Executive Summary

The data this quarter tells a story of the continued resilience of Ontario's legal cannabis marketplace, despite the ongoing challenges of the COVID-19 pandemic. While the Omicron variant threatened the latter half of the holiday shopping season, legal cannabis sales continued to rise modestly, and Ontario's adult cannabis consumers chose to purchase more tested, traceable cannabis products than ever before. A record 59 million grams of cannabis was sold this quarter across all product categories with sales reaching nearly $399M, resulting in a slight 1% increase in sales compared to the second quarter of the fiscal year.

Consumers continued to choose regulated channels for more than half of all cannabis purchases, as Ontario's legal market share increased to 58.8%, up from 54.2% the previous quarter. As in previous quarters, Ontario sold more legal cannabis than any other province or territory, with nearly 40.8% of all legal cannabis sales in Canada occurring through the province's licensed retailers and OCS.ca.

The number of authorized cannabis stores open for business in Ontario continued to grow, but slowed to 20% growth as compared to 34% growth in the previous quarter. Stores opened their doors in previously underserved areas across the province, with the number of communities served rising to 217, up from 194 in the second quarter. Ontario's 1,333 authorized cannabis stores captured the vast majority of sales; shoppers chose brick-and-mortar locations for 96% of their recreational cannabis purchases, with $383M in sales and 57 million grams of cannabis sold in stores across the province.

OCS.ca sales as a percentage of total sales remained steady at 4%. An educational campaign on the value of buying legal cannabis through authorized stores or OCS.ca brought many new visitors to the OCS.ca featured article, Higher Standards: Reasons to Buy Legal, as well as the store locator page. Two thirds of OCS.ca shoppers also reported visiting a retail store in the past three months, an increase of 3% compared to Q2 2021.

A total of 350 new SKUs were added to the OCS product catalogue, further increasing the number of available SKUs for both wholesale and ecommerce customers. Licensed producers continued to drive innovation and respond to ever-changing consumer demand, and many new and unique holiday-inspired products were brought to market. Share for dried flower decreased 3% from the previous quarter to make up 49% of total sales, while pre-rolls, vapes, and concentrates all increased in share by 1% respectively.

The growth and progress made in Ontario's cannabis sector this quarter, despite ongoing challenges presented by the pandemic, are cause for celebration. Thanks to the resolve of the industry and dedication to continuous improvement, Ontario's adult consumers continue to choose tested, traceable, quality-controlled legal cannabis products.

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THE BIG PICTURE

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

Q3, 2020	Q4, 2020	Q1, 2021	Q2, 2021
43.1%*	44.1%	47.1%	54.2%

Ontario's legal share of the recreational market has increased from 54.2% share during Q2, 2021 to 58.8% in Q3, 2021. Note: The calculation of the Ontario legal market share has been calculated 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
"October 2021" accessed 21/12/2021; "November 2021" accessed 21/01/2022; "December 2021" accessed 18/02/2022

Total grams sold

59,400,000 g

Retail Stores **57,000,000 g**

OCS.ca **2,400,000 g**

Number of retail stores

1,333

Total sales in Ontario

Retail Stores	OCS.ca
$383,100,000	**$15,800,000**

$398,700,000

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

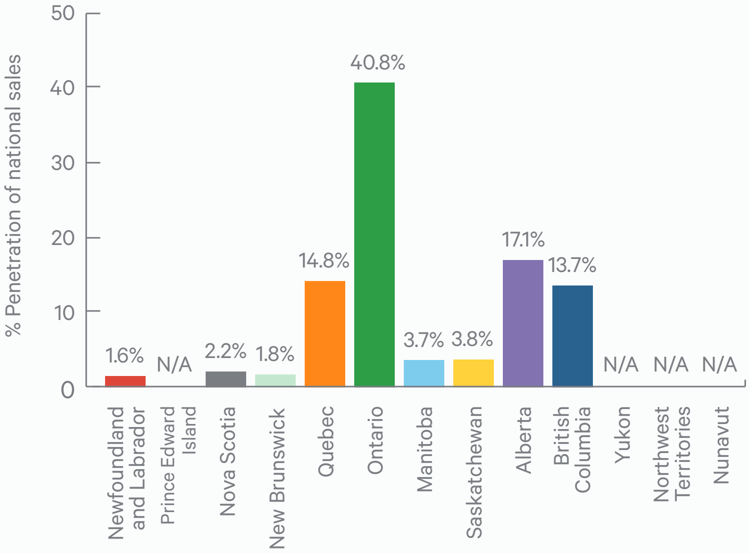
Listed and new items

Q3, 2020	**1,362**	329 NEW
Q4, 2020	**1,386**	268 NEW
Q1, 2021	**1,637**	256 NEW
Q2, 2021	**1,842**	389 NEW
Q3, 2021	**2,201**	350 NEW

The number of unique items available for sale continues to grow as the market matures. Includes active SKUs that were in-stock and excludes accessories.

Ontario share of national recreational sales

October 1 – December 31, 2021

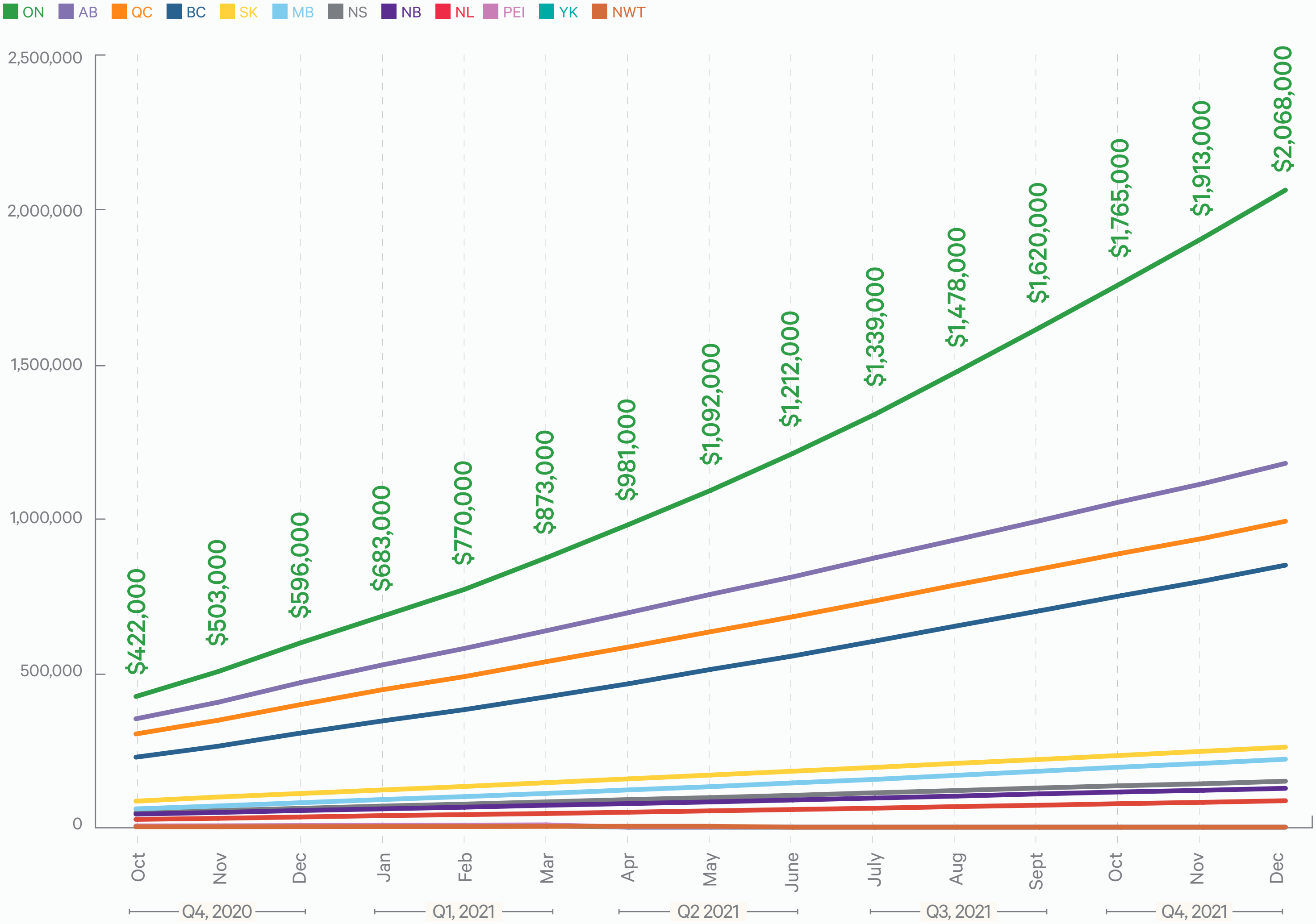


Ontario continues to lead sales among provinces and territories, with 40.8% national market share, an increase of nearly 2% compared to last quarter. Saskatchewan and Newfoundland and Labrador conveyed no change while other provinces market share declined.

Source: Statistics Canada. Table 20-10-0008-01 Retail trade sales by province and territory (x 1,000)
"October 2021" accessed 21/12/2021; "November 2021" accessed 21/01/2022; "December 2021" accessed 18/02/2022

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.

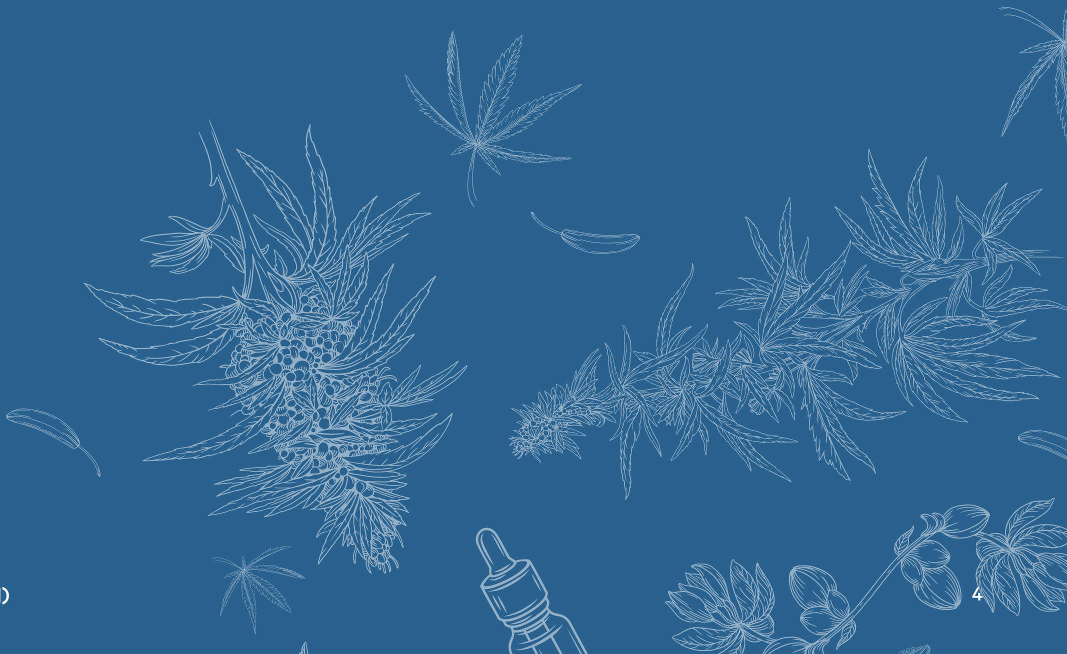
Source: Statistics Canada. Table 20-10-0008-01 Retail trade sales by province and territory (x 1,000)
"October 2021" accessed 21/12/2021; "November 2021" accessed 21/01/2022; "December 2021" accessed 18/02/2022

SALES DATA

In the third quarter of this fiscal year, 59,400,000 grams of legal cannabis were sold in Ontario, an increase in volume of 5.5% compared to the previous quarter. Brick-and-mortar stores represented 96% of sales with 57,000,000 grams versus OCS online sales of 2,400,000 grams. Although physical stores were required to reinstate capacity limits due to the rapid spread of the Omicron variant, overall sales continued to increase modestly.

Dried flower remained the leading product category, capturing 49% of total sales, but lost momentum with a 3% drop in dollar share from last quarter. Pre-rolls, concentrates and vapes all grew in dollar share by 1% compared to last quarter, with 20%, 16% and 4% share of total sales respectively. Edibles experienced no change in dollar share, representing 5% of total sales. Sales for topicals, beverages and edibles increased more drastically in December than other categories, which may demonstrate trends in holiday shopping and gifting patterns.

The number of unique items available for sale on OCS.ca and in retail stores (excluding accessories) increased by 19%. By the end of the third quarter, there were over 2,200 SKUs available, highlighting an increase in variety and innovation.



Total sales by product category

		Retail Stores	OCS.ca	% of Sales	Changes to Q2, 2021
Dried Flower	Milled Flower	$19,853,000	$534,000	49%	↓
	Whole Flower	$169,177,000	$6,364,000		
Pre-Rolled	Single Strain Packs	$75,256,000	$1,282,000	20%	↑
	Variety Packs	$1,045,000	$26,000		
Vapes	510 Thread Vape Cartridges	$56,016,000	$2,330,000	16%	↑
	510 Thread Vape Kits	$903,000	$78,000		
	Disposable Vape Pens	$1,873,000	$206,000		
	Proprietary Systems Vape Cartridges	$1,831,000	$218,000		
Edibles	Baked Goods and Baking	$763,000	$61,000	5%	—
	Chocolate	$3,544,000	$295,000		
	Hard Edibles	$226,000	$40,000		
	Soft Chews	$15,166,000	$815,000		
Concentrates	Distillates	$723,000	$32,000	4%	↑
	Hash	$5,877,000	$251,000		
	Kief and Sift	$370,000	$33,000		
	Resin and Rosin	$5,115,000	$158,000		
	Shatter	$2,919,000	$77,000		
	Wax	$460,000	$23,000		
	Isolates	$26,000	$9,000		
Oils	Bottled Oils	$6,797,000	$1,144,000	2%	—
	Oral Sprays	$277,000	$81,000		
	Topicals	—	—		
Beverages	Cold Beverages	$6,684,000	$269,000	2%	—
	Dealcoholized Drinks	$373,000	$12,000		
	Hot Beverages	$314,000	$35,000		
Capsules	Softgels	$3,940,000	$656,000	1%	—
	Capsules and Tablets	—	$48,000		
Topicals	Bath	$497,000	$39,000	1%	—
	Lotions and Creams	$1,926,000	$268,000		
Seeds	Seed Packs	$116,000	$58,000	<1%	—

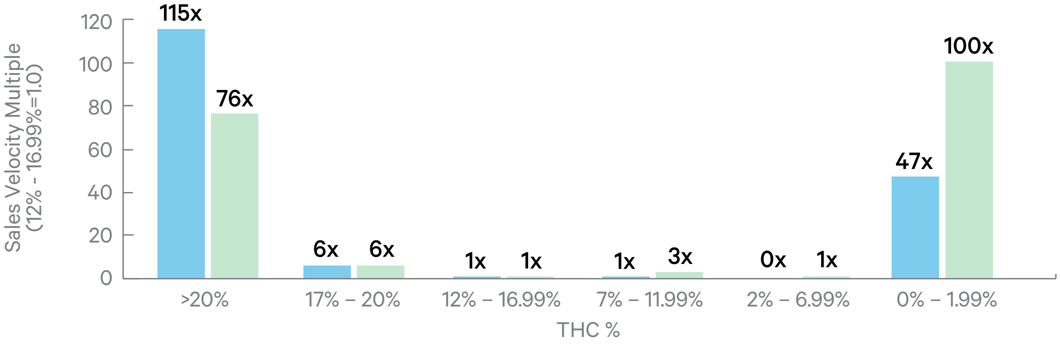
Note: Average prices are weighted by sales and include taxes. Sub-category sales do not add to total sales due to rounding. For more details see appendix.

Sales velocity for dried flower by THC %

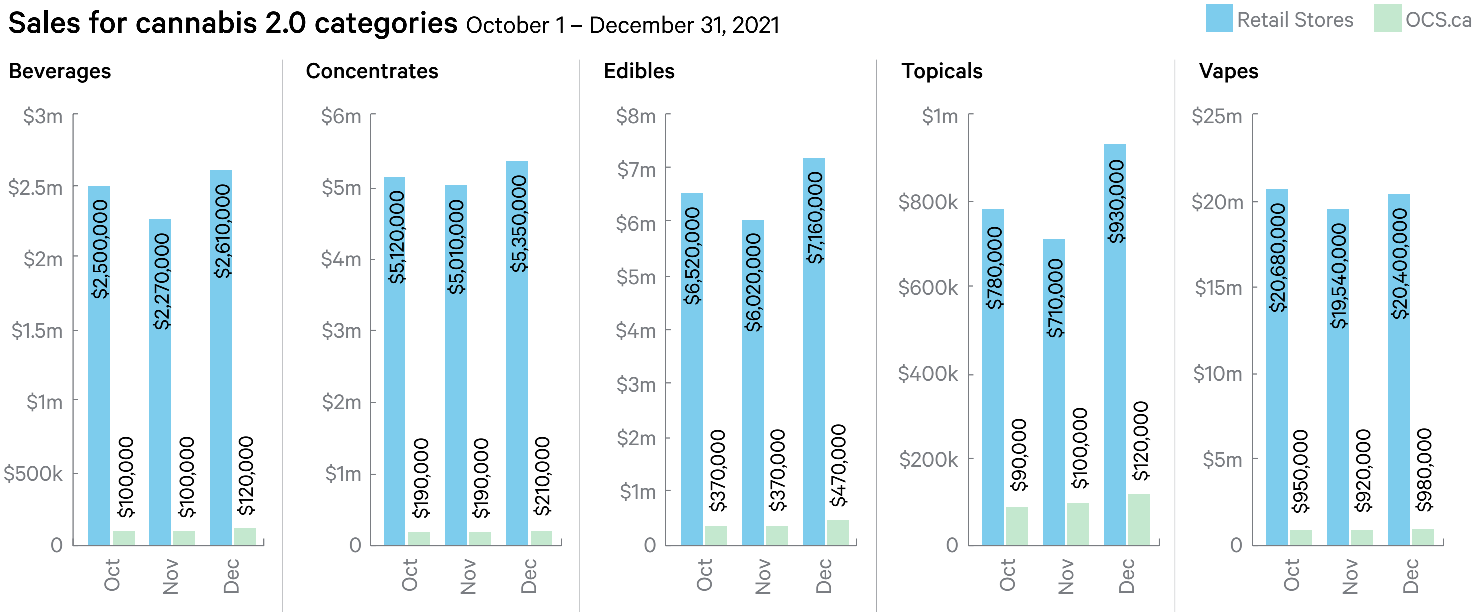
Sales velocity references units per day for OCS.ca and units sold per day per average store for retail.

🟦 Retail Stores

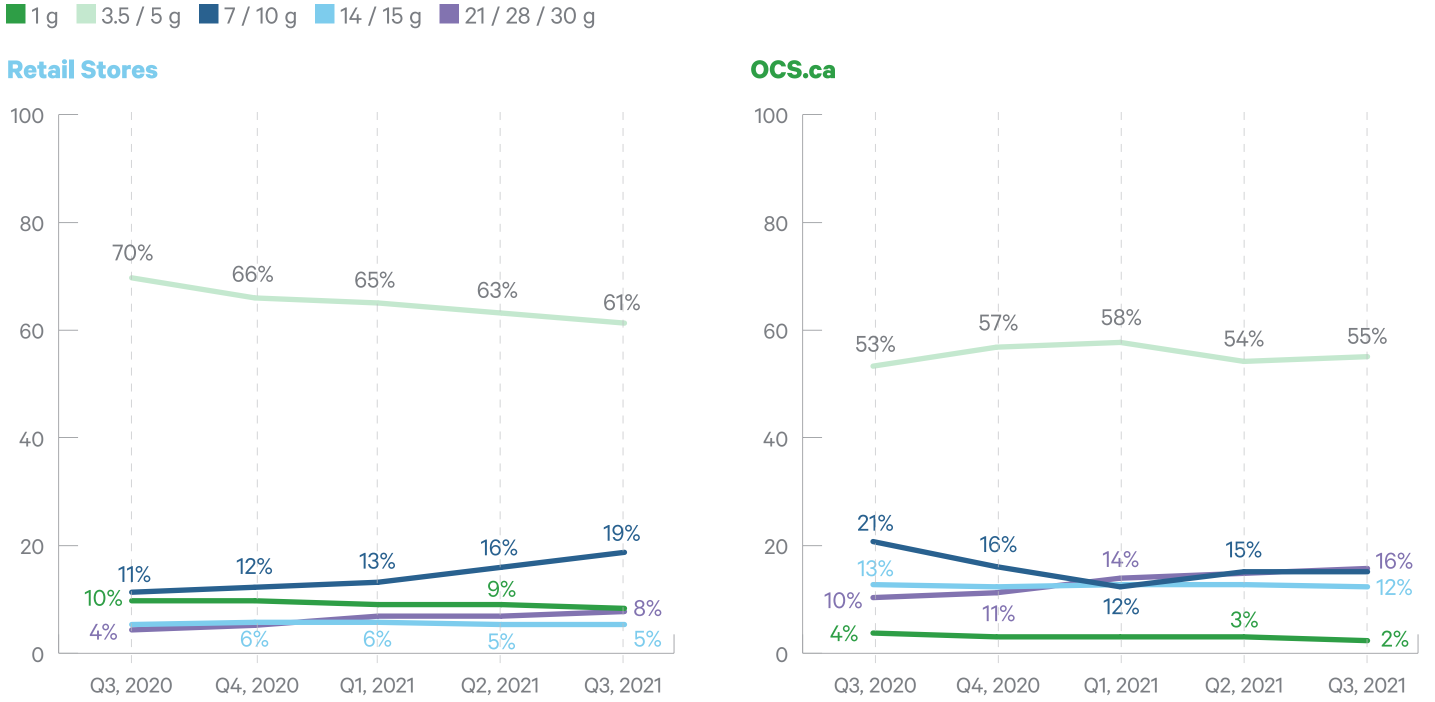
🟩 OCS.ca



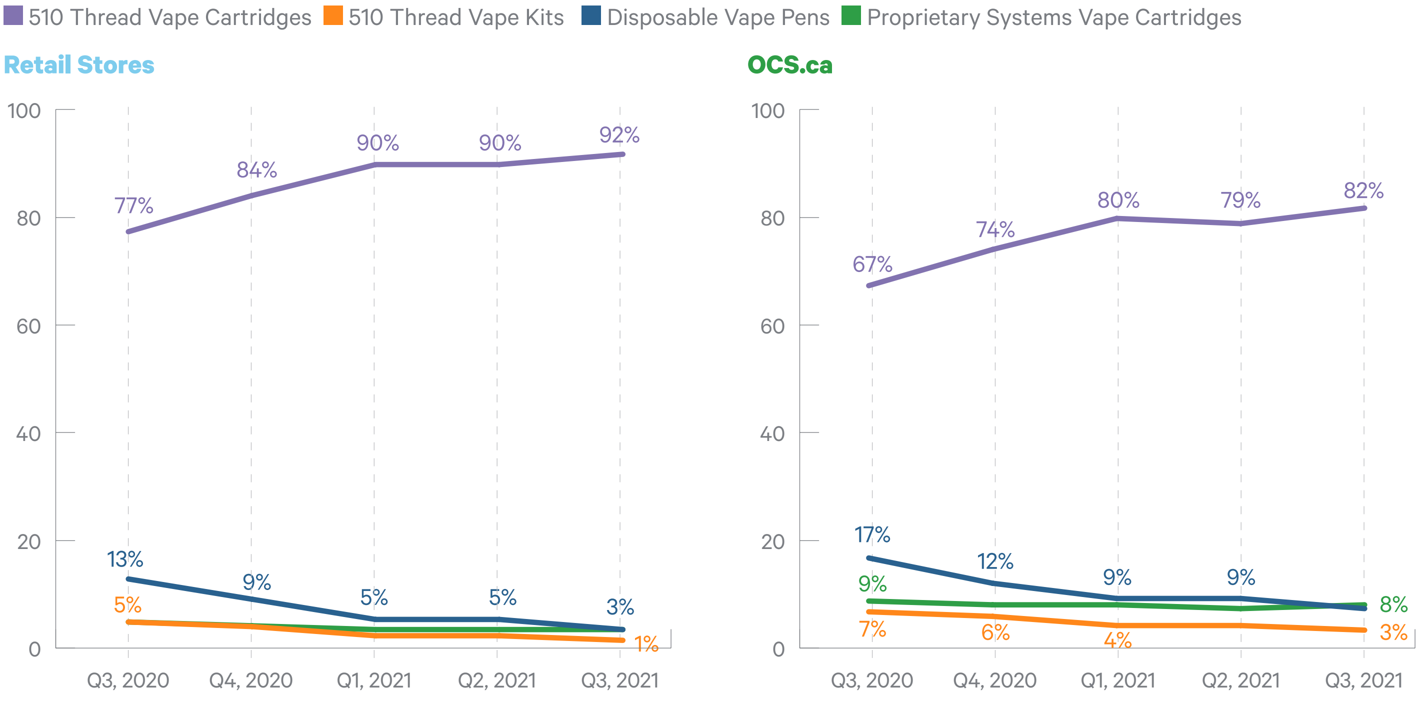
Sales for cannabis 2.0 categories October 1 – December 31, 2021



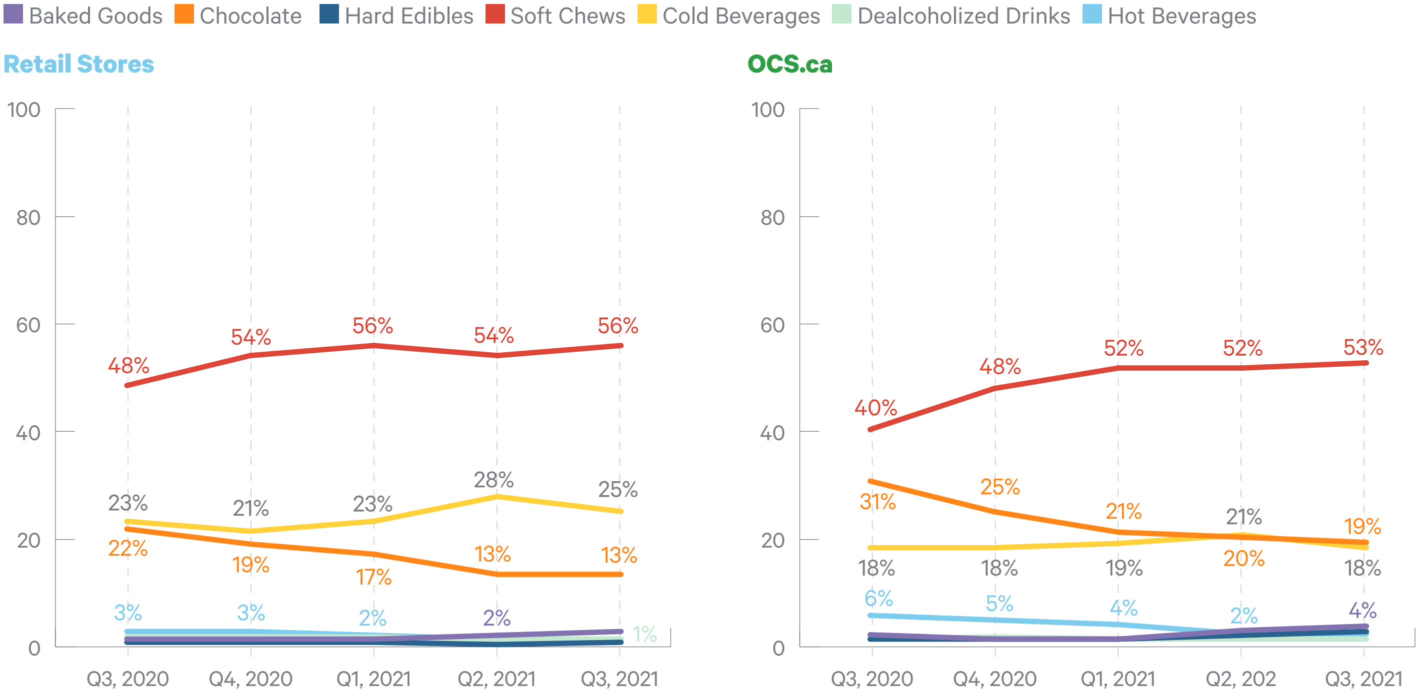
Sales proportion by quarter, size and channel for dried flower



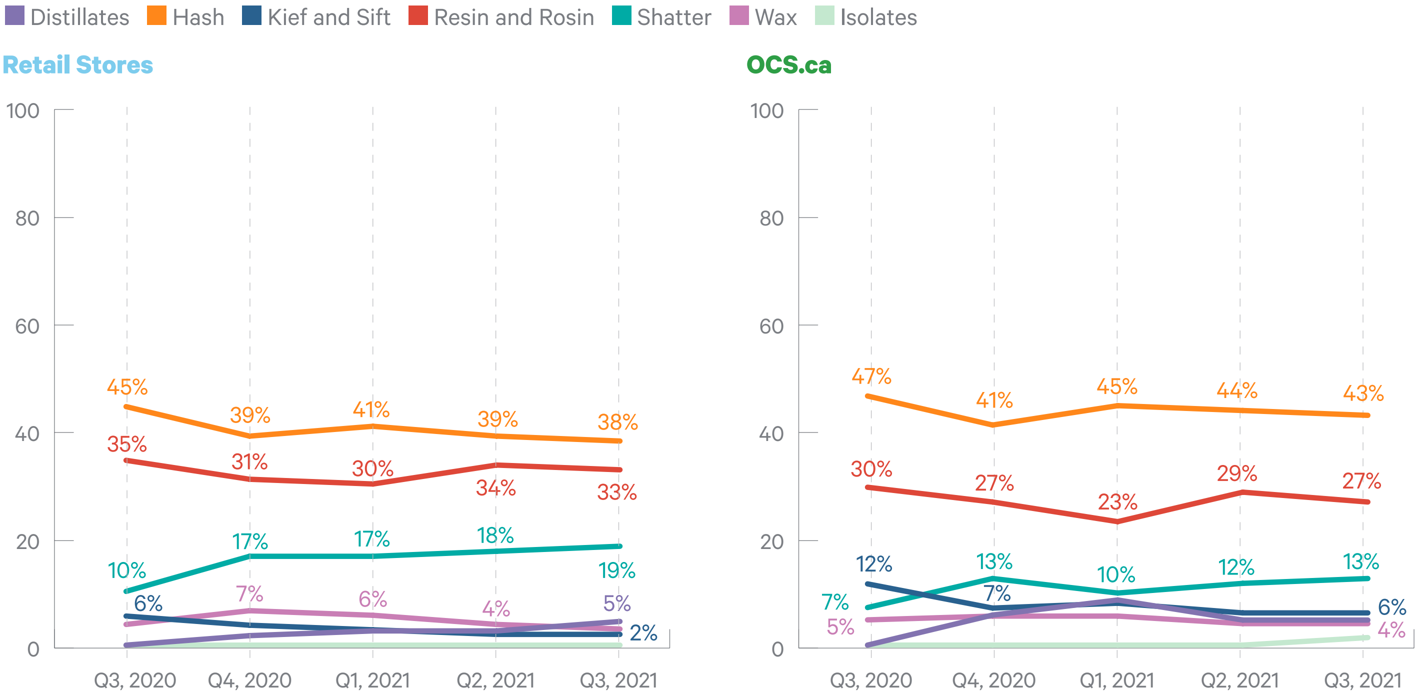
Sales proportion by quarter, type and channel for vapes



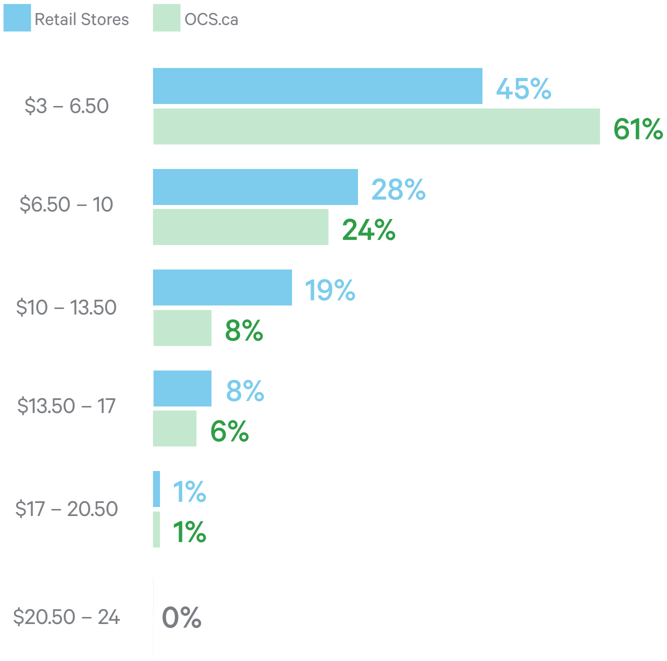
Sales proportion by quarter, type, and channel for edibles and beverages



Sales proportion by quarter, type and channel for concentrates



Sales proportion by price per gram for dried flower



Top five brands per category based on sales October 1 – December 31, 2021

Retail Stores

Beverages

XMG	19%
Tweed	10%
Collective Project	8%
Quatreau	6%
Houseplant	6%

Concentrates

Original Stash	11%
Vortex	11%
RAD	7%
Good Supply	7%
Kolab Project	5%

Edibles

Wana	25%
Bhang	11%
Spinach	11%
SHRED'EMS	8%
Chowie Wowie	5%

Pre-Rolls

Good Supply	13%
Redecan	11%
Pure Sunfarms	6%
Hiway	5%
RIFF	3%

Topicals

Eve & Co.	14%
Proofly	13%
Tidal	9%
Dosecann	8%
Wildflower	8%

Capsules

Redecan	52%
Tweed	12%
Edison Jolts	10%
Kin Slips	5%
Dosecann	4%

Dried Flower

Pure Sunfarms	10%
SHRED	10%
Spinach	8%
Redecan	5%
Edison Cannabis Co	4%

Oils

Redecan	46%
MediPharm Labs	9%
Solei	7%
Dosecann	6%
Pure Sunfarms	5%

Seeds

34 Street Seed Co.	50%
Humboldt Seed Company	14%
CRG Pharma	9%
Pure Sunfarms	7%
Parkland Flower Inc.	5%

Vapes

Back Forty	17%
General Admission	8%
Good Supply	7%
Kolab Project	5%
Hexo	5%

OCS.ca

Beverages

Tweed	20%
Houseplant	8%
Ripple by TGOD	7%
Quatreau	7%
Veryvell	6%

Concentrates

Vortex	14%
Original Stash	7%
WAGNERS	5%
Shatterizer	5%
Good Supply	4%

Edibles

Chowie Wowie	11%
SHRED'EMS	11%
Wana	9%
Bhang	8%
Foray	7%

Pre-Rolls

Redecan	13%
Original Stash	5%
Good Supply	5%
Pure Sunfarms	5%
Divvy	4%

Topicals

Proofly	18%
Dosecann	12%
Tidal	11%
WholeHemp	6%
Wildflower	6%

Capsules

Tweed	35%
Redecan	22%
Dosecann	7%
Daily Special	5%
Emprise Canada	5%

Dried Flower

Pure Sunfarms	7%
Redecan	5%
Good Supply	5%
Spinach	5%
Back Forty	4%

Oils

Redecan	27%
Solei	14%
Five Founders	9%
Tweed	6%
Dosecann	5%

Seeds

34 Street Seed Co.	26%
CRG Pharma	14%
Parkland Flower Inc.	14%
ABIDE	12%
Autoflower Breeder's Club	9%

Vapes

General Admission	11%
Good Supply	8%
Back Forty	5%
Pure Sunfarms	4%
Hexo	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 ten SKUs by units sold in retail stores by region

Units sold are rounded to the nearest thousand.

TOTAL	SHRED	Tropic Thunder	7 g	204,000
	Good Supply	Jean Guy Pre-Roll	1 x 1 g	201,000
	SHRED	Funk Master	7 g	167,000
	Pure Sunfarms	Pink Kush	3.5 g	164,000
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35 g	146,000
	Wana	Pomegranate Blueberry Acai 5:1 Sour Soft Chews	2 x 4.5 g	143,000
	Spinach	SOURZ by Spinach - Blue Raspberry Watermelon Indica	5 x 5 g	133,000
	Good Supply	Grower's Choice Indica Pre-Roll	1 x1 g	130,000
	SHRED	Gnarberry	7 g	117,000
	Good Supply	Grower's Choice Sativa Pre-Roll	1 x 1 g	115,000

TORONTO	Good Supply	Jean Guy Pre-Roll	1 x 1 g	75,000
	Pure Sunfarms	Pink Kush	3.5 g	62,000
	SHRED	Tropic Thunder	7 g	42,000
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35 g	38,000
	Good Supply	Grower's Choice Indica Pre-Roll	1 x 1 g	36,000
	Wana	Pomegranate Blueberry Acai 5:1 Sour Soft Chews	2 x 4.5 g	35,000
	Good Supply	Grower's Choice Sativa Pre-Roll	1 x 1 g	35,000
	SHRED	Funk Master	7 g	35,000
	Wana	Mango Sour Soft Chews	2 x 4.5 g	29,000
	Redecan	Redees Wappa Pre-Roll	10 x 0.35 g	26,000

NORTH	SHRED	Tropic Thunder	7 g	17,000
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35 g	15,000
	SHRED	Funk Master	7 g	15,000
	Redecan	Wrapped and Redee	10 x 0.4 g	11,000
	Wana	Pomegranate Blueberry Acai 5:1 Sour Soft Chews	2 x 4.5 g	11,000
	Redecan	Redees Wappa Pre-Roll	10 x 0.35 g	11,000
	Spinach	SOURZ by Spinach - Blue Raspberry Watermelon Indica	5 x 5 g	10,000
	SHRED	Gnarberry	7 g	9,000
	Back Forty 40s	Wedding Pie Pre-Roll	10 x 0.35 g	9,000
	Good Supply	Jean Guy Pre-Roll	1 x 1 g	9,000

WEST	SHRED	Tropic Thunder	7 g	62,000
	Good Supply	Jean Guy Pre-Roll	1 x 1 g	50,000
	SHRED	Funk Master	7 g	48,000
	Good Supply	Grower's Choice Indica Pre-Roll	1 x 1 g	46,000
	Spinach	SOURZ by Spinach - Blue Raspberry Watermelon Indica	5 x 5 g	43,000
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35 g	43,000
	Wana	Pomegranate Blueberry Acai 5:1 Sour Soft Chews	2 x 4.5 g	40,000
	SHRED	Gnarberry	7 g	37,000
	Good Supply	Grower's Choice Sativa Pre-Roll	1 x 1 g	37,000
	Back Forty 40s	Wedding Pie Pre-Roll	10 x 0.35 g	37,000

EAST	SHRED	Tropic Thunder	7 g	57,000
	SHRED	Funk Master	7 g	49,000
	Good Supply	Jean Guy Pre-Roll	1 x 1 g	39,000
	Wana	Pomegranate Blueberry Acai 5:1 Sour Soft Chews	2 x 4.5 g	39,000
	Spinach	SOURZ by Spinach - Blue Raspberry Watermelon Indica	5 x 5 g	38,000
	Pure Sunfarms	Pink Kush	3.5 g	33,000
	SHRED	Gnarberry	7 g	32,000
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35 g	31,000
	Back Forty 40s	Wedding Pie Pre-Roll	10 x 0.35 g	30,000
	Spinach	SOURZ by Spinach - Peach Orange 1:1	5 x 5 g	29,000

GTA	Good Supply	Jean Guy Pre-Roll	1 x 1 g	29,000
	Pure Sunfarms	Pink Kush	3.5 g	26,000
	SHRED	Tropic Thunder	7 g	25,000
	SHRED	Funk Master	7 g	20,000
	Redecan	Redees Cold Creek Kush Pre-Roll	10 x 0.35 g	19,000
	Wana	Pomegranate Blueberry Acai 5:1 Sour Soft Chews	2 x 4.5 g	18,000
	Spinach	SOURZ by Spinach - Blue Raspberry Watermelon Indica	5 x 5g	17,000
	Good Supply	Grower's Choice Indica Pre-Roll	1 x 1 g	17,000
	Redecan	Redees Wappa Pre-Roll	10 x 0.35 g	16,000
	Spinach	GMO Cookies	3.5g	15,000

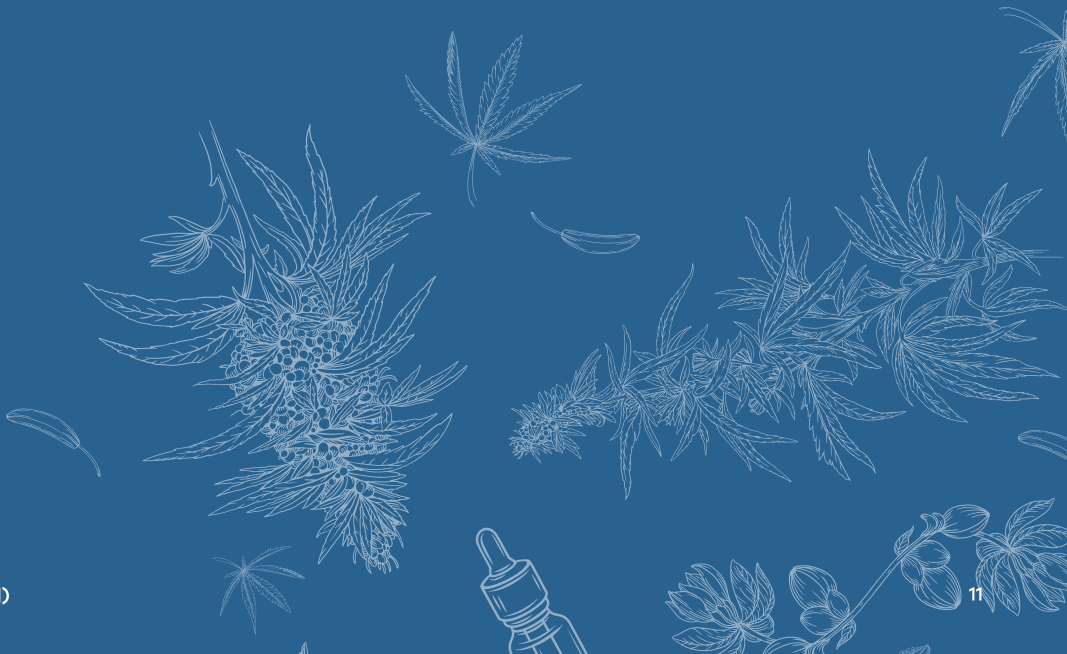
OCS ONTARIO CANNABIS STORE

GROWING ACCESS POINTS

A total of 1,333 authorized cannabis stores were open for business this quarter, providing adult customers with greater access to quality-controlled legal cannabis products. The average distance for consumers to travel to a retail store decreased by 0.4 km to 4.2 km, with authorized stores serving 217 communities across the province, an increase of 23 communities compared to last quarter.

Average sales and grams sold per store decreased slightly in Q3, which can likely be attributed to the emergence of the COVID-19 Omicron variant and capacity restrictions imposed at the height of the holiday shopping season. Western Ontario continued to lead the province with nearly $114M in sales and 430 stores. The East generated the second highest sales, with $101M in sales and 305 stores. Toronto represented $88M in sales, with 371 stores.

This quarter, new visitors to OCS.ca increased by 22% largely due to the launch of the Buy Legal ad campaign. This directed visitors to an educational landing page, highlighting the benefits of legal cannabis and the authorized retail network. As a result, conversion on the site dropped from over 9% to just under 8%, which may be indicative of shoppers browsing OCS.ca for information only or using the store locator to find their nearest retailer without making a purchase online.



Growing number of retail stores

324 Q3, 2020

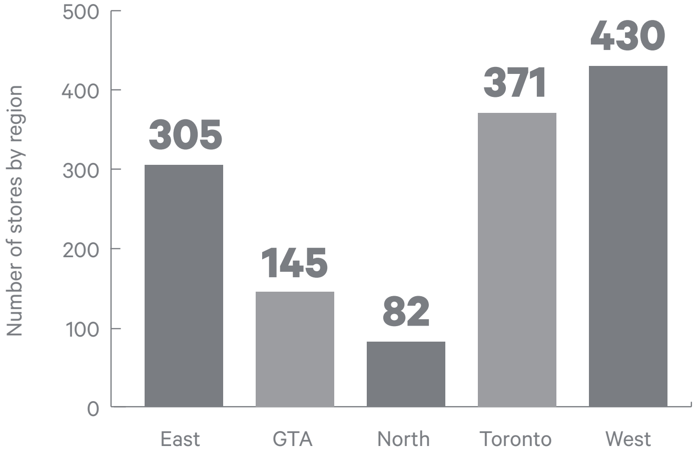
572 Q4, 2020

834 Q1, 2021

1,115 Q2, 2021

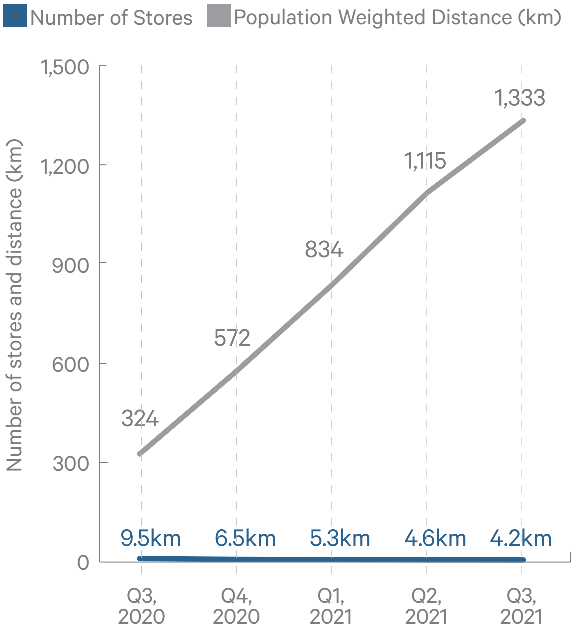
1,333 Q3, 2021

Number of stores by region and municipality



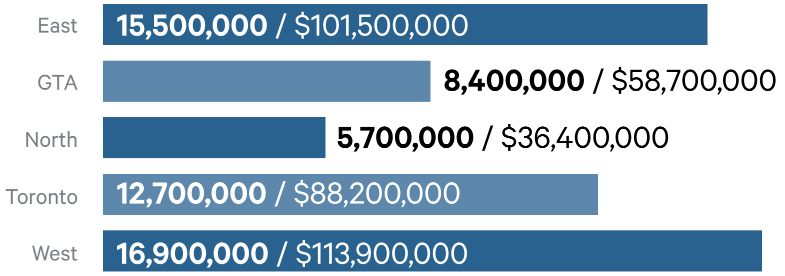
Note: See appendix for the full list of number of stores by municipality.

Average distance for consumers to a retail store

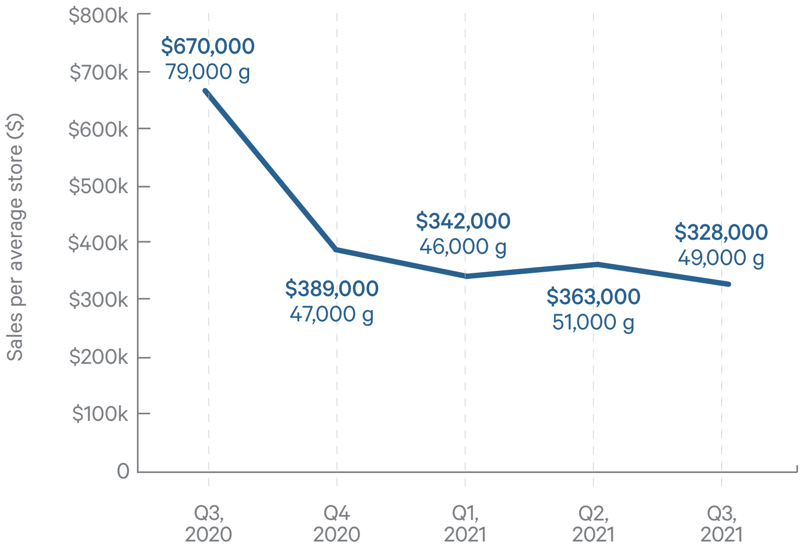


The average distance to a store decreased by 0.4 kilometres, with the number of stores increasing by 20% compared to last quarter.

Grams and sales sold by region



Average sales and grams sold by a store



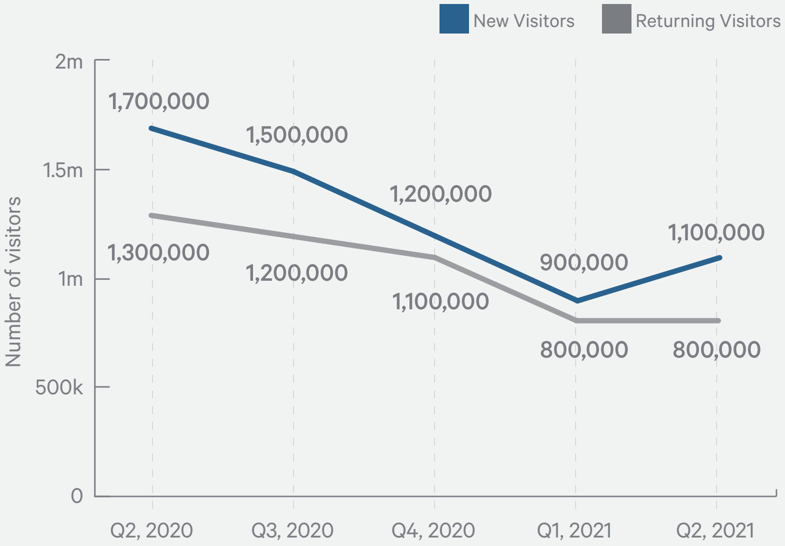
Note: Sales figures include cannabis products and accessories. Taxes (HST) are excluded.

Top ten retailers by store count

As of December 31, 2021

Tokyo Smoke	**54**
Spiritleaf	**42**
Sessions Cannabis	**39**
ShinyBud Cannabis Co.	**39**
Budget Bud	4
MIHI	2
ShinyBud Cannabis Co.	33
Fire & Flower	**37**
Fire & Flower	22
Friendly Stranger	10
Happy Dayz	4
Hotbox	1
High Tide	**31**
Canna Cabana	26
Meta Cannabis	5
True North Cannabis Co.	**30**
One Plant	**23**
Miss Jones	**21**
Value Buds	**16**

New vs. returning OCS.ca visitors



Conversion rate on OCS.ca October 1 – December 31, 2021

Q3, 2021

7.97%

Q3, 2020	Q4, 2020
9.2%	10%
Q1, 2021	**Q2, 2021**
10%	9.43%

The OCS launched a marketing campaign in Q3 to highlight the value of purchasing cannabis through legal channels, driving many new visitors to the site as well as to its store locator. This resulted in a drop in conversion, likely due to these new visitors browsing the site for information only.

Population served by express shipping

Q3, 2021 **86%**

Q3, 2020	Q4, 2020	Q1, 2021	Q2, 2021
78%	**78%**	**86%**	**86%**

As of December 31st, 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).

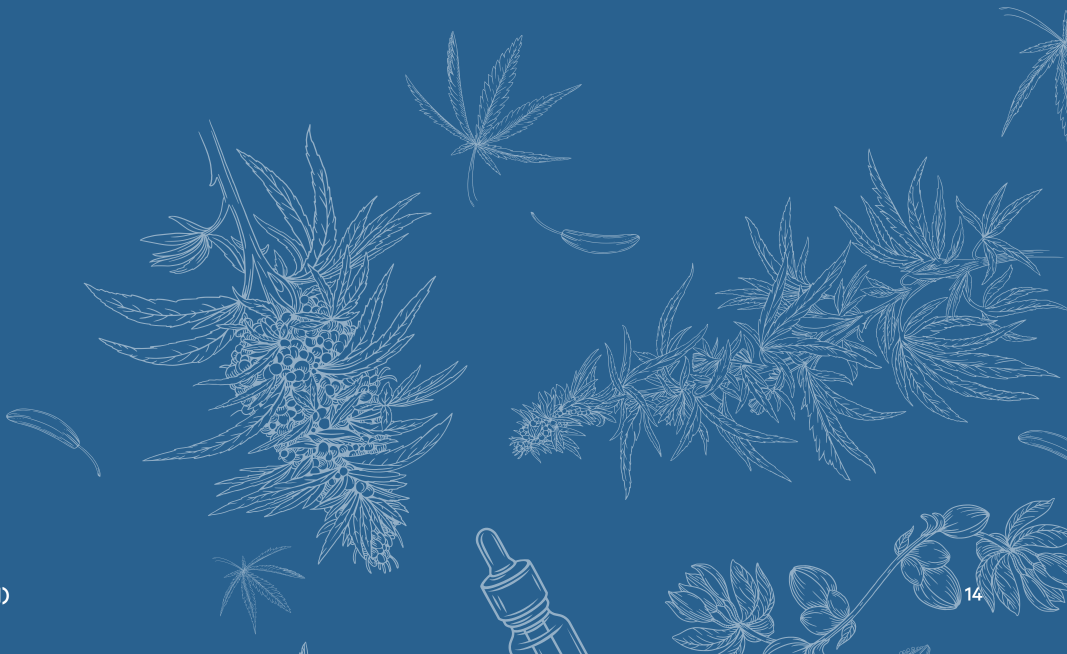
CONSUMER INSIGHTS

Purchasing behaviour continued to evolve for cannabis shoppers in Ontario this quarter. While over two thirds of OCS.ca shoppers reported also having visited a brick-and-mortar retail store in the past three months, half of these shoppers purchased from both channels, with a growing proportion only making in-store purchases.

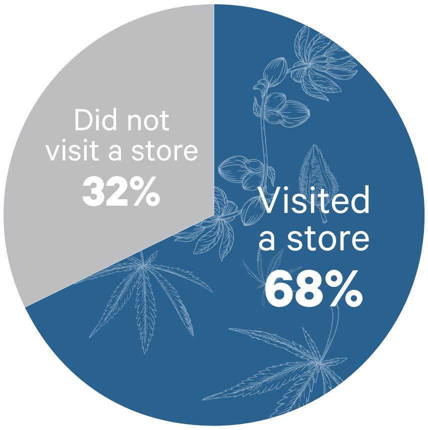
Even with the growing number of shoppers choosing the brick-and-mortar experience for purchases, consumers used a wide variety of sources for pre-purchase information before making their way into stores. A survey conducted by Emplifi on OCS.ca found that the top three sources of pre-purchase research included OCS.ca, cannabis review websites and family and friends. An increasing number of shoppers look to store websites, social media, blogs or online magazines for information before making their purchase.

Quality, potency, price and product descriptions continued to be the top attributes that customers looked for when making cannabis purchasing decisions this quarter. Newer visitors reported product descriptions and information as the second most important attribute, demonstrating that this information is key in helping new shoppers to make informed purchasing decisions.

OCS launched a campaign this quarter communicating the value of buying legal cannabis from OCS.ca or authorized retailers. As a result, many consumers visited the featured article, Higher Standards: Reasons to Buy Legal, on OCS.ca. This highlights interest by consumers in learning more about legal cannabis products in Ontario.



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



Of those who visited a retail store, they purchased:

Authorized store only	36%
Online only	13%
Both	49%
Does not apply to me	2%

Two thirds of shoppers also visited a retail store in the past three months; an increase of 3% compared to Q2 2021. Of those who also visited a store, half continue to purchase from both channels.

Pre-purchase research

October 1 – December 31, 2021

OCS.ca	**58%**
Cannabis review websites	**43%**
Family/friends	**38%**
Authorized retail store website	**38%**
Social media (e.g. Reddit)	**32%**
Budtender	**32%**
Cannabis blogs/online magazines	**23%**
Product info listed in store	**19%**
Medical professional	**10%**
General media	**9%**
Other online sources	**7%**
Unlicensed online store websites	**7%**
Health Canada	**7%**
Other	**5%**

OCS.ca shoppers who have also visited retail stores continue to report using OCS.ca, Cannabis Review Sites and Friends and Family as their top sources for pre-purchase information.

Compared to the previous quarter, more OCS.ca visitors report looking at store websites, social media and cannabis blogs/online magazines for pre-purchase information.

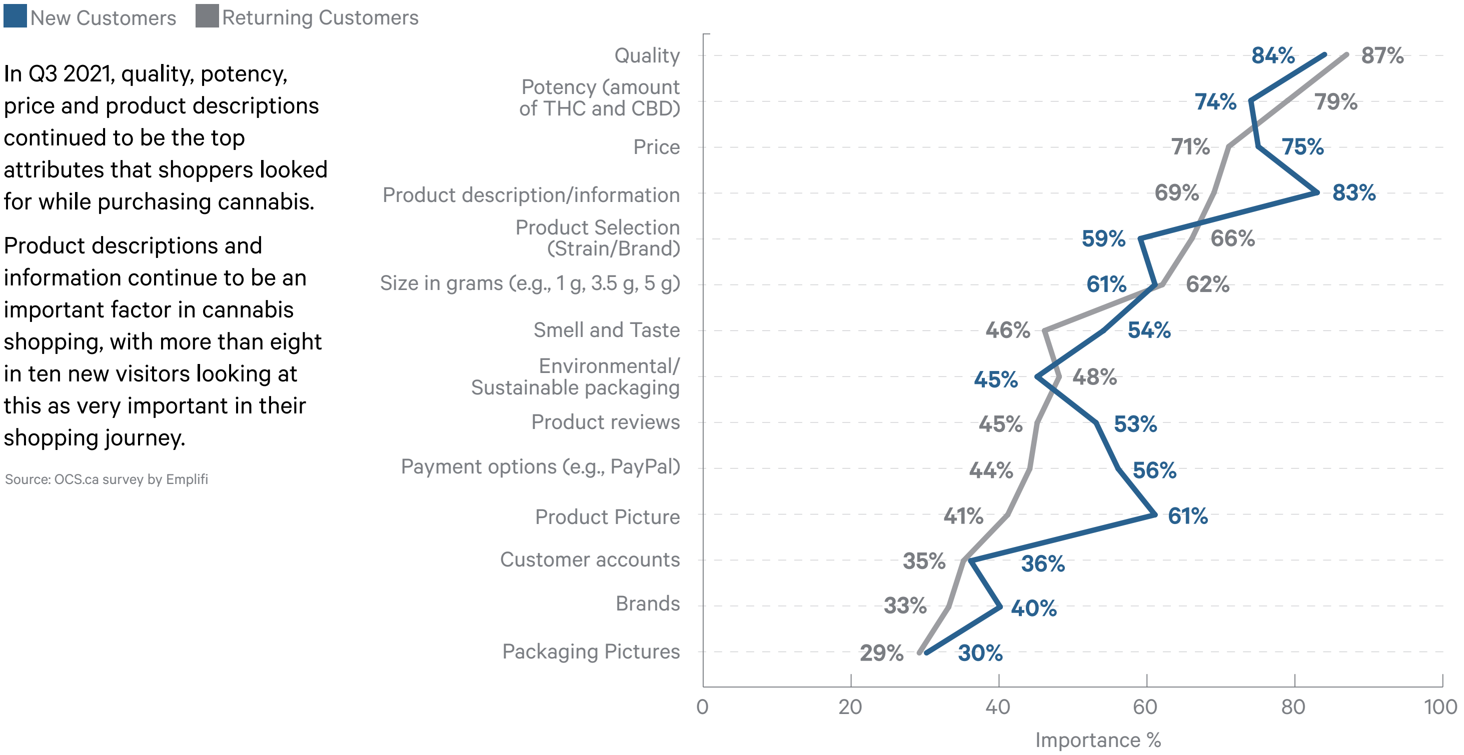
Source: OCS.ca survey by Emplifi

Product attribute importance ranking for shoppers who visit OCS.ca October 1 – December 31, 2021

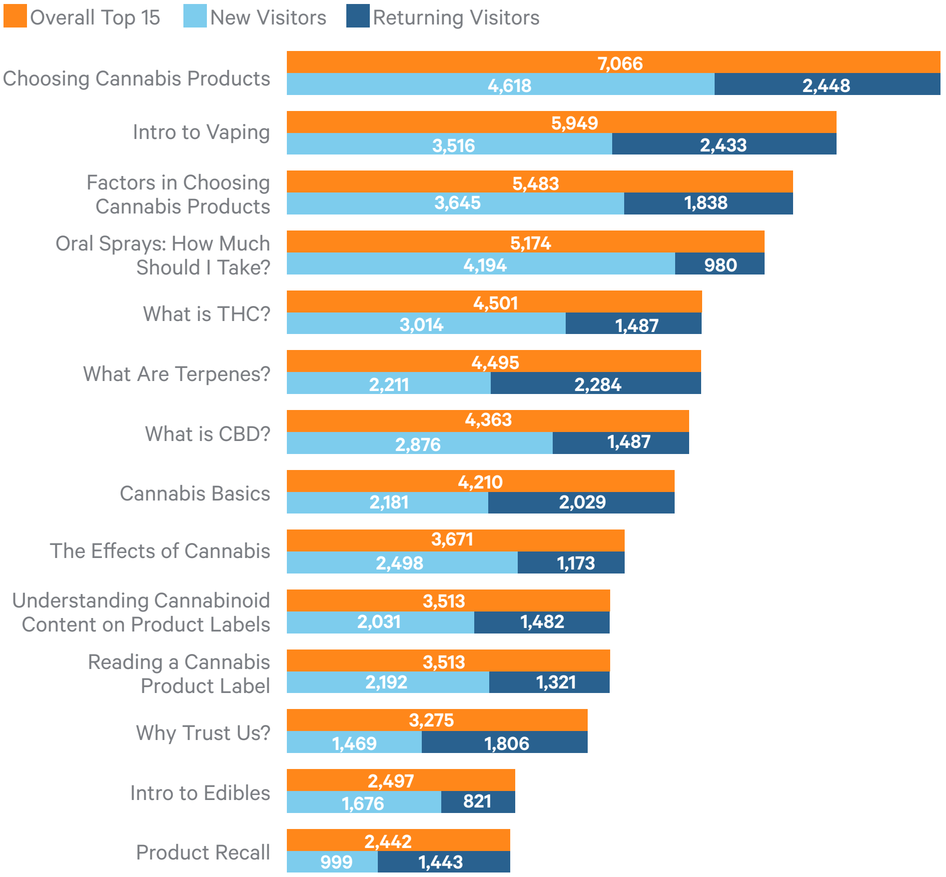
In Q3 2021, quality, potency, price and product descriptions continued to be the top attributes that shoppers looked for while purchasing cannabis.

Product descriptions and information continue to be an important factor in cannabis shopping, with more than eight in ten new visitors looking at this as very important in their shopping journey.

Source: OCS.ca survey by Emplifi

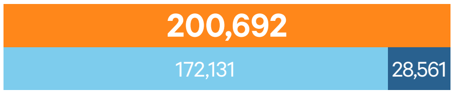


Education content and articles most visited on OCS.ca



Higher Standards: Reasons to Buy Legal

28x more views than next article



In Q3, OCS launched a digital campaign promoting reasons to buy legal. As a result, the most visited article this quarter was “Higher Standards: Reasons to Buy Legal,” with over two hundred thousand views, bringing in a significant number of new visitors to the site.

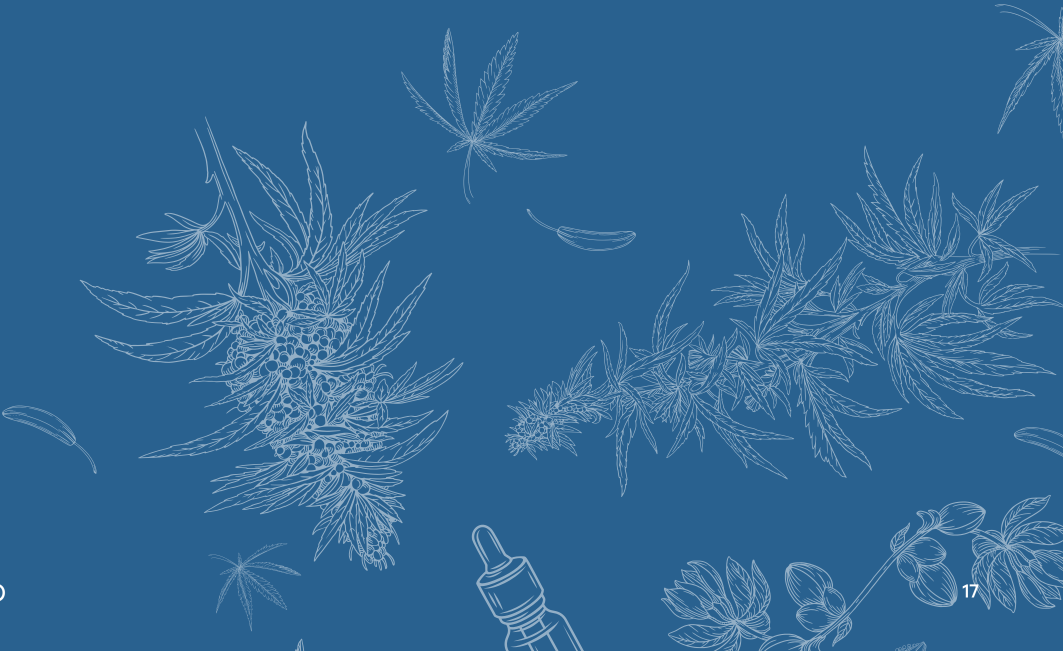
Note: exclusion of blogs related to shopping & shipping updates and A Sneak Peek at What’s Coming to OCS.ca

Source: Google Analytics

SUPPLY CHAIN

Ontario's legal cannabis marketplace continued to grow, and the OCS worked to sustain this demand. Order-to-ship lead time for wholesale orders decreased to 2.14 days this quarter, despite an additional 218 stores being added to the authorized retail store network.

While retailers purchased 6% fewer SKUs per wholesale order compared to the previous quarter, the number of unique SKUs ordered per month increased 13%, which may indicate that retailers are differentiating product offerings from store to store to better fulfill customer demand.



Order-to-ship lead time for wholesale customers

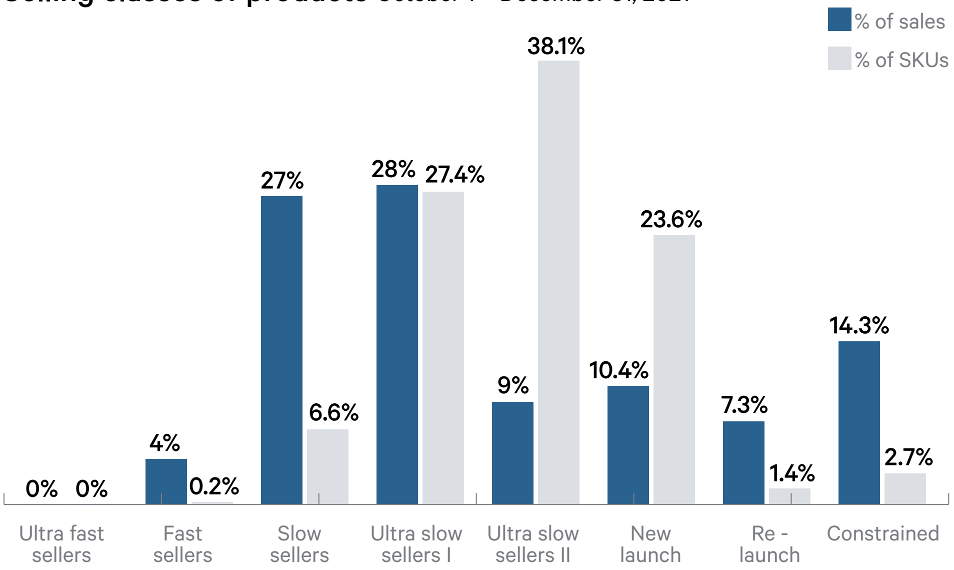
2.14 days

Note: Average from October 1 – December 31, 2021. Orders do not include Farmgate or Flow-Through orders.

Average SKU count per wholesale order

65	76	65	67	63
Q3, 2020	Q4, 2020	Q1, 2021	Q2, 2021	Q3, 2021

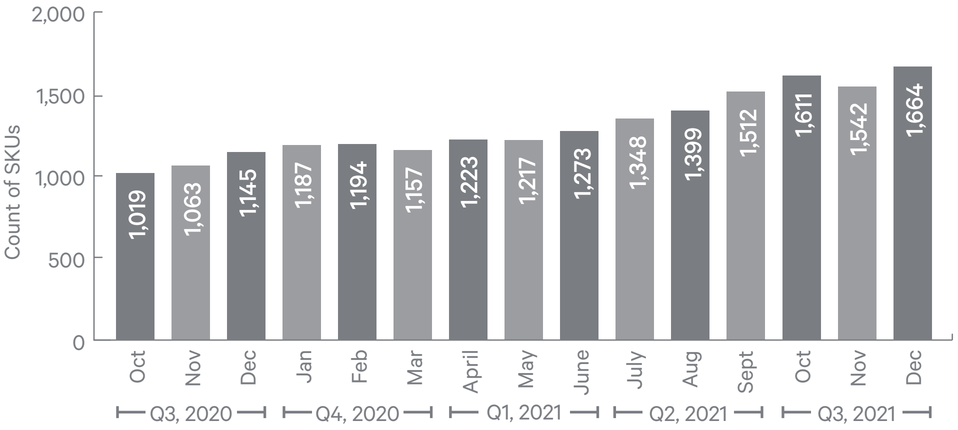
Selling classes of products October 1 – December 31, 2021



During the third quarter of the year, 0.2% of SKUs were classified as fast selling products, representing 4.0% of sales

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

Unique SKUs ordered by month



Average wholesale basket size

Includes unique number of SKUs by category.

21	Dried Flower
12	Pre-Rolled
10	Edibles
9	Vapes
5	Beverages
3	Concentrates
1	Capsules
1	Oils
1	Topicals
0	Seeds

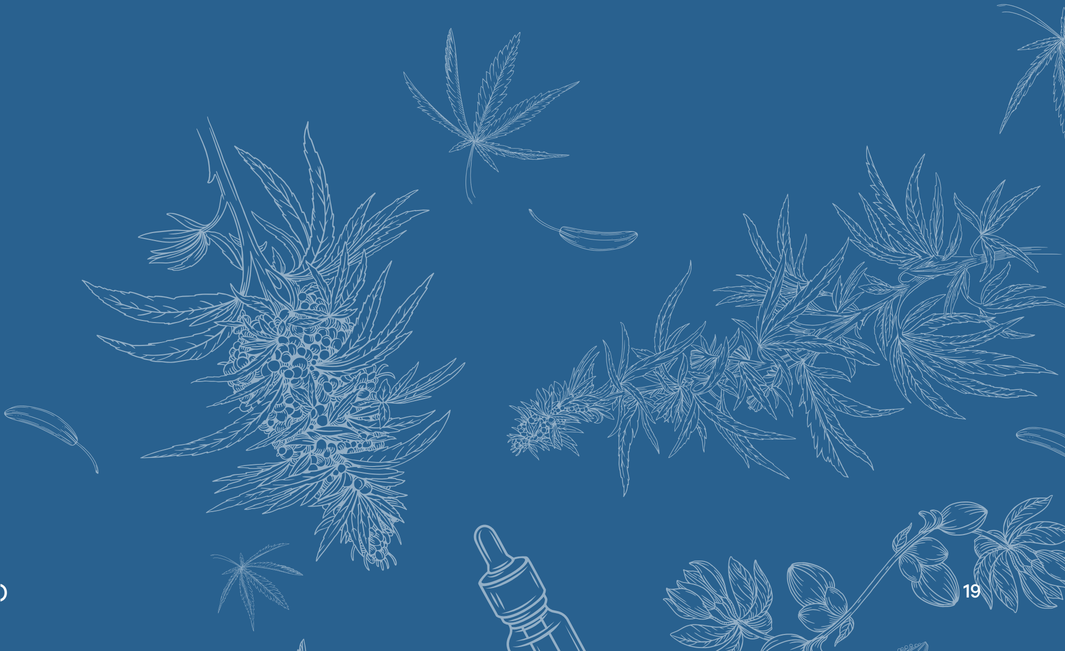
OCS ONTARIO CANNABIS STORE

QUALITY ASSURANCE

Ontario was once again less affected by Health Canada Public Recalls this quarter than the rest of the country, with only two out of five recalls affecting the OCS.

The OCS analyzes complaint rates through the number of complaints per million units sold when normalized to sales, also known as CPMU. While vapes continued to have the highest number of complaints this quarter, the CPMU for this category decreased significantly year-over-year, with 1880 CPMU in Q3 of 2021 compared to 3419 CPMU in Q3 of 2020. Despite this progress, the number of complaints received this quarter for vapes was higher than all other categories combined.

OCS shares all product-specific details of quality complaints directly with licensed producers.



Total recalls in Ontario vs Canada

Despite a total of five country-wide recalls, only two affected Ontario this quarter.

Regulatory reviews completed

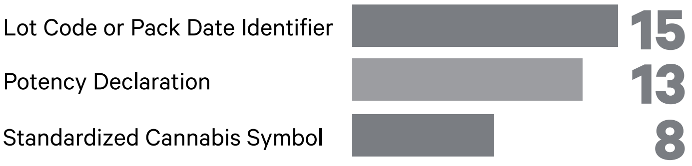
During Q3, a total of 613 regulatory reviews were completed, with 75% submissions meeting OCS requirements within the first round of reviews.

75%

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

- THC/CBD Content
- Ingredients List
- Child-Resistant 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

This information is shared with licensed producers to ensure resolution can be provided to the direct consumer and improvement plans can be made as a response to consumer feedback.

OCS Top Complaint Categories Q3 2021	
Vapes	Clogged/No Vapour
	Leaking
	Damaged/Cracked
All Other Products	Packaging Integrity
	Empty Containers
	Incorrect Labelling

Recall trends

Labeling and Packaging

Leading cause of recalls during this period

Extracts 50%
Topical 50%

Largest class of cannabis recalls

Warehouse compliance

During Q3, a total of 2,294 warehouse inspections were completed, with 96% of shipments meeting OCS requirements within the first delivery.

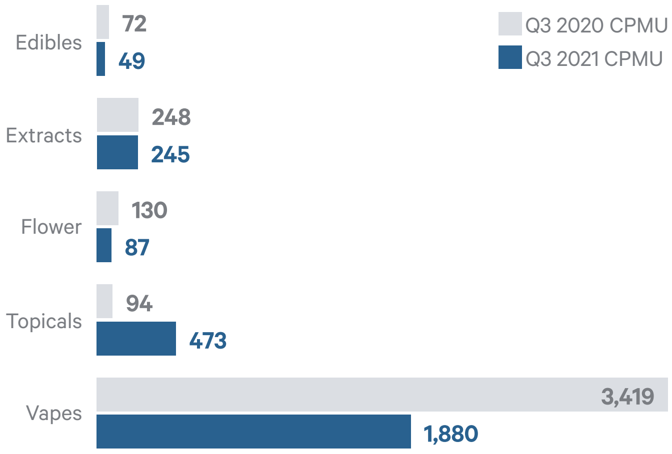
96%

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

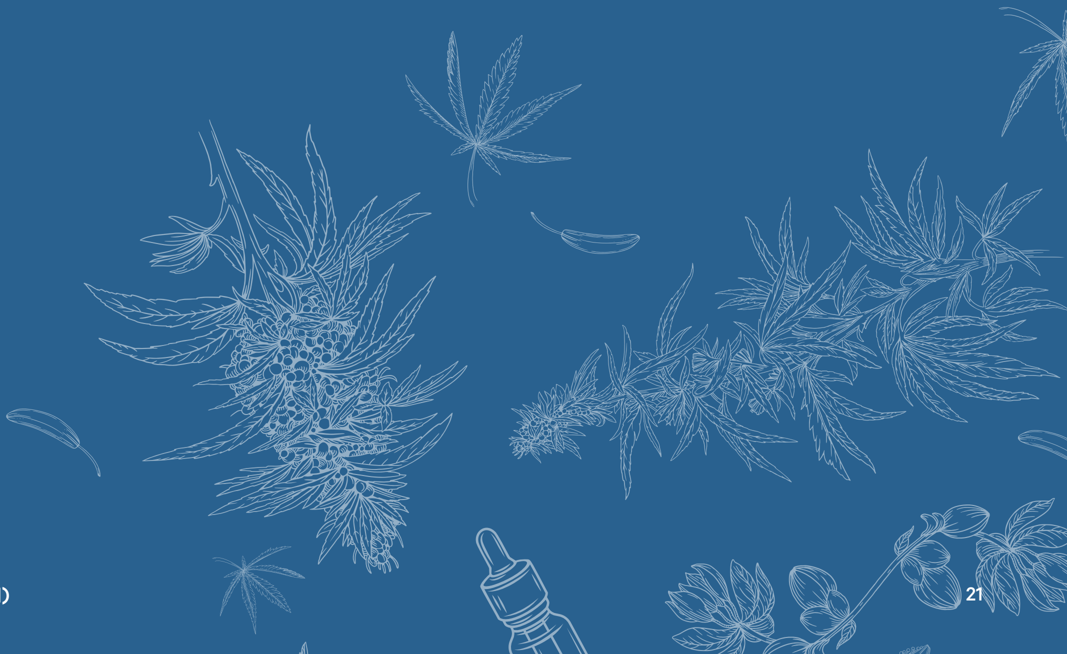
- Legible and correct barcodes
- Accurate case counts and case dimensions
- Adherence to OCS packaging date standards

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.



APPENDIX



Total sales and grams sold by product categories

		Retail Stores		OCS.ca		% of Sales
Dried Flower	Milled Flower	**$19,853,000**	4,879,000 g	**$534,000**	141,000 g	**49%**
	Whole Flower	**$169,177,000**	27,190,000 g	**$6,364,000**	1,222,000 g	
Pre-Rolled	Single Strain Packs	**$75,256,000**	9,449,000 g	**$1,282,000**	194,000 g	**20%**
	Sample Packs	**$1,045,000**	103,000 g	**$26,000**	2,000 g	
Vapes	510 Thread Vape Cartridges	**$56,016,000**	4,559,000 g	**$2,330,000**	212,000 g	**16%**
	510 Thread Vape Kits	**$903,000**	47,000 g	**$78,000**	5,000 g	
	Disposable Vape Pens	**$1,873,000**	89,000 g	**$206,000**	9,000 g	
	Proprietary Systems Vape Cartridges	**$1,831,000**	92,000 g	**$218,000**	11,000 g	
Edibles	Baked Goods and Baking	**$763,000**	151,000 g	**$61,000**	13,000 g	**5%**
	Chocolate	**$3,544,000**	618,000 g	**$295,000**	60,000 g	
	Hard Edibles	**$226,000**	17,000 g	**$40,000**	4,000 g	
	Soft Chews	**$15,166,000**	2,137,000 g	**$815,000**	128,000 g	
Concentrates	Distillates	**$723,000**	73,000 g	**$32,000**	3,000 g	**4%**
	Hash	**$5,877,000**	1,429,000 g	**$251,000**	59,000 g	
	Kief and Sift	**$370,000**	84,000 g	**$33,000**	10,000 g	
	Resin and Rosin	**$5,115,000**	458,000 g	**$158,000**	15,000 g	
	Shatter	**$2,919,000**	310,000 g	**$77,000**	9,000 g	
	Wax	**$460,000**	36,000 g	**$23,000**	2,000 g	
	Isolates	**$26,000**	3,000 g	**$9,000**	1,000 g	
Oils	Bottled Oils	**$6,797,000**	92,000 g	**$1,144,000**	20,000 g	**2%**
	Oral Sprays	**$277,000**	3,000 g	**$81,000**	1,000 g	
	Topicals	—	—	—	—	
Beverages	Cold Beverages	**$6,684,000**	4,061,000 g	**$269,000**	201,000 g	**2%**
	Dealcoholized Drinks	**$373,000**	296,000 g	**$12,000**	16,000 g	
	Hot Beverages	**$314,000**	23,000 g	**$35,000**	2,000 g	
Capsules	Softgels	**$3,940,000**	201,000 g	**$656,000**	59,000 g	**1%**
	Capsules and Tablets	—	18,000 g	**$48,000**	2,000 g	
Topicals	Bath	**$497,000**	319,000 g	**$39,000**	24,000 g	**1%**
	Lotions and Creams	**$1,926,000**	58,000 g	**$268,000**	9,000 g	
Seeds	Seed Packs	**$116,000**	12,000 g	**$58,000**	7,000 g	**<1%**

Number of stores by region and municipality

Number of Stores by Municipality

Acton	2
Ajax	8
Alexandria	2
Alliston	3
Almonte	3
Amherstburg	2
Amherstview	1
Ancaster	5
Angus	4
Arnprior	2
Arthur	2
Atikokan	1
Aurora	8
Aylmer	1
Bancroft	2
Barrie	20
Barry'S Bay	1
Beamsville	2
Beaverton	1
Beeton	1
Belle River	2
Belleville	7
Binbrook	1
Blenheim	2
Blind River	1
Blue Mountain	1
Bobcaygeon	2
Bowmanville	3
Bracebridge	2
Bradford	5
Brampton	33
Brantford	13
Bridgenorth	1
Bright'S Grove	1
Brockville	4
Burlington	21
Caledonia	1
Cambridge	17
Cannington	1
Carleton Place	2
Carlisle	1
Chatham	7
Chelmsford	1
Chesterville	1
Coboconk	1
Cobourg	3
Cochrane	1
Colborne	1
Collingwood	6
Combermere	1
Cookstown	1
Cornwall	7
Courtice	1
Crystal Beach	1
Deep River	1
Delhi	1
Dryden	2
Dundas	3
Dunnville	1
East York	15
Elliot Lake	2
Elmvale	1
Embrun	2
Espanola	2
Essex	2
Etobicoke	28
Fenelon Falls	1
Fonthill	1
Fort Erie	4
Fort Frances	2
Gananoque	1
Georgetown	6
Geraldton	1
Gloucester	9
Goderich	3
Grand Bend	2
Grand Valley	1
Gravenhurst	4
Guelph	15
Hagersville	1
Haliburton	1
Hamilton	56
Hanmer	1
Hannon	1
Hanover	4
Harrow	1
Havelock	1
Hawkesbury	3
Hearst	1
Hillsdale	1
Huntsville	6
Innisfil	2
Jacksons Point	1
Kanata	10
Kapuskasing	2
Kemptville	4
Kenora	3
Keswick	1
Kincardine	2
Kingston	15
Kingsville	1
Kirkland Lake	2
Kitchener	20
Komoka	2
Lakefield	1
Lakeshore	1
Lansdowne	1
Lasalle	3
Leamington	2
Lindsay	3
Listowel	2
London	37
Longbow Lake	1
Marathon	1
Markdale	2
Meaford	1
Merrickville	1
Midland	4
Milton	9
Minden	2
Morrisburg, South Dundas	1
Morriston	1
Mount Forest	2
Napanee	1
Nepean	12
New Hamburg	1
New Liskeard	2
Newcastle	2
Niagara Falls	18
North Bay	9
North York	51
Northbrook	1
Oldcastle	1
Orangeville	6
Orillia	7
Orleans	11
Oshawa	21
Ottawa	51
Owen Sound	5
Pakenham	1
Paris	1
Parry Sound	3
Pembroke	4
Penetanguishene	3
Perth	2
Petawawa	2
Peterborough	12
Petrolia	2
Pickering	11
Picton	2
Port Burwell	1
Port Colborne	3
Port Dover	2
Port Elgin	1
Port Hope	4
Port Perry	2
Port Sydney	1
Prescott	1
Rama	1
Red Lake	1
Renfrew	3
Richmond	1
Ridgetown	1
Rockland	4
Rockwood	1
Rosseau	1
Rutherglen	1
Sarnia	11
Sauble Beach	1
Sault Ste. Marie	7
Scarborough	48
Schomberg	1
Scotland	1
Shelburne	3
Simcoe	5
Smiths Falls	3
Southampton	1
Springwater	1
St Catharines	22
St Thomas	7
Stirling	1
Stittsville	2
Stoney Creek	9
Stouffville	5
Stratford	6
Strathroy	2
Sturgeon Falls	2
Sudbury	9
Tecumseh	2
Temagami	1
Thamesford	1
Thornbury	2
Thornton	1
Thorold	2
Thunder Bay	15
Tilbury	2
Tillsonburg	6
Timmins	5
Toronto	220
Trenton	4
Turkey Point	1
Tweed	2
Uxbridge	3
Val Caron	2
Vanier	2
Walkerton	1
Wallaceburg	2
Warren	1
Wasaga Beach	7
Waterdown	4
Waterford	1
Waterloo	14
Watford	1
Welland	8
Whitchurch-Stouffville	2
Windsor	35
Woodstock	5
York	12

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