

Factsheet



UPCOMING CHANGES TO PRICING STRUCTURE

The OCS has completed a detailed review of its pricing structure and is transitioning to a fixed mark-up pricing model, along with reductions in its margins, to help enable a vibrant cannabis marketplace.



Pricing changes will be implemented for September 2023, allowing adequate notice for retailers to transition and for OCS to work with licensed producers to consider changes to existing products and products scheduled to launch in upcoming 2023 releases.

TRANSITION TO FIXED MARK-UP STRUCTURE



- Changes to a fixed mark-up pricing model will create greater transparency and consistency for licensed producers.
- A fixed mark-up will be set for each product category (e.g., dried flower, pre-rolls, beverages, etc.), and applied as a percentage above the landed cost (includes producer margin, excise duty) to arrive at the wholesale price.
- Mark-up rates will be standard for all producers.
- Mark-ups will be publicly posted, along with a technical guide and pricing calculator, which will provide producers with greater certainty when business planning.

REDUCTION IN OCS MARGINS



- Alongside these structural changes, OCS will be reducing its margins. Reduced margin levels are expected to support a vibrant marketplace so that it is better positioned to compete with illegal operators.
- It is estimated that OCS margin reductions will contribute approximately \$35M into the marketplace in 2023-24, with a full fiscal year reduction in 2024-25 estimated at approximately \$60M and compounding annually in years thereafter as the market grows.
- Consistent with its commitment to social responsibility, OCS will reduce its margins to encourage consumers to purchase safer forms of cannabis, such as edibles and topicals. However, the margin on dried flower will be the lowest of any product category to compete effectively with the illegal market.



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