

Flow-Through

What You Need to Know

Flow-Through is a distribution model that lets you order from an expanded catalogue of items that are not stocked in the OCS Distribution Centre.

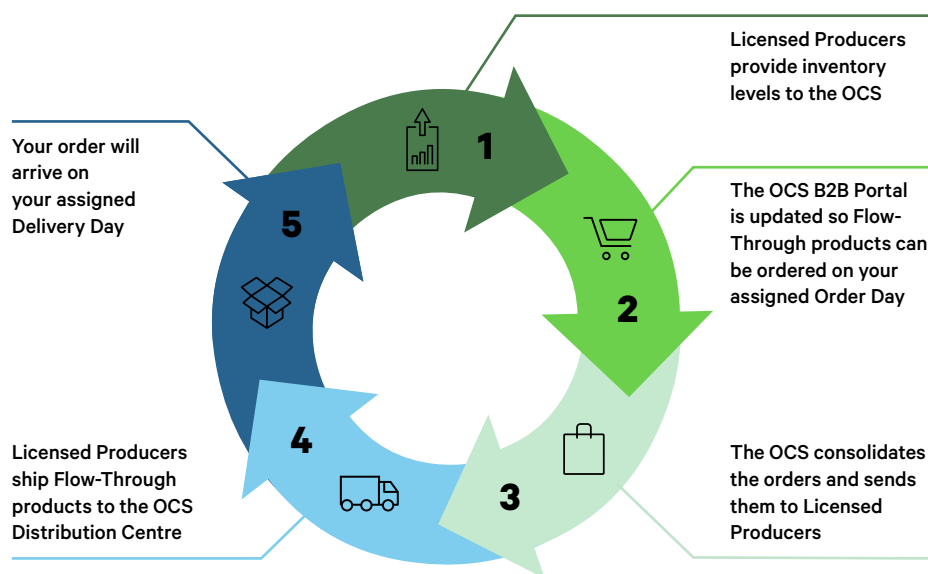
Why it's great for Retailers:

- ✔ Features exclusive products available only to Retailers and not available for purchase on OCS.ca
- ✔ Lets you stock unique and seasonal innovations from Licensed Producers, allowing your store to stand apart from others
- ✔ Helps you develop relationships with your customers by ordering products based on demand

How Flow-Through works

At the beginning of the order cycle, Licensed Producers manage and upload inventory available for specific Flow-Through SKUs on the OCS B2B Portal. The Portal is updated so you can order these exclusive SKUs on your assigned Order Day.

The OCS consolidates the orders and sends them to the Licensed Producers, who ship the products directly to the Distribution Centre. The OCS then prepares your order, and it will all arrive on your assigned Delivery Day.





When are Flow-Through products available?



Licensed Producers determine the inventory of Flow-Through products every week on the OCS B2B Portal. The Flow-Through inventory for each order cycle can be viewed on the OCS B2B Portal every Tuesday after 12:30 a.m.

All Flow-Through SKUs are designated as Click-to-Buy, except:

- New Flow-Through products, which will be designated as lottery/allocation SKUs for the first order cycle before being reclassified as Click-to-Buy SKUs.
- Flow-Through SKUs on Click-to-Buy may also revert to lottery if demand increases for those SKUs.

When are Flow-Through orders delivered?

- Flow-Through orders are delivered approximately **17 to 19 days** from the day you order. This allows the OCS time to consolidate the orders, send the request to the Licensed Producer, receive the product at the Distribution Centre and then package the order for delivery.
- In the meantime, you will continue to receive your regular replenishment order on your weekly assigned Delivery Day.
- When your Flow-Through order is ready, it will be delivered on your assigned Delivery Day, even if you did not place a regular order that week.

Note: There may be increases or decreases to lead times if a Retailer’s Order or Delivery Day is impacted by a statutory holiday.











Example of a Flow-Through order-to-delivery schedule for a store that has a Tuesday Order Day

APRIL 2023						
MON	TUE	WED	THU	FRI	SAT	SUN
3	4 Flow-Through Order Placed Replenishment Order Placed	5	6	7 April 04 Replenishment Order Delivery	8	9
10	11 Replenishment Order Placed	12	13	14 April 11 Replenishment Order Delivery	15	16
17	18 Replenishment Order Placed	19	20	21 April 04 Flow-Through Delivery April 18 Replenishment Order Delivery	22	23



Who does what?

The OCS and Licensed Producers have a shared responsibility for the delivery of products. Licensed Producers fulfil the Flow-Through orders so the OCS can distribute them to you.

ONTARIO CANNABIS STORE	LICENSED PRODUCER OR SUPPLIER
 Flow-Through Catalogue Access	 Determine Product Availability
 Enhanced Flow-Through Data	 Inventory Planning
 Inbound Quality Inspection	 Purchase Order Lead Time
 Retail Order Fulfillment	 Product & Shipment Quality
 Flow-Through Product Selection	 Appealing Product Selection

How can I share my feedback?

We would love to hear your perspective on the order submission and product fulfillment processes, and any technology and/or process enhancements you feel should be considered as the OCS finalizes the Flow-Through program. Please share your feedback with your Customer Relationship Manager or by contacting the OCS Customer Care team.

You can also share your feedback through the OCS Retailer Survey. The OCS conducts surveys on a quarterly basis, inviting Retailers to share feedback on a variety of topics and trends.



FAQs

What is Flow-Through?

Retailers can order from an expanded catalogue of items that are not stored in the OCS Distribution Centre. These items will ship from the Licensed Producer to the OCS warehouse, where they will be packaged and shipped to the Retailer. Flow-Through enables both Retailers and Licensed Producers to differentiate themselves by offering unique, seasonal or niche products.

Can a Licensed Producer deliver direct-to-store, either to all Retailers or to a subset (for example, to geographically close locations)?

In Ontario, the OCS has the exclusive right to purchase recreational cannabis from federally Licensed Producers for resale to private retail stores authorized by the Alcohol and Gaming Commission of Ontario (AGCO). In addition, Authorized Retailers may sell only cannabis products that have been purchased through the OCS. Under Ontario's legal cannabis framework, Authorized Retailers cannot purchase directly from Licensed Producers.

How are Flow-Through items fulfilled? How are they delivered?

Flow-Through orders are fulfilled by Licensed Producers and are delivered on your assigned scheduled Delivery Day by the OCS. Please note, the approximate lead times for Flow-Through products will be listed on OCS B2B Portal.

How can I identify a Flow-Through item while ordering?

Flow-Through items will be tagged and can be filtered when building your order in the OCS B2B Portal.

Will Flow-Through items arrive with my regular order?

Flow-Through items will be delivered on your assigned Delivery Day, even if you did not place a regular order that week. Please note that lead times between order placement and delivery may differ for Flow-Through items but will be made visible on the OCS B2B Portal.

Once I order a Flow-Through item, when will it arrive?

The associated lead time depends on the Retailer's order and assigned Delivery Day and is approximately 17 to 19 days. This includes a lead time of three to five days for stock orders associated with each Retailer. There may be increases or decreases to this lead time if a Retailer's Order or Delivery Day is impacted by a statutory holiday.

Does this mean all items I order will be fulfilled?

Item fulfillment is based on the Licensed Producer's capacity to ship all requested products to the OCS. Licensed Producers manage and upload their inventory availability at the beginning of the order cycle. The OCS never orders more than Licensed Producers have made available. It is expected that Licensed Producers deliver in full and on time; any fill rate challenges can impact the fulfillment of Retailer orders. In the case of Licensed Producer shortages, available inventory is automatically randomized and allocated to Retailers equitably.

Will Flow-Through items have maximum order limits?

Please note that under the Flow-Through program, Licensed Producers determine the total amount of product available for Retailers to order in a given week. New Flow-Through SKUs will be on lottery for the first week, then will be moved to Click-to-Buy. Flow-Through SKUs on Click-to-Buy may also revert to lottery if demand increases for those SKUs.



FAQs

Will my account statements be any different?

The format of the account statement will remain the same. Please note that separate invoices will be generated for Flow-Through orders and regular orders.

How will Flow-Through affect Licensed Retailers on prefund terms?

Retailers on prefund terms are required to prefund the value of their order through a wire transfer or bank draft deposit prior to placing an order. The funds will be applied against the value of the order, and excess amounts will be available to be used against future orders. Please note that separate invoices will be generated for Flow-Through orders and replenishment orders. Flow-Through items will be identified on the packing slip the Retailer receives.

Who should I contact if I experience any errors when ordering through Flow-Through?

If you experience any technical issues outside of those mentioned above, please contact the OCS Customer Care team and, if applicable, provide details and a screenshot.

Will Advanced Shipping Notices (ASNs) be separated as well?

Yes, replenishment and Flow-Through orders will have separate sales order numbers, and therefore separate order confirmations, ASNs and invoices. Account statements will remain unchanged.

What happens if a Flow-Through order I have placed arrives at the OCS on a week that I did not place a replenishment — will it still be delivered or held until my next replenishment delivery?

Flow-Through orders are delivered on a Retailer’s assigned Delivery Day, based on 17 to 19 days of lead time (excluding statutory holidays), and they may be shipped with or without stock replenishment deliveries. The OCS does not hold back Flow-Through orders as part of the decision to prioritize a consistent Retailer experience, as not all Retailers regularly order Flow-Through goods.

What happens if I only order Flow-Through? Will I be charged a full base level shipping fee (\$200) + HST?

Yes, each order has a minimum shipping fee of \$200 + HST that is pro-rated, regardless of regular stock or Flow-Through orders.

I noticed that my Flow-Through Sales Order has a small charge for delivery. I thought I didn’t have to pay additional shipping if I place a regular replenishment order?

When a Retailer places both a stock and a Flow-Through order, the shipping charges are pro-rated based on the units ordered. .

Example:

Total Units	1,024
Total Stock	1,000
Total Flow-Through	24
Shipping for Flow-Through	\$4.69
Shipping for Stock	\$195.31