



OCS is adopting a fixed mark-up for each product category. This mark-up will be applied as a percentage above the landed cost of a product to arrive at the wholesale price.

BENEFITS OF A FIXED MARK-UP:

- ✔ Transparent, consistent, and fair
- ✔ Market-driven – industry decides if product is priced to compete
- ✔ Wholesale-focused – no longer based off OCS.ca retail price

KEY DATES

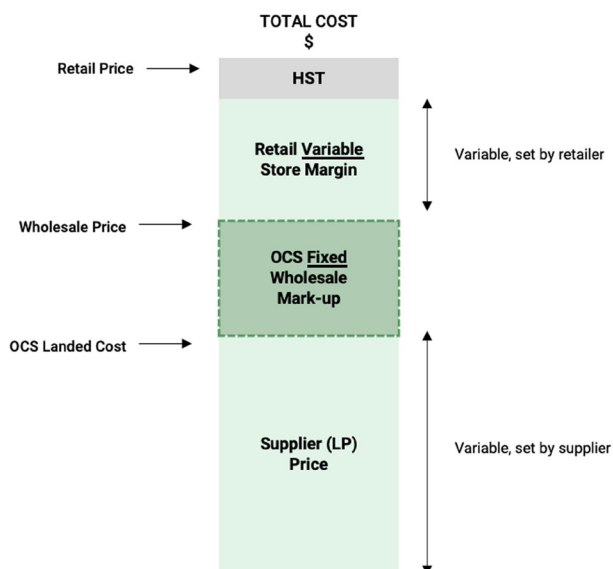
June 19	Final routine price changes active at Retail. Price Freeze begins
July 31	New product wholesale prices will be communicated to Retailers
September 11	New prices are live
October 23	First routine price change

WHAT IS A FIXED MARK-UP?

This is the difference between the landed cost of a product that's set by the Licensed Producer and the wholesale price

WHAT IS A LANDED COST?

This is what the Producer provides to the OCS as the base price for a product.* Price changes will be driven by the Producer, and not OCS.



*It includes the Producer's production costs, federal excise tax, transportation costs to the OCS Distribution Centre (DC) and any other additional costs. This is the amount OCS pays to the Producer for goods rendered.

HOW WILL WHOLESALE PRICES BE DETERMINED?

The OCS will apply a fixed wholesale mark-up to the landed cost to arrive at the wholesale price for each SKU. This is the cost that Authorized Retailers will pay for products.

The fixed wholesale mark-up rates differ by product subcategory.

Note: Fixed wholesale mark-ups are standard for all Producers, providing consistency and transparency.

CATEGORY	NEW MARKUP RATE
Dried Flower	23.0%
Pre-Rolls	29.0%
Oils	25.0%
Capsules	25.0%
Vapes	25.0%
Concentrates*	25.0%
Infused Pre-Rolls	29.0%
Edibles	25.0%
Beverages	25.0%
Topicals	25.0%
Seeds	25.0%
Accessories	20.0%

HOW WILL THIS AFFECT PRICES ON OCS.CA?

Using the wholesale price, the OCS will apply a fixed 39% markup on products before HST. Retailers will have greater ability to establish retail prices that are competitive with OCS.ca.



MINIMUM WHOLESALE PRICE

As part of the new pricing model, the OCS has established Minimum Wholesale Prices (also known as a "Cost Floor") for Dried Flower, Pre-Rolls / Infused Pre-Rolls and Vapes. Each of these categories will have a different cost floor as they each have a different fixed wholesale mark-up. For clarity, the Minimum Wholesale Price is the lowest amount OCS will charge for a product in a given category. Minimum Wholesale Prices support our social responsibility objectives while providing industry with price assurance.

CATEGORY	COST FLOOR (PER GRAM - EX HST)	MINIMUM WHOLESALE PRICE (EX HST)	OCS.CA RETAIL PRICE (INCL HST) ROUNDED
Dried Flower	\$1.85	\$2.28	\$3.57
NEW: Pre-Rolls & Infused PR	\$1.76	\$2.27	\$3.57
NEW: Vapes (1g)	\$15.25	\$19.06	\$29.95