



Flow-Through: An Overview & Upcoming Enhancements

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Flow-Through Overview

Flow-Through is an OCS distribution model that offers an expanded catalogue of wholesale-exclusive items that are not stocked in the Distribution Centre.

This enables LPs to introduce more innovation to the Ontario marketplace and supports a more diverse assortment for Authorized Cannabis Stores.



Flow-Through Current Metrics



ACTIVE ITEMS

1,717

**As of August 14, 2024*

ACTIVE VENDORS

216

**As of August 14, 2024*

AUTHORIZED CANNABIS STORES
ORDERING FLOW-THROUGH

84.6%

**Over 12-week period*

Flow-Through Outlook

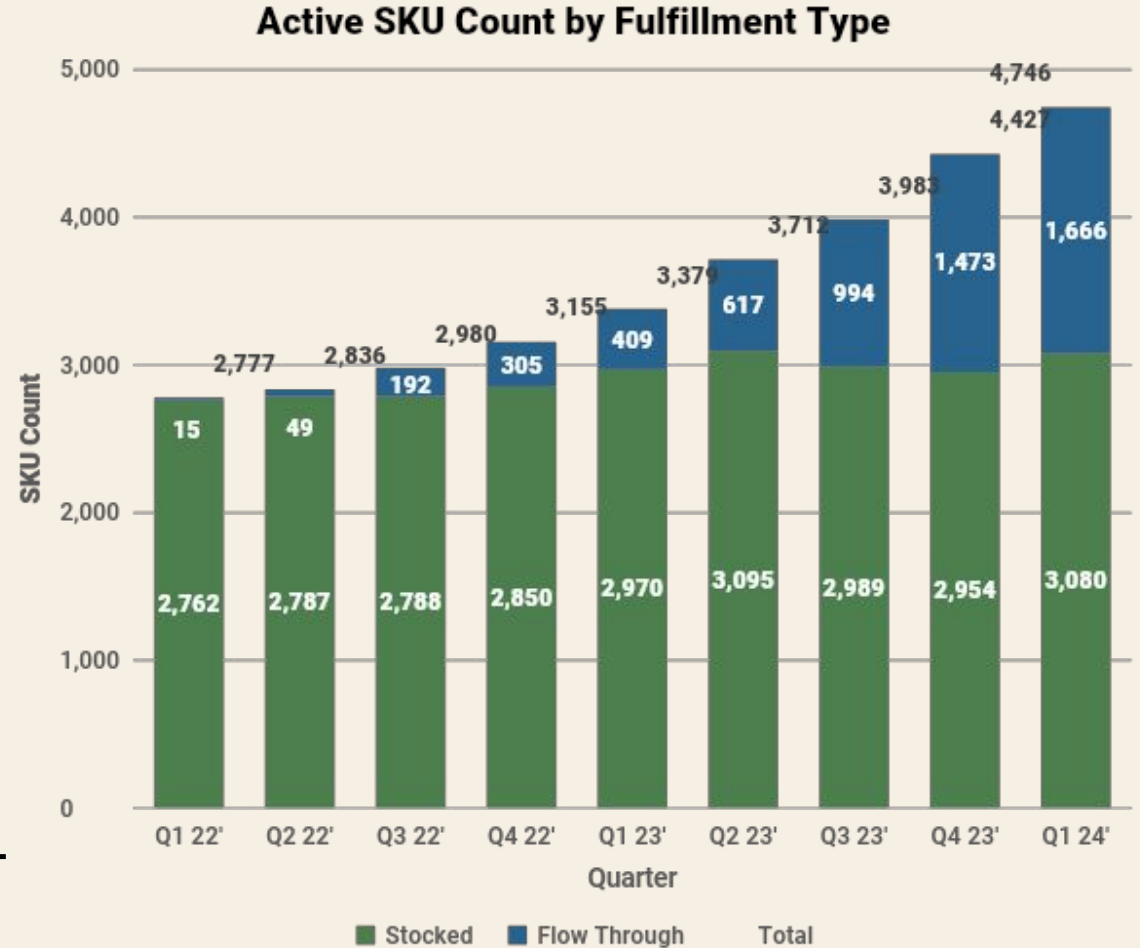


As the market matures, OCS's assortment strategy will shift from a **growth** focus to an **optimization** focus, with a greater emphasis on curation.

As OCS will primarily leverage Flow-Through to enable catalogue growth and continue to invest in the continuous improvement of the program.

✓ 75% of new products will launch as FT

✓ Reducing the time to evaluate FT items



Licensed Retailer & Licensed Producer Feedback

“

Flow-Through lead times are too long – which makes inventory planning difficult – especially with new listings.

I'm limited in my ability to adjust inventory, especially when out-of-stocks occur.

”



Flow-Through Current State

Flow-Through current state: a single Purchase Order (PO) is aggregated and sent to the Supplier with a 7-day delivery day lead time requirement. The average end-to-end lead time for retailers is 16 days.

Current State

Flow-Through PO issued



7-day lead time to OCS DC



Average LR lead time: approx. 16 days



Multi-tiered Delivery

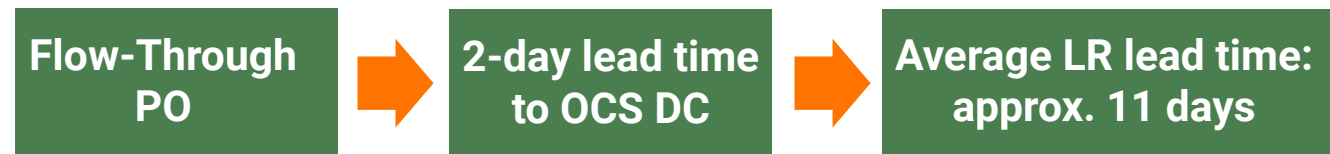
Multi-tiered Delivery

OCS is introducing a multi-tier delivery platform and robust B2B Supplier tools to help you differentiate your business through execution and improve speed to market.

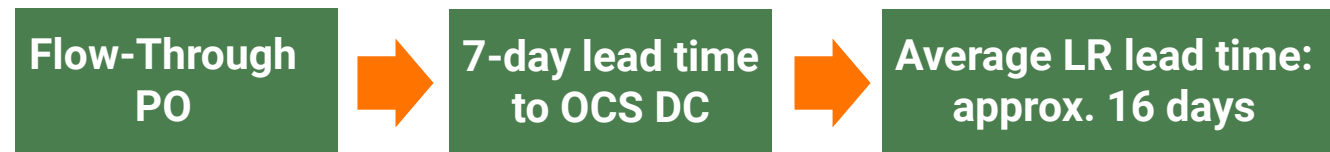
These enhancements will support items being delivered faster to Licensed Retailers and further reduce Flow-Through end-to-end lead times.



Tier 1: Expedited Inbound Delivery – New 2 Day SLA



Tier 2: Standard Inbound Delivery – Current 7 Day SLA



Multi-tiered Delivery Considerations



These enhancements will support items being delivered faster to Authorized Retailers and further reduce Flow-Through end-to-end lead times.



LPs may select a Flow-Through delivery tier for each SKU in their assortment. LPs have the option to change between tiers every week.



If no tier is selected, your item(s) will automatically default to Tier 2: Standard Inbound Delivery. This is the current 7-day lead time requirement.

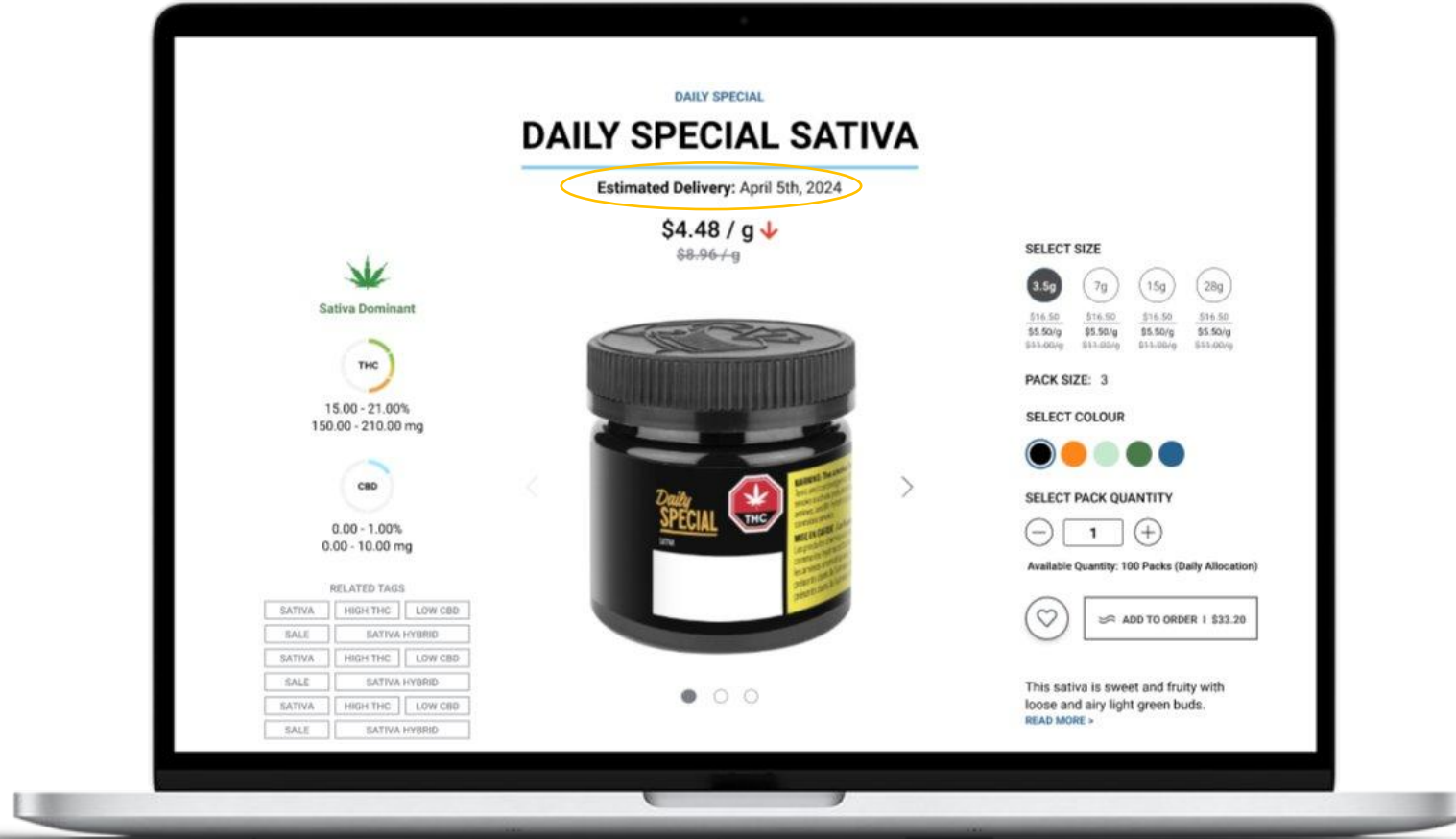


Once a delivery tier has been selected, it cannot be changed until the beginning of the next order cycle.



Delivery tiers won't be listed for Authorized Retailers; however, expedited estimated delivery dates will be visible when browsing the B2B Portal.

Multi-tiered Delivery Retailer View



Product page displaying the estimated delivery date

Daily Inventory Allocation

CONFIDENTIAL

Daily Inventory Allocation Functionality

Licensed Producers can dynamically adjust remaining inventory during an active order cycle.

Key benefits:

- Enables LPs to add additional inventory if an item is out of stock before the end of the order cycle
- Minimize short shipments to retailers if unforeseen production issues arise mid-order cycle (note: inventory cannot be reduced for product that has already been committed to sale)



Daily Inventory Allocation Specifics



These enhancements give Licensed Producers more control over how they supply products for sale and minimizes the risk of short shipments for Authorized Cannabis Stores.



LPs can add inventory to new and existing items when inventory either is out of stock or a user forgets to upload the weekly product allocation



LPs can continue to use the weekly product allocation functionality as they do today

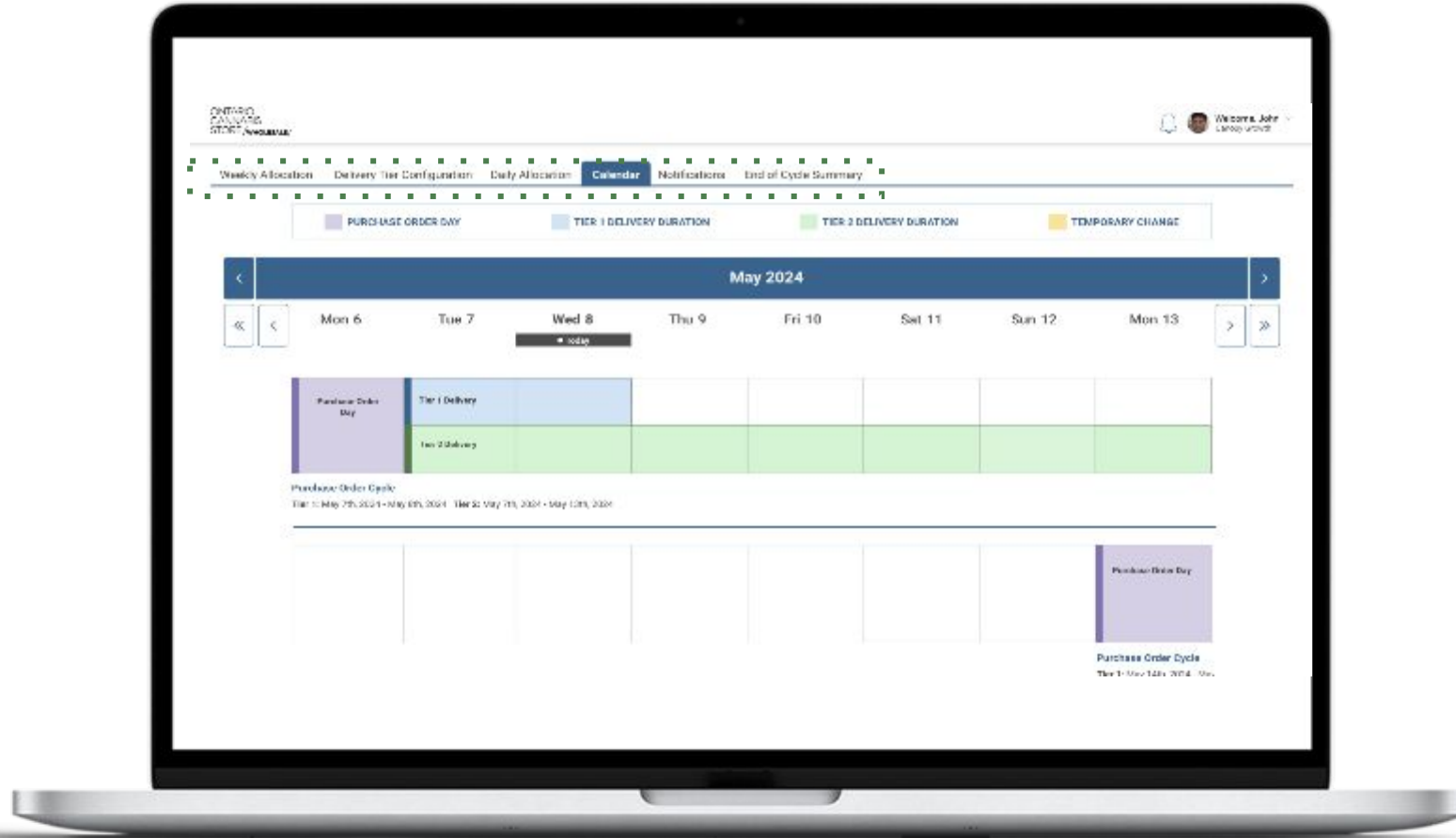


Remaining Flow-Through inventory can be updated Tuesday through Friday from 1:00 p.m. to 7:00 p.m., or any time on Saturday and Sunday.



Flow-Through inventory will continue to be allocated daily on the first week of a product's launch and cannot be reduced by the LP during this time.

Enhanced B2B Toolset (LPs)



We're further enhancing the Licensed Producer B2B experience by providing robust tools to optimize LP execution

Summary & Next Steps

Key Benefits



For Licensed Producers

- Optional platform for LPs to differentiate through execution and speed to market.
- Dynamically update inventory mid-cycle and react to lost sales when items are out of stock
- Improved tools for LPs for better visibility, improved inventory planning and execution



For Licensed Retailers

- Potential for faster end-to-end lead time
- Improved visibility into estimated delivery dates in the B2B Portal
- Fewer short shipments and opportunity to purchase items that started out-of-stock or ran out-of-stock mid-cycle

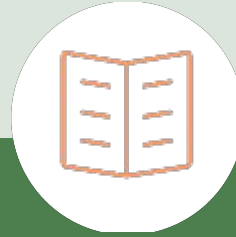


Next Steps Key Milestones & Communication



August 22

LP Webinar on
Flow-Through
Enhancements



September 10

LP Webinar on
Enhancements and
Updated Flow-Through
Manual

Retailer Communications
& Training



Fall

Flow-Through
Enhancements soft
launch and full go-live

Questions?