

Execution Scoring Criteria

| Criteria | Definition | Calculation | Benchmark | Measurement of SKUs (LP or sub-category level) | Reporting Period | Weighting |
|--|---|--|---|---|-------------------------------------|-----------|
| Perfect Order | Percentages of units ordered that are shipped in full and on time | Fill Rate (On-time ship rate) | OCS Target 98% | LP – Sub-category (All SKUs from an LP within a sub-category listed with OCS) | Rolling 12 Weeks | 50% |
| Drop Rate | Count of SKUs withdrawn between NTP and launch | Count of SKUs withdrawn | 0 Withdrawals | LP – Aggregate (All SKUs from an LP listed with OCS) | Previous Two Product Calls | 20% |
| Data Changes | Average number of changes on new items logged between NTP and launch per accepted SKU | Number of changes/SKUs accepted | 0 = No Changes | LP – Aggregate (All SKUs from an LP listed with OCS) | Previous Two Product Calls | 20% |
| CPMUS (Complaints per million units sold) | Number of complaints per million units sold | Number of complaint cases/units sold (1,000,000) | Provided by OCS Quality Assurance Team: Vapes 2000 CPMU All others 100 CPMU | LP – Sub-category (All SKUs from an LP within a sub-category listed with OCS) | Previous Quarterly Reporting Period | 10% |

Calculation of Execution Scores

| Perfect Order Scoring Range | | | | |
|--------------------------------|---------|---------|---------|----------|
| 0 | 0.5 | 1 | 1.5 | 2 |
| 70% or less perfect order rate | 70%-80% | 80%-90% | 90%-98% | 98%-100% |

| Withdrawals Scoring Range | | |
|---------------------------|-------------------|-----------------|
| 0 | 1 | 2 |
| More than 2 withdrawal(s) | 1-2 withdrawal(s) | 0 withdrawal(s) |

| Average Change Per Item Scoring Range | | | | |
|---------------------------------------|-----------|-----------|-----------|--------|
| 0 | 0.5 | 1 | 1.5 | 2 |
| Over 1.00 | 0.75-1.00 | 0.50-0.75 | 0.25-0.50 | 0-0.25 |

| CPMU Scoring Range | | | |
|--------------------|-----------------------------|----------------------------|----------------------|
| | Higher number of complaints | Lower number of complaints | Almost no complaints |
| Vapes | > 2000 | Equals 2000 | < 2000 |
| All others | > 100 | Equals 100 | < 100 |

Note: OCS will neutralize the score to 1 for new Licensed Producers

Performance Scoring Criteria

| Criteria | Definition | Calculation | Benchmark | Measurement of SKUs (LP or sub-category level) | Reporting Period | Weighting |
|---|--|---|---|---|------------------|-----------|
| Unit Volume In All Stores | Average number of units sold to any open Ontario store per week over the past 12 weeks | Number of units sold/stores per week (By sub-category) | Average units per store per week (UPSPW) for all SKUs within a Sub-Category Varies by sub-category (Currently 0.1 - 0.4 UPSPW) | LP – Sub-category (All SKUs from an LP within a sub-category listed with OCS) | Rolling 12 Weeks | 50% |
| Unit Volume In Stores Where Sold | Proportion of SKUs selling at each UPSPW level per week over the past 12 weeks | Number of SKUs selling at a UPSPW level/total # SKUs sold | >1.5 UPSPW (Median UPSPW for all SKUs in stores stocking) | LP – Sub-category (All SKUs from an LP within a sub-category listed with OCS) | Rolling 12 Weeks | 10% |
| Average Weekly Sales per SKU | Average revenue that each of an LP's SKUs generate for OCS per week over the past 12 weeks | Total Revenue/ # Distinct SKUs Sold | >\$10,000 per week over prior 12 weeks | LP – Aggregate (All SKUs from an LP listed with OCS) | Rolling 12 Weeks | 40% |

Calculation of Performance Scores

| Weekly units sold per SKU by sub-category | | |
|--|--|--|
| 0-1 | 1 | 1-2 |
| Below average LP performance at sub-category level | Meets average LP performance at sub-category level | Exceeds average LP performance at sub-category level |

| Proportion of SKUs by units per store per week (UPSPW) | | | | |
|---|--|--------------------------------|----------------------------------|--------------------------|
| 0 | 0.5 | 1 | 1.5 | 2 |
| No SKUs above 1.5 UPSPW, fewer than 50% above 0.3 UPSPW | No SKUs above 1.5 UPSPW, 50% or more above 0.3 UPSPW | 1%-49% of SKUs above 1.5 UPSPW | 50% or more SKUs above 1.5 UPSPW | All SKUs above 1.5 UPSPW |

| Average weekly sales per SKU | | | | |
|------------------------------|------------------------------------|------------------------------------|-------------------------------------|-------------------------|
| 0 | 0.5 | 1 | 1.5 | 2 |
| Weekly sales below \$1K | Weekly sales between \$1K and \$2K | Weekly sales between \$2K and \$5K | Weekly sales between \$5K and \$10K | Weekly sales over \$10K |

Note: OCS will neutralize the score to 1 for new Licensed Producers