

Pricing

Introduction:

The company maintains a steadfast commitment to providing customers with high-quality products at equitable and transparent prices. This pricing policy outlines the approach to pricing the products, which is based on the actual cost of production and the perceived value in the market.

Cost-based pricing: add the context to costing.

The price of each product is determined by calculating the total production costs, encompassing direct and indirect expenses such as materials, labor, overhead, and other costs. A reasonable profit margin is then added to cover operating expenses and ensure a return on investment.

This approach ensures that the price of each product is directly proportional to its cost of production. It is believed that this methodology fosters transparency and integrity in pricing by accurately reflecting the product's value and the effort involved in its creation.

Value-based pricing:

In addition to cost-based pricing, the value that the product offers to customers is also taken into consideration. Factors such as quality, performance, features, benefits, and market competition influence the pricing decision.

Should the product possess unique features or superior quality compared to competitors, it may be priced at a premium to reflect the added value it provides. Conversely, if the product is similar to others in the market, it may be priced at a lower rate to reflect its fair value.

Discounts and promotions:

On certain occasions, discounts or promotions may be offered based on volume or other factors. However, these discounts are applied on top of the cost-based price and do not affect the underlying pricing policy.

Adjustments:

Pricing may be periodically adjusted to reflect changes in the cost structure and the perceived value of the products in the market. However, these adjustments are solely based on changes in costs and the value that the products offer. They are not driven by market trends or competitive pressures.

Evaluation Criteria

The evaluation process will consider three essential attributes of the product, outlined below:

1. **Value:** This criterion assesses the overall worth of the product by considering its pricing, benefits, and quality. Factors such as affordability, perceived value for money, and the product's effectiveness will be taken into consideration.
2. **Cannabinoid Composition:** The evaluation will focus on the range of THC, CBD, and/or rare cannabinoids present in the product. The proximity and balance of these compounds will be assessed to determine their contribution to the product's intended effects and potential benefits.
3. **Placement in Portfolio:** The product's placement within the portfolio will be evaluated based on several key factors:
 - a. **Product Association:** The classification of the product as Sativa, Hybrid, or Indica will be considered to assess its alignment with specific consumer preferences and market demands.
 - b. **Innovation:** The level of innovation demonstrated by the product, including unique formulations, delivery methods, or other distinguishing features, will be evaluated. This criterion aims to identify products that introduce novel or groundbreaking elements to the market.
 - c. **Portfolio Gap/Necessity:** The evaluation will also consider whether the product fills a gap or addresses a specific need within the portfolio. This assessment ensures that the overall product lineup is comprehensive, diverse, and capable of meeting a wide range of consumer requirements.

Initial Load in quantity

Cannabis NB and the suppliers shall engage in collaborative efforts to determine the initial load quantities for selected products. The determination of load quantities shall consider various factors, including:

1. Availability of the products from the supplier.
2. Predicted sell-through based on historical data of similar products within the market.
3. Landed cost of the products.
4. Category-specific demand requirements.

By working together, Cannabis NB and the suppliers aim to establish appropriate and optimal load quantities for the initial supply of products.