

Clerk's Stamp:

COURT FILE NUMBER 2401-09688

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF DELTA 9 CANNABIS INC., DELTA 9  
LOGISTICS INC., DELTA 9 BIO-TECH INC., DELTA 9  
LIFESTYLE CANNABIS CLINIC INC. and DELTA 9 CANNABIS  
STORE INC.

MOVING PARTY 2759054 ONTARIO INC. O/A FIKA HERBAL GOODS.

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**Miller Thomson LLP**  
Barristers and Solicitors  
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\$50.00  
COM  
Dec. 2, 2024

File No. 0283153.0006

**NOTICE TO RESPONDENT(S):**

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the application judge / justice.

To do so, you must be in Court when the application is heard as shown below:

Date	<u>December 2, 2024</u>
Time	<u>3:30 p.m. MDT</u>
Where	<u>Calgary Courts Centre</u>
Before Whom	<u>The Honourable Justice Armstrong</u>

Go to the end of this document to see what else you can do and when you must do it.

**Remedy claimed or sought:**

1. 2759054 Ontario Inc. o/a Fika Herbal Goods (the “**Plan Sponsor**”) seeks an Order (the “**Creditors’ Meeting Order**”) substantially in the form attached as **Schedule “A”**, among other things:
  - (a) accepting the filing of the plan of compromise and arrangement of Delta 9 Cannabis Inc. (“**Delta Parent**”), Delta 9 Lifestyle Cannabis Clinic Inc. (“**Delta Lifestyle**”) and Delta 9 Cannabis Store Inc. (“**Delta Retail**”; together with Delta Parent and Delta Lifestyle, the “**Plan Entities**”) dated November 25, 2024 (as may be amended from time to time, the “**Plan**”);
  - (b) authorizing the Plan Entities to establish a single class of creditors for the purpose of considering and voting on the Plan, namely, the “**Affected Creditor Class**”, as described in the Plan;
  - (c) authorizing the Plan Entities to call, hold and conduct a virtual meeting of the Affected Creditor Class (the “**Creditors’ Meeting**”) to consider and vote on a resolution to approve the Plan, and approving procedures to be followed with respect to the Creditors’ Meeting;
  - (d) setting a date in the week of January 6, 2025, for the hearing of the application for an order sanctioning the Plan (the “**Plan Sanction Hearing**”), should the Plan be approved for filing and approved by the requisite majorities of creditors at the Creditors’ Meeting; and
  - (e) such further and other relief as counsel may request and this Honourable Court may deem appropriate.
2. All terms used but not otherwise defined herein have the meanings given to such terms in the Plan.

**Grounds for making this Application:**

Background

3. The Plan Entities and Delta 9 Bio-Tech Inc. (“**Bio-Tech**”) and Delta 9 Logistics Inc. (“**Delta Logistics**”, collectively with Bio-Tech and the Plan Entities, the “**Applicants**”) are a vertically integrated group of companies in the business of cannabis wholesale distribution

and retail sales. Bio-Tech holds cannabis licences from Health Canada and the CRA pursuant to the *Excise Act, 2001*.

4. On July 15, 2024, the Honourable Justice D.R. Mah granted an Initial Order pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**Initial Order**") which, among other things, appointed Alvarez & Marsal Canada Inc. as the Monitor of the Applicants (in such capacity, the "**Monitor**").
5. On July 24, 2024 (the "**Comeback Hearing**"), the Honourable Associate Chief Justice K.G. Nielsen granted the following orders:
  - (a) an Amended and Restated Initial Order (the "**ARIO**"), among other things:
    - (i) extending the stay of proceedings under the Initial Order from July 25, 2024 to September 15, 2024 (the "**Stay Extension**");
    - (ii) approving the break-fee of \$1,500,000 (the "**Break Fee**") set out in the Restructuring Term Sheet dated July 12, 2024 between the Plan Sponsor and the Applicants (the "**Restructuring Term Sheet**") and granting a charge (the "**Plan Sponsor Protection Charge**") to secure the Break Fee;
    - (iii) approving an interim financing loan agreement between the Applicants and the Plan Sponsor dated July 18, 2024 (the "**Interim Financing Agreement**") and a charge securing the Interim Financing Agreement not exceeding the principal sum of \$16,000,000, plus interest, costs and expenses in favour of the Plan Sponsor, as security for any advances made by the Plan Sponsor pursuant to the Interim Financing Agreement (the "**Interim Financing Charge**");
    - (iv) approving a key employee retention plan (the "**KERP**") and corresponding charge to secure obligations under the KERP up to the amount of \$655,000 (the "**KERP Charge**");
    - (v) approving an increase to the Administration Charge from \$350,000 to \$750,000 and the Directors' Charge from \$300,000 to \$900,000; and
    - (vi) appointing Mark Townsend as the chief restructuring officer (in such capacity, the "**CRO**") of the Applicants;

- (b) an Order (the “**SISP Order**”) approving the sales and investment solicitation process (“**SISP**”) in respect of a going-concern sale of the assets and/or shares of Bio-Tech;
  - (c) an Order (the “**Claims Procedure Order**”), approving a claims procedure with respect to the Applicants (the “**Claims Procedure**”); and
  - (d) an Order (the “**Sealing Order**”) sealing the confidential appendix of the First Report of the Monitor dated July 18, 2024, comprising of an unredacted copy of the KERP.
6. On September 11, 2024 (the “**Second Stay Extension and Approval Hearing**”), the Honourable Justice C.D. Simard granted a Stay Extension and Approval Order, among other things:
- (a) extending the Stay Period, as defined in the ARIO up to and including November 1, 2024;
  - (b) approving Amendment No. 1 to the Interim Financing Term Sheet (the “**Amended Interim Financing Term Sheet**”), attached as Schedule “A” to the Second Report of the Monitor;
  - (c) authorizing the Applicants to borrow up to \$17,500,000 from the Plan Sponsor under the Amended Interim Financing Term Sheet and approving the increase of the Interim Financing Charge, as defined in paragraph 35 of the ARIO, to the amounts outstanding under the Amended Interim Financing Term Sheet;
  - (d) approving the accounts of the Monitor’s legal counsel, Burnet, Duckworth & Palmer LLP, for its fees and disbursements, as set out in the Second Report; and
  - (e) approving the Monitor’s activities, actions and conduct, as set out in the Pre-Filing Report, the First Report and the Second Report.
7. On November 1, the Honourable Justice M.A. Marion (“**Justice Marion**”) granted a Stay Extension and Approval Order and an Amended and Restated Claims Procedure Order, among other things:
- (a) extending the Stay Period, as defined in the ARIO up to and including January 31, 2025;

- (b) authorizing the Applicants to borrow up to \$18,500,000 from the Plan Sponsor under Amendment No. 2 to the Interim Financing Term Sheet (the “**Second Amended Interim Financing Term Sheet**”) and approving the increase of the Interim Financing Charge, as defined in paragraph 35 of the ARIO and paragraph 4 of the First Stay Extension Order, to the amounts outstanding under the Second Amended Interim Financing Term Sheet; and
  - (c) approving an Amended and Restated Claims Procedure Order to allow the Monitor to admit some late claims.
- 8. Also on November 1, 2024, the Plan Sponsor applied to the Court for an order authorizing the Plan Entities and Delta Logistics to call, hold and conduct a Creditors’ Meeting, and to approve a previous version of the Plan dated October 21, 2024 (the “**Initial Plan**”) for creditors to vote on at the Creditors’ Meeting, *inter alia* (the “**Initial Meeting Order Hearing**”).
- 9. On November 8, 2024, Justice Marion provided reasons (the “**Initial Meeting Order Reasons**”) in which he declined to file the Initial Plan and declined to order a Creditors’ Meeting to vote on the Initial Plan.
- 10. The Plan Sponsor, in consultation with the Applicants, the Monitor, and the primary secured creditor of the Applicants, SNDL Inc. (“**SNDL**”), has amended the Initial Plan and now seeks approval from the Court to present the Plan for a vote at a Creditors’ Meeting, *inter alia*.

#### CCAA Plan

- 11. Pursuant to the ARIO, this Court approved the Restructuring Term Sheet between the Applicants and the Plan Sponsor.
- 12. The Restructuring Term Sheet contemplates the acquisition of the Applicants’ retail cannabis operations by the Plan Sponsor through a plan of arrangement with the concurrent goal of monetizing Bio-Tech’s business as a going-concern through the SISF.
- 13. The Plan Sponsor and Applicants, in consultation with the Monitor, CRO and SNDL, developed the Plan to, among other things: (i) facilitate and implement the restructuring in accordance with the Restructuring Term Sheet; (ii) effect a compromise, settlement, release and discharge of all Affected Claims in exchange for distributions to Affected

Creditors; and (iii) ensure the continuation of the Plan Entities and their retail operations for the benefit of all stakeholders.

14. The proposed Plan provides that all Affected Claims shall constitute a single class and shall vote as a single class as they share a commonality of interest in that they are all unsecured creditors of the Plan Entities.
15. If approved by the Required Majority (as defined in the Plan) and sanctioned by the Court, the Plan will result in significant recoveries to the Plan Entities' unsecured creditors and other stakeholders.
16. The Monitor has confirmed that a greater benefit is expected to be derived from the approval of the Plan and the continued operation of the Plan Entities' retail business than would result in a bankruptcy or liquidation of the Plan Entities.
17. The Plan Sponsor seeks the Creditors' Meeting Order permitting the filing of the Plan for consideration by Affected Creditors.

#### Creditors' Meeting Order

18. Capitalized terms used in this section have the meanings given to them in the Creditors' Meeting Order or in the Plan, as may be applicable.
19. The proposed Creditors' Meeting Order authorizes the Plan Entities to convene a meeting of the Affected Creditors to consider and vote on the Plan, to be held virtually by Microsoft Teams on December 20, 2024 (the "**Meeting Date**").
20. The Creditors' Meeting Order provides for comprehensive notification of the Creditors' Meeting to the Affected Creditors and contemplates, among other things, that:
  - (a) The Monitor shall, within two (2) business days following the date of the Creditors' Meeting Order, serve the Meeting Materials on the Service List and post electronic copies of the Meeting Materials on the Monitor's website;
  - (b) The Monitor shall, not later than the 5<sup>th</sup> Business Day following the date of the Creditors' Meeting Order, deliver the Meeting Materials by pre-paid ordinary mail, courier, personal delivery or email to each Affected Creditor at the address set out in such Affected Creditor's Proof of Claim (or in any other written notice that has

been received by the Monitor in advance of such date regarding a change of address for an Affected Creditor).

21. The Creditors' Meeting Order also provides for, among other things:
  - (a) procedures that will govern the conduct of the meeting, including that the Monitor will preside as chairperson of the Creditors' Meeting, and will determine all matters relating to the conduct of the Creditors' Meeting;
  - (b) voting procedures;
  - (c) the process by which the Monitor will keep a separate record of votes cast by Affected Creditors holding Disputed Claims;
  - (d) the requirements for approval of the Plan, including an affirmative vote by the Required Majority;
  - (e) the process and requirements for the assignment of Claims; and
  - (f) the ability of the Applicants and/or the Plan Sponsor to make amendments to the Plan.
22. The proposed Creditors' Meeting Order establishes fair, expeditious and transparent procedures for the noticing, conduct of, and voting at the Creditors' Meeting. It is fair and reasonable in the circumstances, appropriately balances competing views and interests, and will facilitate the consideration by Affected Creditors of the Plan.

**Material or evidence to be relied on:**

23. The First Arbuthnot Affidavit, filed on July 12, 2024;
24. The Second Arbuthnot Affidavit sworn on July 18, 2024;
25. The Third Affidavit of Mark Townsend, sworn November 25, 2024;
26. The Fifth Report of the Monitor, and all previous reports filed by the Monitor in these proceedings; and
27. Such further and other materials as counsel may advise and this Honourable court may permit.

**Applicable rules**

28. The *Alberta Rules of Court*, Alta Reg 124/2010, including rules 1.3, 6.3(1), and 6.9(1)(b); and
29. Such other Rules as counsel may refer to or that this Honourable Court may permit.

**Applicable Acts and regulations:**

30. The provisions of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, including sections 4, 5, and 22; and
31. Such further and other Acts and Regulations as counsel may advise and this Honourable Court may permit.

**Any irregularity complained of or objection relied on:**

32. None.

**How the application is proposed to be heard or considered:**

33. On the Commercial List, via Webex before the Honourable Justice Armstrong.

**WARNING**

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.



**SCHEDULE "A"**

**Proposed form of Creditors' Meeting Order**

COURT FILE NUMBER 2401-09688

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF *THE COMPANIES, CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF DELTA 9 CANNABIS INC., DELTA 9  
LOGISTICS INC., DELTA 9 BIO-TECH INC., DELTA 9  
LIFESTYLE CANNABIS CLINIC INC. and DELTA 9 CANNABIS  
STORE INC.

DOCUMENT **ORDER (Creditors' Meeting Order)**

ADDRESS FOR SERVICE **MILLER THOMSON LLP**  
AND CONTACT Barristers and Solicitors  
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[jwreid@millerthomson.com](mailto:jwreid@millerthomson.com)

File No. 0283153.0006

**DATE ON WHICH ORDER WAS PRONOUNCED:** December 2, 2024

**NAME OF JUDGE WHO MADE THIS ORDER:** The Honourable Justice R.W. Armstrong

**LOCATION OF HEARING:** Calgary Courts Centre

**UPON** the application (the "**Application**") of 2759054 Ontario Inc. o/a Fika Herbal Goods ("**Fika**" or the "**Plan Sponsor**"), for an Order, among other things: (i) accepting the filing of the Plan of Compromise and Arrangement dated November 25, 2024, attached hereto as Schedule "1", as it may be amended, restated, supplemented, or modified (the "**Plan**") of Delta 9 Cannabis Inc. ("**Delta Parent**"), Delta 9 Lifestyle Cannabis Clinic Inc. ("**Lifestyle**") and Delta 9 Cannabis Store Inc. ("**Store**"; and collectively, the "**Plan Entities**"), Delta 9 Logistics Inc. ("**Logistics**"), and Delta 9 Bio-Tech Inc. ("**Bio-Tech**", and collectively with the Plan Entities and Logistics, the "**Applicants**", or the "**Delta 9 Group**"), (ii) authorizing the classification of creditors for purposes of voting on the Plan; (iii) authorizing and directing Delta 9 to call, hold and conduct a meeting of Affected Creditors to vote on a resolution to approve the Plan; (iv) authorizing and directing the mailing and distribution of the Meeting Materials; (v) approving the procedures to be followed with

respect to the creditors' Meeting; and (vi) setting a date for the hearing of the application for a Sanction Order;

**AND UPON** reading the Application, the Third Affidavit of Mark Townsend, sworn November 25, 2024, the Fifth Report dated [●], 2024 (the "**Monitor's Report**") of Alvarez & Marsal Canada Inc. in its capacity as monitor of Delta 9 (the "**Monitor**");

**AND UPON** hearing from counsel for the Delta 9 Group, the Plan Sponsor, the Monitor, and such other parties present;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**DEFINED TERMS**

1. All capitalized terms used but not otherwise defined herein having the meanings ascribed to such terms in the Plan.

**THE PLAN**

2. The Plan is hereby accepted for filing and the Delta 9 Group is hereby authorized and directed to call the Meeting for the purpose of having the Eligible Voting Creditors vote on the Plan in the manner set out herein.

3. The Delta 9 Group may, at any time prior to or at the Meeting, amend, restate, modify and/or supplement the Plan (each a "**Plan Modification**"), in consultation with the Monitor, provided that:

(a) prior to the Meeting, notice of any Plan Modification shall be posted on the Monitor's Website; and

(b) during the Meeting, notice of any Plan Modification shall be given to all Affected Creditors present (or deemed present) at such meeting in person or by Proxy, promptly posted on the Monitor's Website and filed with the Court as soon as practicable following the Meeting.

4. After the Meeting (and both prior to and subsequent to the obtaining of any Sanction Order), the Delta 9 Group may at any time and from time to time, in consultation with the Monitor, effect a Plan Modification (a) pursuant to an Order of the Court, or (b) where such Plan Modification concerns a matter which, in the opinion of the Delta 9 Group, is of an administrative nature required to give effect to the implementation of the Plan and the Sanction Order, or to cure

any errors, omissions, or ambiguities, and in either case is not materially prejudicial to the financial or economic interests of the Affected Creditors. The Monitor shall forthwith post on the Monitor's Website any such Plan Modification.

## **FORMS OF DOCUMENTS**

5. The (i) Notice to Affected Creditors substantially in the form attached as Schedule "2" hereto (the "**Notice to Affected Creditors**"), (ii) Affected Creditor Proxy substantially in the form attached as Schedule "3" hereto (the "**Affected Creditor Proxy**"), and (iii) Convenience Election Notice substantially in the form attached as Schedule "4" hereto (the "**Convenience Election Notice**"), as each may be amended, supplemented or restated, are hereby approved and the Delta 9 Group, with the consent of the Monitor, is hereby authorized to make changes to such forms as may be necessary to conform the contents thereof to the terms of the Plan or this Meeting Order.

## **CLASSIFICATION OF CREDITORS**

6. For the purposes of considering and voting on the Plan, there will be one (1) class of Creditors: the Affected Creditor Class.

## **NOTICE TO GENERAL UNSECURED CREDITORS**

7. The Monitor shall, within two (2) Business Days following the date of the granting of this Meeting Order, serve copies on the Service List and post electronic copies of meeting materials (the "**Meeting Materials**") comprising the following on the Monitor's Website:

- (a) the Notice to Affected Creditors;
- (b) this Meeting Order;
- (c) a blank form of Affected Creditor Proxy, to be submitted to the Monitor by any Eligible Voting Creditor who wishes to vote at the Meeting, whether in person or by proxy; and
- (d) the Convenience Election Notice.

8. The Monitor shall, not later than the fifth (5<sup>th</sup>) Business Day following the date of the granting of this Meeting Order, deliver the Meeting Materials by pre-paid ordinary mail, courier, personal delivery or e-mail to each Affected Creditor, at the address set out in such Affected

Creditor's Proof of Claim (or in any other written notice that has been received by the Monitor in advance of such date regarding a change of address for a Affected Creditor).

### **MONITOR'S REPORT ON PLAN**

9. No later than seven (7) Business Days before the date of the Meeting, the Monitor shall serve a report regarding the Plan pursuant to section 23(1)(d.1) of the CCAA by serving a copy of same on the Service List and posting such report on the Monitor's Website.

### **CONDUCT AT CREDITORS' MEETING**

10. The Delta 9 Group is hereby authorized to call, hold and conduct the Meeting on December 20, 2024 at 10:00 a.m. (Calgary time) for the purpose of considering and voting on, with or without variation, the Plan.

11. The Delta 9 Group is authorized to hold the Meeting entirely by electronic means.

12. A representative of the Monitor shall act as chairperson (the "**Chairperson**") of the Meeting and, subject to any further Order of this Court, shall decide all matters relating to the conduct of the Meeting.

13. The Monitor may appoint one or more scrutineers for the supervision and tabulation of the attendance at, quorum at and votes cast at the Meeting. One or more people designated by the Monitor shall act as secretary at the Meeting.

14. The quorum required at the Meeting shall be at least one Affected Creditor with an Allowed Affected Claim, present at the Meeting in person (by electronic means) or by proxy.

15. If the requisite quorum is not present at the Meeting, the Chairperson may adjourn the meeting, provided that any such adjournment or adjournments must be for a period of not more than seven days in total, unless otherwise agreed to by the Delta 9 Group, the Plan Sponsor, and the Monitor. In the event of any such adjournment, the Delta 9 Group and the Monitor will not be required to deliver any notice of adjournment of the Meeting or adjourned Meeting provided that the Monitor shall forthwith post notice of the adjournment on the Monitor's Website. Any Affected Creditor Proxy validly delivered in connection with the Meeting will be accepted as a proxy in respect of any adjourned Meeting.

16. The only Persons entitled to attend the Meeting are (i) the Affected Creditors entitled to vote at the Meeting (or, if applicable, any Person holding a valid Affected Creditor Proxy on behalf

of one or more such Affected Creditors) and any such Affected Creditor's legal counsel; (ii) Convenience Class Creditors; (iii) the Chairperson, the scrutineers and the secretary; (iv) the Monitor and the Monitor's legal counsel; (v) one or more representatives of the Board and/or senior management of the Delta 9 Group and the Delta 9 Group's legal counsel; and (vi) one or more representatives of the Plan Sponsor and the Plan Sponsor's legal counsel. Any other person may be admitted to the Meeting on invitation of the Delta 9 Group, in consultation with the Monitor.

## **ASSIGNMENT OF AFFECTED CLAIMS PRIOR TO MEETING**

17. Any Affected Creditor may transfer the whole of its Claim prior to the Meeting in accordance with the Plan and this Meeting Order. The Monitor is not obligated to deal with the transferee of such Claim as an Affected Creditor in respect thereof, including allowing such transferee to vote at the Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment ("**Proof of Assignment**") has been given to the Delta 9 Group, the Plan Sponsor and the Monitor prior to the commencement of the Meeting, and has been received and acknowledged by the Monitor in writing no later than 5:00 p.m. on the day that is at least five (5) Business Days prior to the date of the Meeting. If the Monitor receives and acknowledges such Proof of Assignment in accordance with this Meeting Order and the Plan (i) the transferor of the applicable Claim shall no longer constitute an Affected Creditor in respect of such Claim, and (ii) the transferee or assignee of the applicable Claim shall constitute an Affected Creditor in respect of such Claim and shall be bound by any and all notices previously given to the transferor or assignor in respect thereof and any Affected Creditor Proxy duly submitted in accordance with this Meeting Order. For greater certainty, the Monitor and the Plan Entities shall not recognize partial transfers or assignments of Affected Claims, under any provision of this Order or the Plan.

## **CONDUCT AND VOTING AT THE MEETING**

### **A. General Voting Procedures**

18. At the Meeting, the Chairperson shall direct a vote using the voting options available at the Meeting or by proxy on a resolution to approve the Plan and any amendments thereto.

### **B. Affected Creditors**

19. Affected Creditors (other than Convenience Class Creditors) with Allowed Affected Claims shall be entitled to one (1) vote as part of the Affected Creditor Class in the amount equal to their Allowed Affected Claim.

20. An Affected Creditor with Affected Claim exceeding an aggregate of \$4,000 may elect to be treated as a Convenience Class Creditor and to receive \$4,000 in full satisfaction of such Allowed Affected Claim in accordance with the Plan (to the extent implemented and in accordance with the terms thereof) by submitting a Convenience Election Notice to the Monitor by no later than two (2) Business Days before the Meeting, subject to a later date as the Delta 9 Group and the Plan Sponsor, in consultation with the Monitor, may agree in the event of an adjournment, postponement or other rescheduling of the Meeting.

21. Any Affected Creditor that is entitled to vote at the Meeting must: (i) duly complete and sign an Affected Creditor Proxy; (ii) specify in the Affected Creditor Proxy the name of the Person with the power to attend and vote at the Meeting on behalf of such Affected Creditor; and (iii) deliver such Affected Proxy to the Monitor so that it is received at or prior to 5:00 p.m. on the day that is two (2) Business Days before the Meeting and such delivery must be made in accordance with the instructions accompanying such Affected Creditor Proxy.

22. In the event that an Affected Creditor validly submits an Affected Creditor Proxy to the Monitor and subsequently attends the Meeting in person (electronically) and votes inconsistently, such Affected Creditor's vote at the Meeting shall supersede and revoke the earlier received Affected Creditor Proxy.

23. Notwithstanding anything else in in this Meeting Order, the Chairperson shall have the discretion to accept for voting purposes any Affected Creditor Proxy submitted to the Monitor in accordance with this Meeting Order.

### **C. Convenience Creditors**

24. Notwithstanding anything else in this Meeting Order, each Convenience Creditor will be deemed to vote as part of the Affected Class in favour of the Plan. Each vote shall have a value equal to such Convenience Creditor's Convenience Claim. Convenience Creditors shall not be entitled to vote at the Meeting, whether in person or by proxy.

25. Any Affected Creditor with an Allowed Affected Claim greater than \$4,000 may elect to receive a Convenience Amount in full satisfaction of its Allowed Affected Claim by filing a Convenience Election by no later than five (5) Business Days prior to the Meeting Date (the "**Convenience Election Deadline**").

## **VOTING OF DISPUTED CLAIMS**

26. Each Affected Creditor with a Disputed Claim against the Delta 9 Group as at the Meeting Date shall be entitled to attend the Meeting and shall be entitled to one vote at said Meeting in respect of such Disputed Claim. Any vote cast in respect of a Disputed Claim shall be dealt with in accordance with paragraph 27 hereof, unless and until (and then only to the extent that) such Disputed Claim is ultimately determined to be: (i) an Allowed Affected Claim, in which case such vote shall have the dollar value attributable to such Allowed Affected Claim; or (ii) a Disallowed Claim (as defined in the Claims Procedure Order), in which case such vote shall be disregarded and not counted for any purpose.

27. The Monitor shall keep a separate record of votes cast by Affected Creditors with Disputed Claims and shall report to the Court with respect thereto at the Sanction Hearing. If approval or non-approval of the Plan by Affected Creditors would be affected by the votes cast in respect of Disputed Claims, such result shall be reported to the Court as soon as reasonably practicable after the Meeting.

28. The Delta 9 Group, the Plan Sponsor and the Monitor shall have the right to seek the assistance of the Court at any time in valuing any Disputed Claim if required to ascertain the result of any vote on the Plan.

## **APPROVAL OF THE PLAN**

29. The Plan must receive an affirmative vote of the Required Majority at the Meeting in accordance with section 6 of the CCAA in order to be approved by the Affected Creditors. Following the votes at the Meeting, the scrutineers shall tabulate the votes and the Monitor shall determine whether the Plan has been accepted by the Required Majority.

30. The result of any vote at the Meeting shall be binding on all Affected Creditors, regardless of whether such Affected Creditor was present at or voted at the Meeting or was entitled to be present or vote at the Meeting.

## **PLAN SANCTION**

31. The Monitor shall provide a Monitor's Report to the Court as soon as practicable after the Meeting with respect to:

- (a) the results of voting at the Meeting;



- (b) whether the Required Majority has approved the Plan;
- (c) the separate tabulation for Disputed Claims required by this Meeting Order; and
- (d) in its discretion, any other matters relating to the requested Sanction Order.

32. An electronic copy of the Monitor's Report regarding the Meeting and a copy of the materials filed in respect of the application by the Delta 9 Group for the Sanction Order (the "**Sanction Application**") shall be served on the Service List and posted on the Monitor's Website prior to the Sanction Application.

33. In the event the Plan is approved by the Required Majority, the Sanction Application shall be held on January 10, 2025, or such later date as shall be acceptable to the Delta 9 Group, the Monitor and the Plan Sponsor, and as scheduled by this Court upon application by the Delta 9 Group, the Monitor, or the Plan Sponsor (the "**Sanction Hearing Date**").

34. Any Affected Creditor that wishes to oppose the sanctioning of the Plan must serve on the Delta 9 Group, the Plan Sponsor, the Monitor and the service list established in these proceedings (the "**Service List**") copies of all evidence, written argument and/or other materials to be used by the Affected Creditor to oppose the Sanction Application by no later than 5:00 p.m. (Calgary time) on the date that is three (3) Business Days prior to the Sanction Hearing Date.

35. In the event that the Sanction Application is adjourned, only those Persons appearing on the Service List shall be served with notice of the adjourned date.

## **GENERAL PROVISIONS**

36. Notwithstanding anything contained in this Meeting Order, the Delta 9 Group may decide not to call, hold and conduct the Meeting, provided that:

- (a) in the case of a decision not to conduct a Meeting, the Monitor, the Delta 9 Group or the Chairperson shall communicate such decision to Affected Creditors prior to any vote being taken at the Meeting;
- (b) the Delta 9 Group shall forthwith provide notice to the Service List of any such decision and shall file a copy thereof with the Court forthwith and in any event prior to the Sanction Application; and
- (c) the Monitor shall post an electronic copy of any such decision on the Monitor's Website forthwith and in any event prior to the Sanction Application.

37. Nothing in this Meeting Order has the effect of determining Allowed Affected Claims for purposes of distributions or payments under the Plan.

38. The Monitor, in addition to its prescribed rights and obligations under the CCAA and the Initial Order, shall assist the Delta 9 Group in connection with the matters described herein, and is hereby authorized and directed to take such other actions and fulfill such other roles as are contemplated by this Meeting Order. The Monitor shall work with the third-party service provider to facilitate the implementation of the Meeting by telephonic or electronic means to the extent necessary or desirable in the sole opinion of the Monitor.

39. The Delta 9 Group and the Monitor shall use reasonable discretion as to the adequacy of compliance with respect to the manner in which any forms hereunder are completed and executed and the time in which they are submitted and may waive strict compliance with the requirements of this Meeting Order, including with respect to the completion, execution and time of delivery of required forms.

40. The Monitor may, if necessary, apply to this Court for advice and directions regarding its obligations under this Meeting Order.

41. Any notices or other communications to be given under this Meeting Order by any Person to the Monitor or the Delta 9 Group shall be in writing in substantially the form, if any, provided in this Meeting Order and will be deemed sufficiently given only if given by prepaid ordinary mail, registered mail, courier, personal delivery, facsimile, or email addressed to:

The Plan Sponsor's  
Counsel:

**MILLER THOMSON LLP**

Barristers and Solicitors  
525-8<sup>th</sup> Avenue SW, 43<sup>rd</sup> Floor  
Calgary, AB, Canada T2P 1G1

Attention: Larry Ellis / James Reid /  
Telephone: 416.597.4311 / 403.298.2418  
Email: [lellis@millერთhompson.com](mailto:lellis@millერთhompson.com) /  
[jwreid@millერთhompson.com](mailto:jwreid@millერთhompson.com) /  
[mcressatti@millერთhompson.com](mailto:mcressatti@millერთhompson.com)

Delta 9 Group's Counsel:

**MLT AIKINS LLP**

222 – 3<sup>rd</sup> Avenue SW  
Calgary, AB T2P 0B4

Attention: Ryan Zahara / Molly McIntosh  
Telephone: 403.693.5420  
Email: [rzahara@mltaikins.com](mailto:rzahara@mltaikins.com) /  
[mmcintosh@mltaikins.com](mailto:mmcintosh@mltaikins.com)

Monitor:

**ALVAREZ & MARSAL CANADA INC.**

Bow Valley Square IV  
Suite 1110, 250 – 6<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2R9

Attention: Orest Konowalchuk / Duncan MacRae  
Telephone: 403.538.4736 / 7514  
Email: okonowalchuk@alvarezandmarsal.com/  
dmacrae@alvarezandmarsal.com

Monitor's Counsel:

**BURNET, DUCKWORTH & PALMER LLP**

2400, 525 – 8<sup>th</sup> Avenue SW  
Calgary, AB T2P 1G1

Attention: David LeGeyt / Ryan Algar  
Telephone: 403.260.0210 / 0126  
Email: dlegeyt@bdplaw.com /  
ralgar@bdplaw.com

42. Any such notice or communication shall be deemed to have been received: (a) if sent by prepaid ordinary mail or registered mail, on the third Business Day after mailing in Alberta, the fifth Business Day after mailing in Canada (other than within Alberta), and the tenth Business Day after mailing internationally; (b) if sent by courier or personal delivery, on the date of actual delivery; and (c) if delivered by facsimile transmission or email by 5:00 p.m. on a Business Day, on such Business Day and if delivered after 5:00 p.m. or other than a Business Day, on the following Business Day.

43. In the event that the day on which any notice or communication required to be delivered pursuant to this Meeting Order is not a Business Day, then such notice or communication shall be required to be delivered on the next Business Day.

44. If, during any period in which notices or other communications are being given pursuant to this Meeting Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary or registered mail shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile transmission or email in accordance with this Meeting Order.

45. All references to time herein shall mean prevailing local time in Calgary, Alberta, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day, unless otherwise indicated.

46. References to the singular herein shall include the plural, references to the plural shall include the singular, and any gender shall include the other gender.

47. Subject to any further Order of the Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Meeting Order, the provisions of the Plan shall govern and be paramount, and any such provision of this Meeting Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

48. This Meeting Order shall have full force and effect in all provinces and territories in Canada.

49. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effect to this Meeting Order and to assist the Delta 9 Group, the Monitor, and their respective representatives and agents in carrying out the terms of this Meeting Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Delta 9 Group and the Monitor, as an officer of this Court, as may be reasonably necessary or desirable to give effect to this Order.

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Justice of the Court of King's Bench of Alberta

**SCHEDULE “1”**

**Plan of Compromise or Arrangement**

See attached.

Clerk's stamp

COURT FILE NUMBER 2401-09688

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT IN THE MATTER OF THE *COMPANIES'*  
*CREDITORS ARRANGEMENT ACT*, RSC 1985, c  
C-36, as amended

AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF DELTA 9  
CANNABIS INC., DELTA 9 LOGISTICS INC.,  
DELTA 9 BIO-TECH INC., DELTA 9 CANNABIS  
STORE INC., and DELTA 9 LIFESTYLE CANNABIS  
CLINIC INC.

DOCUMENT **PLAN OF COMPROMISE OR ARRANGEMENT**

ADDRESS FOR SERVICE AND **MILLER THOMSON LLP**  
CONTACT INFORMATION OF Suite 5800, 40 King Street West  
PARTY FILING THIS DOCUMENT Toronto, Ontario M5H 3S1

525 – 8<sup>th</sup> Avenue SW, 43<sup>rd</sup> Floor  
Calgary, Alberta T2P 1G1

Attention: Larry Ellis / James Reid  
Telephone: 416.597.4311 / 403.298.2418  
Email: [lellis@millerthomson.com](mailto:lellis@millerthomson.com) /  
[jwreid@millerthomson.com](mailto:jwreid@millerthomson.com)

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## PLAN OF COMPROMISE OR ARRANGEMENT

### WHEREAS:

A. Pursuant to the order of the Honourable Justice D.R. Mah of the Court of King's Bench of Alberta (the "**Court**") issued July 15, 2024 (as amended and restated on July 24, 2024, and as may be further amended and restated, the "**Initial Order**"), Delta 9 Cannabis Inc. ("**Delta Parent**"), Delta 9 Cannabis Store Inc. ("**Delta Retail**") and Delta 9 Lifestyle Cannabis Clinic Inc. ("**Delta Lifestyle**") and together with Delta Retail and Delta Parent, the "**Applicants**", *inter alios*, commenced proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and Alvarez & Marsal Canada Inc. was appointed Monitor of the Applicants (in such capacity, the "**Monitor**") for the proceedings commenced by the Initial Order (the "**CCAA Proceedings**").

B. Delta 9 Logistics Inc. ("**Delta Logistics**"), a wholly owned subsidiary of Delta Parent, is subject to the CCAA Proceedings but is in the process of being wound down and will make an assignment into bankruptcy under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**").

C. Delta 9 Bio-Tech Inc. ("**Bio-Tech**"), a wholly owned subsidiary of Delta Parent, is a licensed producer of cannabis and is subject to the CCAA Proceedings. Bio-Tech has generated losses of approximately \$26 million over the past two years. On July 24, 2024, the Court issued an order approving, and authorizing the Monitor to conduct, a sales and investment solicitation process for the business and/or assets of Bio-Tech (the "**Bio-Tech-SISP**").

D. The Applicants, Delta Logistics and Bio-Tech are parties to a binding term sheet dated July 12, 2024, pursuant to which 2759054 Ontario Inc. o/a Fika Herbal Goods (the "**Plan Sponsor**") agreed to develop, submit and present a plan of compromise or arrangement to the Applicants' creditors for the purpose of, among other things, effecting a transaction whereby the Plan Sponsor would provide consideration of approximately \$51,000,000 to the creditors and stakeholders of the Applicants and Bio-Tech and acquire 100% of the issued and outstanding equity of the Applicants, along with the proceeds of sale resulting from the monetization of Bio-Tech's business and/or assets (through the Bio-Tech SISP or otherwise).

E. The Plan Sponsor hereby proposes and presents this Plan to the Affected Creditors (as defined below) under and pursuant to the CCAA.

## ARTICLE 1 INTERPRETATION

### Section 1.1 Definitions

In this Plan, including the recitals herein, unless otherwise stated or unless the subject matter otherwise requires, all capitalized terms used shall have the meanings, and grammatical variations of such words and phrases shall have the corresponding meanings, set out below:

"**Administration Charge**" has the meaning set out in the Initial Order.

"**Administration Expenses**" has the meaning set out in Section 4.2.

**“Administrative Expense Reserve”** means an amount to be determined as between the Plan Sponsor and the Monitor, each acting reasonably.

**“Affected Claim”** means any Claim that is not an Unaffected Claim.

**“Affected Creditor”** means any Creditor of the Applicants with an Affected Claim, but only with respect to and to the extent of such Affected Claim.

**“Affected Creditor Class”** means the class consisting of the Affected Creditors established under and for the purposes of the Plan, including voting in respect thereof.

**“Allowed Affected Claims”** means any Affected Claim of a Creditor against the Applicants, or such portion thereof, that is not barred by any provision of the Claims Procedure Order and which has been finally accepted and allowed for the purposes of voting at the Meeting and receiving distributions under the Plan, in accordance with the provisions of the Claims Procedure Order or any other Final Order of the Court in the CCAA Proceedings.

**“Applicable Law”** means any law, statute, order, decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law whether in Canada or any other country, or any domestic or foreign state, county, province, city or other political subdivision of any Governmental Entity.

**“Applicants”** has the meaning set out in the recitals hereto.

**“Articles”** means the articles of incorporation of the Applicants, as applicable.

**“Assessments”** means Claims of His Majesty the King in Right of Canada or of any Province or Territory or Municipality or any other taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of reassessment, notice of appeal, audit, investigation, demand or similar request from any taxation authority.

**“BIA”** has the meaning set out in the recitals hereto.

**“Bio-Tech”** has the meaning set out in the recitals hereto.

**“Bio-Tech SISP”** has the meaning set out in the recitals hereto.

**“Business Day”** means a day on which banks are open for business in Calgary, Alberta, but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta.

**“Bylaws”** means the bylaws of the Applicants, as applicable.

**“Canadian Tax Act”** means the *Income Tax Act*, R.S.C. 1985, c. 1 (5<sup>th</sup> Supp), as amended.

**“Cash Payment”** means the entitlement of an Eligible Voting Creditor to receive such Creditor’s Pro-Rata Share of the Creditor Cash Pool.

**“CCAA”** has the meaning set out in the recitals hereto.

**“CCAA Proceedings”** has the meaning set out in the recitals hereto.

**“Charges”** means the Administration Charge, the Directors’ Charge, the KERP Charge, the Interim Lender’s Charge and the Plan Sponsor Protection Charge.

**“Claim”** means any or all Pre-Filing Claims, Restructuring Period Claims and D&O Claims, including any Claim arising through subrogation against any Applicant or any Director or Officer.

**“Claims Bar Date”** has the meaning provided for in the Claims Procedure Order.

**“Claims Procedure Order”** means the Order of the Court granted on July 24, 2024, establishing a claims procedure in respect of the Applicants, as same may be further amended, restated or varied from time to time.

**“Conditions Precedent”** has the meaning set out in Section 8.1.

**“Continuing Contract”** means a contract, arrangement, or other agreement (oral or written) for which a notice of disclaimer pursuant to section 32 of the CCAA has not been sent by any of the Applicants.

**“Convenience Amount”** means, in respect of any Allowed Affected Claim that is a Convenience Claim, the lesser of: (a) a cash amount equal to \$4,000; and (b) the amount of such Allowed Affected Claim.

**“Convenience Claim”** means any Affected Claim that is equal to or less than \$4,000, provided that: (a) any Claim denominated in a foreign currency will be converted to Canadian dollars at the Bank of Canada noon spot exchange rate (if available) or the spot exchange rate in effect on the Filing Date for the sole purpose of determining whether or not it is less than or equal to \$4,000; (b) Creditors shall not be entitled to divide a Claim for the purpose of qualifying such Claim as a Convenience Claim; and (c) Creditors shall be permitted to make a Convenience Election to reduce the amount of their Allowed Affected Claim to \$4,000 to qualify as a Convenience Claim and shall be deemed to have released and waived the balance of any such Allowed Affected Claim.

**“Convenience Creditor”** means an Affected Creditor having a Convenience Claim.

**“Convenience Election”** means an election made by an Affected Creditor with an Allowed Affected Claim greater than \$4,000 by delivery of a duly completed and executed Convenience Election Notice to the Plan Sponsor, the Applicants and the Monitor by no later than the Convenience Election Deadline, electing to receive the Convenience Amount in full satisfaction of its Allowed Affected Claim.

**“Convenience Election Deadline”** has the meaning ascribed thereto in the Meeting Order.

**“Convenience Election Notice”** means a notice substantially in the form attached to the Meeting Order.

**“Court”** has the meaning set out in the recitals hereto.

**“Creditor”** means any Person having a Claim, but only with respect to and to the extent of such Claim, including the transferee or assignee of a transferred Claim that is recognized as a Creditor in accordance with the Claims Procedure Order or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person.

**“Creditor Cash Pool”** means the amount of \$750,000.

**“Creditor Equity Payment”** means the entitlement of an Eligible Voting Creditor to receive such Creditor’s Pro-Rata Share of the equity comprising the Creditor Equity Pool.

**“Creditor Equity Pool”** means 270,270 Class “A” voting common shares in the capital of the Plan Sponsor.

**“CRO”** has the meaning set out in the Initial Order.

**“Crown Claims”** means any Claim of His Majesty in Right of Canada or any Governmental Entity of a kind that could be subject to demand under section 6(3) of the CCAA that were outstanding at the Filing Date and which have not been paid by the Implementation Date.

**“D&O Claims”** means any or all Pre-Filing D&O Claims and Restructuring Period D&O Claims.

**“D&O Indemnity Claims”** means any existing or future right of any Director or Officer against any of the Applicants which arose or arises as a result of any D&O Claim for which such Director or Officer is entitled to be indemnified by any of the Applicants.

**“Delta Lifestyle”** has the meaning set out in the recitals hereto.

**“Delta Lifestyle Shares”** means all of the issued and outstanding shares of Delta Lifestyle that are owned by Bio-Tech and the Plan Sponsor.

**“Delta Logistics”** has the meaning set out in the recitals hereto.

**“Delta Parent”** has the meaning set out in the recitals hereto.

**“Delta Retail”** has the meaning set out in the recitals hereto.

**“Delta Retail Shares”** means all of the issued and outstanding shares of Delta Retail that are owned by Delta Parent.

**“Disallowed Claims”** means any Claim of a Creditor against the Applicants, or such portion thereof, that has been barred or finally disallowed in accordance with the Claims Procedure Order or any other Final Order of the Court in the CCAA Proceedings.

**“Disputed Amount”** means the difference between the amounts that SNDL and the Applicants claim is due, owing and outstanding under the SNDL 2L Claim, plus all accrued and accruing interest and costs in respect of such amount.

**“Disputed Amount Account”** has the meaning set out in Section 3.7(b).

**“Directors”** means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of any of the Applicants.

**“Directors’ Charge”** has the meaning set out in the Initial Order.

**“Disputed Claim”** means an Affected Claim (including a contingent Affected Claim that may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which is not barred by any provision of the Claims Procedure Order, which has

not been allowed as an Allowed Affected Claim, which is validly disputed for distribution purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for distribution purposes in accordance with the Claims Procedure Order.

**“Effective Time”** means 12:01 a.m. (Calgary time) on the Implementation Date or such other time on such date as the Plan Sponsor may determine.

**“Eligible Voting Creditors”** means Affected Creditors with Allowed Affected Claims that are not Convenience Claims.

**“Employee”** means an individual who is employed by an Applicant, whether on a full-time or a part-time basis, and includes an employee on disability leave.

**“Employee Priority Claims”** means:

- (a) Claims equal to the amounts that such Employees and former employees would have been entitled to receive under paragraph 136(l)(d) of the BIA if the Applicants had become bankrupt on the Filing Date; and
- (b) Claims for wages, salaries, commissions or compensation for services rendered by such Employees and former employees after the Filing Date and on or before the Implementation Date together with disbursements properly incurred by them in and about the Applicants’ business during the same period.

**“Employment Agreements”** means, collectively, the employment agreements, the management compensation plans, and indemnification agreements of, or for the benefit of, the Directors, Officers, and employees of any of the Applicants that were in effect as at the Filing Date.

**“Encumbrance”** means any security interest, lien, claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage, adverse claim or right of a third party of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

**“Equity Claims”** means any or all Claims that meet the definition of “equity claim” in section 2(1) of the CCAA.

**“Equity Claimant”** means any Person with an Equity Claim, in such capacity.

**“Equity Interest”** has the meaning ascribed thereto in section 2(1) of the CCAA but, for certainty, does not include the Purchased Retail Common Shares or the New Delta Parent Common Shares.

**“Existing Equity”** means: (a) any and all common shares in the capital of the Applicants that are duly issued and outstanding immediately prior to the Effective Time, save and except for the Purchased Retail Common Shares and the New Delta Parent Common Shares; (b) all other Equity Interests in the Applicants, including all options, warrants, rights, or similar instruments, derived from, relating to, or exercisable, convertible, or exchangeable therefor; and (c) all instruments whose value is based upon or determined by reference to any Equity Interest in the Applicants, whether or not such instrument is exercisable, convertible, or exchangeable for such

an Equity Interest, and, in all such cases, which are issued and outstanding immediately prior to the Effective Time.

**“Filing Date”** means July 15, 2024.

**“Final Order”** means any order, ruling or judgment of the Court, or any other court of competent jurisdiction: (a) that is in full force and effect; (b) that has not been reversed, modified or vacated and is not subject to any stay; and (c) in respect of which all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving such order, ruling or judgment wholly operable.

**“Governmental Entity”** means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

**“Implementation Date”** means the Business Day on which the Plan becomes effective, which shall be the Business Day on which, pursuant to Section 8.5, the Plan Sponsor (or its counsel) delivers written notice to the Applicants (or their counsel) and the Monitor (or its counsel) that the Plan Sponsor Conditions Precedent set out in Section 8.1 have been satisfied or waived in accordance with the terms hereof.

**“Initial Order”** has the meaning set out in the recitals hereto.

**“Intercompany Claim”** means any claim that may be asserted against any of the Applicants by or on behalf of any other Applicant or any of their affiliated companies, partnerships, or other corporate entities.

**“Interim Lender’s Charge”** has the meaning set out in the Initial Order.

**“KERP”** has the meaning set out in the Initial Order.

**“KERP Charge”** has the meaning set out in the Initial Order.

**“KERP Prepayment”** has the meaning set out in Section 5.4(c)(iv).

**“List of Claims”** has the meaning set out in the Meeting Order.

**“Material”** means a fact, circumstance, change, effect, matter, action, condition, event, occurrence or development that, individually or in the aggregate, is, or would reasonably be expected to be, material to the business, affairs, results of operations or financial condition of the Applicants, taken as a whole.

**“Meeting”** means a meeting of Affected Creditors to be held on the Meeting Date called for the purpose of considering and voting on the Plan pursuant to the CCAA, and includes any adjournment, postponement or other rescheduling of such meeting in accordance with the Meeting Order.

**“Meeting Date”** means the date on which the Meeting is held in accordance with the Meeting Order.

**“Meeting Order”** means the Order of the Court granted in these CCAA Proceedings, among other things, setting the date for the Meeting, as same may be amended, restated or varied from time to time, in form and substance satisfactory to the Plan Sponsor.

**“Monitor”** has the meaning set out in the recitals hereto.

**“Monitor’s Website”** means [www.AlvarezandMarsal.com/Delta9](http://www.AlvarezandMarsal.com/Delta9).

**“New Boards”** means the board of directors of the Applicants, as applicable, to be appointed on the Implementation Date, as determined by the Plan Sponsor in its sole discretion.

**“New Delta Parent Common Shares”** means the Common Shares issued by Delta Parent to the Plan Sponsor pursuant to the Plan and the Restructuring Steps Supplement, which will constitute all of the issued and outstanding shares of Delta Parent from and after the Effective Time.

**“Notice to Known Claimants”** means a notice that shall be referred to in the Claims Procedure Order, advising each known Creditor of its Claim against an Applicant as determined by the Monitor based on the books and records of the Applicants.

**“Officers”** means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of any of the Applicants, in such capacity.

**“Order”** means any order of the Court made in connection with the CCAA Proceeding.

**“Ordered Amount”** has the meaning set out in Section 3.7(b).

**“Outside Date”** means January 31, 2025, or such later date as agreed to by the Applicants and the Plan Sponsor, with the consent of the Monitor.

**“Person”** means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, receiver, liquidator, monitor, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

**“Plan”** means this Plan of Compromise or Arrangement filed by the Plan Sponsor pursuant to the CCAA, as it may be amended, supplemented or restated from time to time in accordance with the terms hereof.

**“Plan Implementation Fund”** has the meaning set out in Section 4.1.

**“Plan Sponsor”** has the meaning set out in the recitals hereto.

**“Plan Sponsor Protection Charge”** has the meaning set out in the Initial Order.

**“Post-Filing Claim”** means any or all indebtedness, liability, or obligation of the Applicants of any kind that arises during and in respect of the period commencing on the Filing Date and ending on the day immediately preceding the Implementation Date in respect of services rendered or supplies provided to the Applicants during such period or under or in accordance with any Continuing Contract; provided that, for certainty, such amounts are not a Restructuring Period Claim or a Restructuring Period D&O Claim.

**“Pre-Filing Claim”** means any or all right or claim of any Person against any of the Applicants, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of any such Applicant to such Person, in existence on the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any right or claim with respect to any Assessment, or contract, or by reason of any Equity Interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise against any of the Applicants with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which right or claim, including in connection with indebtedness, liability or obligation, is based in whole or in part on facts that existed prior to the Filing Date, including for greater certainty any Equity Claim, any claim brought by any proposed or confirmed representative plaintiff on behalf of a class in a class action, and any D&O Indemnity Claim.

**“Pre-Filing D&O Claim”** means any or all right or claim of any Person against one or more of the Directors and/or Officers arising based in whole or in part on facts that existed prior to the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments, any claim brought by any proposed or confirmed representative plaintiff on behalf of a class in a class action, and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors and/or Officers with respect to any matter, action, cause or chose in action, whether existing at present or arising or commenced in the future, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer.

**“Pro-Rata Share”** means, as at any relevant date of determination, the percentage that each Eligible Voting Creditor’s Allowed Affected Claim bears to the aggregate of all Allowed Affected Claims and Disputed Claims (for certainty, valued at the amounts asserted by the Affected Creditors holding such Disputed Claims).

**“Proof of Claim”** means the Proof of Claim referred to in the Claims Procedure Order to be filed by unknown Creditors.

**“Purchased Retail Common Shares”** means the Delta Lifestyle Shares and the Delta Retail Shares, which will constitute all of the issued and outstanding shares of such entities from and after the Effective Time.

**“Released Claims”** has the meaning set out in Section 9.2.

**“Released Parties”** means, collectively, and in their capacities as such: (a) the Applicants; (b) the past and current employees, legal and financial advisors, and other representatives of the Applicants; (c) the Directors and Officers; (d) the Monitor and its legal advisors; (e) the Plan Sponsor; and (f) any other Person who is the beneficiary of a release under the Plan.

**“Required Majority”** means a majority in number of Affected Creditors representing at least two thirds in value of the Allowed Affected Claims of Affected Creditors who are entitled to vote at the



Meeting in accordance with the Meeting Order and who are present and voting in person or by proxy on the resolution approving the Plan at the Meeting.

**“Restructuring Period Claim”** means any or all right or claim of any Person against any of the Applicants in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any such Applicant to such Person arising out of the restructuring, disclaimer, resiliation, termination or breach by such Applicant on or after the Filing Date of any contract, lease or other agreement, whether written or oral, and including any right or claim with respect to any Assessment.

**“Restructuring Period D&O Claim”** means any or all right or claim of any Person against one or more of the Directors and/or Officers arising after the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors and/or Officers with respect to any matter, action, cause or chose in action, whether existing at present or arising or commenced in the future, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer.

**“Restructuring Steps Supplement”** has the meaning set out in Section 6.2.

**“Sanction Order”** means an Order of the Court sanctioning and approving the Plan, as it may be amended by the Court, in form and substance satisfactory to the Plan Sponsor.

**“Secured Claim”** means any or all Claims, as against an Applicant, by a “secured creditor” as defined in section 2(1) of the CCAA which, for clarity, includes the SNDL Claims.

**“SNDL Claims”** means, collectively: (a) the SNDL 1L Claim; and (b) the SNDL 2L Claim.

**“SNDL 1L Claim”** means all amounts owing by the Applicants and Bio-Tech, individually or collectively, to SNDL Inc. under the Commitment Letter dated February 1, 2022 among Connect First Credit Union Ltd., as lender, Delta Parent, as borrower, and Bio-Tech, Delta Lifestyle and Delta Retail, as guarantors, as assigned to SNDL Inc. on July 5, 2024.

**“SNDL 2L Claim”** means all amounts owing by the Applicants and Bio-Tech, individually or collectively, to SNDL Inc. under: (a) the Note Purchase Agreement dated March 30, 2022, between SNDL Inc., and Delta Parent; (b) the 10% Senior Secured Second-Lien Convertible Debenture dated March 30, 2022, between SNDL Inc. and Delta Parent; (c) the Side Letter in respect of the 10% Senior Secured Second-Lien Convertible Debenture, dated March 9, 2022; and (d) the Unlimited Guarantee and Postponements granted by Bio-Tech, Delta Retail and Delta Lifestyle in favour of SNDL Inc., each dated March 22, 2022.

**“Stalking Horse Purchase Agreement”** means a stalking horse purchase agreement to be negotiated among the Applicants and the Plan Sponsor, to be settled no later than 15 days prior to the Meeting Date and to be attached hereto as Schedule **“B”**.

**“Unaffected Claims”** means any and all:

- (a) Claims against Bio-Tech in accordance with Section 2.6;

- (b) Claims against Delta Logistics in accordance with Section 2.7;
- (c) Post-Filing Claims;
- (d) Crown Claims;
- (e) Secured Claims including the SNDL Claims;
- (f) Claims secured by a Charge;
- (g) Employee Priority Claims;
- (h) Intercompany Claims, subject to Section 5.4(e);
- (i) D&O Claims that cannot be compromised pursuant to the provisions of Section 5.1(2) of the CCAA; and
- (j) Claims that cannot be compromised pursuant to the provisions of section 19(2) of the CCAA.

and for certainty, shall include any Unaffected Claim arising through subrogation.

**“Unaffected Creditor”** means a Creditor who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim.

**“Undeliverable Distribution”** has the meaning set out in Section 5.9.

**“Voting Trust”** means an equity voting trust to be established by the Plan Sponsor into which the Creditor Equity Pool shall be deposited and held by the Voting Trustee for the benefit of the Eligible Voting Creditors.

**“Voting Trustee”** means a Person agreed upon by the Applicants and the Plan Sponsor, to act as trustee of the Voting Trust.

**“Withholding Obligation”** has the meaning set out in Section 5.11.

## **Section 1.2 Interpretation Not Affected by Headings, etc.**

The division of this Plan into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan.

## **Section 1.3 General Construction.**

The terms “this Plan”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Plan and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Plan.

#### **Section 1.4      Extended Meanings**

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings.

#### **Section 1.5      Currency**

All references in this Plan to dollars, monetary amounts or to \$ are expressed in the lawful currency of Canada unless otherwise specifically indicated.

#### **Section 1.6      Statutes**

Except as otherwise provided in this Plan, any reference in this Plan to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

#### **Section 1.7      Date and Time for any Action**

For purposes of the Plan:

- (a) in the event that any date on which any action is required to be taken under the Plan by any Person is not a Business Day, that action shall be required to be taken on the next succeeding day which is a Business Day, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day; and
- (b) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

#### **Section 1.8      Schedules**

The following Schedules are incorporated in and form part of this Plan:

Schedule “A”	Restructuring Steps Supplement
Schedule “B”	Stalking Horse Purchase Agreement

### **ARTICLE 2 PURPOSE AND EFFECT OF PLAN**

#### **Section 2.1      Purpose**

- (a) The purpose of the Plan is to ensure that Persons with a valid economic interest in the Applicants will, collectively, derive a greater benefit from the implementation of this Plan than they would derive from a bankruptcy or liquidation of the Applicants by:
  - (i) implementing a restructuring of the Applicants, whereby the Plan Sponsor will acquire 100% ownership of the Applicants in accordance with the terms and

conditions of this Plan, the Restructuring Steps Supplement and the Sanction Order;

- (ii) effecting a compromise, settlement, release and discharge of all Affected Claims in exchange for distributions to Affected Creditors with Allowed Affected Claims;
  - (iii) facilitating the distribution of the Creditor Cash Pool and the Creditor Equity Pool to Affected Creditors with Allowed Affected Claims; and
  - (iv) ensuring the continuation of the operations of the Applicants.
- (b) The Monitor will report to Affected Creditors and the Court regarding the Plan prior to the date Affected Creditors are to vote on the Plan. Creditors wishing to review copies of Court orders and other materials filed in these proceedings, including copies of the Monitor's reports, are directed to the Monitor's Website.
  - (c) All Creditors should review this Plan and the Monitor's report on the Plan before voting to accept or to reject this Plan.

## **Section 2.2 Persons Affected**

- (a) The Plan provides for, among other things, the compromise, discharge and release of all Affected Claims, and the settlement of, and consideration for, all Allowed Affected Claims.
- (b) The Plan will become effective at the Effective Time on the Implementation Date in accordance with the terms and conditions contained herein, and in the sequence set forth in the Restructuring Steps Supplement, and shall be binding on and enure to the benefit of the Applicants, the Affected Creditors, the Plan Sponsor and all other Persons directly or indirectly named, referred to in, subject to, or receiving the benefit of, the Plan, and each of their respective heirs, executors, administrators, legal representatives, successors and assigns in accordance with the terms hereof.

## **Section 2.3 Persons Not Affected by the Plan**

This Plan does not affect:

- (a) the Unaffected Creditors with respect to and to the extent of their Unaffected Claims. Nothing in this Plan shall affect the Applicants' rights and defences, both legal and equitable, with respect to any Unaffected Claims including all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims; and
- (b) the SNDL Claims.

## **Section 2.4 Equity Claimants**

- (a) On the Implementation Date, the Plan will be binding on all Equity Claimants. Notwithstanding any other provision of this Plan, Equity Claimants shall not be entitled to vote on the Plan in respect of their Equity Claims or attend the Meeting.

- (b) On the Implementation Date, in accordance with the steps and sequences set forth in the Restructuring Steps Supplement, all Existing Equity (other than, for certainty, the Purchased Retail Common Shares and the New Delta Parent Common Shares purchased and subscribed for by the Plan Sponsor on the Implementation Date in accordance with the Restructuring Steps Supplement) shall be cancelled and extinguished and all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged and barred without any compensation of any kind whatsoever.

## **Section 2.5 Treatment of Employment Agreements**

Unless otherwise expressly required by the terms of this Plan or agreed to in writing by and between the Plan Sponsor and the applicable Employee (or Employees) affected by any change or modification, each of the Employment Agreements that have not been disclaimed prior to the Implementation Date will remain in place from and after the Implementation Date.

## **Section 2.6 Bio-Tech**

As a result of the decision to sell or liquidate Bio-Tech, creditors of Bio-Tech shall not be considered Creditors for the purposes of this Plan, and shall not be entitled to vote on this Plan.

## **Section 2.7 Delta Logistics**

As a result of the decision to wind-down Delta Logistics and make an assignment into bankruptcy under the BIA, creditors of Delta Logistics shall not be considered Creditors for the purposes of this Plan, and shall not be entitled to vote on this Plan.

# **ARTICLE 3 CLASSIFICATION OF CREDITORS, VOTING AND TREATMENT OF CLAIMS**

## **Section 3.1 Claims Procedure**

The procedure for determining the validity and quantum of the Affected Claims and for resolving Disputed Claims for voting and distribution purposes under the Plan shall be governed by the Claims Procedure Order, the Meeting Order, the CCAA, the Plan and any further Order of the Court.

## **Section 3.2 Classification of Creditors**

In accordance with the Meeting Order, for the purposes of considering and voting on the Plan and receiving a distribution hereunder, the Affected Creditors shall constitute one class of Creditors, being the Affected Creditors Class.

## **Section 3.3 Meeting**

The Meeting shall be held in accordance with the Plan, the Meeting Order, the Claims Procedure Order and any further Order of the Court in the CCAA Proceedings. The only Persons entitled to attend the Meeting, are representatives of the Applicants, the Monitor, the Plan Sponsor and their respective legal counsel and advisors, and Eligible Voting Creditors or their respective duly

appointed proxyholders and their respective legal counsel and advisors. Any other Person may be admitted on invitation of the chair of the Meeting or as permitted under the Meeting Order or any further Order of the Court.

### **Section 3.4     Voting**

Pursuant to and in accordance with the Meeting Order, each of the following Creditors shall be entitled to vote on the Plan at the Meeting for the Affected Creditors Class:

- (a) Convenience Creditors. Each Affected Creditor with an Allowed Affected Claim or a Disputed Claim that constitutes a Convenience Claim, including Affected Creditors that have made a Convenience Election, shall be deemed to vote in favour of the Plan.
- (b) Affected Creditors Class. Each Affected Creditor with an Allowed Affected Claim that does not constitute a Convenience Claim shall be entitled to one vote for the purpose of determining a majority in number, in the amount equal to such Creditor's Allowed Affected Claim. For voting purposes only, the dollar value of an Allowed Affected Claim held by an Affected Creditor shall be:
  - (i) the amount shown as owing to such Affected Creditor as of the Filing Date (to the extent such amount continues to remain unpaid), as set out in the List of Claims;
  - (ii) if the Affected Creditor does not appear on the List of Claims, then the amount shown on the applicable Applicant's books and records as currently due or which but for the Plan would become due to such Affected Creditor as a Restructuring Period Claim as a result of the disclaimer or resiliation by an Applicant of any agreement to which such Applicant is a party, as applicable; or
  - (iii) the amount agreed to between such Affected Creditor and the Applicants, and consented to by the Monitor.

### **Section 3.5     Treatment of Affected Claims**

An Affected Creditor shall receive distributions as set forth below only to the extent that such Affected Creditor's Claim is an Allowed Affected Claim and has not been paid, released, or otherwise satisfied prior to the Implementation Date. In accordance with the steps and sequence set forth in the Restructuring Steps Supplement, under the supervision of the Monitor, and in full and final satisfaction of all Affected Claims, each Affected Creditor with an Allowed Affected Claim will receive the following consideration:

- (a) with respect to Affected Creditors with Allowed Affected Claims that constitute Convenience Claims, including Affected Creditors that have made a Convenience Election, each such Convenience Creditor shall receive a cash payment on the Implementation Date equal to the Convenience Amount; and
- (b) with respect to Affected Creditors with Allowed Affected Claims that do not constitute Convenience Claims, each such Eligible Voting Creditor shall receive a Cash Payment and a Creditor Equity Payment on the Implementation Date.

All Affected Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred on the Implementation Date.

### **Section 3.6 Treatment of Unaffected Claims**

Unaffected Claims shall not be compromised, released, discharged, cancelled or barred by the Plan. Unaffected Creditors will not receive any consideration or distributions under the Plan in respect of their Unaffected Claims, unless specifically provided for under and pursuant to the Plan, and they shall not be entitled to vote on the Plan at the Meeting in respect of their Unaffected Claims.

### **Section 3.7 Treatment of SNDL Claims**

#### **(a) SNDL 1L Claim**

On or before the Implementation Date, the SNDL 1L Claim will be indefeasibly repaid in full in cash and, following such repayment, all obligations thereunder shall be deemed to have been fully performed and discharged and the underlying loan and security agreements will automatically terminate, including any obligations to extend credit of any sort to the Applicants or any other party.

#### **(b) SNDL 2L Claim**

The Plan Sponsor, on behalf of the Applicants, repaid the undisputed portion of the SNDL 2L Claim on September 12, 2024. The portion of the Disputed Amount that is due and payable to SNDL Inc., if any, is scheduled to be determined by the Court on January 10, 2025 (the “**Ordered Amount**”). If a Final Order determining the Ordered Amount has been issued on or prior to the Implementation Date, then, on or before the Implementation Date, the SNDL 2L Claim will be indefeasibly repaid in full in cash and all obligations thereunder will be performed in full. If a Final Order has not been issued on or prior to the Implementation Date, then the Applicants or the Plan Sponsor may elect to pay the Disputed Amount to the Monitor to be held in escrow by the Monitor, in a segregated account (the “**Disputed Amount Account**”), on the condition that, immediately upon a Final Order being issued, the Monitor will distribute the Disputed Amount to the Applicants and SNDL Inc. in accordance with the terms of such Final Order. Upon certification by the Monitor that it has received the Disputed Amount, the security held by SNDL Inc. and the obligations of the Applicants in respect of the SNDL 2L Claim will automatically attach to the Disputed Amount and the Applicants’ respective obligations relative to the SNDL 2L Claim will be deemed to have been fully performed and discharged, and, for certainty, the security held by SNDL Inc. in respect of the SNDL 2L Claim will be released and discharged as against the property and assets of the Applicants and Bio-Tech.

### **Section 3.8 Treatment of Intercompany Claims**

On the Implementation Date and in accordance with the steps and sequence as set forth herein, all Intercompany Claims shall be preserved or extinguished at the election of the Plan Sponsor. For certainty, if the Plan Sponsor elects to extinguish the Intercompany Claims, the structure for extinguishing such claims shall be at the discretion of the Plan Sponsor.

### **Section 3.9 Treatment of D&O Claims**

All D&O Claims shall be fully, finally, and irrevocably compromised, released, discharged, cancelled, extinguished and barred on the Implementation Date. All D&O Indemnity Claims shall be treated for all purposes under the Plan as Pre-Filing Claims and shall be fully, finally, and irrevocably compromised, released, discharged, cancelled, extinguished and barred on the Implementation Date. Any D&O Claims that cannot be compromised pursuant to the provisions of Section 5.1(2) of the CCAA shall constitute Unaffected Claims and shall continue to exist against the Directors or Officers of the Applicants, as applicable; provided that in no event shall such D&O Claims become obligations or liabilities of the Applicants or the Plan Sponsor.

### **Section 3.10 Disputed Claims**

An Affected Creditor with a Disputed Claim shall not be entitled to receive a distribution under the Plan in respect of such Disputed Claim or any portion thereof unless and until, and then only to the extent that, such Disputed Claim becomes an Allowed Affected Claim in accordance with the Meeting Order and the Claims Procedure Order. Distributions pursuant to and in accordance with this Plan shall be paid or distributed in respect of any Disputed Claim that is finally determined to be an Allowed Affected Claim in accordance with this Plan and the Meeting Order.

### **Section 3.11 Extinguishment of Claims**

On the Implementation Date, in accordance with the terms and in the steps and sequence set forth in the Restructuring Steps Supplement and in accordance with the provisions of the Sanction Order, the treatment of Affected Claims, as set forth herein, shall be final and binding on the Applicants and all Affected Creditors (and, in each case, their respective heirs, executors, administrators, legal personal representatives, successors and assigns), and all Affected Claims shall be fully, finally, irrevocably and forever released, discharged, cancelled and barred, and the Applicants shall thereupon have no further obligation whatsoever in respect of the Affected Claims; provided that nothing herein releases the Applicants or any other Person from their obligations to make distributions in the manner and to the extent provided for in the Plan and provided further that such discharge and release of the Applicants shall be without prejudice to the right of a Creditor in respect of a Disputed Claim to prove such Disputed Claim in accordance with the Claims Procedure Order so that such Disputed Claim may become an Allowed Affected Claim entitled to receive consideration under Section 3.5 hereof.

### **Section 3.12 Guarantees and Similar Covenants**

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim that is compromised and released under the Plan, or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim that is compromised under the Plan, shall be entitled to any greater rights than the Person whose Claim is compromised under the Plan.

### **Section 3.13 Set-Off**

The law of set-off applies to all Affected Claims.



**ARTICLE 4**  
**PLAN IMPLEMENTATION FUND; ADMINISTRATIVE EXPENSE RESERVE**

**Section 4.1 Plan Implementation Fund**

On or prior to the Implementation Date, the Plan Sponsor shall deliver, or cause to be delivered, to the Monitor, an amount equal to the Creditor Cash Pool, together with funding sufficient to satisfy the Allowed Affected Claims of Convenience Creditors (the “**Plan Implementation Fund**”). The Plan Implementation Fund shall be held by the Monitor in a segregated account of the Monitor, and shall be used by the Monitor to pay, on behalf of the Plan Sponsor and the Applicants, all amounts payable to Eligible Voting Creditors and Convenience Creditors under the Plan.

**Section 4.2 Administrative Expense Reserve**

On or prior to the Implementation Date, the Plan Sponsor shall pay to the Monitor the Administrative Expense Reserve. From and after the Implementation Date, the Monitor shall pay from the Administrative Expense Reserve, the reasonable and documented fees and disbursements (plus any applicable taxes thereon) for any post-Implementation Date services incurred by the Applicants, Delta Logistics and their legal counsel, the CRO, the Monitor, its legal counsel, and any other Persons from time to time retained or engaged by the Monitor, in connection with administrative and estate matters (collectively, the “**Administration Expenses**”). Any unused portion of the Administrative Expense Reserve shall be transferred by the Monitor to the Plan Sponsor.

**ARTICLE 5**  
**DISTRIBUTIONS AND PAYMENTS**

**Section 5.1 Distributions Generally**

All distributions to be effected pursuant to the Plan shall be made pursuant to this Article 5 and shall occur in the manner set forth herein. All cash distributions to be made under the Plan to Convenience Creditors and Eligible Voting Creditors shall be made by the Monitor on behalf of the Plan Sponsor and the Applicants by cheque or by wire transfer and: (a) in the case of a cheque, will be sent, via regular mail, to such Creditor to the address specified in the Proof of Claim filed by such Creditor or such other address as the Creditor may from time to time notify the Monitor in writing in accordance with Section 10.9; or (b) in the case of a wire transfer, shall be sent to an account specified by such Creditor to the Monitor in writing to the satisfaction of the Monitor. Notwithstanding any other provision of the Plan, an Affected Creditor holding a Disputed Claim shall not be entitled to receive a distribution under the Plan in respect of any portion thereof unless and until such Disputed Claim becomes an Allowed Affected Claim.

**Section 5.2 Distributions to Convenience Creditors**

If the Plan is approved by the Required Majority of the Affected Creditor Class and the Sanction Order is granted by the Court, then the Monitor, on behalf of the Plan Sponsor and the Applicants, shall make a payment to each Convenience Creditor on the Implementation Date equal to such Convenience Creditor’s Convenience Amount, and such payment shall be in full consideration for the irrevocable, full and final compromise and satisfaction of such Convenience Creditor’s Affected Claim.

### **Section 5.3 Distributions to Eligible Voting Creditors**

If the Plan is approved by the Required Majority of the Affected Creditor Class and the Sanction Order is granted by the Court, then each Eligible Voting Creditor shall be entitled to receive their Cash Payment and Creditor Equity Payment on the Implementation Date, and such distributions shall be in full consideration for the irrevocable, full and final compromise and satisfaction of such Affected Creditor's Affected Claim. All shares issued on account of Creditor Equity Payments will be deposited into the Voting Trust on the Implementation Date; provided that Eligible Voting Creditors shall have the opportunity to opt out of receiving their Creditor Equity Payment prior to the Implementation Date.

### **Section 5.4 Distributions, Payments and Settlements of Unaffected Claims**

#### **(a) Post-Filing Claims;**

All Post-Filing Claims outstanding as of the Implementation Date, if any, shall be paid by the applicable Applicant in the ordinary course consistent with past practice.

#### **(b) Crown Claims;**

On or as soon as reasonably practicable following the Implementation Date, the applicable Applicant shall pay or cause to be paid in full all Crown Claims, if any, outstanding as at the Filing Date or related to the period ending on the Filing Date, to the applicable Governmental Entity.

#### **(c) Claims secured by a Charge;**

##### **(i) Administration Charge**

On the Implementation Date, in accordance with the steps and sequences set forth in the Restructuring Steps Supplement, all outstanding obligations, liabilities, fees, and disbursements secured by the Administration Charge which are evidenced by invoices of the beneficiaries thereof delivered to the Plan Sponsor as at the Implementation Date, shall be fully paid by the Plan Sponsor. Following such payment, the Administration Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Applicants and the Plan Implementation Fund. Following the Implementation Date, Administration Expenses shall be paid from the Administrative Expense Reserve.

##### **(ii) Directors Charge**

On the Implementation Date, all D&O Claims shall be fully, finally, and irrevocably compromised, released, discharged, cancelled, extinguished, and barred in accordance with Article 9 and the Directors' Charge shall be and be deemed to be fully and finally discharged from and against the Plan Implementation Fund.

##### **(iii) Interim Lender's Charge**

On the Implementation Date, all outstanding amounts secured by the Interim Lender's Charge shall remain in place, unaffected by the Plan, and the Interim Lenders' Charge shall be discharged from and against any and all assets of the Applicants and the Plan Implementation Fund.

(iv) KERP Charge

On the Implementation Date, the Plan Sponsor will pay the lesser of \$655,000 and the maximum possible payment remaining pursuant to the KERP, to the Monitor, in trust (the “**KERP Prepayment**”), and following such payment the KERP Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Applicants and the Plan Implementation Fund. The Monitor shall, from the KERP Prepayment, make all KERP Payments, as defined in the KERP, upon such payments becoming due and payable under the KERP. Any unused portion of the KERP Prepayment shall be transferred by the Monitor to the Plan Sponsor.

(v) Plan Sponsor Protection Charge

Upon the Implementation Date, the Plan Sponsor Protection Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Applicants and the Plan Implementation Fund.

(d) Employee Priority Claims

On the Implementation Date, applicable Applicants shall pay or cause to be paid in full all Employee Priority Claims due and accrued to the Implementation Date, to each holder of an Employee Priority Claim to the full amount of his, her, or their respective Employee Priority Claim.

(e) Intercompany Claims

On or prior to the Implementation Date, Intercompany Claims shall be set-off, cancelled, maintained, re-instated, contributed or distributed, or otherwise addressed, in each case, as set forth on the books and records of, and/or in documents executed by, the applicable Applicant (provided that any such documents shall be in form and substance satisfactory to the Plan Sponsor, acting reasonably), and in accordance with the terms and in the steps and sequences set forth in the Restructuring Steps Supplement, all of which, in the manner directed by the Plan Sponsor.

**Section 5.5 Fractional Interests**

No fractional interests of shares will be issued or allocated to Eligible Voting Creditors on account of the Creditor Equity Pool, and any legal, equitable, contractual and any other rights or claims of any Person with respect to any fractional interest shall be rounded down to the nearest whole number without compensation therefor.

**Section 5.6 Cancellation of Instruments Evidencing Affected Claims**

On the Implementation Date, in accordance with the terms and in the steps and sequences set forth in the Restructuring Steps Supplement, except as otherwise expressly provided for herein, all debentures, indentures, notes, certificates, agreements, invoices, guarantees, pledges and other instruments evidencing Affected Claims and Existing Equity shall: (a) not entitle any holder thereof to any compensation or participation other than as expressly provided for in the Plan; and (b) be cancelled and will be null and void (other than, for certainty, the Purchased Retail Common Shares and the New Delta Parent Common Shares). Notwithstanding the foregoing, the Continuing Contracts shall continue in full force and effect in accordance with the terms hereof.

### **Section 5.7 Interest**

Interest shall not accrue or be paid on Affected Claims on or after the Filing Date, and no holder of an Affected Claim shall be entitled to interest accruing on or after the Filing Date.

### **Section 5.8 Allocation of Distributions**

All distributions made to Affected Creditors pursuant to the Plan shall be allocated first towards the repayment of the principal amount in respect of such Affected Creditor's Claim and second, if any, towards the repayment of all accrued but unpaid interest in respect of such Affected Creditor's Claim.

### **Section 5.9 Treatment of Undeliverable Distributions**

If any Creditor's distribution under this Article 6 is returned as undeliverable or is not cashed (an "**Undeliverable Distribution**"), no further distributions to such Creditor shall be made unless and until the Applicants and the Monitor are notified by such Creditor of such Creditor's current address, at which time all past distributions shall be made to such Creditor. All claims for Undeliverable Distributions must be made on or before the date that is six months following the Implementation Date, after which date any entitlement with respect to such Undeliverable Distribution shall be forever discharged and forever barred, without any compensation therefor, notwithstanding any federal, state or provincial laws to the contrary, at which time any such Undeliverable Distributions shall be returned to the relevant Applicant. Nothing contained in the Plan shall require the Applicants or the Monitor to attempt to locate any Person to whom a distribution is payable. No interest is payable in respect of an Undeliverable Distribution.

### **Section 5.10 Assignment of Claims for Voting and Distribution Purposes**

#### **(a) Assignment of Claims Prior to Meeting**

Subject to any restrictions contained in Applicable Laws, Affected Creditors may transfer or assign the whole of their Claims prior to the Meeting provided that the Applicants, the Plan Sponsor and the Monitor shall not be obliged to deal with any transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment has been given to the Applicants, the Plan Sponsor and the Monitor prior to the commencement of the Meeting. In the event of such notice of transfer or assignment prior to the Meeting, the transferee or assignee shall, for all purposes, be treated as the Affected Creditor of the assigned or transferred Claim, will be bound by any and all notices previously given to the transferor or assignor in respect of such Claim and shall be bound, in all respects, by any and all notices given and by the Orders of the Court in the CCAA Proceeding. For greater certainty, other than as described above, the Applicants shall not recognize partial transfers or assignments of Claims.

#### **(b) Assignment of Claims Subsequent to Meeting**

Subject to any restrictions contained in Applicable Laws, Affected Creditors may transfer or assign the whole of their Claims after the Meeting provided that the Applicants, the Plan Sponsor and the Monitor shall not be obliged to deal with any transferee or assignee as an Affected Creditor and the Monitor shall not be obliged to make any distributions to the transferee or assignee in respect thereof unless and until actual notice of the transfer or assignment, together with evidence of the transfer or assignment and a letter of direction executed by the transferor or assignor, all

satisfactory to the Applicants, the Plan Sponsor and the Monitor, has been given to the Applicants, the Plan Sponsor and the Monitor by 5:00 p.m. on the day that is at least one (1) Business Day immediately prior to the Implementation Date, or such other date as the Monitor may agree. Thereafter, the transferee or assignee shall, for all purposes, be treated as the Affected Creditor of the assigned or transferred Claim, will be bound by any notices previously given to the transferor or assignor in respect of such Claim and shall be bound, in all respects, by notices given and steps taken, and by the orders of the Court in the CCAA Proceedings.

#### **Section 5.11 Withholding Rights**

The Applicants, the Plan Sponsor and the Monitor shall be entitled to deduct and withhold consideration otherwise payable to an Affected Creditor in such amounts (a “**Withholding Obligation**”) as the Applicants, the Plan Sponsor or Monitor, as the case may be, is required or entitled to deduct and withhold with respect to such payment under the Canadian Tax Act or any other provision of any Applicable Law. To the extent that amounts are so deducted or withheld and remitted to the applicable Governmental Entity or as required by Applicable Law, such amounts deducted or withheld shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made. For greater certainty, and notwithstanding any other provision of the Plan: (a) each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Withholding Obligations imposed by any Governmental Entity on account of such distribution; and (b) no consideration shall be paid to or on behalf of a holder of an Allowed Affected Claim pursuant to the Plan unless and until such Person has made arrangements satisfactory to the Applicants, the Plan Sponsor or the Monitor, as the case may be, for the payment and satisfaction of any Withholding Obligations imposed on the Applicants, the Plan Sponsor or the Monitor by any Governmental Entity.

### **ARTICLE 6 RESTRUCTURING TRANSACTION**

#### **Section 6.1 Corporate Actions**

The adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving corporate actions of the Applicants will occur and be effective as of the Implementation Date (or such later date as may be contemplated by the Plan or the Restructuring Steps Supplement), and shall be deemed to be authorized and approved under the Plan and by the Court as part of the Sanction Order in all respects and for all purposes without any requirement of further action by the shareholders, Directors or Officers of the Applicants. All necessary approvals to take such actions shall be deemed to have been obtained from the Directors, Officers or the shareholders of the Applicants, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution and any shareholders’ agreement or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated by the Plan shall be deemed to have no force or effect.

#### **Section 6.2 Implementation Date Transactions**

The steps and compromises and releases to be effected in the implementation of the Plan shall occur, and be deemed to have occurred in the order and manner to be set out in Schedule “A”, attached hereto (the “**Restructuring Steps Supplement**”) (which shall be finalized on or before the date that is 15 days prior to the Meeting Date). The Restructuring Steps Supplement may be

updated by the Plan Sponsor prior to the Implementation Date in accordance with Section 10.3, without any further act or formality, provided that in no event will any revision to the Restructuring Steps Supplement be materially prejudicial to the interests of any Creditors under the other sections of this Plan.

### **Section 6.3 Issuance Free and Clear**

Any transfer or issuance of any securities or other consideration pursuant to the Plan, including the Purchased Retail Common Shares and the New Delta Parent Common Shares, will be free and clear of any Encumbrances, except as otherwise provided herein.

## **ARTICLE 7 COURT SANCTION**

### **Section 7.1 Application for Sanction Order**

If the Required Majority of Affected Creditors approves the Plan, the Applicants shall apply to the Court for the Sanction Order.

### **Section 7.2 Sanction Order**

The Applicants shall seek a Sanction Order that is in form and substance satisfactory to the Plan Sponsor and, among other things:

- (a) declares that the Meeting was duly called and held in accordance with the Meeting Order;
- (b) declares that the Plan Sponsor was authorized to present the Plan;
- (c) declares that: (i) the Plan has been approved by the Required Majority in conformity with the CCAA; (ii) the activities of the Applicants have been in good faith and in reasonable compliance with the provisions of the CCAA and the Orders of the Court made in this CCAA Proceedings in all respects; (iii) the Court is satisfied that the Applicants have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;
- (d) declares that as of the Effective Time, the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are approved pursuant to section 6 of the CCAA, binding and effective as herein set out upon and with respect to the Applicants, the Plan Sponsor, all Affected Creditors, the Directors and Officers and all other Persons named or referred to in or subject to the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (e) declares that the steps to be taken and the compromises and releases to be effective on the Implementation Date are deemed to occur and be effected in the sequential order contemplated by the Restructuring Steps Supplement on the Implementation Date, beginning at the Effective Time;

- (f) declares that the releases effected by this Plan shall be approved and declared to be binding and effective as of the Implementation Date upon all Affected Creditors and all other Persons affected by this Plan and shall enure to the benefit of such Persons;
- (g) declares that, except as provided in the Plan (including in respect of the SNDL Claims which will be paid and performed in accordance with the provisions of Section 3.7), all obligations, agreements or leases to which the Applicants are a party on the Implementation Date, including all Continuing Contracts, shall be and remain in full force and effect, unamended, as at the Implementation Date, except as they may have been amended by the parties thereto subsequent to the Filing Date, and no party to any such obligation or agreement shall on or following the Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise disclaim or resiliate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right (including any right of set-off, option, dilution or other remedy) or remedy under or in respect of any such obligation or agreement, by reason:
  - (i) of any event which occurred prior to, and is not continuing after, the Implementation Date, or which is or continues to be suspended or waived under the Plan, which would have entitled such party to enforce those rights or remedies;
  - (ii) that the Applicants have sought or obtained relief or have taken steps as part of the Plan or under the CCAA, or that the Plan has been implemented;
  - (iii) of any default or event of default arising as a result of the financial condition or insolvency of the Applicants;
  - (iv) of the effect upon the Applicants of the completion of any of the transactions contemplated by the Plan, including any change of control of the Applicants arising from the implementation of the transactions contemplated by the Plan; or
  - (v) of any compromises, settlements, restructuring, recapitalizations, reorganizations or steps effected pursuant to the Plan;

and declares that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any non-competition agreement or obligation, provided that such agreement shall terminate or expire in accordance with the terms thereof or as otherwise agreed by the Applicants and the applicable Persons;

- (h) authorizes the establishment of the Plan Implementation Fund with the Monitor and authorizes the Monitor to perform its functions and fulfil its obligations under the Plan and to facilitate the implementation of the Plan on and after the Implementation Date, including matters relating to the resolution of the Disputed Claims, distributions and payments from the Plan Implementation Fund and the termination of the CCAA Proceedings;

- (i) authorizes the establishment of the Disputed Amount Account with the Monitor and authorizes the Monitor to perform its functions and fulfil its obligations in respect of the Disputed Amount Account;
- (j) subject to payment of any amounts secured thereby, declares that each of the Charges shall be dealt with as set out in Section 5.4(c) effective on the Implementation Date;
- (k) declares all Allowed Affected Claims and Disallowed Claims determined in accordance with the Claims Procedure Order are final and binding on the Applicants and all Creditors and that all Encumbrances of Affected Creditors (other than Encumbrances in respect of Unaffected Claims), including all security registrations in respect thereof, are discharged and extinguished, and the Applicants or their counsel shall be authorized and permitted to file discharges and full terminations of all related filings (whether pursuant to personal property security legislation or otherwise) against the Applicants in any jurisdiction without any further action or consent required whatsoever;
- (l) confirms the releases contemplated in Article 9;
- (m) declares that the Plan Sponsor, the Applicants or the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under the Plan; and
- (n) such other relief which the Plan Sponsor, the Applicants or the Monitor may request.

## ARTICLE 8 CONDITIONS PRECEDENT & IMPLEMENTATION

### Section 8.1 Conditions Precedent to Plan Implementation in favour of Plan Sponsor

The implementation of the Plan shall be conditional upon the satisfaction of the following conditions (the “**Plan Sponsor Conditions Precedent**”) prior to or at the Effective Time, each of which is for the benefit of the Plan Sponsor and may be waived only by the Plan Sponsor in writing:

- (a) the Plan shall have been approved by the Required Majority in accordance with the CCAA;
- (b) the Restructuring Steps Supplement and the treatment of the Intercompany Claims pursuant to the Plan shall have been finally determined by the Plan Sponsor in its sole discretion;
- (c) the Sanction Order shall have been issued by the Court on terms acceptable to the Plan Sponsor, and it shall have become a Final Order by a date acceptable to the Plan Sponsor;
- (d) the transaction resulting from the Successful Bid (as defined in the Bio-Tech SISP) in the Bio-Tech SISP shall have closed;



- (e) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, no application shall have been made to any Governmental Entity, and no action or investigation shall have been announced, threatened or commenced by any Governmental Entity, in consequence of or in connection with the Plan that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit) the Plan or any part thereof or requires or purports to require a variation of the Plan;
- (f) all agreements, resolutions, documents, and other instruments, which are reasonably necessary to be executed and delivered by the Applicants in order to implement the Plan or perform their respective obligations under the Plan or the Sanction Order, shall have been executed and delivered, and shall be in form and in content satisfactory to the Plan Sponsor;
- (g) all Material filings under Applicable Laws shall have been made and any regulatory consents or approvals that are required in connection with the Plan shall have been obtained and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated, and the Plan Sponsor shall be satisfied that the Applicants have the requisite approvals, permissions and authorizations to operate subsequent to the Implementation Date and in accordance with the Plan; and
- (h) the New Boards shall have been appointed.

## **Section 8.2 Conditions Precedent to Plan Implementation in favour of Applicants**

The implementation of the Plan shall be conditional upon the satisfaction of the following conditions precedent (the “**Applicants’ Conditions Precedent**” and together with the Plan Sponsor Conditions Precedent, collectively, the “**Conditions Precedent**”) prior to or at the Effective Time, each of which is for the benefit of the Applicants and may be waived only by the Applicants in writing:

- (a) the Plan shall have been approved by the Required Majority in accordance with the CCAA;
- (b) the Sanction Order shall have been issued by the Court, and it shall have become a Final Order;
- (c) the Plan Implementation Fund and Administrative Expense Reserve shall have been paid to the Monitor;
- (d) the Voting Trust and Creditor Equity Pool shall have been established to the satisfaction of the Applicants and such shares shall be authorized for issuance on the Implementation Date;
- (e) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, no application shall have been made to any Governmental Entity, and no action or investigation shall have been announced, threatened or commenced by any Governmental Entity, in consequence of or in connection with the Plan that restrains, impedes or prohibits (or if granted could reasonably be

expected to restrain, impede or inhibit) the Plan or any part thereof or requires or purports to require a variation of the Plan;

- (f) all agreements, resolutions, documents, and other instruments, which are reasonably necessary to be executed and delivered by the Plan Sponsor in order to implement the Plan or perform its respective obligations under the Plan or the Sanction Order, shall have been executed and delivered, and shall be in form and in content satisfactory to the Applicants; and
- (g) all Material filings under Applicable Laws shall have been made and any regulatory consents or approvals that are required in connection with the Plan shall have been obtained and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated, and the Applicants shall be satisfied that the Applicants or Plan Sponsor, as applicable, each have the requisite approvals, permissions and authorizations to operate subsequent to the Implementation Date and in accordance with the Plan.

### **Section 8.3 Conditions Precedent to Plan Implementation in favour of SNDL Inc.**

The implementation of the Plan shall be conditional upon the satisfaction of the following conditions precedent prior to or at the Effective Time, each of which is for the benefit of SNDL Inc. and may be waived only by SNDL Inc. in writing:

- (a) the SNDL 1L Claim shall have been indefeasibly repaid in cash, in full, and following such repayment, all obligations thereunder shall be deemed to have been fully performed and discharged; and
- (b) if the SNDL 2L Claim has not been (or deemed to have been) indefeasibly repaid in cash, in full, then the Applicants will:
  - (i) execute and deliver an acknowledgment in favour of SNDL Inc. acknowledging that the loan and security held by SNDL Inc. in respect of the SNDL 2L Claim will continue in full force, amended only to provide that the Ordered Amount will be due and payable within 5 days of a Final Order determining same; or
  - (ii) pay the Disputed Amount into the Disputed Amount Account in accordance with Section 3.7(b).

### **Section 8.4 Failure to Satisfy Conditions Precedent**

If the Conditions Precedent are not satisfied or waived on or before the Outside Date, or if the Plan Sponsor determines that the satisfaction of any Condition Precedent is not achievable, the applicable Party may provide written notice to the other Party and the Monitor that such Party is revoking or withdrawing the Plan and, upon delivery of such notice: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) in the case that the Plan Sponsor is the revoking party, the Plan Sponsor and the Applicants shall execute the Stalking Horse Purchase Agreement and shall pursue a Court-supervised sale and investment solicitation process in respect of the Applicants.

## **Section 8.5      Monitor's Certificate**

Upon delivery of written notice from each party confirming the satisfaction or waiver of the conditions set out in Section 8.1, Section 8.2 and Section 8.3, the Monitor shall forthwith deliver to the Plan Sponsor and the Applicants a certificate stating that the Implementation Date has occurred and that the Plan is effective in accordance with its terms and the terms of the Sanction Order. As soon as practicable following the Implementation Date, the Monitor shall file such certificate with the Court.

## **ARTICLE 9 EFFECT OF PLAN; RELEASES**

### **Section 9.1      Binding Effect of the Plan**

The Plan (including, without limitation, the releases and injunctions contained herein), upon being sanctioned and approved by the Court pursuant to the Sanction Order, will become effective and binding at the Effective Time, and the sequence of steps set out in the Restructuring Steps Supplement will be implemented, and the Plan will be binding on all Persons irrespective of the jurisdiction in which the Persons reside or in which the Claims arose and shall constitute:

- (a) full, final and absolute settlement of all rights of any Affected Creditor; and
- (b) an absolute release, extinguishment and discharge of all indebtedness, liabilities and obligations of the Applicants in respect of any Affected Creditor, except as otherwise provided herein.

### **Section 9.2      Released Parties**

Subject to Section 9.3, in consideration of the distribution described herein to Affected Creditors, and other good and valuable consideration from the Applicants and the Plan Sponsor pursuant, or in relation, to this Plan, from and after the Effective Time, each of the Released Parties will be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any Affected Creditors (including any Person who may claim contribution or indemnification against or from them) may be entitled to assert, including any and all claims in respect of statutory liabilities of Directors and Officers other than as set out in Section 9.3 below, whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Time or, with respect to the time of such matters, relating to, arising out of or in connection with any claim, including without limitation any claim arising out of: (i) the restructuring, disclaimer, resiliation, breach or termination of any contract, lease, agreement or other arrangement, whether written or oral, by the Applicants; (ii) the business of the Applicants; (iii) the Plan, including any transaction referenced in and relating to the Plan; and (iv) the CCAA Proceedings (collectively, the **"Released Claims"**).

Except for those claims described in Section 9.3, from and after the Effective Time, in accordance with the steps and sequences set forth in the Restructuring Steps Supplement, all Persons, along with their respective affiliates, present and former officers, directors, employees, partners, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties,

insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed, and enjoined, on and after the Effective Time, with respect to any and all Released Claims against the Released Parties, from:

- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, claim, suit, demand or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties;
- (d) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property;
- (e) commencing, conducting or continuing in any manner, directly or indirectly, any action, claim, suit or demand, including without limitation by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties;
- (f) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Lien or Encumbrance of any kind against the Released Parties or their property; or
- (g) taking any actions to interfere with the implementation or consummation of the Plan or the transactions contemplated therein.

All Persons who have previously commenced a Released Claim in any court, which has not been finally determined, discontinued or dismissed prior to the Effective Time shall, forthwith after the Effective Time take all steps necessary to discontinue or dismiss such Released Claim, without costs.

### **Section 9.3      Claims Not Released**

For clarity, nothing in Sections 9.1 and 9.2 will release or discharge:

- (a) the Applicants from or in respect of any Unaffected Claim or its obligations to Affected Creditors under the Plan or under any order of the Court made in the CCAA Proceedings;
- (b) SNDL Inc.'s claims, rights and entitlement to the Disputed Amount;
- (c) a Released Party if,
  - (i) in connection with a Released Claim, the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed a breach of trust (whether common law or statutory), fraud or willful misconduct or to have been grossly negligent; or
  - (ii) in the case of Directors, in respect of any claim referred to in Section 5.1(2) of the CCAA.

#### **Section 9.4 Consents and Agreements at the Effective Time**

At the Effective Time, each Affected Creditor will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety. Without limitation to the foregoing, each Affected Creditor will be deemed:

- (a) to have executed and delivered to the Applicant all consents, assignments, releases and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
- (b) to have waived any default by or rescinded any demand for payment against the Applicant that has occurred on or prior to the Effective Time; and
- (c) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Applicant with respect to an Affected Claim as at the Effective Time and the provisions of the Plan, then the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

#### **Section 9.5 Waiver of Defaults**

From and after the Implementation Date, all Persons, other than SNDL Inc. solely in respect of the Disputed Amount, shall be deemed to have waived any and all defaults of the Applicants (except under the Plan) then existing or previously committed or caused by the Applicants, or any Applicant, the commencement of the CCAA Proceedings, any matter pertaining to the CCAA Proceedings, any of the provisions in the Plan or steps or transactions contemplated in the Plan, or any non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, indenture, note, lease, guarantee, agreement for sale or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Applicants, or any Applicant, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the Applicants from performing their obligations under the Plan or be a waiver of defaults by the Applicants under the Plan and the related documents.

### **ARTICLE 10 GENERAL**

#### **Section 10.1 Claims Bar Date**

Nothing in this Plan extends or shall be interpreted as extending or amending the Claims Bar Date or gives or shall be interpreted as giving any rights to any Person in respect of Affected Claims that have been barred or extinguished pursuant to the Claims Procedure Order.

#### **Section 10.2 Deeming Provisions**

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

### **Section 10.3    Modification of the Plan**

- (a) The Plan Sponsor reserves the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan with the agreement of the Applicants, the Monitor, and SNDL Inc. solely insofar as any such amendment, restatement, modification and/or supplement to the Plan affects or purports to affect the SNDL Claims in any way, provided that any such amendment, restatement, modification or supplement must be contained in a written document which is filed with the Court and: (i) if made prior to or at the Meeting, communicated to the Affected Creditors prior to or at the Meeting; and (ii) if made following the Meeting, approved by the Court following notice to the Affected Creditors. For certainty, the Plan Sponsor may increase the consideration payable or otherwise provided under this Plan upon notice to the Applicants and Monitor and without their consent.
- (b) Notwithstanding Section 10.3(a), any amendment, restatement, modification or supplement may be made by the Plan Sponsor with the consent of the Applicants and Monitor, without further Court Order or approval, provided that it: (i) concerns a matter which, in the opinion of the Plan Sponsor, acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order; (ii) cures any errors, omissions or ambiguities and is not materially adverse to the financial or economic interests of the Affected Creditors; or (iii) increases the consideration payable or otherwise provided to one or more Affected Creditors hereunder and does not decrease any consideration payable or otherwise provided to any Affected Creditor.
- (c) Any amended, restated, modified or supplementary plan or plans of compromise or arrangement filed with the Court and, if required by this Section, approved by the Court, shall, for all purposes, be and be deemed to constitute the Plan.
- (d) Subject to the terms herein, in the event that this Plan is amended, the Monitor shall post such amended Plan on the Monitor's Website and such posting shall constitute adequate notice of such amendment.

### **Section 10.4    Paramountcy**

From and after the Effective Time, any conflict between:

- (a) the Plan or any Order in the CCAA Proceeding; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Applicants as at the Implementation Date or the Articles or Bylaws of the applicable Applicant at the Implementation Date,

will be deemed to be governed by the terms, conditions and provisions of the Plan, which shall take precedence and priority, provided that any settlement agreement executed by any applicable Applicant and any Person asserting a Claim that was entered into from and after the Filing Date

shall be read and interpreted in a manner that assumes such settlement agreement is intended to operate congruously with, and not in conflict with, the Plan.

#### **Section 10.5 Severability of Plan Provisions**

If, prior to the date of the Sanction Order, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Plan Sponsor and Applicants, shall have the power to either: (a) sever such term or provision from the balance of the Plan and provide the Plan Sponsor and the Applicants with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Implementation Date; or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Plan Sponsor and the Applicants proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

#### **Section 10.6 Reviewable Transactions**

Section 36.1 of the CCAA, Sections 38 and 95 to 101 of the BIA and any other federal or provincial law relating to preferences, fraudulent conveyances or transfers at undervalue, shall not apply to this Plan or to any payments made in connection with transactions entered into by the Applicants or the Plan Sponsor after the Filing Date, including to any and all of the payments and transactions contemplated by and to be implemented pursuant to this Plan.

#### **Section 10.7 Responsibilities of the Monitor**

Alvarez & Marsal Canada Inc. is acting in its capacity as Monitor in the CCAA Proceeding with respect to the Applicants, the CCAA Proceeding and this Plan and not in its personal or corporate capacity, and will not be responsible or liable for any obligations of the Applicants or the Plan Sponsor under the Plan or otherwise.

#### **Section 10.8 Different Capacities**

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided to the contrary herein, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Applicants and the Person in writing or unless its Claims overlap or are otherwise duplicative.

## Section 10.9 Notice

- (a) Any notice or other communication under this Agreement shall be in writing and may be delivered personally, by courier or by email, addressed:

If to the Applicants:

Delta 9 Cannabis Inc.  
PO Box 68096 Osborne Village  
Winnipeg, MB R3L 2V9

Attention: John Arbuthnot  
Email: [john.arbuthnot@delta9.ca](mailto:john.arbuthnot@delta9.ca)

with a copy to:

MLT Aikins LLP  
2100 Livingston Place  
222 3 Ave SW  
Calgary, AB T2P 0B4

Attention: Ryan Zahara / Chris Nyberg  
Email: [rzahara@mltaikins.com](mailto:rzahara@mltaikins.com) / [cnyberg@mltaikins.com](mailto:cnyberg@mltaikins.com)

If to the Monitor:

Alvarez & Marsal Canada Inc.  
202 6 Ave SW  
Calgary, AB T2P 2R9

Attention: Orest Konowalchuk  
Email: [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com)

with a copy to:

Burnet, Duckworth & Palmer LLP  
525 8 Ave SW #2400  
Calgary, AB T2P 1G1

Attention: David LeGeyt / Ryan Algar  
Email: [dlegeyt@bdplaw.com](mailto:dlegeyt@bdplaw.com) / [ralgar@bdplaw.com](mailto:ralgar@bdplaw.com)

If to the Plan Sponsor:

2759054 Ontario Inc. o/a Fika Herbal Goods  
40 King Street West, Suite 3410  
Toronto, ON M5H 3Y2



Attention: Mark Vasey  
Email: [mark.vasey@fikasupply.com](mailto:mark.vasey@fikasupply.com)

with a copy to:

Miller Thomson LLP  
40 King Street West, Suite 5800  
Toronto, ON M5H 3S1

Attention: Larry Ellis / Sam Massie  
Email: [lellis@millerthomson.com](mailto:lellis@millerthomson.com) / [smassie@millerthomson.com](mailto:smassie@millerthomson.com)

If to an Affected Creditor:

To the mailing address, facsimile address or email address provided on such Affected Creditor's Notice to Known Claimants or Proof of Claim;

or to such other address as any party may from time to time notify the others in accordance with this Section.

- (b) Any such notice or other communication, if given by personal delivery or by courier, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by email before 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.
- (c) Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.
- (d) If, during any period during which notices or other communications are being given pursuant to this Plan, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further Order of the Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery or electronic or digital transmission in accordance with this Section.

#### **Section 10.10 Further Assurances**

Each of the Persons directly or indirectly named or referred to in, or subject to, this Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

**DATED** as of the 25<sup>th</sup> day of November, 2024.

**SCHEDULE "A"**  
**RESTRUCTURING STEPS SUPPLEMENT**

**To be completed and finalized on or before the date that is 15 days prior to the Meeting Date.**

**SCHEDULE "B"**  
**STALKING HORSE PURCHASE AGREEMENT**

**To be completed and finalized on or before the date that is 15 days prior to the Meeting Date.**