

Alvarez & Marsal Canada Inc., acting in its capacity as the Court-appointed monitor (“A&M” or the “Monitor”), has commenced a Court-ordered sale and investment solicitation process (the “SISP”) in connection with Delta 9’s restructuring proceedings which were commenced on July 15, 2024, when each of Delta 9 Cannabis Inc., Delta 9 Bio-Tech Inc. (“Bio-Tech”, or the “Company”), Delta 9 Lifestyle Cannabis Clinic Inc., Delta 9 Cannabis Store Inc. and Delta 9 Logistics Inc. were granted an initial order by the Court of King’s Bench of Alberta (the “Court”), under the Companies’ Creditors Arrangement Act RSC 1985, c. C-36 as amended (the “CCAA”).

Overview

- Bio-Tech is a federally-licensed cannabis company, focused on the production and sale of cannabis products. Bio-Tech was founded in 2013 and is one of Canada’s first licensed producers, obtaining its first license in March 2014.
- Bio-Tech is the largest cannabis producer in the province of Manitoba and owns a 98,804 sq ft. cultivation and processing facility in in Winnipeg, Manitoba (the “Facility”), with current annual production capacity of 10,000 kg of dried cannabis (and with an option to double that capacity with a further investment).
- The Facility contains 297 modular “grow pods”, which are 320 sq ft shipping containers that have been retrofitted to support specific, micro-cultivation processes for cannabis plants.
- In addition to its large-scale cultivation capabilities, the Facility includes automated bottling and rolling equipment for processing branded consumer products.
- Bio-Tech has supply agreements in place in six Canadian provinces (Alberta, British Columbia, Manitoba, Newfoundland, Ontario, and Yukon).



Opportunity Summary

Bio-Tech Asset Summary		Real Estate Opportunity
<ul style="list-style-type: none"> Acquisition of cannabis production operations Acquisition of Delta 9 strain IP Acquisition of Grow Pod IP and up to ~300 units 	<ul style="list-style-type: none"> Significant production, packaging and cooling equipment \$68.4 million of tax loss carry-forwards 	<ul style="list-style-type: none"> Potential sale leaseback opportunity with Bio-Tech business acquirer Investment opportunity (alternate use)
<ul style="list-style-type: none"> Potential bidders have the opportunity to acquire Bio-Tech shares or assets outright (including real estate) or enter into long-term lease with a new owner of the real estate. The acquisition of any of the assets may be made on an individual or <i>en bloc</i> basis. Offers made on two or more asset groups but not <i>en bloc</i> should allocate the amount of their offer accordingly. 		

Bio-Tech Business Overview

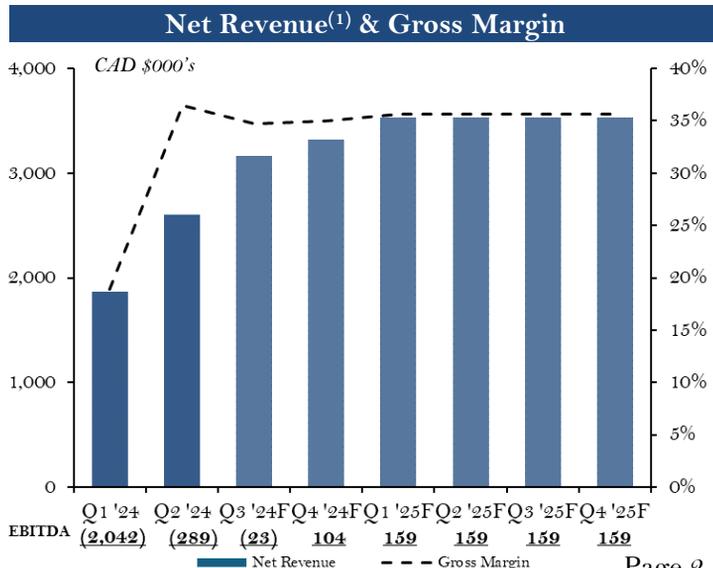
- Bio-Tech is currently operating out of a 98,804 sq ft. Health Canada approved production facility in Winnipeg, Manitoba, situated on 9 acres of owned land.
- The Company has an industry-competitive cost structure and has obtained favourable labour, land-leasing, and power cost (\$0.045/kWh).



Bio-Tech Financial Summary

- YTD (through June 30, 2024), Bio-Tech generated net revenue⁽¹⁾ of \$4.5 million and gross profit of \$1.3 million. During the same period, Bio-Tech experienced negative EBITDA. However, the Company has performed cost cutting initiatives that are currently underway, including cost cuts related to public company reporting.
- Please refer to the financial model in the virtual data room for important notices and disclaimers regarding the financial summary presented herein.

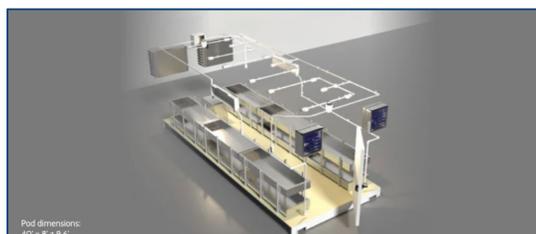
- The Company has been able to cultivate premium quality cannabis at a cash cost of \$0.60 to \$0.70/gram.
- Revenue forecast substantiated through contractual arrangements with Delta 9 retail network and bulk contracts.
- For an investment of \$4.0 million, there exists an opportunity to double production capacity (to 20,000 kg/year) in the same footprint through an upgraded 500 watt retrofitted air cooled lighting system. This expansion is expected to reduce the cash cost to \$0.36 to \$0.40/gram.
- \$68.4 million of tax loss carry-forwards to shelter future operating income.



Other Opportunities

▪ Grow Pod Technology IP & Units

- Bio-Tech production occurs out of 297 self-contained cannabis growing pods (the “**Grow Pods**”), which offer greater energy, cost efficiency, and control over the growing process. Bio-Tech has invested significant resources into developing and refining its proprietary Grow Pod technology.
- Each Grow Pod can produce up to 40 kg of cannabis annually, with a payback period of approximately 3-4 harvests. The Grow Pods are equipped with technology to automate fertigation, irrigation, light, temperature, air movement and CO₂. The pods are also completely secure with access-controlled doors and security cameras.
- The current annual production with the Grow Pods is approximately 10,000 kg annually, which can be scaled to 20,000 kg with an estimated capital investment of \$4.0 million.



▪ Delta 9 Brands and Genetic Strains

- The Company’s industry-leading and widely recognized brands such as *Delta 9 Cannabis*, *Busted Nugs*, *RAZL*, and *770 Cannabis*.
- The original *Delta 9 Cannabis* label has been a trusted brand to Canadians in the recreational and medicinal cannabis space since its initial launch in 2014. Bio-Tech has invested significant amounts to develop numerous strains that contain industry-leading levels of terpenes and CBD.



Delta 9 Cannabis In-House Brand

- Launched in 2014
- Value positioned
- Strain agnostic and specific dried flower and pre-rolls
- Limited-time-only and seasonal product offerings
- #1 Selling Brand in Delta 9 Retail Network



Busted Nugs Milled to Perfection

- Launched in 2023, with additional SKU’s in 2024.
- Value positioned
- High terpene, milled dried flower and pre-rolls.
- Limited-time-only and seasonal product offerings
- #2 Selling brand in Delta 9 Retail Network



RAZL Time to Party

- Launched Q2 2024
- Value positioned
- 5:10 vape cartridges
- High CBD, THC and balanced variations



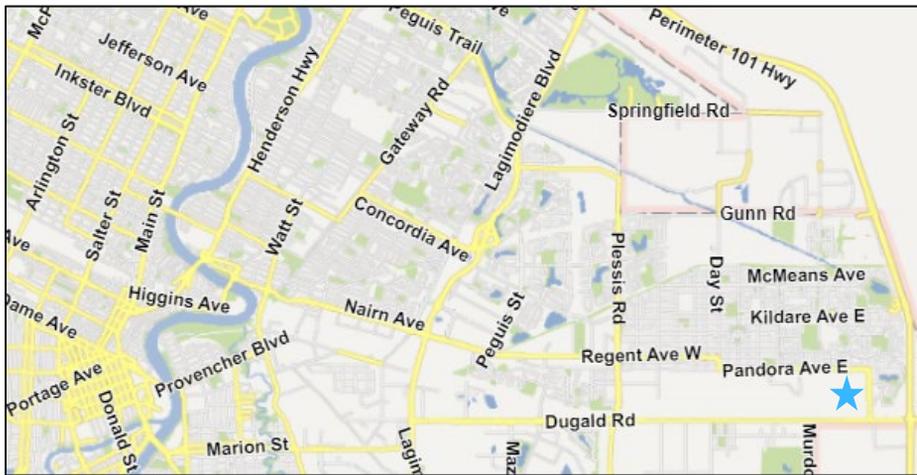
770 Cannabis In-House Brand

- Future Launch TBD
- Mainstream positioned
- New, never before seen genetics
- Premium dried flower
- High THC and terpene content

Real Estate Opportunity

- Capital Commercial Real Estate Services Inc. (the “**Real Estate Broker**”), by and through A&M as Court-appointed Monitor, is pleased to offer for sale a 100% freehold interest in a large-scale cannabis production facility, located at 760 Pandora Avenue East, Winnipeg, MB, R2C 3A6.

Property Highlights	
Land Size	9.5 acres
Zoning	M3 – Manufacturing Heavy
Building Size	98,804 SF
Loading	Dock Removed and Limited Grade
Features	Sprinklered Heavy Power Sloped Ceiling 22’-30’



Location

- Located in prominent location along Pandora Avenue East with direct access to major transportation routes.



Facility Details

- On August 6, 2021, Health Canada approved two expansions to the Health Canada License. The approvals allow for an expansion of the licensed perimeter of the Delta Facility from 80,000 square feet to approximately 95,000 square feet.
- Further information regarding the Facility and other pertinent information will be available with the Real Estate Broker.

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SISP

- Delta 9 commenced CCAA proceedings on July 15, 2024 and the SISP was approved by the Court on July 24, 2024. The SISP has been designed to solicit interest in a sale of, or investment in, all of Bio-Tech’s assets and business operations, including the Facility.
- In accordance with the SISP, a binding offer (a “**Binding Offer**”) from potential bidders must be submitted by no later October 28, 2024 (the “**Bid Deadline**”). A Binding Offer shall be accompanied by a deposit equal to 10% of the purchase price or total investment contemplated. A Binding Offer may be made on an individual basis or *en bloc* basis. Offers made on two or more asset groups but not *en bloc* should allocate the amount of the offer accordingly.
- Following the Bid Deadline the Monitor, together with Bio-Tech and the Interim Lender, will assess the Binding Offers and select the successful bid. In the event that multiple competitive Binding Offers are received, an auction will be held on October 30, 2024, to select a successful bidder.

Date	Event
July 15, 2024	Filing date
July 24, 2024	Court approval of the SISP
October 28, 2024	Bid Deadline
October 30, 2024	Auction (if required)
November 8, 2024	Target date for Approval Application Hearing
November 12, 2024	Closing Date Deadline

- A&M and the Real Estate Broker expressly disclaim any liability in connection with the SISP, and the Court-ordered SISP provides:
 - The SISP does not create any contractual or other legal relationship between Bio-Tech, Delta 9, the Monitor or the Real Estate Broker and any other party including SISP participants; and
 - Neither the Monitor nor the Real Estate Broker shall not have any liability whatsoever to any other person, party, or SISP participant, except in cases of gross negligence or willful misconduct.

Next Steps

Interested parties who wish to pursue a transaction and receive additional diligence materials will be required to sign a Non-Disclosure Agreement, which can be obtained by contacting A&M by email as noted below. CCAA documents can be accessed on the Monitor’s website at: www.alvarezandmarsal.com/Delta9.

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