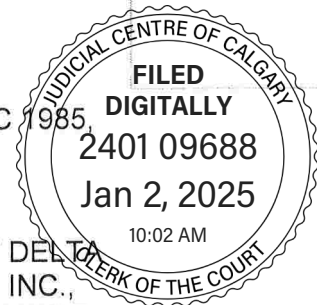


COURT FILE NUMBER 2401-09688
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

Clerk's stamp

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
9 CANNABIS INC., DELTA 9 LOGISTICS INC.,
DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE
CANNABIS CLINIC INC. and DELTA 9
CANNABIS STORE INC.



APPLICANTS 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 **SIXTH AFFIDAVIT OF JOHN ARBUTHNOT IV**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

MLT AIKINS LLP
Barristers and Solicitors
#2100 – 222 3rd Ave SW
Calgary, AB T2P 0B4
Attention: Ryan Zahara / Molly McIntosh
Telephone: (403) 693-5420 / (780) 969-3501
Email: rzahara@mltaikins.com /
mmcintosh@mltaikins.com
File No. 0136555.00034

SIXTH AFFIDAVIT OF JOHN ARBUTHNOT IV
Sworn on December 30, 2024

I, John Arbuthnot IV, of the City of Winnipeg, in the Province of Manitoba, SWEAR AND SAY
THAT:

1. I am the Chief Executive Officer ("**CEO**") and director of Delta 9 Cannabis Inc. ("**D9 Parent**") and a director and president of Delta 9 Logistics Inc. ("**Logistics**"), Delta 9 Bio-Tech Inc. ("**Bio-Tech**"), Delta 9 Lifestyle Cannabis Clinic Inc. ("**Lifestyle**") and Delta 9 Cannabis Store Inc. ("**Store**"; together with D9 Parent, Logistics, Bio-Tech, and Lifestyle, collectively, the "**Applicants**" or "**Delta 9**"). As such, I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based on information and belief, in which case, I verily believe the same to be true.

2. As a director and officer, I am responsible for managing the Applicants' overall operations and resources and making strategic business decisions. I have been in my current role as a director and officer for over six years, since shortly after D9 Parent went public in November 2017.

I. RELIEF SOUGHT

3. This affidavit (the "**Sixth Affidavit**") is sworn in support of an application scheduled for January 10, 2025 for an Order: (i) sanctioning the Plan of Arrangement and Compromise, dated November 25, 2024 (the "**Plan**") and approved by the requisite majority of Affected Creditors (as defined in the Plan) at the Creditors' Meeting on December 20, 2024 (the "**Meeting**"); and (ii) extending the Stay Period (defined below) up to and including February 28, 2025 (the "**Stay Extension**").
4. All capitalized terms used herein that are not otherwise defined have the meaning ascribed to them in the Plan.

II. BACKGROUND

5. Delta 9 is a vertically integrated group of companies in the business of cannabis cultivation, processing, extraction, wholesale distribution, retail sales, and business to business sales.
6. On July 15, 2024, the Honourable Justice D.R. Mah granted an Initial Order pursuant to the CCAA (the "**Initial Order**") which, among other things, appointed Alvarez & Marsal Canada Inc. as the Monitor of the Applicants (the "**Monitor**").
7. On July 24, 2024, the Honourable Associate Chief Justice K.G. Nielsen granted the following orders:
 - (a) an Amended and Restated Initial Order (the "**ARIO**"), which, among other things:
 - (i) extended the stay of proceedings under the Initial Order to September 15, 2024;
 - (ii) approved the break-fee of \$1,500,000 (the "**Break Fee**") set out in the Restructuring Term Sheet, dated July 12, 2024 between 2759054 Ontario

- Inc. o/a Fika Herbal Goods ("**Fika**" or the "**Plan Sponsor**") and the Applicants (the "**Restructuring Term Sheet**") and granted a charge (the "**Plan Sponsor Protection Charge**") to secure the Break Fee;
- (iii) approved 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 to exceed \$16,000,000 plus interest, costs, and expenses in favour of the Plan Sponsor, as security for advances made by the Plan Sponsor pursuant to the Interim Financing Agreement (the "**Interim Financing Charge**");
 - (iv) approved 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) approved an increase to the Administration Charge (as defined in the Initial Order) from \$350,000 to \$750,000 and the Director's Charge (as defined in the Initial Order) from \$300,000 to \$900,000; and
 - (vi) appointed Mark Townsend as the chief restructuring officer of the Applicants;
- (b) an Order approving the sales and investment solicitation process in respect of a going-concern sale of the assets and/or shares of Bio-Tech (the "**Bio-Tech SISP**"); and
 - (c) an Order (the "**Claims Procedure Order**") approving a claims procedure with respect to the Applicants (the "**Claims Procedure**").
8. On September 11, 2024, the Honourable Justice C. D. Simard granted an Order (the "**First Stay Extension Order**"), extending the stay of proceedings pursuant to the ARIO up to and including November 1, 2024, and approving an amendment to the Interim Financing Agreement and an increase to the Increase Financing Charge up to \$17,500,000.
 9. On November 1, 2024, the Honourable Justice M.A. Marion granted an Order (the "**Second Stay Extension Order**"), further extending the stay period up to and including

January 31, 2025 and approving a further amendment to the Interim Financing Agreement and a further increase to the Increase Financing Charge up to \$18,500,000. Justice Marion granted a further Order approving an amendment to the Claims Procedure Order (the **"Amended and Restated Claims Procedure Order"**) to allow the Monitor to accept some late claims.

10. Since the granting of the Second Stay Extension, Delta 9 has worked closely with the Monitor to conduct the Bio-Tech SISP and the Claims Procedure Order and to finalize the Plan for certain of the Delta 9 entities which provides additional value for Delta 9's stakeholders.
11. On December 2, 2024, the Honourable Justice R. W. Armstrong granted an Order (the **"Meeting Order"**) that, among other things: (a) accepted the Plan for filing; (b) authorized the Applicants to hold, and present the Plan to Affected Creditors (defined below) at the Meeting and (c) subject to approval of the Plan by Affected Creditors at the Meeting, authorized the Applicants to make an application to the Court on January 10, 2025 seeking an Order sanctioning the Plan.

III. THE CREDITORS' MEETING

12. On December 20, 2024, the Monitor held the Meeting in accordance with the Meeting Order.
13. I understand that full details of the Meeting will be outlined in detail in the Sixth Report of the Monitor, to be filed. However, I do understand that the Plan was approved by the requisite majority of Affected Creditors in attendance at the Meeting.
14. The Plan, if sanctioned, will enable substantially greater recoveries for creditors and other stakeholders of the Plan Entities than in a bankruptcy or liquidation of Delta 9.
15. The compromise contained in the Plan is fair and reasonable in the circumstances.

IV. THE STAY EXTENSION

16. The stay of proceedings granted by the Initial Order and subsequently extended in the ARIO, the First Stay Extension, and the Second Stay Extension Order, currently expires on January 31, 2025 (the **"Stay Period"**).

17. An extension of the Stay Period is necessary to, among other things, implement the Plan, and, thereafter, attend to various post-closing and post-implementation matters.
18. The Applicants have acted, and continue to act, in good faith and with due diligence to, among other things, operate their business in the ordinary course and advance these CCAA proceedings.
19. To the best of my knowledge, no stakeholder will suffer material prejudice as a result of the Stay Extension. Rather, the Applicants' stakeholders will benefit from the Stay Extension, which provides the Applicants with the time and space required to implement a successful compromise and restructuring and emerge as a sustainable operation.
20. The Applicants have sufficient liquidity to cover their expenses during these CCAA proceedings, as outlined in the Sixth Report.


V. APPROVAL OF ACTIVITIES & FEES

21. The Applicants have also brought an Application for the approval of the Monitor's fees and activities, including the fees of their legal counsel, incurred in these proceedings after October 22, 2024. I understand that those fees and activities for which approval is sought will be further described in the Sixth Report of the Monitor.

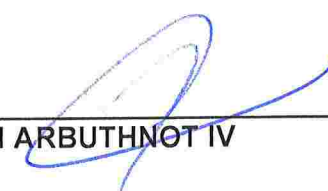
VI. CONCLUSION

22. I swear this Affidavit in support of an Application for a Sanction Order in respect of the Plan and an extension of the Stay Period and for no other or improper purpose.

SWORN BEFORE ME at Winnipeg, Manitoba,)
 this 30th day of December, 2024)
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 Notary Public in and for the Province of
 Manitoba



 JOHN ARBUTHNOT IV