

*Alvarez & Marsal Canada Inc., acting as Proposal Trustee (the "**Proposal Trustee**"), has commenced a Court-Ordered sale, refinancing and investment solicitation process (the "**SISP**") in connection with Sugarbud's restructuring proceedings which were commenced September 26, 2022 when each of SugarBud Craft Growers Corp., Trichome Holdings Corp. and 1800905 Alberta Ltd. (collectively, "**Sugarbud**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to the Bankruptcy and Insolvency Act.*

Overview

- Sugarbud is a federally licensed Alberta based craft cannabis company, focused on the cultivation and production of genetically diverse, select-batch connoisseur cannabis products.
- Fully licensed in Cannabis 1.0 (Aug. 2019) and Cannabis 2.0 (Sept. 2021) with a reputation for exceptionally high-quality product and ability to deliver 30%+ THC and 3%+ terpenes.
- 100% owned, 29,800 sq ft. cultivation and processing facility in Stavelly, Alberta; capacity of ~24,600 sq ft. flowering canopy.
- Supply agreements in place in eight Canadian provinces (British Columbia, Alberta, Ontario, Quebec, New Brunswick, Nova Scotia, Northwest Territories and Newfoundland).
- Focus on high growth market segments including dried flower, pre-rolls and rosins.
- Diverse premium product offering highlighted by: Krypto Chronic, Mule Fuel, Bahama Blizzard, GMO Cookies, Wedding Cake and PreNup.

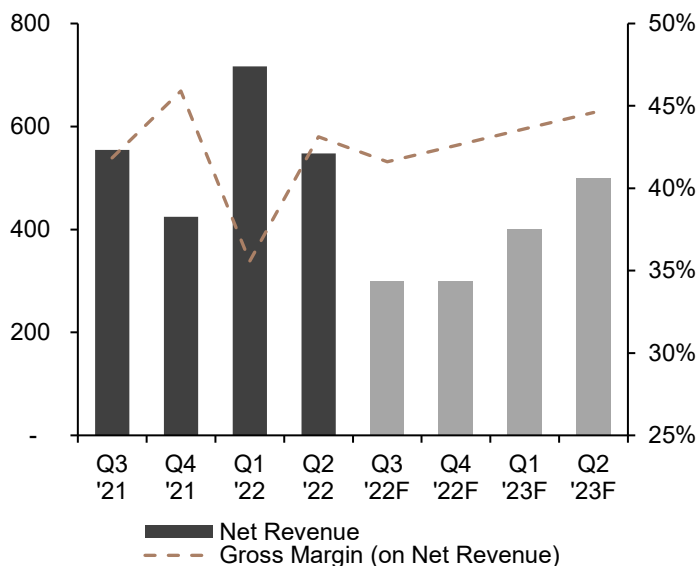


Financial Summary

- On an LTM basis, Sugarbud generated Net Revenue of \$2.2 million (+90% compared to the previous LTM) and Gross Margin of \$0.9 million (41% of Net Revenue).
- During the same period, Sugarbud experienced modest negative EBITDA, however, the Company has a near term plan to achieve profitability through facility expansion (see lower right table) and cost takeout initiatives that are currently underway.
- As of September 22, 2022, Sugarbud's secured debt outstanding was approximately \$7.7 million. The secured lender has also agreed to provide Interim Financing of up to \$2 million during the NOI proceedings.

Net Revenue¹ & Gross Margin

CAD \$'000's



(1) Net of excise taxes.

(2) Revenue forecast is based on current operating output of 2 rooms x 2 layers/room x 1,550 plants/room x 85 grams/plant x 4.75 harvest/yr.

Pro Forma Estimates

	Rooms	Layers Per Room	Required Capex (in millions)	Grams/Yr (in millions)	Annual Net Revenue (in millions)
Current Run-Rate	2	2	\$ -	1.3	\$3.1
Double Output	5	2 rooms, 2 layers 3 rooms, 1 layer	\$ 1.5	2.5	\$6.2
Max Output	6	4	\$5.0-7.0	11.7	\$29.2



Facility Overview

- 100% owned and in operation since 2021.
- Approximately \$12 million invested to design and build the vertical grow facility.
- Ready to rapidly scale with a total maximum flowering canopy of ~24,600 sq ft. across 6 cultivation rooms.
- Cash cost to grow of ~\$1.22/g.

Production Portfolio

- 3.5g Dried Flower; eight unique strains launched with ability to deliver products with 30%+ THC potency.
- Nine unique Pre-Roll strains; launched in 2, 3 and 10 stick formats.
- New Dry Sift Hash Infused format.
- Solventless Extracts.
- 1.0g 100% dried craft cannabis flower rosin.

SISP

- Sugarbud commenced NOI proceedings on September 26, 2022, and the SISP was approved by the Court on September 29, 2022. The SISP has been designed to solicit interest in a sale of, or investment in, all or part of Sugarbud’s assets and business operations.
- As part of the SISP, non-binding letters of interest (“**LOI**”) from potential bidders must be submitted by no later November 4, 2022 (the “**Phase 1 Bid Deadline**”).
- Following the Phase 1 Bid Deadline, Sugarbud, in consultation with the Proposal Trustee and the Interim Lender, will assess the LOIs and select certain parties to advance to Phase 2 of the SISP.

Date	Event
September 26, 2022	Filing date
September 29, 2022	Court approval of the SISP
November 4, 2022	Phase 1 Bid Deadline
December 9, 2022	Phase 2 Bid Deadline
December 28, 2022	Target date for Approval Application Hearing

- Alvarez & Marsal Canada Inc. expressly disclaims any liability in connection with the SISP, and in addition the Court-Ordered SISP provides:
 - The SISP does not create any contractual or other legal relationship between Sugarbud or the Proposal Trustee and any other party including SISP participants; and
 - The Proposal Trustee 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 Alvarez & Marsal by email as noted below. NOI documents can be accessed on the Proposal Trustee’s website at: www.alvarezandmarsal.com/sugarbud.

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