

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.

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

FOURTH AFFIDAVIT OF JOHN ARBUTHNOT IV

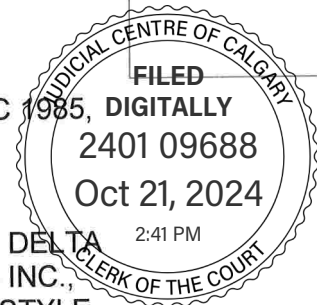
ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

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



FOURTH AFFIDAVIT OF JOHN ARBUTHNOT IV
Sworn October 21, 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**"; 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 "**Fourth Affidavit**") is sworn in support of an application scheduled for November 1, 2024 for an extension of the Stay, as outlined in paragraph 14 of the Amended and Restated Initial Order, granted on July 24, 2024 (the "**ARIO**") and extended in the Stay Extension Order of the Honourable Justice C.D. Simard, granted on September 11, 2024 (the "**First Stay Extension Order**") in these proceedings, pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**").
4. This Fourth Affidavit should be read in conjunction with my first affidavit, sworn on July 12, 2024 (the "**First Affidavit**"), my second affidavit, sworn on July 18, 2024 (the "**Second Affidavit**") and my third affidavit, sworn on September 3, 2024 (the "**Third Affidavit**" and together with the First Affidavit and the Second Affidavit, the "**Affidavits**"). All capitalized terms used herein that are not otherwise defined have the meaning ascribed to them in the Affidavits.

II. ACTIVITIES SINCE THE ARIO

5. In addition to the ARIO, on July 24, 2024, the Honourable Associate Chief Justice Nielsen granted, among other things:
 - (a) an order approving a sale and investment solicitation process (the "**SISP**") in respect of the business and/or assets of Bio-Tech (the "**SISP Order**"); and
 - (b) an order approving a claims procedure (the "**Claims Procedure**") in respect of the Applicants (the "**Claims Procedure Order**").
6. Since the granting of the SISP Order, Delta 9 has worked closely with the Monitor to conduct the SISP and the Claims Procedure in accordance with the SISP Order and the Claims Procedure Order respectively, both of which are ongoing.

7. The Applicants have worked diligently with the Plan Sponsor to prepare a restructuring plan for certain of the Delta 9 Applicants which provides additional value for Delta 9's stakeholders.

III. **EXTENSION OF STAY OF PROCEEDINGS AND INCREASE TO INTERIM FINANCING**

8. The Applicants are seeking an extension of the Stay Period until January 31, 2025 (the "**Stay Extension**"). The Stay Extension is necessary and appropriate to provide the Applicants with continued breathing space while they work to maximize value for their stakeholders and take the next steps in these CCAA proceedings, including formulating a plan of arrangement to be put to the creditors of certain of the Applicants and completing the sales and investment solicitation process for the going concern sale or investment in Bio-Tech.
9. The Applicants require the Stay Extension to have sufficient time to properly and diligently complete the SISP (as outlined in further detail in the SISP Approval Order of Associate Chief Justice Nielsen, granted on July 24, 2024), the Claims Procedure (as outlined in further detail in the Claims Procedure Order of Associate Chief Justice Nielsen, granted on July 24, 2024) and to put forward a plan or plans of arrangement to certain of their creditors.
10. 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.
11. 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.
12. The Applicants require access to additional funding in order to continue their operations during these proceedings and to bring their restructuring plans to fruition. Without an increase to the Interim Financing Facility and the Interim Financing Charge, the Applicants lack sufficient liquidity to cover all of their expenses during these CCAA proceedings, and their ability to carry out business will be impacted, to the detriment of their stakeholders.

13. The Applicants believe that the proposed increase to the Interim Financing Facility and the Interim Financing Charge are (a) fair and reasonable in the circumstances; (b) necessary to the restructuring process, and (c) in the best interest of the Applicants and their stakeholders.

IV. MEETINGS ORDER

14. It is my understanding that 2759054 Ontario inc. o/a Fika Herbal Goods ("**Fika**" or the "**Plan Sponsor**") intends to make an Application to the Court to order (the "**Meeting Order**") a meeting of creditors to vote on a finalized plan of arrangement at the hearing scheduled on November 1, 2024. Delta 9 is supportive of that Application for a Meeting Order and to put a plan of arrangement and compromise (the "**Plan**") forward for Logistics, Lifestyle, and Store (collectively, the "**Plan Entities**").
15. I believe that the Plan, if approved and implemented, will enable substantially greater recoveries for creditors and other stakeholders of the Plan Entities than in a bankruptcy or liquidation of Delta 9 and the Applicants support that application by the Plan Sponsor.

V. SEALING RELIEF AND APPROVAL OF MONITOR'S FEES AND ACTIVITIES

16. The Applicants are seeking a direction that the Confidential Appendix to the Third Report be sealed. The Confidential Appendix contains commercially sensitive information.
17. The Applicants are only seeking to seal the limited information in the Confidential Appendix.
18. 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 August 24, 2024. I understand that those fees and activities for which approval is sought will be further described in the Third Report of the Monitor.


VI. CONCLUSION

19. I swear this Affidavit in support of an Application for approval of the Stay Extension, Increase to Interim Financing Order, Meetings Order, the Sealing Order, and approval of the Monitor's fees and activities, and for no other or improper purpose.

SWORN BEFORE ME at Winnipeg, Manitoba,)
this 21st day of October, 2024)
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Notary Public in and for the Province of
Manitoba



JOHN ARBUTHNOT IV