

**CIRCULAR PERTAINING TO THE PLAN OF COMPROMISE, ARRANGEMENT AND
REORGANIZATION OF**

**DELTA 9 CANNABIS INC., DELTA 9 CANNABIS STORE INC., and
DELTA 9 LIFESTYLE CANNABIS CLINIC INC.**

**PURSUANT TO THE
COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)**

December 2, 2024

If you require copies of this Circular or any documents referenced herein these materials may be obtained on the Monitor's website at: <https://www.alvarezandmarsal.com/Delta9>.

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DEFINITIONS

Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Plan. Whenever used in this Circular, the following capitalized terms shall have the indicated meanings and grammatical variations of such terms shall have corresponding meanings:

“**Affected Claim**” means any Claim, other than 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.

“**Applicants**” means Delta Parent, Delta Retail and Delta Lifestyle, and “**Applicant**” means any one of them.

“**Bio-Tech**” means Delta 9 Bio-Tech Inc.

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

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

“**CCAA Proceedings**” means the proceedings commenced by the Initial Order.

“**Circular**” means this Circular dated December 2, 2024.

“**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.

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

“**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.

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

“**Delta Lifestyle**” means Delta 9 Lifestyle Cannabis Clinic Inc.

“**Delta Logistics**” means Delta 9 Logistics Inc.

“**Delta Parent**” means Delta 9 Cannabis Inc.

“**Delta Retail**” means Delta 9 Cannabis Store Inc.

“**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.

“**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 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.

“**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 of the Plan, 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 of the Plan have been satisfied or waived in accordance with the terms hereof.

“**Initial Order**” means the initial order issued by the Honourable Justice D.R. Mah of the Court on July 15, 2024, as amended and restated on July 24, 2024, and as may be further amended, restated or supplemented from time to time.

“**Meeting**” means a meeting of Affected Creditors to be held on December 20, 2024, 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 Order**” means the Order of the Court issued December 2, 2024, classifying the Affected Creditors for voting purposes and directing the calling and holding of the Meeting, as such Order may be amended, supplemented and restated from time to time.

“**Monitor’s Report**” means the Monitor’s report to be served no later than seven Business Days prior to the Meeting, in accordance with the Meeting Order and Section 2.1(b) of the Plan.

“**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.

“**Plan**” means the Plan of Compromise and Arrangement filed by the Applicants pursuant to the CCAA in the CCAA Proceedings, as the same may be amended, varied or supplemented by the Applicants from time to time in accordance with the terms thereof.

“**Plan Sponsor**” means 2759054 Ontario Inc. o/a Fika Herbal Goods.

“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).

“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.

“Resolution” means the resolution approving this Plan presented to the Affected Creditors for consideration 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.

“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.

“Unaffected Claims” means any and all:

- (a) Claims against Bio-Tech in accordance with Section 2.6 of the Plan;
- (b) Claims against Delta Logistics in accordance with Section 2.7 of the Plan;
- (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) of the Plan;
- (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.

Words importing the singular number only include the plural and vice versa and words importing any gender include all genders. All references in this Circular to dollar amounts are stated in Canadian dollars, unless otherwise stated.

STATEMENT FOR THE MEETING OF CREDITORS OF DELTA 9 CANNABIS INC., DELTA 9 CANNABIS STORE INC. and DELTA 9 LIFESTYLE CANNABIS CLINIC INC.

PART I – INTRODUCTION

This Circular is furnished in connection with the upcoming Meeting, to be held on December 20, 2024 at 10:00 a.m., Mountain Time, and any adjournments thereof, where Affected Creditors will consider and vote on the Plan.

No person has been authorized to give any information or make any representation in connection with the Plan or any other matters to be considered at the Meeting other than those contained in this Circular and the Monitor's Report and, if given or made, any such information or representation must not be relied upon as having been authorized.

This Circular contains important information that should be read before any decision is made with respect to the matters referred to herein. All summaries of, and references to, the Plan in this Circular are qualified in their entirety by reference to the complete text of the Plan. You are urged to carefully read the full text of the Plan.

PART II – BACKGROUND INFORMATION

Delta Parent, through its subsidiaries, operates as a vertically integrated cannabis company in the business of cannabis cultivation, processing, extraction, wholesale distribution, retail sales and business to business sales. Retail sales operations are conducted by Delta Retail and Delta Lifestyle. Cultivation, processing, extraction and wholesale distribution operations are conducted by Bio-Tech and Delta Logistics, which are not parties to the Plan.

Challenges arising from, among other things, the highly regulated and competitive nature of the Canadian cannabis industry forced the Applicants to explore restructuring solutions, which ultimately resulted in the execution of a binding term sheet with the Plan Sponsor. The Plan Sponsor agreed to work with the Applicants to develop, submit and present the Plan to the Applicants' Creditors for the purpose of, among other things, effecting a transaction that allows the Applicants to continue retail operations as a going concern, while maximizing value for Creditors and other stakeholders.

On July 15, 2024, pursuant to the Initial Order, the Applicants, Bio-Tech and Delta Logistics commenced proceedings under the CCAA, and the Monitor was appointed. The Plan Sponsor and the Applicants, in consultation with the Monitor, have utilized the CCAA Proceedings to develop the Plan, which is designed to ensure that Persons with a valid economic interest in the Applicants will, collectively, derive a greater benefit from the implementation of the Plan than they would derive from a bankruptcy or liquidation of the Applicants.

On December 2, 2024, pursuant to the Meeting Order, the filing of the Plan was accepted and the Applicants, in conjunction with the Monitor, were authorized and directed to call, hold and conduct a meeting of Affected Creditors to vote on the Resolution. If the Resolution is approved by the Required Majority of Affected Creditors at the Meeting, the Applicants and the Plan Sponsor will return to Court to seek the Sanction Order.

Additional background information regarding the Applicants' operations, financial information and the CCAA Proceedings can be found on the Monitor's Website.

PART II - SOLICITATION OF PROXIES AND VOTING AT THE MEETING

For the purposes of considering and voting on the Plan, there will be one class of Affected Creditors of the Applicants, consisting of the Affected Creditor Class. In accordance with the terms of the Meeting Order, the Applicants have called the Meeting of the Affected Creditor Class for the purpose of considering and, if deemed advisable by the Affected Creditor Class, voting in favour of the Resolution to approve the Plan. The Meeting will be held virtually using the Microsoft Teams virtual meeting platform beginning at 10 a.m. Mountain Time on December 20, 2024.

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 chairperson of the Meeting or as permitted under the Meeting Order or any further Order of the Court.

The chairperson of the meeting will be a representative of the Monitor, designated by the Monitor in consultation with the Applicants and the Plan Sponsor. The chairperson will decide all matters relating to the conduct of the Meeting. The Monitor may appoint scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Meeting and any person to act as secretary at the Meeting.

At the Meeting, the Eligible Voting Creditors in the Affected Creditor Class, whether in person or by proxy, will vote on the Resolution to approve the Plan. The Monitor (or, if applicable, the scrutineers attending at the Meeting) will keep records and tabulations of all votes cast at the Meeting. Convenience Creditors will be deemed to vote in favour of the Plan.

PART IV – THE PLAN

Development and Purpose of the Plan

The Plan is the result of extensive review, analysis, consultation and negotiations among the Plan Sponsor and the Applicants, in consultation with the Monitor. The Plan Sponsor, in consultation with the Applicants, has developed a Plan that allows the Applicants' retail operations to continue as a going concern, while balancing the interests of all Creditors and other stakeholders. In the view of the Plan Sponsor, the Applicants and the Monitor, Affected Creditors will derive a significantly greater benefit from the Plan than would result from a bankruptcy or liquidation of the Applicants.

Overview of the Plan

The Plan contemplates a single class of Affected Creditors, being the Affected Creditor Class. The Plan, if approved, will entitle members of the Affected Creditor Class with Allowed Affected Claims to receive distributions equal to their Pro Rata Share of the Creditor Cash Pool and the Creditor Equity Pool on the Implementation Date. Affected Creditors with Allowed Affected Claims that constitute Convenience Claims will be entitled to receive the Convenience Amount on the Implementation Date. The effect of the Plan on the Affected Creditor Class, including Convenience Creditors, is described in more detail below. The Plan provides a more favourable outcome for Affected Creditors than would otherwise be the case in a bankruptcy or liquidation of the Applicants.

The Plan does not affect Unaffected Claims, which include claims against Bio-Tech and Delta Logistics. Persons with Unaffected Claims will not be entitled to vote on or receive any distributions under the Plan in respect of such Claims. Nothing in the Plan affects any of the Applicants' rights and defences, both legal and equitable, with respect to any Unaffected Claim, including all rights with respect to legal and equitable defences or entitlements to set-offs and recoupments against such Claims. Reference should be made to the Plan for further information concerning Unaffected Claims.

The Plan will become effective on the Implementation Date in accordance with the steps set out in the Plan, and will be binding on and enure to the benefit of the Plan Sponsor, the Applicants, the Affected Creditors, the Directors and Officers, the Released Parties and all other Persons named or referred to in, receiving the benefit of or subject to, the Plan. Following the implementation of the Plan, the Plan Sponsor will own, directly or indirectly, all of the issued and outstanding shares of the Applicants.

Effect of the Plan on the Affected Creditors

Pursuant to the terms of the Plan, Affected Creditors with Allowed Affected Claims that are not Convenience Claims will be entitled to receive: (a) a Creditor Cash Payment, being the distribution of cash in an amount equal to such Creditor's Pro Rate Share of the Creditor Cash Pool established by the Plan Sponsor; and (b) a Creditor Equity Payment, being the distribution of class "A" voting common shares in the capital of the Plan Sponsor in an amount equal to such Creditor's Pro Rata Share of the Creditor Equity Pool established by the Plan Sponsor. Cash Payments and Creditor Equity Payments will be distributed to Affected Creditors on the Implementation Date. All equity issued under the Plan will be deposited in a voting trust to be established by the Plan Sponsor and will be subject to the transfer restrictions set out in the articles of the Plan Sponsor, the shareholders agreement made in respect of the Plan Sponsor, and the terms and conditions of the voting trust.

Affected Creditors with Convenience Claims will receive a cash payment on the Implementation Date equal to the Convenience Amount, being the lesser of \$4,000 and the amount of such Convenience Claim. Affected Creditors with Allowed Affected Claims that exceed \$4,000 may elect to receive the Convenience Amount in full and final

satisfaction of their Allowed Affected Claim by filing a Convenience Election Notice with the Plan Sponsor, the Applicants and the Monitor on or before December 13, 2024.

Recommendation of the Monitor

The Monitor is of the view that the Plan will produce a more favourable result for Affected Creditors than a bankruptcy or liquidation of the Applicants. Therefore, the Monitor has recommended that Affected Creditors vote **IN FAVOUR** of the Resolution and approve the Plan. The full details of the Monitor's recommendation will be set out in the Monitor's Report.

Implications of Failure to Implement the Plan

If the Plan is not approved at the Meeting, the Plan Sponsor has the option to enter into the Stalking Horse Purchase Agreement, which will represent the minimum bid in a Court-supervised sale and investment solicitation process in respect of the Applicants. A copy of the Stalking Horse Purchase Agreement has been negotiated and prepared, and will be provided to Eligible Voting Creditors in advance of the Meeting. The Stalking Horse Purchase Agreement contemplates a transaction whereby the Plan Sponsor will acquire the Applicants in exchange for a release of existing debt. Unless another bidder puts forth a superior bid in the sales process, Affected Creditors will not receive a distribution following the closing of the transaction contemplated by the Stalking Horse Purchase Agreement.

The Monitor has opined, in the fifth report of the Monitor dated November 26, 2024, that none of the Affected Creditors will receive any recovery in the event of a liquidation of the Applicants.

In light of the foregoing, the view of the Plan Sponsor and the Applicants, which is supported by the Monitor, is that the approval and implementation of the Plan offers the best outcome for Affected Creditors.

Approvals of Affected Creditors Required for the Plan

In order for the Plan to be proceed, it must be approved by an affirmative vote of the Required Majority in the Affected Creditor Class. Specifically, the Plan must be approved by that number of Eligible Voting Creditors voting at the Meeting which represent a majority in number of the Affected Creditor Class, and whose Claims represent at least two-thirds in value of all Claims held by members of the Affected Creditor Class.


Conditions Precedent to Implementation of the Plan

Certain conditions precedent must be satisfied or waived by the Plan Sponsor, the Applicants and SNDL Inc. prior to implementation of the Plan. These conditions precedent are described in detail in Article 8 of the Plan. In particular, if the Plan is approved by the Required Majority at the Meeting, the Applicants must obtain a Sanction Order from the Court prior to implementation of the Plan. The application for the Sanction Order is scheduled to be heard on January 10, 2025, and will only proceed if the Plan is approved by the Required Majority at the Meeting.

Conclusion

Without approval of the Plan, it is likely that the Applicants will be sold in accordance with the terms of the Stalking Horse Purchase Agreement, or otherwise liquidated. In each case, Affected Creditors will not receive a distribution. The Plan Sponsor and the Applicants recommend that Affected Creditors approve the Plan because it provides for a better recovery for Affected Creditors. The Monitor supports this view.

2759054 ONTARIO INC. O/A FIKA HERBAL GOODS

Signed by:

 Per: _____
 Name: _____
 Title: _____

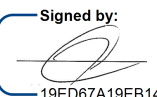
DELTA 9 CANNABIS INC.

Signed by: 
Per: _____
Name: _____
Title: _____

DELTA 9 CANNABIS STORE INC.

Signed by: 
Per: _____
Name: _____
Title: _____

DELTA 9 LIFESTYLE CANNABIS CLINIC INC.

Signed by: 
Per: _____
Name: _____
Title: _____