

### Delta 9 Cannabis Inc.

https://invest.delta9.ca/

Investor Presentation

Q2 2023

TSX:DN OTC:DLTNF







### Disclaimer

#### **Disclaimers**

This document contains forward-looking statements regarding Delta 9 Cannabis Inc. ("**Delta 9**" or "**Company**"). Forward-looking statements are statements that relate to future events or future financial performance. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "intend", "expect", "plan", "anticipate", "believe", "estimate", "project", "predict", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements speak only as of the date of this document.

This document also contains financial outlooks ("**Outlooks**") within the meaning of applicable securities laws. The Outlooks have been prepared by our management to provide an outlook of our activities and results and may not be appropriate for other purposes. The Outlooks have been prepared based on several assumptions. The actual results of operations of Delta 9 and the resulting financial results may vary from the amounts set forth herein, and such variation may be material. Management believes that the Outlooks have been prepared on a reasonable basis, reflecting management's best estimates and judgments. Any Outlooks in this document are made as of the date of this document and are based upon the information available to us as of that date.

Examples of forward-looking statements that may have been made in this document include statements pertaining to, among other things: (1) financial projections; (2) new supply agreements; (3) growth in cannabis production and production facilities; and (4) retail store growth.

Material assumptions supporting these forward-looking statements include, among other things: assumptions regarding the recreational use

Material assumptions supporting these forward-looking statements include, among other things: assumptions regarding the recreational use cannabis market; that retail expansion will result in greater branding and marketing opportunities and increased sales prices, but also increased overhead and sales costs; that increasing the scale of Delta 9's operations will reduce its per gram production costs; assumptions regarding the amount of cannabis that can be produced per "grow pod", the expected selling price of such cannabis and Delta 9's timeline for the construction of grow pods; that Delta 9 will be able to obtain any necessary financing on acceptable terms; and assumptions regarding our management team's ability to implement our business plan, and general economic and financial market conditions.

Forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors, including all of the risks set forth in the continuous disclosure documents of Delta 9, including its annual information form dated **March 30, 2023**. These risks, as well as risks that we cannot currently anticipate, could cause our actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by the forward-looking statements in this document.



### Delta 9 Cannabis Inc.

- Vertically Integrated cannabis company based in Winnipeg, Manitoba
- Over 9 years of operational experience as one of Canada's oldest cannabis companies
- 3 Diversified revenue segments with Wholesale, Retail, and Business to Business
- Health Canada Licensed for cultivation, processing, and wholesale distribution
- Licensed retailer with 41 operational stores, and direct to consumer e-commerce
- Business to business offering includes production equipment, consulting, and genetics sales
- Shares listed on main board TSX under symbol DN and OTC under symbol DLTNF



### **Delta 9 Grow Pods**

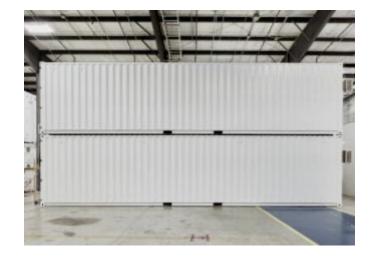
- Cultivation based in high tech proprietary grow areas called Grow Pods:
  - Constructed on-site using retro-fitted shipping containers installed with customized wall panels, electrical, lighting, HVAC, and security
- Grow method ensures consistently high yields and quality
- Data is collated and analyzed to refine harvest techniques
- Mitigates crop loss and risk of contamination
- World-class bank of strains and genetics
- Large library of strains and genetics 'in reserve' to be put in production and commercialization
- Proprietary in-house production platform complimented by Ample
   Organics compliance and batch tracking system



Modular



Scalable



Stackable



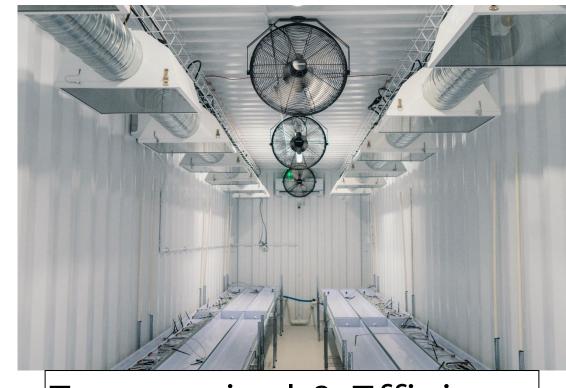
### **Precise & Low-Cost Cultivation**

With a low conversion and installation cost, Delta 9 can expand for less than \$100/square foot making incremental expansion very economical.

Investment in automation of key processes has resulted in cash production costs as low as \$0.77./gram, placing the Grow Pods in an industry leading category for production efficiency.

High level of control over the growing environment allows us to produce indoor hydroponic "craft" quality cannabis products.

Production in small modular areas helps prevent the risk of contamination and disease and compartmentalizes risk of crop loss.



Economical & Efficient



Hydroponic Craft Quality



Risk Reduction



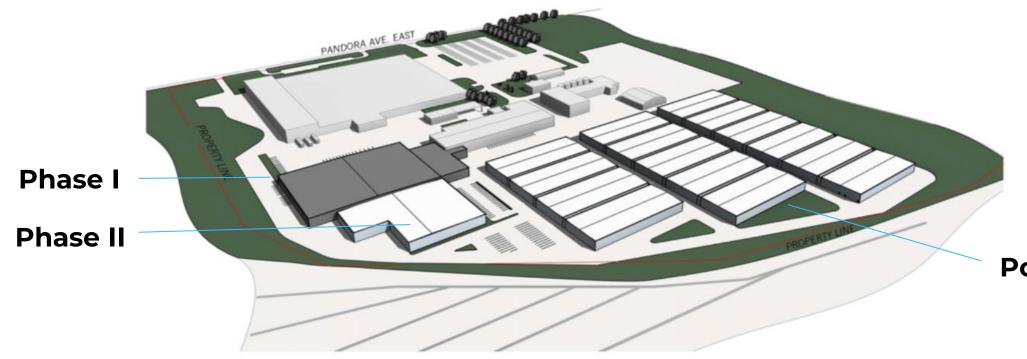
# Delta 9 Facility

#### Low-cost and highly advanced facility

- Cultivating premium quality cannabis at \$0.77/g
- Favorable labor, land leasing, and power costs (\$0.04/kWh)

#### Modular and scalable production with significant expansion potential

- Currently operating 297 grow pods offering 95,040 square feet of production
- Projected annual production of 10,000 kg of dried cannabis



- 7 acres (Phase I) owned of 47 total Acres
- 1 building owned (Phase I)

Potential Future
Expansion
Buildings

95,040 sq. ft. Current Production Proprietary Hydroponic Grow System

Unique Grow Environments

Prevents Contamination Risk

297 Grow Pods





# **Product Offerings**

### Oils, Extracts & Derivative Product

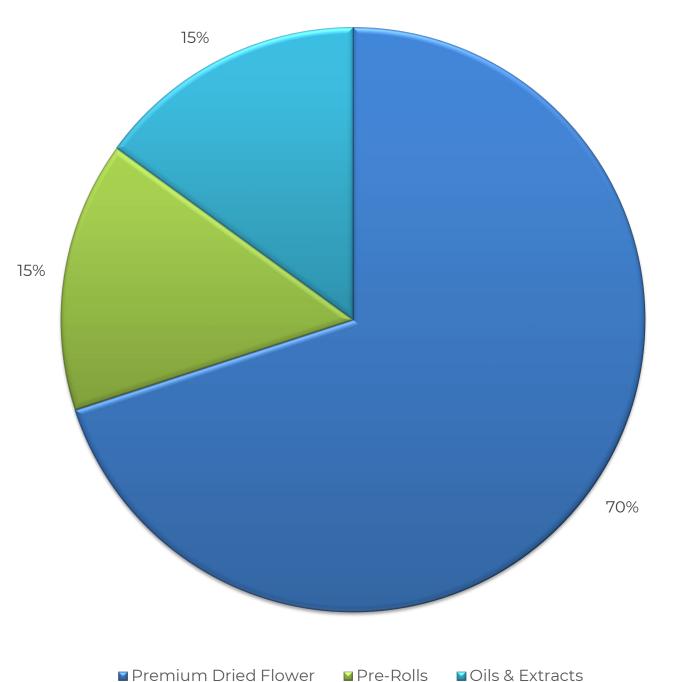
- Ingestible oils
- Vape cartridges
  - Dried sift/kief
- Additional SKUs in development for 2023







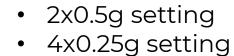
#### **Proportion of Revenue by Category**





#### **Premium Dried Flower**

- 3.5g, 7.0g, 28g settings
- Over 25 current SKUs



**Pre-Rolls** 

- Multi-Pack
- 4 SKUs





## Premium Dried Flower Portfolio

As one of the oldest Licensed Producers, Delta 9 has a comprehensive seed bank with over 100 unique genetics. Our goal is to produce the highest quality indoor hydroponic cannabis on the market.





Strain	THC (%)	CBD (%)	
Cypress Craft K-Mintz	22-28%	0.05%	
Growers Private Stash	22-28%	0.05%	
Sinaloa Gold	21-25%	0.05%	
Electric Punch	18-22%	0.05%	
Headbanger	18-22%	0.05%	
Apple Fritter	19-23%	0.05%	
White Out	18-22%	0.05%	
Space Cake	15-19%	0.05%	
Kali Mist	15-19%	0.05%	
Jack Herer	12-16%	0.05%	
Lava Cake	14-18%	0.05%	
Lemon Meringue	11-15%	0.05%	
CBD Skunk Haze	4-6%	6-8%	

Premium high potency flower ensures protection from price compression









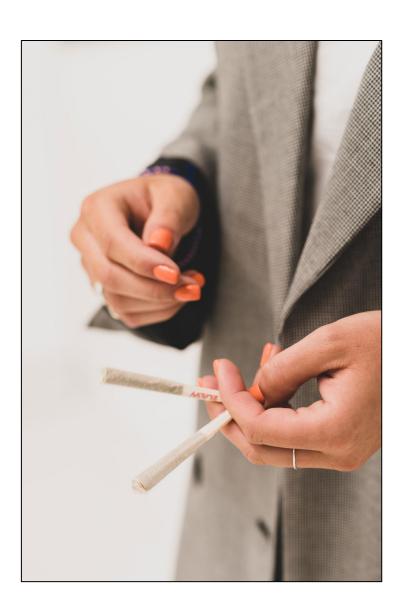
### Delta 9 Pre-Rolls

- Delta 9 offers 4 cannabis pre-roll products
- Various potency categories; Delta 9 Twist, Bliss, J-Lo, balanced THC and CBD.
- New automated pre-roll machine will produce 4 million pre-rolls a year
- 25% funded by the Provincial Government AG Action program

We have produced and sold over 10 million cannabis pre-rolls to-date.









### Delta 9 Oils, Vapes, & Concentrates

Delta 9 is well positioned for Cannabis 2.0

#### **Ingestible Cannabis MCT Oils**

- Odyessy Oil (20 mg/ml THC)
- Oasis Oil (10 mg/ ml THC)
- CBD and 1:1 Formulations in development





### Harmony (1:1 THC/ CBD)Cruise (2:1 THC/ CBD)

5:10 Vape Cartridges (Branded 5:10 Batteries)

• Cannabis Distillate and Blended Terpenes in various concentrations



• Blast (1:0 THC/ CBD)









- **Onyx** Pressed Hash (30 35% THC)
- **Sapphire** Kief (30 35% THC)

#### **Future Product Lines**

- Edibles (Soft Chews)
- Additional CBD and 1:1 MCT Oils
- Drinkables







### Wholesale Cannabis Distribution

#### Manitoba

July 2018 Supply Listing

#### Yukon

April 2023 Supply Listing

#### NWT

August 2023 Supply Listing

#### **Ontario**

June 2020 Supply listing

#### Saskatchewan

Feb 2019 Supply Listing

#### B.C

October 2019 Supply Listing

#### **Alberta**

May 2019 Supply Listing

#### Newfoundland

June 2020 Supply Listing

#### Quebec

Supply listing for 2 products

### Four Distinct Retail Brands



Delta 9 currently operates 41 cannabis retail stores across Canada:

- 21 Delta 9 Cannabis Stores
- 9 Uncle Sam's Cannabis Stores
- 8 Discounted Cannabis Stores
- 3 Premium Garden Variety Cannabis Stores



Delta 9 Cannabis Store



Uncle Sam's Cannabis



Discounted Cannabis



Garden Variety
Cannabis



# Retail Strategy and Benefits



### **Brand Awareness** and Distribution

- Creates awareness for Delta 9 brand
- Retailers control purchasing decisions
- 25% of Products sold in store are Delta 9 brands



#### **Location Strategy**

- High-Profile and High-Traffic Locations
- Locate near good location partners like liquor, grocery, pharmacy, and fastfood
- Be a convenience not a destination retailer



#### **Data and Brand**

#### **Partnerships**

 Delta 9 has brand partnerships with the industry's leading suppliers (Canopy, Tilray, Sundial, Cronos, Hexo/ Truss, and more)



#### **Trends and Analytics**

 Live feedback from customers on product, pricing, and industry trends has made Delta 9 a leader in both wholesale and retail



# **Expanding Retail Store Chain**

### Uncle Sam's Cannabis Stores

8 x Stores in Alberta

### Discounted Cannabis Stores

9 x Stores in Alberta



#### Delta 9 Cannabis Stores

16 x Stores in Manitoba

1 x Store in Saskatchewan

4 x Stores in Alberta

### **Garden Variety Cannabis Stores**

3 x Stores in Manitoba



### **Business to Business**



**GROW PODS** 

Sells turnkey cultivation systems and equipment across Canada



LICENSING & CONSULTING

Provides licensing and consulting services to new and pre-licensed producers



**GENETICS** 

Packages genetics
offering for other
licensed producers
looking to expand
their cannabis
genetics



B<sub>2</sub>B

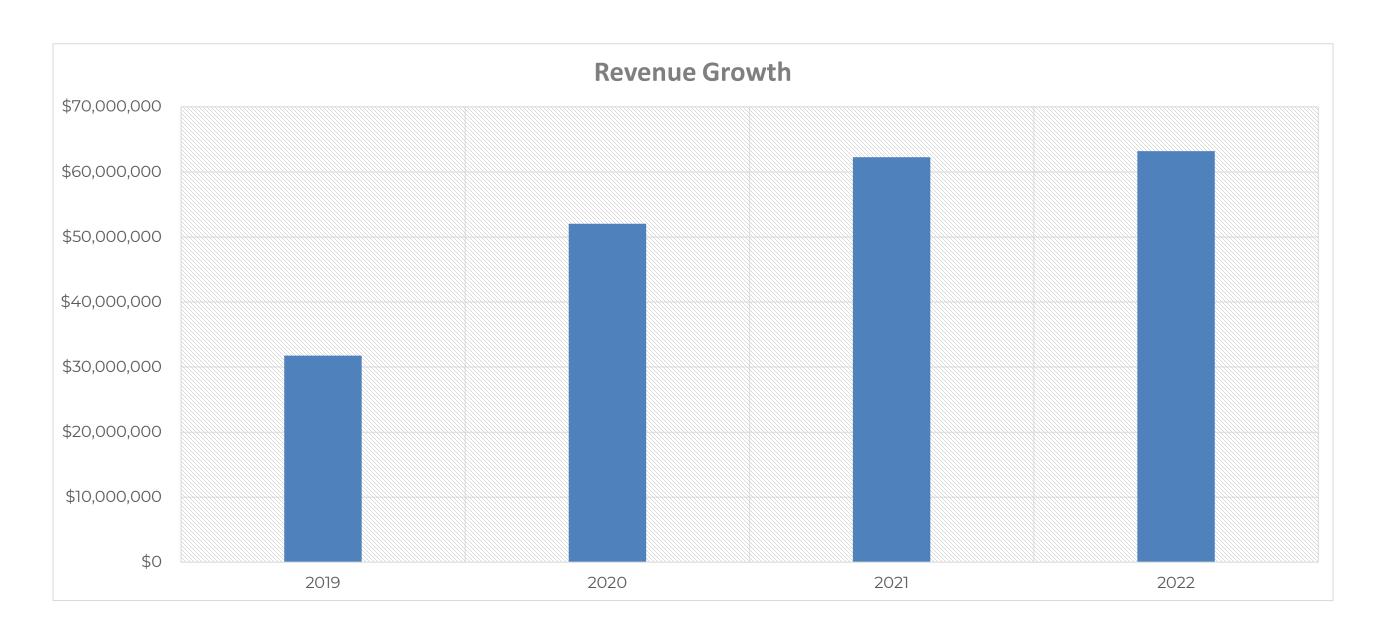
Delta 9 has delivered 130 Grow Pods to 13 facilities generated \$17 Million in Revenue since 2019. New sales into Portugal and USA





### Revenue Growth

2022





 2022 - Delta 9 awarded Fastest Growing Canadian Company in Globe and Mail annual ranking of fastest growing Canadian Companies in 2020 & 2021





# **Key Performance Indicators**

Production/Wholesale Unit	Q2, 2022	Q3, 2022	Q4, 2022	Q1, 2023	Q2, 2023
Total Grams Produced	2,632,094	1,958,123	2,159,616	2,083,967	1,635,209
Cash Production Cost Per Gram	\$0.55	\$0.76	\$0.53	\$0.51	\$0.77
Total Cash Cost Per Gram	\$0.75	\$0.81	\$0.68	\$0.66	\$0.82
Total Grams Sold	1,448,252	1,337,104	1,651,399	1,301,832	2,239,181
Avg Selling Price per Gram	\$3.65	\$2.06	\$1.69	\$1.70	\$1.35

#### **Retail Unit**

Number of Transactions Processed	348,963	376,598	387,285	367,860	401,774
Avg Transaction Size	\$37.41	\$36.43	\$39.51	\$39.64	\$37.81





# Historical Financial Highlights

(All numbers in 000's)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Wholesale Revenue	\$3,759	\$2,755	\$2,791	\$2,207	\$3,016
Retail Revenue	\$12,584	\$13,259	\$14,690	\$1,4,104	\$1,4,719
B2B Revenue	\$1,198	\$345	\$65	\$577	\$410
Revenue (Net of Excise Tax)	\$17,495	\$15,694	\$17,560	\$17,902	\$18,252
Cost of Sales	\$(12,851)	\$(13,772)	\$(14,174)	\$(12,689)	\$(13,039)
Gross Profit Before	\$4,644	\$1,922	\$3,386	\$4,213	\$5,212
Changes in Biological Assets Unrealized gain from changes in fair					
value of biological assets	(\$542)	\$(340)	(\$2,710)	\$2,135	(\$1,581)
Gross Profit	\$4,102	\$2,262	\$675	\$6,348	\$3,631
Total Operating Expenses	\$(7,532)	\$(8,466)	\$(8,368)	\$(7,561)	\$(7,131)
Income (loss) from Operations	\$(3,430)	\$(6,204)	\$(7,693)	\$(1,212)	\$(3,500)
Adjusted EBITDA (loss)	\$(391)	\$(1,683)	(\$1,480)	\$(475)	\$1,361

- Record Revenue in Q2 2023
- Gross Margin of 29%
- Positive Adj. EBITDA of \$1.4 Million
- Positive Cash From Ops of \$2
   Million



# Capitalization Table

Type of Security	Outstanding (000's)
COMMON SHARES CONVERTIBLE DEBENTURES WARRANTS	174,039 66,667
Exercisable @ \$0.70 until December 21, 2023 Exercisable @ \$0.255 until July 16, 2025 AGENT'S WARRANTS	5.23 8.80
Exercisable @ \$0.55 until December 21, 2023 Exercisable @ \$0.22 until June 30, 2025 STOCK OPTIONS	0.732 0.616
Exercisable @ \$0.55 until November 13, 2024 Exercisable @ \$0.60 until November 27, 2025 Restricted Share Units Restricted Share Units	2.21 0.84 0.48 2.55
FULLY DILUTED	262,083





### Contact Us

#### Management is prepared to meet with interested Investors

Please coordinate with Investor Relations below:

#### **Ian Chadsey**

Vice President of Corporate Affairs
Delta 9 Cannabis Inc.

+1 (204) 898-7722 Ian.Chadsey@delta9.ca