



Investor Factsheet

2019

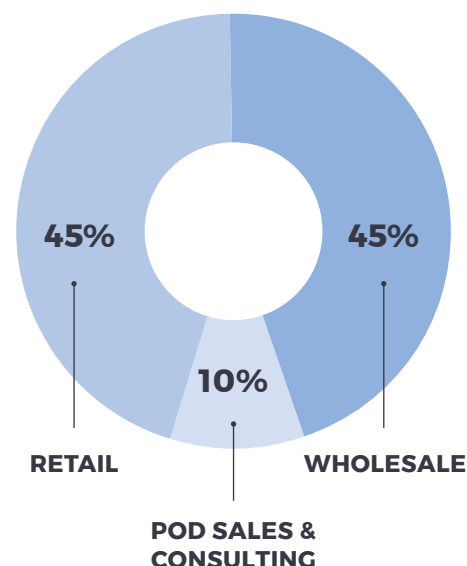
Delta 9 is Manitoba’s best-known cannabis brand with a 40% market share. It is one of Canada’s only vertically-integrated companies licensed for production, wholesale distribution, retail operations and oils production.

Delta 9 operates in 185,000 sq. ft. on a 47 acre site in Winnipeg, Manitoba. The company currently has 80,000 sq. ft. of Health Canada licensed facilities and employs 300 employees.

All of Delta 9’s cannabis production and processing activities are based in retrofitted shipping containers called Delta 9 Grow PODs which are modular, scalable, and stackable, allowing the company to grow vertically on multiple floors. The Grow PODs and hydroponic grow systems provide a high level of control over the grow environment, providing a premium-quality product. B2B pod sales are a growing part of our business.

Since November 2017, the Company has raised over \$53 Million to fund expansion opportunities.

*The Company shares currently trade under the symbol **TSX.V: DN** (TSX.V: DN.WT) and **OTCQX:VRNDF**.*



CONSOLIDATED INCOME STATEMENT	2018	2017	Y/Y %
Revenue	\$7,569,283	\$944,114	702%
Gross Profit	\$5,738,812	\$442,681	1,196%
Loss per Share	\$(0.10)	\$(0.16)	
Shares outstanding	81,277,702	48,732,913	

CONSOLIDATED BALANCE SHEET			
Total Assets	\$45,992,471	\$25,035,802	
Total Liabilities	\$10,630,135	\$479,404	
Shareholder Equity/ (Deficiency)	\$35,362,336	\$24,556,398	
Working Capital	\$20,700,000		

CONSOLIDATED STATEMENT OF NET LOSS	Q4 2018	Q3 2018	
Revenue	\$5,270,217	\$1,251,213	321%
Gross Profit	\$3,341,940	\$1,530,737	118%
Loss Per Share	\$(0.02)	\$(0.03)	

Proven producer

- Delta 9 uses low-risk Grow PODs to cultivate indoor cannabis in retrofitted shipping containers
- Grow PODs provide premium product/pricing (~20%), low-cost production (~\$1.20/gram) and reduced risk of crop failure
- Operations in Manitoba provide inexpensive labour, power and warehouse space

Production and product development ramp up

- With 300 employees, current capacity is 4,200 kg/year
- Plans to expand to 16,700 kg/year in 2019 (fully funded) and 60,000 kg by 2022
- Through various partnerships, Delta 9 will provide derivative products and cannabis-infused beverages

Vertical integration

- In conjunction with Canopy Growth, Delta 9 received one of four master retail licences in Manitoba
- Retail integration provides customer analytics ie. preferences, inventory control, product availability
- Retail operations in Winnipeg, Brandon and Thompson, with expansion opportunities in four provinces
- B2B POD sales provide 50% gross margin

Valuation

- Shares trade under the symbol **TSX.V:DN** and **OTCQX:VRNDF** and warrants are listed under **DN.WT**
- Stock trades at significant discount (~80%) to Canadian LP peer average

Our goal is to be recognized by customers as one of Canada's premium cannabis brands.

Our primary business objectives are to expand our Grow POD operation profitability and to maximize revenues and operating profit by further enhancing our position as one of Canada's only vertically-integrated cannabis companies.

Our strategy is centered on our disciplined focus and execution on:

1. Invest in Grow POD production
2. Accelerate wholesale and retail sales
3. Expand oil extraction operations
4. Improve customer service
5. Achieve a competitive cost structure
6. B2B Grow POD sales

ANALYST COVERAGE

Canaccord

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Peer Comparative Analysis

Canaccord Genuity Equity Research

EARNINGS RELEASE CALENDAR

Q1 2019: May 30, 2019

Q2 2019: Aug 29, 2019

Q3 2019: Nov 28, 2019

CANADIAN CANNABIS COMPANY	TICKER	SHARE PRICE	MARKET CAP (M)	EV/EBITDA		EV/REVENUE	
				CY2019E	CY2020E	CY2019E	CY2020E
Tilray	TLRY	\$51.30	\$6,352	N/A	84.5x	24.9x	12.3x
Organigram Holdings	OGI	\$8.90	\$1,468	19.6x	12.8x	7.5x	5.1x
Supreme Cannabis Company	FIRE	\$2.02	\$743	14.7x	8.8x	5.0x	3.3x
Aurora Cannabis	ACB	\$12.28	\$13,051	88.3x	30.0x	22.7x	12.8x
HEXO Corp.	HEXO	\$9.60	\$2,936	65.3x	18.8x	12.4x	6.9x
Cronos Group Inc	CRON	\$22.42	\$9,723	276.0x	68.4x	52.3x	24.7x
Invictus MD	GENE	\$0.71	\$105	10.3x	4.0x	1.5x	1.0x
The Green Organic Dutchman	TGOD	\$4.33	\$1,423	N/A	12.2x	12.2x	2.5x
Delta 9 Cannabis	DN	\$1.59	\$148	10.5x	6.4x	2.0x	1.0x
VIVO Cannabis	VIVO	\$0.90	\$288	37.0x	3.6x	3.0x	0.9x
MediPharm Labs Corp.	LABS	\$5.64	\$789	17.9x	9.3x	4.5x	2.7x
Average of Canadian Companies				55.4x	16.5x	10.8x	5.6x

CONTACT

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