



Investor Factsheet

2019

Delta 9 is Manitoba's best-known cannabis brand – 40% market share

Vertically-integrated licensed for production: wholesale distribution, retail operations, and oils production

Operates in 185,000 sq. ft. facilities on a 47-acre site in Winnipeg, Manitoba.

297 Grow Pods approved for production by Health Canada

Cannabis production capacity is 8,325 kg/year at cost of \$1.08/g

Finalizing purpose-built cannabis processing center with capacity of 25,000 kg/year

Plans to add 129 more Grow Pods in D Building to increase capacity to 11,975 kg/year

All of Delta 9's cannabis production is 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
- hydroponic grow systems provide a high level of control over the crop, providing a premium-quality product
- B2B Pod sales are a growing part of our business that have generated over \$2 million in sales this year

Q3 2019

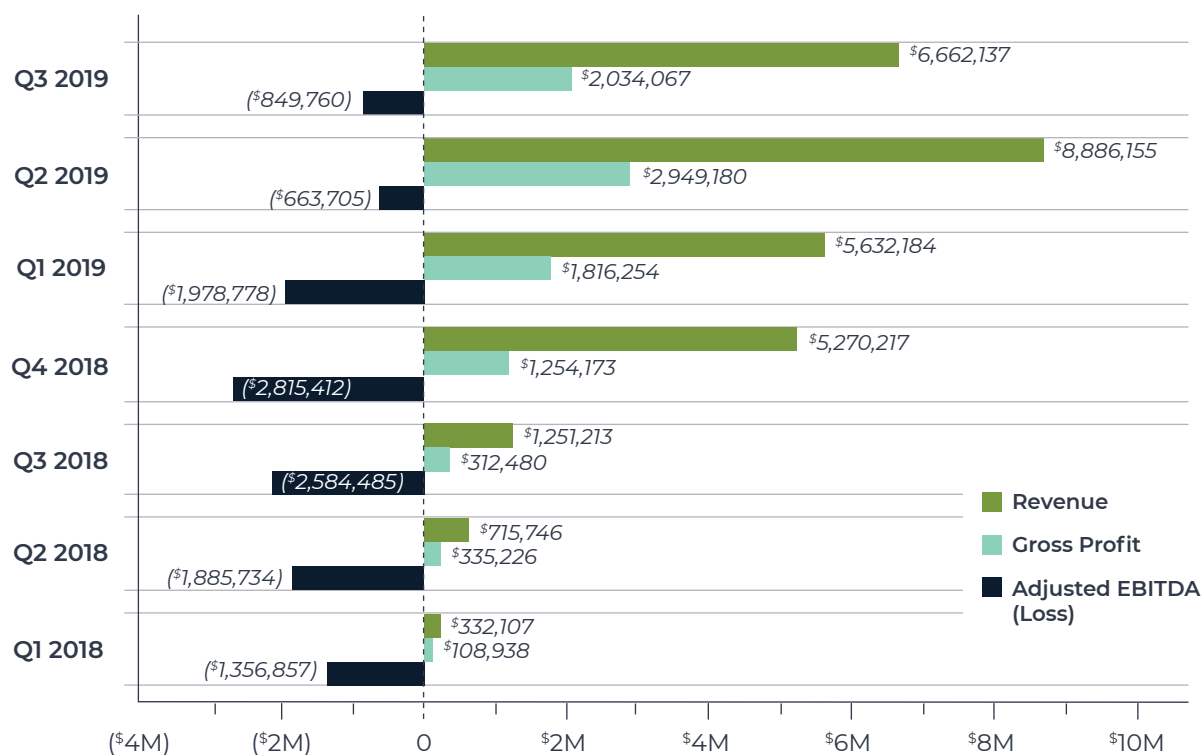
	Q3 2019	Q3 2018	Q3 INCREASES
Revenue	\$6,662,137	\$1,251,213	432%
Gross Profit	\$2,034,067	\$312,480	551%
Cost of Sales	\$4,628,070	\$938,733	393%
Adjusted EBITDA	(\$849,760)	(\$2,551,710)	67%
Net Income	(\$1,267,262)	(\$2,395,309)	47%
EPS	0.02	0.03	
Gross Margin	31%		

YTD 2019

	9 MO 2019	9 MO 2018	Q3 INCREASES
Revenue	\$21,180,476	\$2,299,066	821%
Gross Profit	\$6,799,501	\$756,644	799%
Cost of Sales	\$14,380,975	\$1,542,422	
Adjusted EBITDA	(\$3,492,243)	(\$5,766,065)	39%
Net Income	\$13,731,211	(\$6,502,007)	
EPS	0.16	0.08	
Gross Margin	32%		

BALANCE SHEET	Q3 2019	Q4 YR END 2018
Total Asset	\$67,320,526	\$45,975,616
Total Liabilities	\$32,265,853	\$10,670,447
Equity	\$35,054,673	\$35,305,169
Working Capital	\$17,332,919	\$35,305,169

Consolidated Statement of Net Loss



Proven producer

- Delta 9 uses High Quality Grow Pods to cultivate indoor cannabis in retrofitted shipping containers
- Grow Pods provide premium product, low-cost production (~\$1.08/g) and reduced risk of crop failure
- Operations in Manitoba provide relatively inexpensive labour, power and warehouse space

Production and product development ramp up

- Current capacity 8,325 kg/year with 297 Grow Pods
- Plans to increase capacity to 11,975 kg/year with 420 Grow Pods
- Through various partnerships, Delta 9 will sell high margin derivative products

Vertical integration

- Approved to sell products in Saskatchewan, Alberta and British Columbia
- Retail integration provides customer analytics ie. preferences, inventory control, product availability
- Retail operations in Winnipeg, Brandon and Thompson, with expansion opportunities in four provinces

Valuation

- Shares trade under the symbol TSX:DN and OTCQX:VRNDF and warrants are listed under DN.WT and DN.WT.A

KEY INDICATORS	Q1 MARCH 31, 2019	Q2 JUNE 30, 2019	Q3 SEPT 30, 2019
WHOLESALE UNIT			
Total Grams Produced	418,901	675,233	871,516
Cost Per Gram*	\$1.44	\$1.05	\$1.08
Total Cost Per Gram**	\$1.60	\$1.21	\$1.21
Total Grams for Sale	185,626	565,599	519,596
Total Grams Sold	399,787	527,693	548,981
Avg Selling Price per Gram	\$7.58	\$5.63	\$4.19
RETAIL UNIT			
Total Grams Sold (Retail)	189,796	282,336	349,410
Avg Selling Price per Gram	\$12.84	\$12.42	\$12.47
# Transactions Processed	44,885	84,882	108,438
Avg Transaction Size	\$58.27	\$41.46	\$41.67

*Direct Production Cost per gram includes direct labour, nutrients, utilities, growing materials and supplies costs

**Total Cost per gram includes Direct Production Cost per gram plus processing labour, packaging, bottling, and labelling costs

ANALYST COVERAGE

Canaccord
Kimberly Hedlin

Mackie Research
Greg McLeish

EARNINGS RELEASE CALENDAR

Q1 2019: May 30, 2019

Q2 2019: Aug 28, 2019

Q3 2019: Nov 14, 2019

Peer Comparative Analysis

Canaccord Genuity Equity Research

CANADIAN CANNABIS COMPANY	TICKER	SHARE PRICE	MARKET CAP (M)	EV/EBITDA		EV/REVENUE	
				CY2019E	CY2020E	CY2019E	CY2020E
Canopy Growth	WEED	\$25.42	\$11,840	N/A	N/A	12.0x	8.0x
Aphiria Inc.	APHA	\$6.27	\$1,590	130.3x	27.0x	3.9x	2.6x
Tilray 2,1	TLRY	\$21.57	\$2,671	N/A	N/A	10.9x	5.7x
OrganiGram Holdings	OGI	\$3.57	\$577	13.9x	7.2x	4.1x	2.4x
Supreme Cannabis Company	FIRE	\$0.89	\$371	27.5x	8.3x	4.2x	2.6x
Aurora Cannabis	ACB	\$4.71	\$5,088	N/A	39.4x	13.0x	8.2x
CannTrust	TRST	\$1.29	\$179	0.7x	1.4x	N/A	N/A
HEXO Corp.	HEXO	\$2.80	\$849	N/A	83.3x	8.0x	5.0x
Cronos Group Inc.	CRON	\$10.40	\$4,756	N/A	N/A	28.7x	10.8x
The Green Organic Dutchman	TGOD	\$0.97	\$272	N/A	25.4x	9.7x	2.8x
Delta 9 Cannabis	DN	\$0.55	\$48	N/A	9.1x	2.0x	1.1x
VIVO Cannabis	VIVO	\$0.28	\$84	N/A	7.4x	2.0x	0.9x
MediPharm Labs Corp.	LABS	\$4.42	\$678	18.8x	10.7x	4.2x	2.9x
Average of Canadian Companies				38.2x	19.7x	7.3x	3.7x

Date: Nov 12, 2019

CONTACT

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