



**SIMPLY SOLVENTLESS ANNOUNCES STRATEGIC ACQUISITION OF CANNABIS CULTIVATOR DELTA 9 BIO-TECH, ADDING APPROXIMATELY \$12 MILLION ANNUAL REVENUE (25% INCREASE) AND \$2.5 MILLION ANNUAL ADJUSTED EBITDA (23% INCREASE), FOR CONSIDERATION OF NIL NET OF EXPECTED WORKING CAPITAL RECEIVED, ANNOUNCES EXECUTIVE APPOINTMENTS, AND PROVIDES \$0.40 WARRANTS UPDATE**

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CALGARY, Alberta (December 30, 2024) – Simply Solventless Concentrates Ltd. (**TSXV: HASH**) (“**SSC**”) is pleased to announce that it has entered into a share purchase agreement dated December 28, 2024 (the “**SPA**”) with Delta 9 Cannabis Inc. (“**Delta 9**”) in respect of the acquisition of all of the issued and outstanding shares of Delta 9 Bio-Tech Inc. (“**Bio-Tech**”) for cash consideration of \$nil net of approximately \$3.0 million of expected net working capital received, or cash consideration of \$3.0 million without deducting expected working capital received, payable in a series of payments of \$0.75 million by January 2, 2025 and \$2.25 million on the closing date, expected to be January 31, 2025 (the “**Acquisition**”). SSC also announces the appointment of Jeff Holmgren as Chief Financial Officer and the promotion of Murray Brown, SSC’s current Vice President, Operations, to the position of Chief Operating Officer. Additionally, all of SSC’s 8,700,000 common share purchase warrants exercisable at a price of \$0.40 per share with an expiry date of December 23, 2024, have been exercised for proceeds of \$3,480,000.

Vertically integrating upstream into cultivation is a core SSC strategic mandate due to a tightening supply demand dynamic pushing cannabis prices upward, SSC’s increasing demand for dried flower due to the acquisition of leading preroll manufacturer ANC Inc., and the desire for SSC to participate in the dried flower product category which holds a 40% market share (according to Headset data). The acquisition of Bio-Tech provides SSC with a predictable volume of high-quality Good Agricultural Collection Practice (“**GACP**”) certified internationally exportable flower, with low per gram cost of cultivation, for an attractive acquisition metric of only 0.0x adjusted EBITDA post integration, net of expected net working capital received. SSC assumes no debt or liabilities from the Acquisition, and with a large portion of the synergies being captured prior to closing, SSC believes that Bio-Tech will contribute meaningfully to further expanded revenue and adjusted EBITDA in Q1 2025.

SSC will provide Q1 2025 guidance in the weeks after closing of the Acquisition.

### **About Bio-Tech**

Bio-Tech operates a 95,000 square foot GACP certified cannabis cultivation facility in Winnipeg, Manitoba (the “**Facility**”), with an annual cultivation capacity of approximately 9,000kg of dried cannabis flower and trim.

Bio-Tech currently services the recreational dried flower markets in Ontario, Alberta, Manitoba, Saskatchewan, British Columbia, and the Maritimes, and the business-to-business wholesale market in Canada and internationally.

### **The Acquisition**

Pursuant to the order of the King's Bench of Alberta (the "**Court**") issued July 15, 2024 (as amended and restated from time to time), Delta 9 and Bio-Tech, among other entities, collectively, commenced proceedings under the Companies' Creditors Arrangement Act (the "**CCAA**"). On July 24, 2024, Bio-Tech entered a court granted sale and investment solicitation process for the business and/or assets of Bio-Tech.

SSC has entered into the SPA with Delta 9 in respect of the Acquisition, pursuant to which SSC will acquire all of the issued and outstanding shares of Bio-Tech for cash consideration of \$nil net of approximately \$3.0 million of expected net working capital received, or cash consideration of \$3.0 million without deducting expected working capital received, payable in a series of payments of \$0.75 million by January 2, 2025 and \$2.25 million on the closing date, expected to be January 31, 2025. SSC will also enter into a lease in respect of the Bio-Tech facility, conditional upon closing of the Acquisition.

#### Valuation Metrics of Acquisition

- Adjusted EBITDA Multiple (Net of Expected Working Capital Received): 0.0x estimated annual adjusted EBITDA (\$0.0 million consideration net of expected working capital received / \$2.5 million estimated annual adjusted EBITDA of Bio-Tech). Adjusted EBITDA is a non-IFRS measure. See "Non-IFRS Financial Measures" below.
- Adjusted EBITDA Multiple (Without Deducting Expected Net Working Capital Received): 1.2x estimated annual adjusted EBITDA (\$3.0 million consideration / \$2.5 million estimated annual adjusted EBITDA of Bio-Tech). Adjusted EBITDA is a non-IFRS measure. See "Non-IFRS Financial Measures" below.

Closing of the Acquisition is subject to several conditions precedent, including but not limited to the approval of the TSXV, the completion of the reverse vesting order pursuant to the CCAA proceedings and a notification to Health Canada. There is no guarantee that the Acquisition will close on the terms set forth herein or at all.

#### **Key Benefits and Synergies**

Key benefits and synergies of the Acquisition are as follows:

- Low Cultivation Costs: Upon capture of synergies, it is expected that the all-in cash cost to cultivate will be approximately \$0.60-\$0.70 per gram, among the lowest for indoor cannabis in Canada.
- No Liabilities: As Bio-Tech is being acquired through CCAA proceedings, SSC will assume no liabilities upon closing of the Acquisition.
- Tax Pools: Bio-Tech has approximately \$60 million of accrued non-capital loss tax pools which may be usable to SSC. Should these tax pools be utilized, they are expected to reduce future tax payments by up to \$12 million at an effective tax rate of 20%.
- International Exposure: The Facility is GACP certified, allowing for the export of dried flower to international markets, which currently attracts higher selling prices.

- Complimentary Products: SSC does not currently cultivate or sell dried flower. The Acquisition will allow SSC to participate in the dried flower product category, which is the largest cannabis product category in Canada with a market share of approximately 40% (according to Headset data).
- Supply Chain: In the opinion of SSC, the supply demand dynamic is balancing in the Canadian wholesale cannabis marketplace, making it more difficult to procure the inputs that SSC requires. The Acquisition secures a supply of high-quality flower and trim for use in SSC's prerolls and in the manufacturing of concentrates and hash.
- Prerolling: Bio-Tech sells regular and infused prerolls in numerous markets. SSC's subsidiary ANC Inc. will bring this manufacturing in-house, maximizing efficiency.
- Vapes: Bio-Tech sells vape cartridges in numerous markets, and it currently outsources all vape manufacturing. This manufacturing will come in-house at SSC's Massive Hash Factory facility, reducing production costs.
- Inventory Velocity: Bio-Tech sells several products that SSC currently manufactures, including hash, which will help maximize inventory turnover.
- Facility Cost Savings: SSC will be able to rationalize the activities performed at its various facilities, reducing fixed operating costs by approximately \$750,000 annually once rationalized (prior to the estimated post integration adjusted EBITDA figure of \$2,500,000).
- Cost Synergies: Administration, including but not limited to public company costs, accounting, IT, governance, and HR will be shared, reducing costs significantly.
- Blended Excise Rate: Bio-Tech pays lower excise rates as a cultivator, which will lower SSC's overall corporate blended excise tax rate.

### **Bio-Tech Financial Figures and Preliminary Proforma**

Bio-Tech financial figures and preliminary projected proforma are as follows:

- Bio-Tech Production: Bio-Tech is currently producing approximately 9,000kg per year of high-quality cannabis. It is believed that production can be increased to 15,000-18,000kg per year with approximately \$4.0 million of capital investment, which is not planned at this time.
- Bio-Tech Revenue: Bio-Tech is expected to generate approximately \$12.0 million of annualized gross revenue, which would represent an increase of approximately 25% from current SSC levels. It is believed that the current average selling price per gram of \$1.11/g can be increased through international export and through other initiatives.
- Bio-Tech Adjusted EBITDA: After capturing synergies, Bio-Tech is expected to generate approximately \$2.5 million of annualized adjusted EBITDA (prior to any facility rationalization as noted above), which would represent an increase of approximately 23% from current SSC levels.

### **Executive Appointments**

SSC is pleased to announce that it has appointed Jeff Holmgren as its Chief Financial Officer, and that Murray Brown has been promoted to the position of Chief Operating Officer.

Jeff is a seasoned finance executive with a passion for corporate leadership and hands-on strategic entrepreneurialism. Jeff's career started at Ernst & Young LLP, where he obtained his chartered

accountant designation and an in-depth knowledge of financial reporting, securities compliance and corporate governance serving clients in both public and private, domestic and international sectors, followed by over 20 years of executive level experience serving as CFO for numerous public and private oil and gas companies until his transition to the cannabis industry in 2018. Jeff's deep understanding of the regulatory environment, capital markets and familiarity with the cannabis consumer was integral to the growth of Trees Cannabis into a national cannabis retailer, where as co-founder, CFO and later President, he navigated the complex and challenging business environment until its sale in 2024. With a unique aptitude for corporate restructuring, strategic growth and leadership, Jeff is honoured to have the opportunity to leverage his knowledge and experience with the industry leading team at SSC.

Jeff Holmgren replaces Jeff Hall as SSC's Chief Financial Officer. SSC thanks Jeff Hall for his contributions to SSC in his time as CFO.

Prior to Murray's promotion to Chief Operating Officer, Murray served as SSC's Vice President, Operations. Murray has been instrumental in SSC's growth, driving acquisition integration and the expansion of SSC's operating capabilities company wide. Murray boasts four decades of experience at the executive level in cannabis, oil and gas services, and manufacturing. Prior to joining SSC, Murray served as Vice President, Operations for a licensed cannabis producer for a period of five years.

### **Option Grant**

In connection with the appointment of Jeff Holmgren as CFO, SSC has granted Jeff Holmgren 400,000 stock options with an exercise price of \$0.64 per share and expiring five years from the date of grant. The appointment of Jeff Holmgren and the option grant remains subject to the final approval of the TSXV.

### **\$0.40 Warrant Update**

All of SSC's 8,700,000 common share purchase warrants exercisable at a price of \$0.40 per share with an expiry date of December 23, 2024, have been exercised for proceeds of \$3,480,000. The expiry date of these warrants was December 23, 2024, as December 21, 2024, the original expiry date, was on a Saturday.

### **About Simply Solventless Concentrates Ltd.**

SSC is a public company incorporated under the *Business Corporations Act* (Alberta). SSC's mission is to provide pure, potent, terpene-rich ready to consume cannabis products to discerning cannabis consumers.

For more information regarding SSC, please see [www.simplysolventless.ca](http://www.simplysolventless.ca).

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### **Third-Party Information**

All third-party information contained herein, including information regarding Bio-Tech which has been provided by management of Bio-Tech, has not been independently verified by SSC. While SSC believes such information to be reliable, SSC makes no representation or warranty as to the accuracy of such information.

### **Notice on Forward Looking Information**

This press release contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable securities laws. Any statements that are contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as “may”, “should”, “anticipate”, “will”, “estimates”, “believes”, “intends”, “expects”, “projected”, “approximately” and similar expressions which are intended to identify forward-looking statements. More particularly and without limitation, this press release contains forward looking statements concerning the benefits of the Acquisition, including financial projections and synergies of the Acquisition, revenue growth, the timing of SSC providing Q1 2025 guidance, the expected closing date of the Acquisition, the net working capital of Bio-Tech on closing of the Acquisition, tax pools of Bio-Tech usable post-closing of the Acquisition, capitalizing on SSC’s business plan and SSC’s and Bio-Tech’s operations and performance following the Acquisition. SSC cautions that all forward-looking statements are inherently uncertain, and that actual performance may be affected by a number of material risks, factors, assumptions and expectations, many of which are beyond the control of SSC, including expectations and assumptions concerning SSC, the ability to satisfy conditions precedent to the closing of the Acquisition, including approval of the TSXV, a notification to Health Canada and completion of the CCAA court proceedings, the ability to realize expected revenue and cost synergies of the Acquisition on the timelines expected, the risk that the businesses will not be integrated successfully, the ability to maintain relationships with customers, employees and suppliers, the timing and market acceptance of products, competition in SSC’s markets, SSC’s reliance on customers, fluctuations in interest rates, SSC’s ability to maintain good relations with its customers, employees and other stakeholders, changes in law or regulations, SSC’s ability to protect its intellectual property, as well as other risks and uncertainties, including those described in SSC’s filings available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The reader is cautioned that assumptions used in the preparation of any forward-looking statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of SSC. The reader is cautioned not to place undue reliance on any forward-looking statements. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

The forward-looking statements contained in this press release are made as of the date of this press release, and SSC does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by securities law.

### **Future Oriented Financial Information**

This press release contains future-oriented financial information and financial outlook information (collectively, “**FOFI**”) about gross revenue, adjusted EBITDA, operating costs and inventory turnover of SSC, which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this document was approved by management as of the date of this document and was provided for the purpose of providing further information about SSC’s future business operations assuming closing of the Acquisition. SSC and its management believe that FOFI has been prepared on a reasonable basis, reflecting management’s best estimates and judgments, and represent, to the best of management’s knowledge and opinion, SSC’s expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. SSC disclaims any intention or obligation to update or revise any FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein. Differences in the timing of capital expenditures or revenues and variances in production estimates can have a significant impact on the key performance measures included in SSC’s guidance. SSC’s actual results may differ materially from these estimates.

#### **Non-IFRS Financial Measures**

This press release includes references to “adjusted EBITDA” which is not defined under International Financial Reporting Standards (IFRS). The intent of this non-IFRS measure is to provide additional useful information to investors and analysts. This non-IFRS measure does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other entities. As such, this non-IFRS measure should not be considered in isolation or used as a substitute for measures of performance prepared in accordance with IFRS.

Adjusted EBITDA is calculated as income before interest, taxes, depreciation and amortization expenses. Adjusted EBITDA is considered as a useful measure by management of SSC to understand profitability excluding the effects of capital structure, taxation and depreciation, but may not be appropriate for other purposes. Adjusted EBITDA is not defined under IFRS and therefore should not be considered an alternative to, or more meaningful than, income (loss) and comprehensive income (loss).

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.