

Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains

May 2025



Delota Corp.'s 2025 Annual Report on Fighting Against Forced Labour and Child Labour in Supply Chain

Reporting Entity's Legal Name/Business Number: Delota Corp. / 807791199

Reporting Entity's Active Subsidiaries /Business Numbers:

- 2360149 Ontario Inc. d.b.a. 180 Smoke Vape Store / 830209730
- 180 VFC Inc. d.b.a. Vape Mall / 735557498
- Spyder Cannabis Subco Inc. d.b.a. Offside Cannabis / 841567597

Financial Reporting Year: Feb 1, 2024, to March 31, 2025

Identification of a Revised Report: N/A

Identification of a Joint Report: N/A

Identification of Reporting Obligations in Other Jurisdictions: N/A

Sector: Retail Trade

Location: Concord, Ontario, Canada

About Delota Corp.

Delota Corp. (“Delota” or the “Company”) is a nicotine vape enterprise that spearheads the smoke-free revolution in Canada, catering to adult consumers seeking alternatives to traditional combustible tobacco. With a strong emphasis on delivering exceptional retail experiences and carefully curated product offerings, the Company is dedicated to redefining the way people transition away from smoking.

The Company’s flagship brand, 180 Smoke Vape Store, stands as Ontario’s largest omni-channel specialty vape retailer, fueling innovation, growth, and leadership in the nicotine vape and alternative tobacco sector. The Company also operates recreational cannabis retail stores under its Offside Cannabis brand.

In this report, we outline information as required under section 11(1) and 11(3) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act. More specifically, we describe the steps Delota has taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by Delota.

Reporting entity and structure

Delota is the parent company of 180 Smoke Vape Store, Vape Mall, and Offside Cannabis. The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on February 20, 2014. Delota’s common shares currently trade on the Canadian Securities Exchange under the symbol "NIC" and on the Frankfurt Stock Exchange under the symbol "S62". The Company’s corporate and registered office is 7941 Jane Street, Unit 2, Concord, Ontario, L4K 2M7.

Delota has a well-defined organizational structure that supports its chain of retail stores and e-commerce business. There are approximately 150 full and part-time employees working at Delota. All employees work in Ontario, Canada and are subject to Canadian labour laws.

Activities and supply chain

Delota operates primarily in Canada and focuses on two main segments of business: nicotine and cannabis. Our nicotine business includes 32 brick-and-mortar retail locations, an e-commerce platform, and wholesale distribution to smaller retailers. Our cannabis business includes three brick-and-mortar retail locations. All employees working in our Canadian operations, including stores, back office, and warehouse, must be 19 years of age or older.

For our vape business, we source a majority of our inventory from North American-based distributors. However, many of the finished goods (e.g. disposables, closed system vapes, mod devices, etc.) from these distributors are manufactured in China. Additionally, we procure raw components such as e-liquid bottles and flavours from Asia. Please find breakdown of where we purchase our inventory below:

- Canada: 92.5%
- USA: 6.8%
- Malaysia: 0.5%
- China: 0.2%

For our cannabis business, we source 100% of our inventory from Canadian-based distributors. The vast majority (98.8%) of our cannabis inventory is purchased from the Ontario Cannabis Retail Corporation, a Crown Corporation. The remaining inventory consists of cannabis-related accessories, such as rolling papers and pipes, which are sourced from Canadian distributors. Similar to our vape business, many of these cannabis-related accessories are manufactured in China.

This comprehensive sourcing structure enables us to provide a diverse range of products to our customers while maintaining a strong commitment to ethical and responsible business practices. We continuously monitor our supply chain to ensure compliance with our standards and address any potential risks of forced labour or child labour.

Steps taken to prevent and reduce risks of forced labour and child labour

Delota does not tolerate any form of modern slavery, forced labour, or child labour in our operations or supply chain. We expect our business partners and suppliers to uphold these same principles within their operations and adhere to applicable human rights and employment standards laws.

During the Reporting Period, Delota has taken the following steps to prevent and reduce the risk that forced labour or child labour is used within our own operations and within our supply chain:

- We conducted an annual review of our business conduct terms and update them as necessary, ensuring all team members are informed of these changes.
- We continuously and consistently reviewed age of employment, ID verification, labour hours, overtime tracking, and health and safety policies and procedures.
- We regularly reviewed our internal recruitment process and maintained strict internal controls to ensure that all Delota employees are recruited voluntarily and meet the legal age requirements.
- We visited select suppliers' operations in Canada and China and did not observe any instances of non-compliance with our ethical standards, including the prohibition of forced labour and child labour.

Policies and due diligence processes in relation to forced labour and child labour

We believe that good governance is the essential foundation of a respectful and inclusive corporate culture that earns trust from and builds value for all our stakeholders. We recognize that respecting human rights is a shared responsibility of all enterprises, regardless of where they operate globally or where their products are sourced. Currently, we do not have specific policies regarding forced labour, child labour, or human rights in general, nor have we developed due diligence processes or controls for these issues.

Risk of forced labour or child labour being used and the steps we have taken to assess and manage that risk

Delota recognizes that some elements of our supply chain present a risk of forced labour or child labour. The ways we identify and manage this risk include:

- Enforcing human resources and health and safety policies;
- Engaging with our team members, suppliers, customers, and other stakeholders as a way of identifying risk or non-compliance ; and
- Completing reviews of supplier operations.

We recognize that the procedures we currently have in place are insufficient. While we are confident in our distributors, we do not have full visibility into their extended supply chain networks. We are actively working on engaging in dialogues with our key partners and distributors to reduce the risk of forced and child labour in our supply chain.

Any measures taken to remediate any forced labour or child labour

To date, there have been no identified or reported stances of forced labour or child labour in our activities and supply chains.

Remediation of loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains

To date, there have been no identified or reported instances of loss of income to vulnerable families that resulted from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

Training provided to employees on forced labour and child labour

Understanding and complying with our Code of Ethics is a requirement at Delota. Our onboarding programs for salaried team members include training on our Code of Ethics, as well as various supporting human resources and health and safety policies. We require these team members to review and sign off on our Code of Ethics and participate in a range of values training programs. Looking ahead, we plan to further integrate training on our position against forced labour and child labour for relevant team members.

Effectiveness assessments to ensure that forced labour and child labour are not being used in its business and supply chains

To evaluate effectiveness, Delota must first acknowledge that we currently do not have a comprehensive set of policies in place. Moving forward, we will focus more on this area and, as we enhance our policies and practices, Delota will evaluate their effectiveness through the following measures:

- Setting up a regular audit of the organization's policies and procedures related to forced labour and child labour;
- Tracking relevant KPIs, such as the percentage of spend with Canadian suppliers and the percentage of spend on indirect imports originating from high-risk countries;
- Establishing a confidential reporting mechanism for employees to report any concerns or violations; and
- Reviewing and updating our risk assessment processes periodically to reflect changes in the supply chain and global risk factors.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Delota Corp.

A handwritten signature in black ink, appearing to read "C. Wickham", is positioned above the printed name.

Cameron Wickham

Director & Chief Executive Officer

May 31, 2025

I have authority to bind the Corporation.