

Disclaimer

Forward-looking statements

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Corporate Presentation

SECOND QUARTER 2025

July 2025

NASDAQ: **SNDL**
CSE: **SNDL**

Q2 2025 Company Highlights



CANNABIS REVENUE GROWTH WELL AHEAD OF MARKET

Cannabis business consistently expanded revenue YOY in the last fourteen quarters, showcasing the benefits of the Company's vertical integration strategy



GROSS MARGIN EXPANSION

All segments expanding gross margin, with Liquor segment reaching new record and Cannabis segments showing strong productivity improvements, including synergies from Indiva acquisition



FIRST PROFITABLE QUARTER

Q2 marked the first quarter ever with both positive Operating Income and Net Earnings, underscoring the effectiveness of our strategic improvement agenda

Q2 Financial Highlights

Net Revenue	\$245MM	\$16.6MM Increase YOY	7.3% Increase YOY
Gross Profit	\$67.6MM	\$9.4MM Increase YOY	16.2% Increase YOY
Gross Margin	27.6%	2.1 pp Increase YOY	
Adj. Operating Income ¹	\$5.8MM	\$10.4MM Increase YOY	226.3% Increase YOY
Free Cash Flow ²	\$(7.9)MM	\$(2.3)MM Decrease YOY	(40.7)% Decrease YOY

SNDL delivered strong results and is well-positioned for success in 2025 and beyond

Financial performance shows clear operational improvements with solid Net Revenue growth, continued Gross Margin expansion and positive Operating Income. Negative Free Cash Flow driven by growth investments in working capital and CAPEX, and seasonal payments

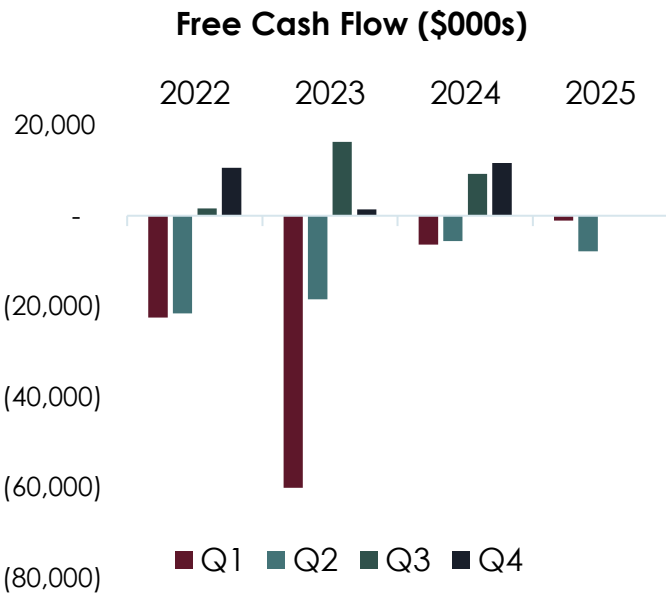
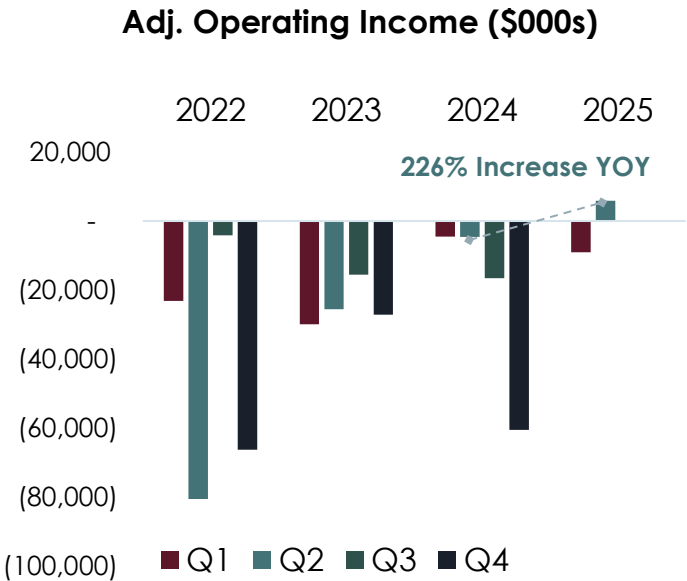
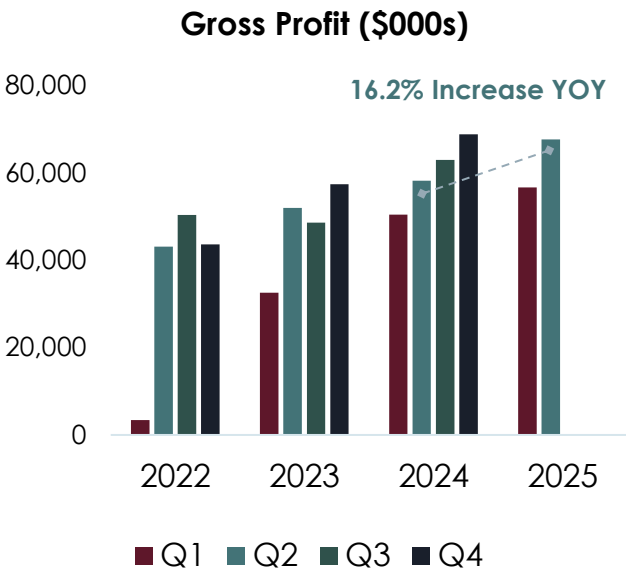
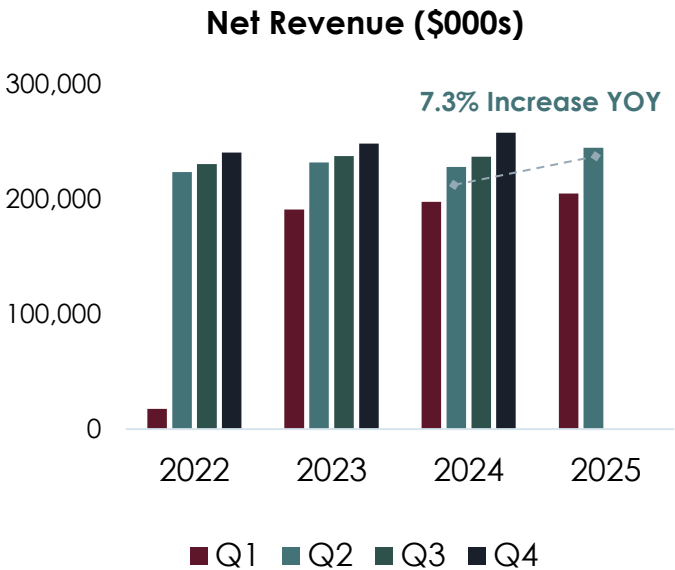
¹Adjusted operating income (loss) is defined as operating income (loss), less restructuring costs (recovery), goodwill and intangible asset impairments and asset impairments triggered by restructuring activities.

²Free cash flow is defined as the total change in cash and cash equivalents less cash used for common share repurchases, dividends (if any), changes to debt instruments, changes to long-term investments, net cash used for acquisitions plus cash provided by dispositions (if any)

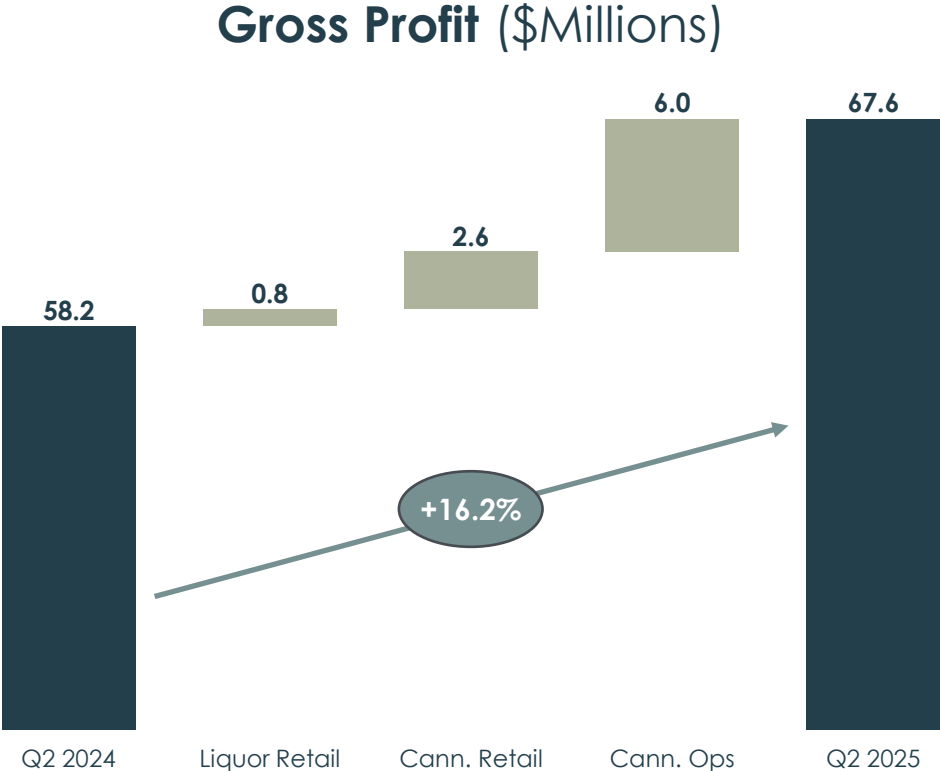
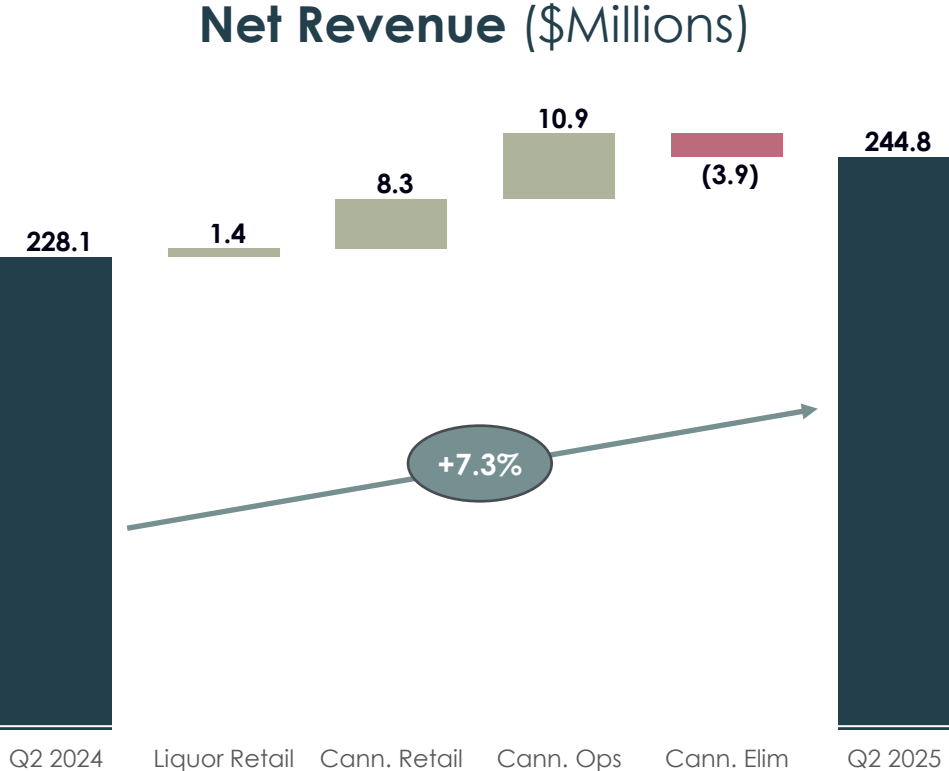
Second Quarter 2025 Financial Performance

SNDL delivered ~\$6 million in Adjusted Operating Income its first-ever profitable quarter; this milestone was driven by significant gross profit expansion and continued solid net revenue growth above market and key competitors in both Cannabis segments, demonstrating the Company's ability to optimize performance and drive profitability

These results underscore SNDL's positive trajectory toward sustained profitability, while investing in our strategic growth agenda

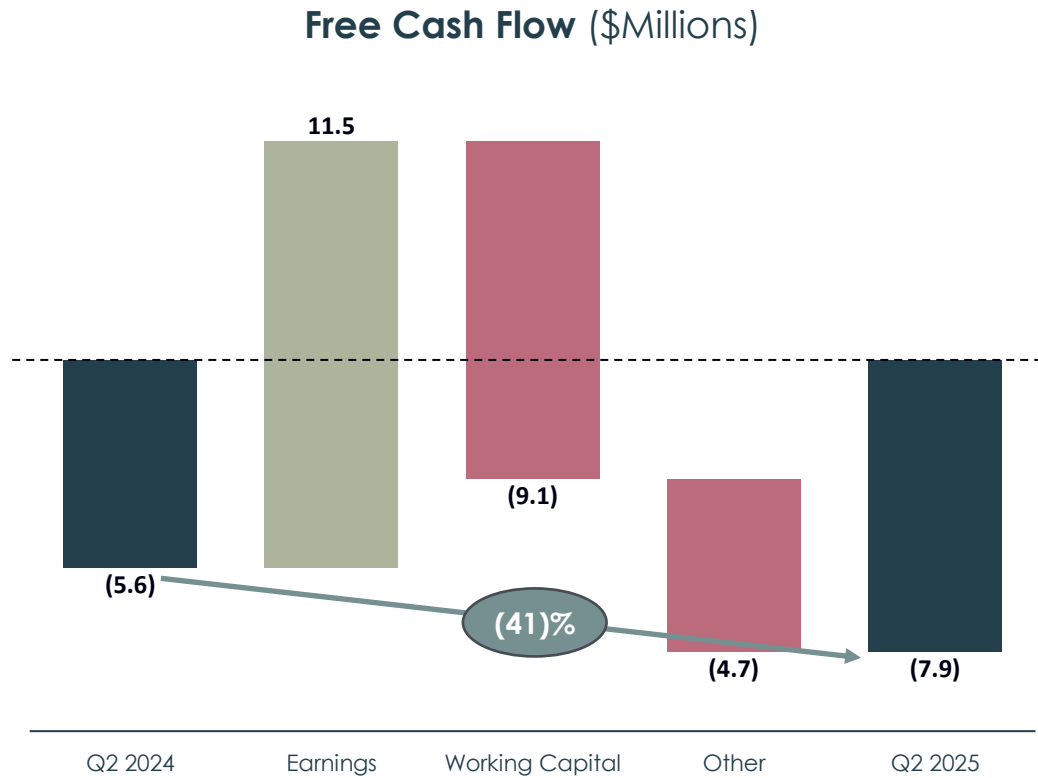
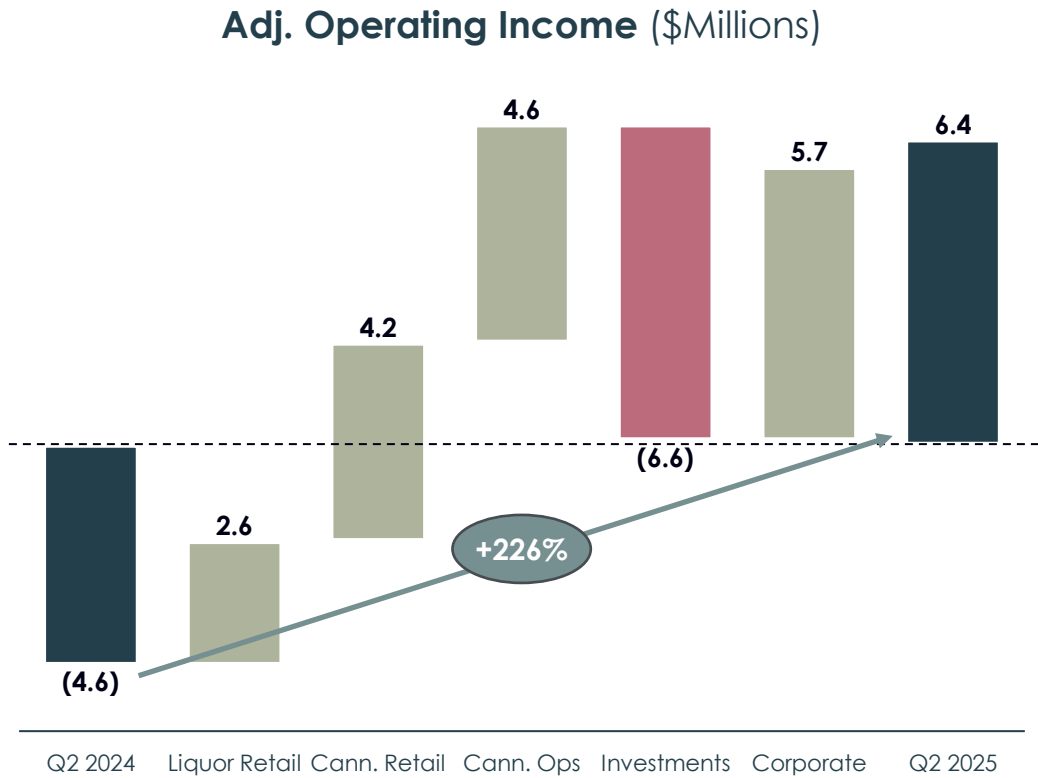


Net Revenue and Gross Profit Contribution by Segments



NOTES
All numbers are for the second quarter of 2025, ending June 30, 2025
Cannabis Elimination Net Revenue reflects elimination associated with the Cannabis Operations sales to the provincial boards that are expected to be subsequently repurchased by the Company's licensed retail subsidiaries for resale

Adjusted Operating Income Contribution by Segment and Free Cash Flow drivers



NOTES
All numbers are for the second quarter of 2025, ending June 30, 2025.

Q2 negative Free Cash Flow due to seasonal payments, working capital investments and CAPEX to accelerate future growth

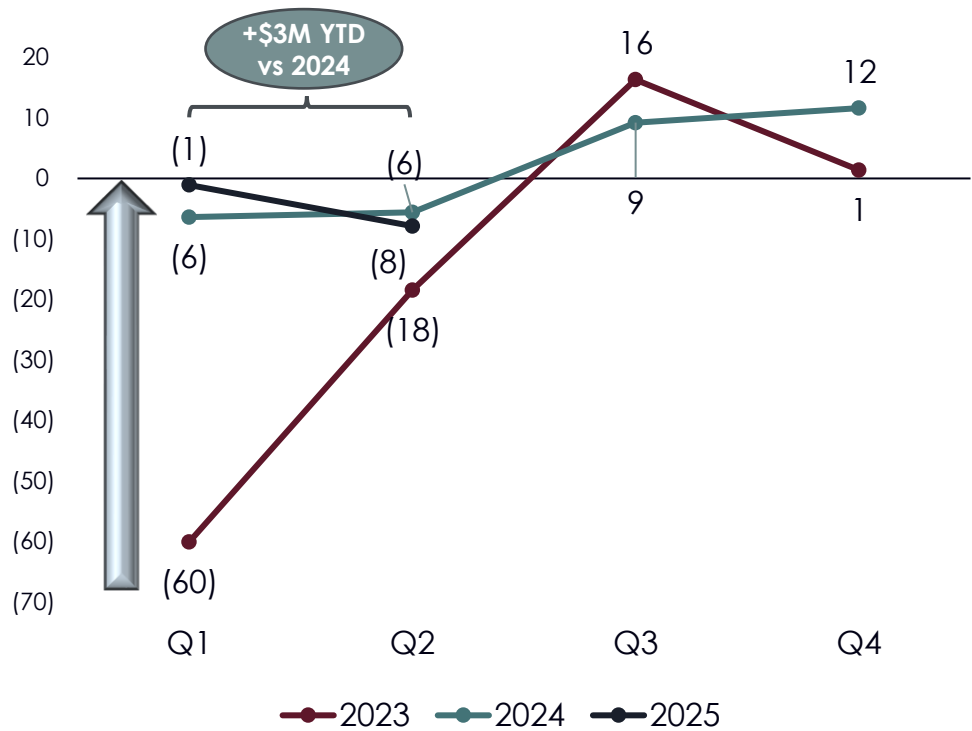
FCF Breakdown (\$Millions)

	<u>Q1'25</u>	<u>Q2'25</u>
Net Income	(14.7)	2.9
Non-Cash add backs	21.5	16.7
Inventory Change (Inc)/Dec	(6.3)	(1.2)
Other WC change (Inc)/Dec	7.6	(12.4) ^(*)
Capex & Lease payments	(9.2)	(13.8)
Total Free Cash Flow	(1.1)	(7.9)

Q2'25 Other WC change include ^(*)

- Annual Mngt. Incentive payout \$(8)MM
- Annual Insurance premiums \$(3)MM

Free Cash Flow trend (\$Millions)



Q2 2025

Liquor Retail Results

- **Positive sales performance** aided by Easter shift and strong 7.2% Wine & Beyond sales growth
- **Private label sales** out-performing national brands by 7.8pp in Q2
- Improvement in gross margin was mainly driven by **product mix management, pricing and procurement productivity** initiatives



Net Revenue

\$141.9_{MM}

Increase of \$1.4 million

1.0% Increase year-over-year



Gross Profit

\$36.5_{MM}

Increase of \$0.8 million

2.2% Increase year-over-year



Gross Margin

25.7%

Up by 0.3pp from Q2 2024



Adj. Operating Income

\$11.1_{MM}

Increase of \$2.6 million

31% Increase year-over-year



Q2 2025

Cannabis Retail Results

- **Same store sales growth** of 8.2% year-over-year, including uplift from **conversions to Value Buds**
- Additional net revenue growth from **new store openings**
- Strong Operating Income result driven by **business growth**, **margin expansion**, and **overhead optimization** along with impairment reversals



Net Revenue

\$84.4_{MM}

Increase of \$8.3 million

11% increase year-over-year



Gross Profit

\$21.9_{MM}

Increase of \$2.6 million

14% increase year-over-year



Gross Margin

25.9%

Up by 0.6pp from Q2 2024



Adj. Operating Income

\$8.1_{MM}

Increase of \$4.2 million

107% increase year-over-year



NOTES

Excluding corporate cost allocation

Excludes franchise system-wide sales

Comparisons are to the second quarter of 2024

Q2 2025

Cannabis Operations Results

- Strong net revenue growth as a result of **Indiva acquisition** along with **increased International sales** (\$3.8 million in Q2), and a continued focus on consumer innovation and quality
- Expanded gross margin YOY for the 6th quarter in a row driven by strong **productivity programs, operational efficiencies** and synergies from Indiva acquisition



Net Revenue

\$35.8MM

Increase of \$10.9 million

43% increase year-over-year



Gross Profit

\$9.2MM

Increase of \$6.0 million

+190% increase year-over-year



Gross Margin

25.8%

Up by 13pp from Q2 2024



Adj. Operating Income

\$2.7MM

Increase of \$4.6 million

239% increase year-over-year



2025 Strategic Priorities



GROWTH

Drive sustainable growth in our core segments

- Grow and convert store count
- Grow private label
- Expand digital programs
- Grow market share
- Become a Top 5 LP by the end of 2025



PROFITABILITY

Consistent Free Cash Flow and Operating Income growth

- Enhance Revenue Streams & Pricing
- Optimize Mix Management
- Accelerate Productivity Programs
- Optimize overhead spend



PEOPLE

Create engagement & alignment through focus on Performance & Talent Development

- Enhance Performance management
- Upgrade talent management and engagement
- Solidify SNDL's 5 core behaviors

Strategic Priorities

Q2 2025 Highlights



GROWTH

Drive sustainable growth
in our core segments

8.2%

Cannabis Retail Same Store Sales Growth

Through quality of execution and Value Buds store conversions, contributing to +0.3pp market share gain

1CM Acquisition

Expansion of Cannabis Retail footprint through acquisition of Cost Cannabis and T Cannabis locations; expected to close in Q3

+2.7%

Liquor Retail Same Store Sales Growth

Supported by Private Label growth of 8.1%, and Wine & Beyond banner growth of 7.2%

+43%

Cannabis Operations Year-over-year Revenue Growth

Driven by Edibles leadership with Indiva acquisition and International sales

Strategic Priorities

Q2 2025 Highlights



PROFITABILITY

Achieving first profitable
quarter in company
history

+\$6_{MM}

Adj. Operating Income

Continued operational improvements and focus
on cost management to deliver positive Adjusted
Operating Income

~\$3_{MM}

Productivity Savings

Segment optimization, including cultivation,
procurement efficiencies, and mix management

\$4.7_{MM}

Data Licensing Revenue

Combined Revenue from proprietary data
licensing program from both Cannabis Retail and
Liquor Retail

~\$5_{MM}

Overhead Savings

Through prioritization, restructuring program,
efficiencies and improved spend management

Strategic Priorities

Q2 2025 Highlights



PEOPLE

Create engagement & alignment through focus on performance & talent development



Strategic Talent Development

Completed the second phase of our annual Strategic Talent Review Program, focusing on 9-box assessments, development planning, and identifying growth opportunities for talent

Employee Value Proposition

Solidified our action plan based on key opportunities identified in the annual employee engagement survey, and execution of key engagement initiatives is now underway

Compensation and Talent Reporting

Launched new dashboards to deliver real-time insights on workforce trends and compensation, enabling more informed decision-making, strategic talent discussions, and proactive workforce planning across the business



Key Talent Hires

Completed the recruitment of several key positions with world class diverse talent, strengthening our talent bench

Analyst Q&A

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