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**Forward-looking statements**

Certain statements contained in this presentation may constitute forward-looking information and statements. All statements in this presentation, other than statements of historical fact, that address events or developments concerning SNDL Inc. ("SNDL" or the "Company") that SNDL expects to occur are "forward-looking information and statements". Forward-looking information and statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe", "budgeted", "scheduled" and "forecasts", and similar expressions and variations (including negative variations).

In particular, but without limiting the foregoing, this presentation contains forward-looking information and statements pertaining to the following: SNDL's ability to raise future capital through debt or equity financing transactions, and our ability to efficiently deploy the capital raised through such transactions; our ability to successfully implement our cost and asset optimization initiatives; the continued development and growth of the demand and markets for medical and adult-use cannabis; the competitive conditions of the industry and the expected number of customers using our products; the maintenance of our existing licences and the ability to obtain additional licences as required; our ability to establish and market our brands within our targeted markets and compete successfully; our ability to produce and market additional products as regulations permit; the number of flowering rooms and combined production capacity therefrom that we expect to have; our growth strategies, including plans to sell edibles and other forms of cannabis; the timing and the amount of capital expenditures related to the maintenance and any expansion of our facilities; the outcome of medical research by our partners and the acceptance of such findings in the medical community; our ability to attract and retain key employees; our ability to manage growth in our business; our ability to identify, successfully execute, manage and realize a return on strategic partnerships, joint ventures, strategic alliances, debt and equity investments as well as the costs and benefits associated with such initiatives, including the expected return on any investments; and the volatility in the price of our common shares. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this presentation. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Such risks and uncertainties may be discussed in the Company's materials filed with the Canadian and U.S. securities regulatory authorities from time to time. All of the forward-looking information and statements contained in this presentation are qualified by these cautionary statements. The reader of this presentation is cautioned not to place undue reliance on any forward-looking information and statements. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law. For more information in respect of such forward-looking formation and statements, please refer to SNDL's annual information form for the year ended December 31, 2023 as well as SNDL's audited consolidated financial statements and the notes thereto for the years ended December 31, 2023 and December 31, 2022, and the accompanying management's discussion and analysis, including (in each case, as applicable) the sections thereof entitled "Forward-Looking Information".

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Certain financial measures in this presentation, including system-wide retail sales, adjusted EBITDA from continuing operations, free cash flow and gross margin before fair value adjustments, are non-IFRS measures. These terms are not defined by IFRS and, therefore, may not be comparable to similar measures provided by other companies. These non-IFRS financial measures should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS. For more information in respect of these non-IFRS financial measures, please refer to SNDL's audited consolidated financial statements and the notes thereto for the years ended December 31, 2023 and December 31, 2022, and the accompanying management's discussion and analysis, including the sections thereof entitled "Specified Financial Measures".

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**All financial information in this press release is reported in millions of Canadian dollars unless otherwise indicated.**



# sndl

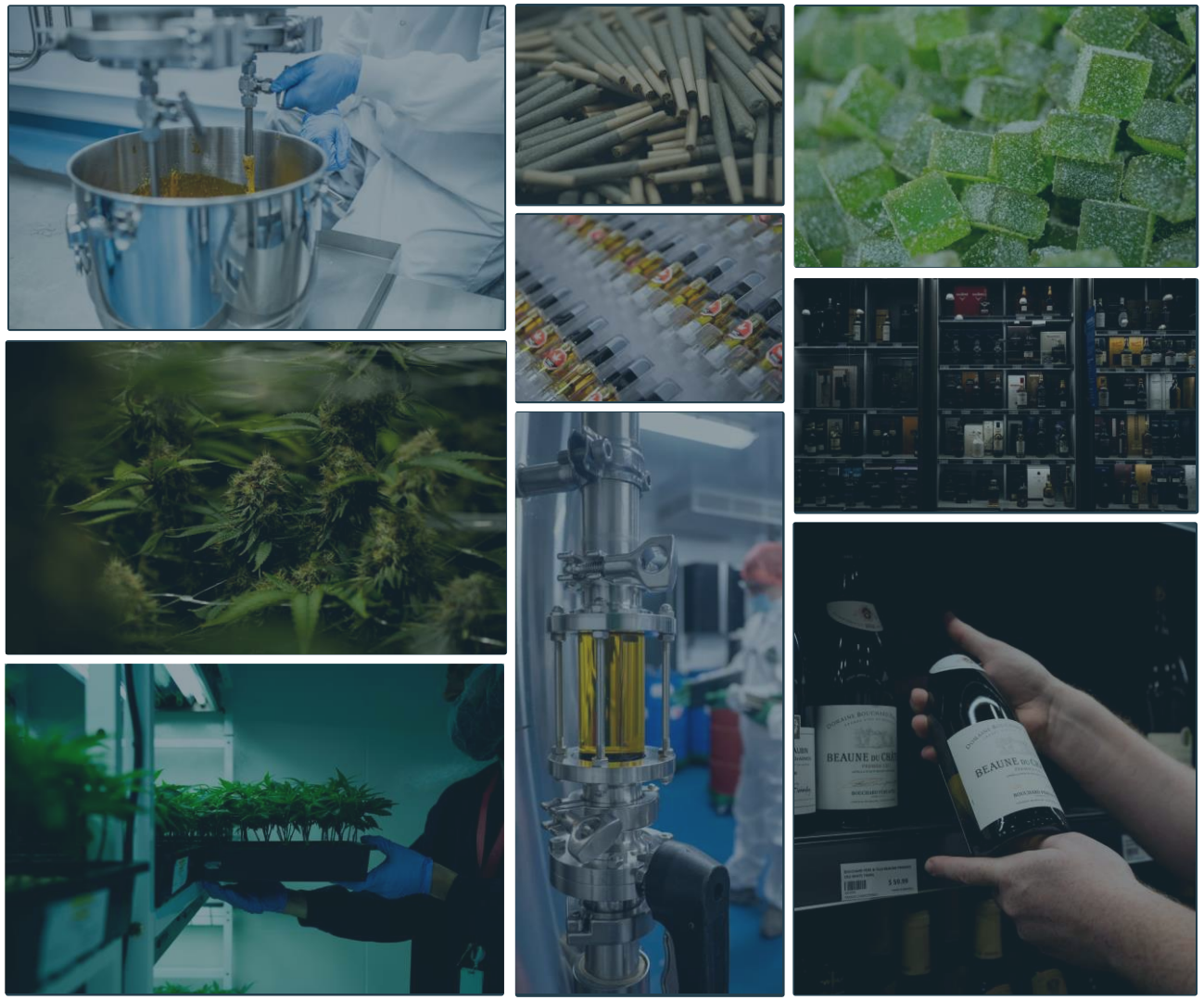
Corporate Presentation

**March 2024**

NASDAQ: **SNDL**

# Our **Purpose**

Bringing people together through exceptional products and experiences.



# Operating **Segments**

### LIQUOR RETAIL

- Canada's largest private sector liquor retailer
- Diverse retail footprint from convenience to large format destination locations
- Operational excellence and scalable corporate services in competitive and regulated retail environment

**NET REVENUE: $578.9M**

### CANNABIS RETAIL

- Canada's largest cannabis retail footprint
- Diverse retail stores from everyday low cost to premium retail experiences
- Own the customer relationship with robust analytics and insights
- Key driver of SNDL's vertical integration strategy in cannabis

**NET REVENUE: $290.0M**

### CANNABIS OPERATIONS

- Robust innovation capabilities through low-cost biomass sourcing, premium indoor cultivation and low-cost manufacturing facilities
- Diverse brand portfolio from value to premium
- Trusted B2B production partner
- Key enabler of SNDL's vertical integration strategy

**NET REVENUE: $87.1M**

### INVESTMENTS

- Emphasis on cannabis credit and select M&A focused equity investments
- SunStream Bancorp Inc. vehicle for the deployment of debt capital to large U.S. based MSOs and other operators

**INTEREST AND FEE REVENUE: $14.0M**

# The SNDL **Advantage**

## Strong Balance Sheet

SNDL has one of the strongest balance sheets in the regulated products industry with significant cash reserves.

## Vertically Integrated Cannabis

Vertical integration generates economic value, competitive differentiation and predictability in SNDL's cannabis supply chain.

## Retail Scale & Experience

SNDL's profitable liquor retail segment provides substantial operational expertise and scale for corporate services, which benefits all our operating segments.

## Strategic Cannabis Investments

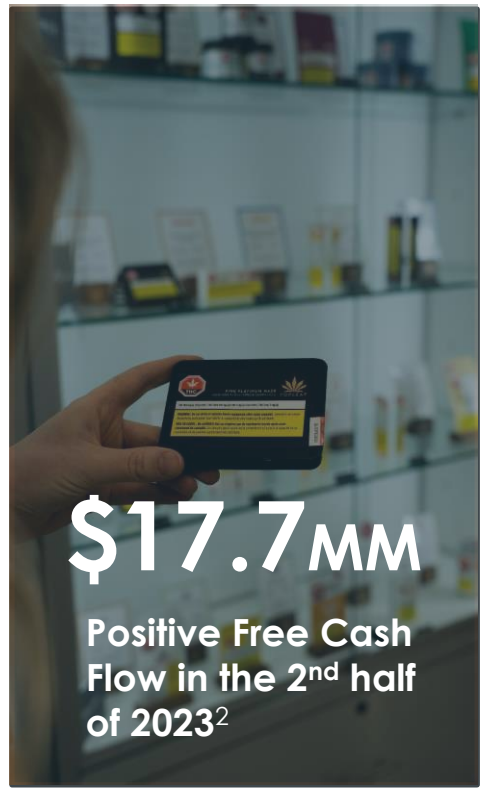
SNDL's investment portfolio generates positive cash flows and gives SNDL greater optionality and strategic alternatives for M&A activities.

# OPERATING HIGHLIGHTS



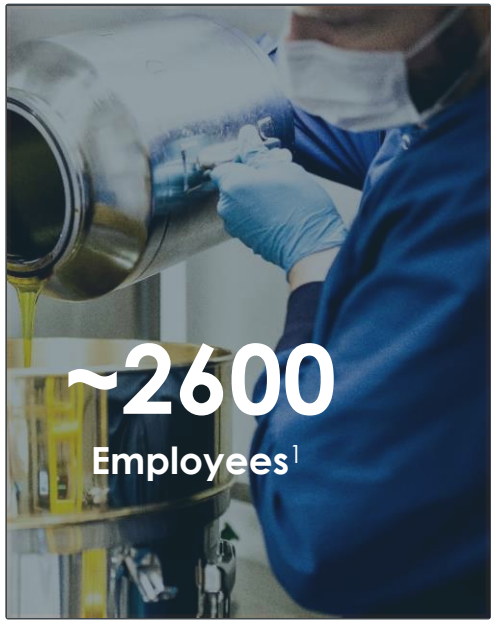


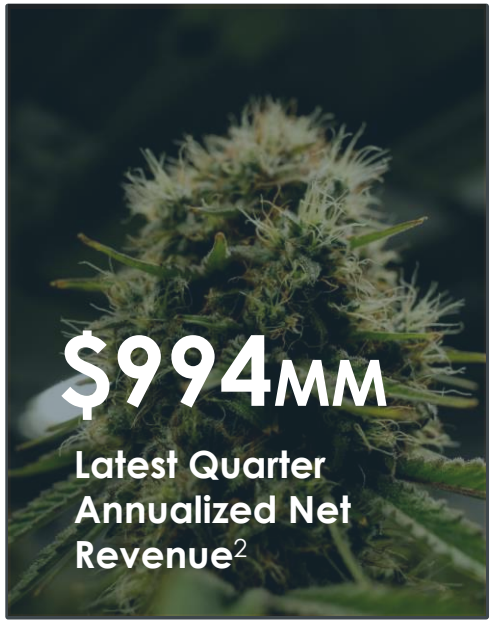











[1]As at March 20, 2024.
[2]Data from the third and fourth quarter of 2023. See Specified Financial Measures in the SNDL Press Release – Free Cash Flow.

# YE 2023

## Financial and Operational Highlights

### Record Net Revenue

**$909MM**

Increase of 28% YOY

### Record Gross Profit

**$190.4MM**

Increase of 36% YOY

### Gross Margin

**21%**

Increase of 1.3pp YOY

### Adj. Operating Income

**($97.7MM)**

A 44% improvement YOY

### Free Cash Flow

**($60.9MM)**

Decrease of 91% YOY

### Unrestricted Cash

**$195MM**

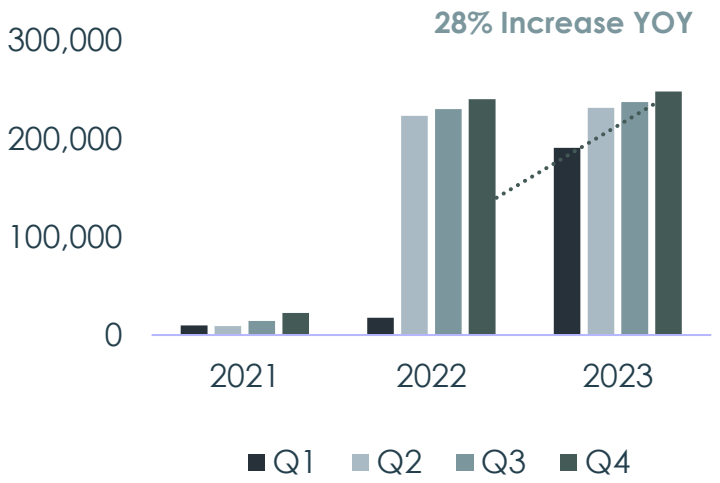
Decrease of 30% YOY

NOTES
1. Data as at December 31, 2023.
All numbers are compared to 2022.

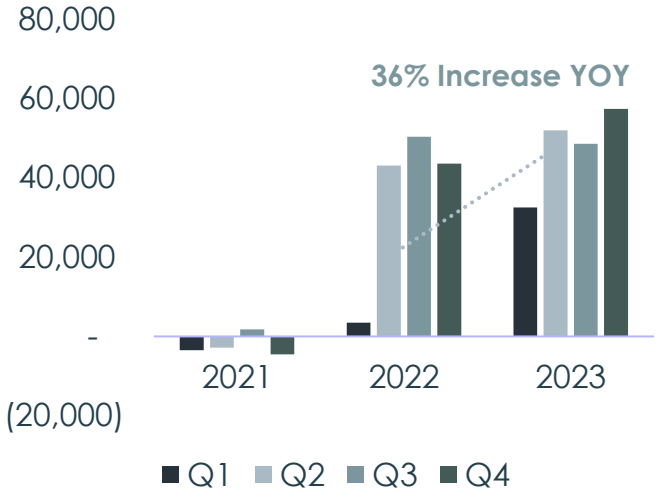
# Fourth Quarter 2023 Financial Performance

**Record Growth and Improvements in Profitability**

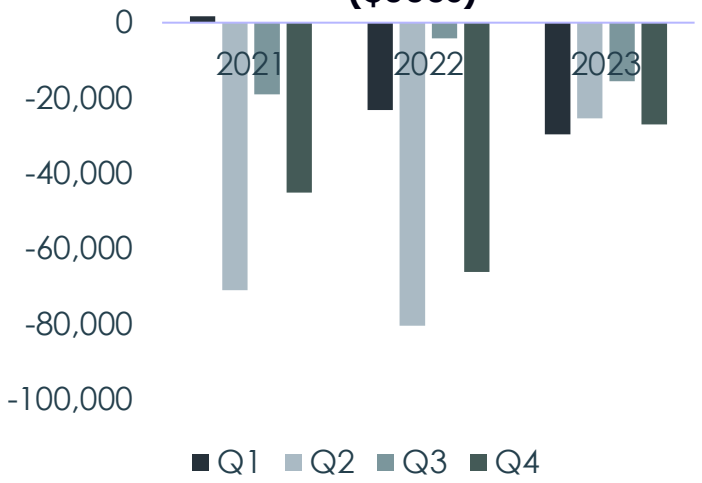
## Net Revenue Growth ($000s)



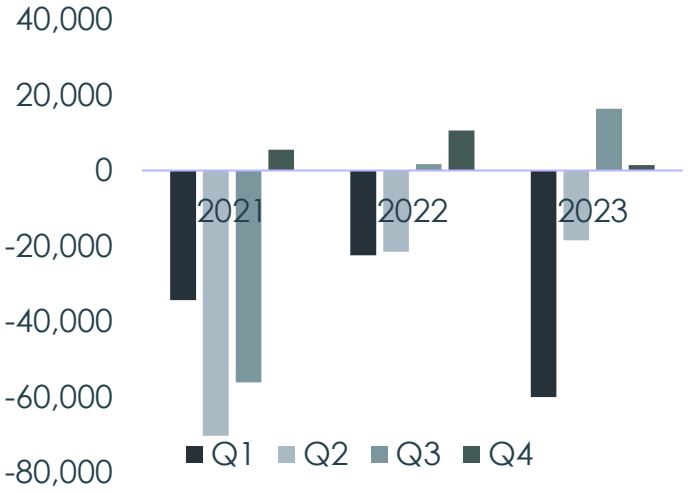

## Gross Profit Growth ($000s)



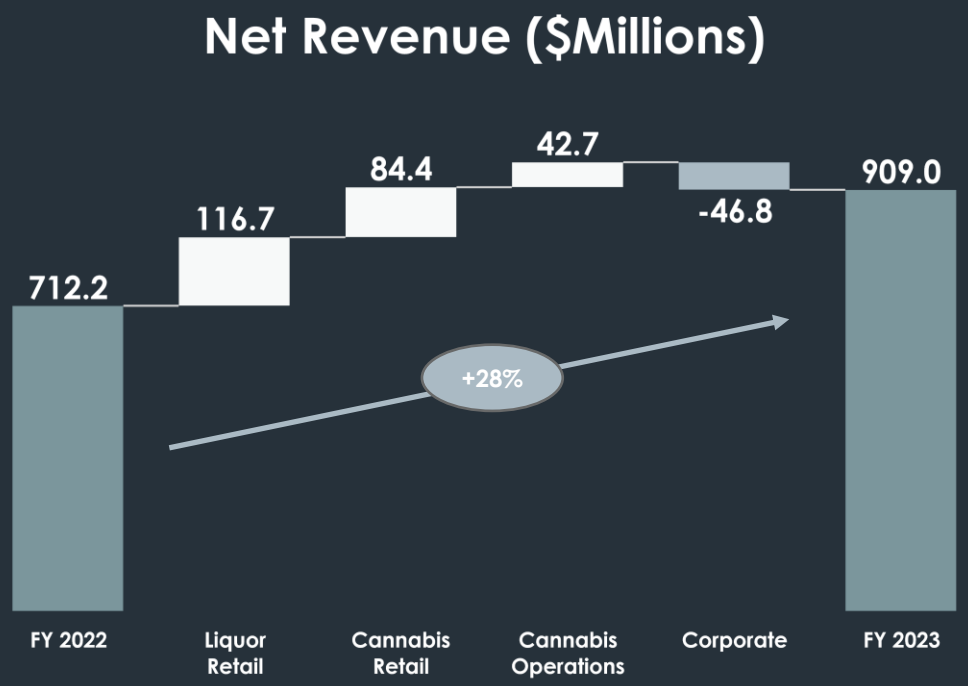

## Adjusted Operating Income ($000s)

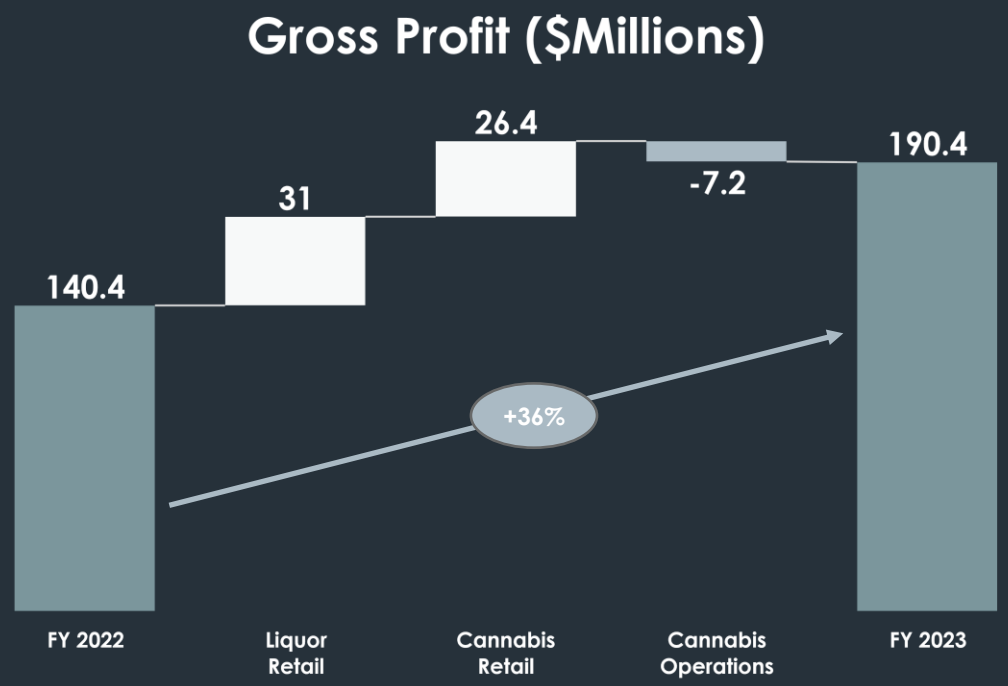



## Free Cash Flow ($000s)



# All Segments Contributing to Growth and Financial Performance for 2023

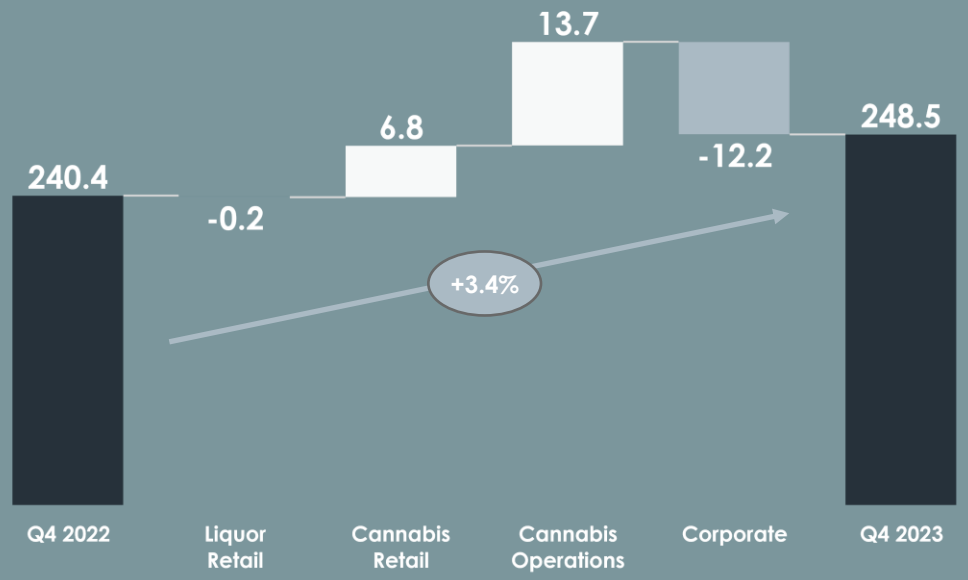


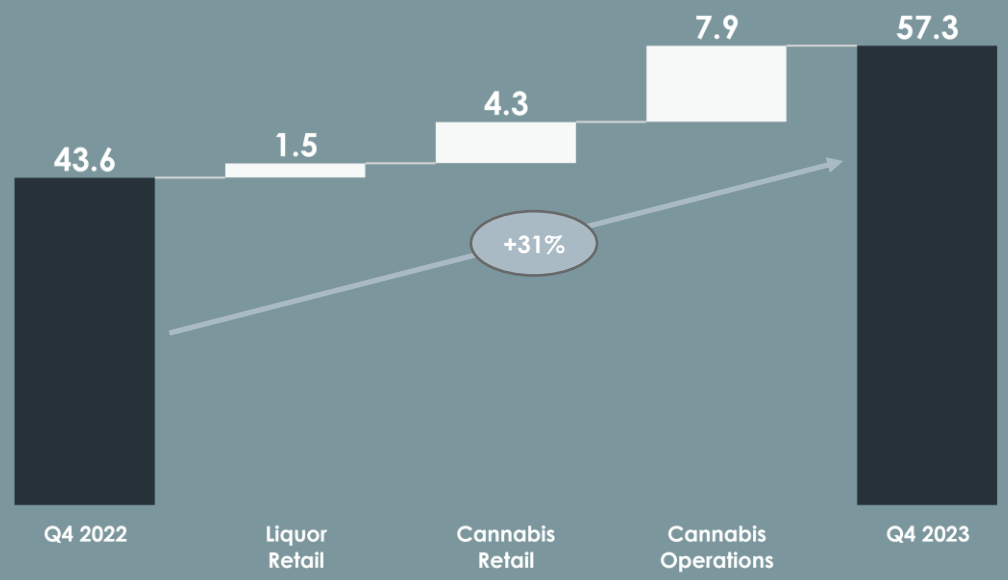

NOTES
1. All numbers are for 2023, ending December 31, 2023.
Revenue comparisons for 2022 include operations from March 31 to December 31, 2022, following the acquisition of Alcanna Inc.
Cannabis Retail revenue includes operations of Nova retail stores for the period March 31, 2022, to December 31, 2022.
Cannabis Operations include the operations of Valens for the period of January 18, 2023, to December 31, 2023.

# All Segments Contributing to Growth and Financial Performance for the Fourth Quarter of 2023

## Net Revenue ($Millions)




## Gross Profit ($Millions)




NOTES
1. All numbers are for the fourth quarter of 2023, ending December 31, 2023.
Revenue comparisons for 2022 include operations from March 31 to December 31, 2022, following the acquisition of Alcanna Inc.
Cannabis Retail revenue includes operations of Nova retail stores for the period March 31, 2022, to December 31, 2022.
Cannabis Operations include the operations of Valens for the period of January 18, 2023, to December 31, 2023.

# Q4 2023

## Financial and Operational Highlights

### Net Revenue

**$248.5MM**

Increase of 3% YOY

### Record Gross Profit

**$57.3MM**

Increase of 31% YOY

### Gross Margin

**23%**

Increase of 5pp YOY

### Adj. Operating Income

**($27.0MM)**

A 59% improvement YOY

### Free Cash Flow

**$1.4MM**

Decrease of 87% YOY

### Unrestricted Cash

**$195MM**

Decrease of 30% YOY

NOTES
1. Data as at December 31, 2023.
All numbers are compared to Q4 2022.

# Liquor **Retail**




sndl

# The SNDL **Advantage**

## Operational Scale & Efficiency

Operational scale creates meaningful efficiencies for corporate services including Human Resources, Finance and Business Technology.

## Buying Power Drives Margin

Trade areas, store footprints and warehousing infrastructure are leveraged to enable strategic buying decisions that drive margin and competitive pricing.

## Diversified Retail Footprint

Broad range of liquor customers with a diversified retail footprint from convenience to large format destination locations.

# Q4 2023

## Liquor Retail Results

Net Revenue

**$159.5MM**



Gross Profit

**$38.4MM**



Gross Margin

**24.1%**

Adj. Operating Income

**$10.1MM**



NOTES
[1]Excluding corporate cost allocation.
Result comparisons are from the fourth quarter of 2022.

# Canada's Largest Private Sector Liquor Retailer

SNDL's Liquor Retail segment has substantial experience and scale operating in competitive & regulated retail environments and generates consistent revenue and earnings.

**170**

Retail locations in Alberta and British Columbia[1]

**$42.34**

Average Basket Size[3]

**18.1%**

Market share in Alberta[2]

**3.7MM**

Customer transactions in Q4 2023[3]

NOTES
[1]Data as at December 31, 2023.
[2]Percentage represents the revenue market share based on retail statistics provided by Stats Canada for October, November and December 2023.
[3]Data from Q4 2023.

# Cannabis **Retail**




sndl

# The SNDL **Advantage**

## Regulatory Compliant Structure

A vertically integrated retail operation that works within current regulations to build competitive offerings with industry partners.

## Diversified Banner Strategy

Targeting distinct consumer segments and experiences to maximize market penetration through a multi-experiential banner portfolio.

## Robust Data & Consumer Insights

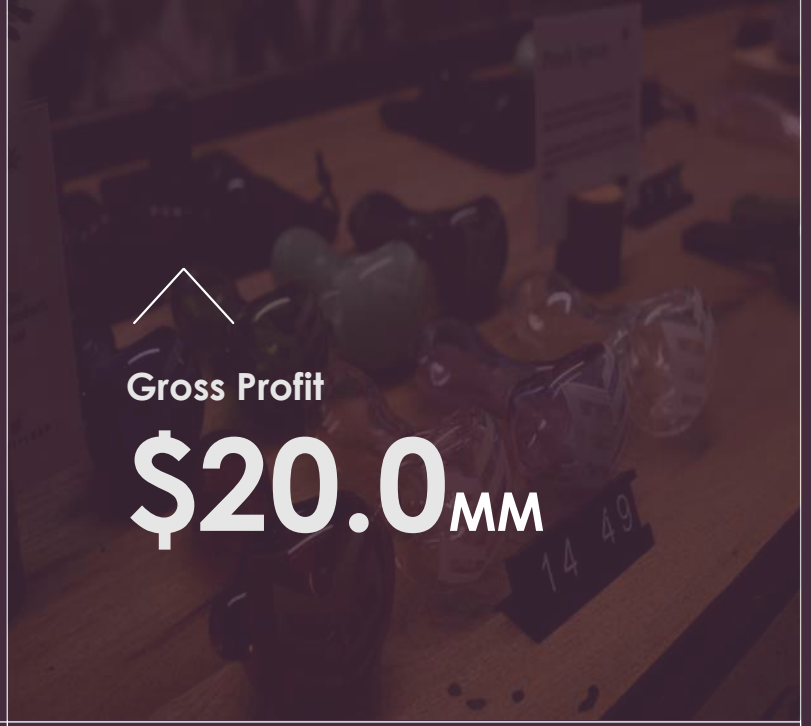
Leverage extensive transactional data, to create targeted merchandising, margin accretive assortment strategies and relevant in-store experiences.

## Disciplined Retail Operations

Emphasis on effective and cost-efficient operations over a nationwide retail footprint.

# Q4 2023

**Cannabis Retail Results**



**Net Revenue**

**$75.2MM**

**Gross Profit**

**$20.0MM**



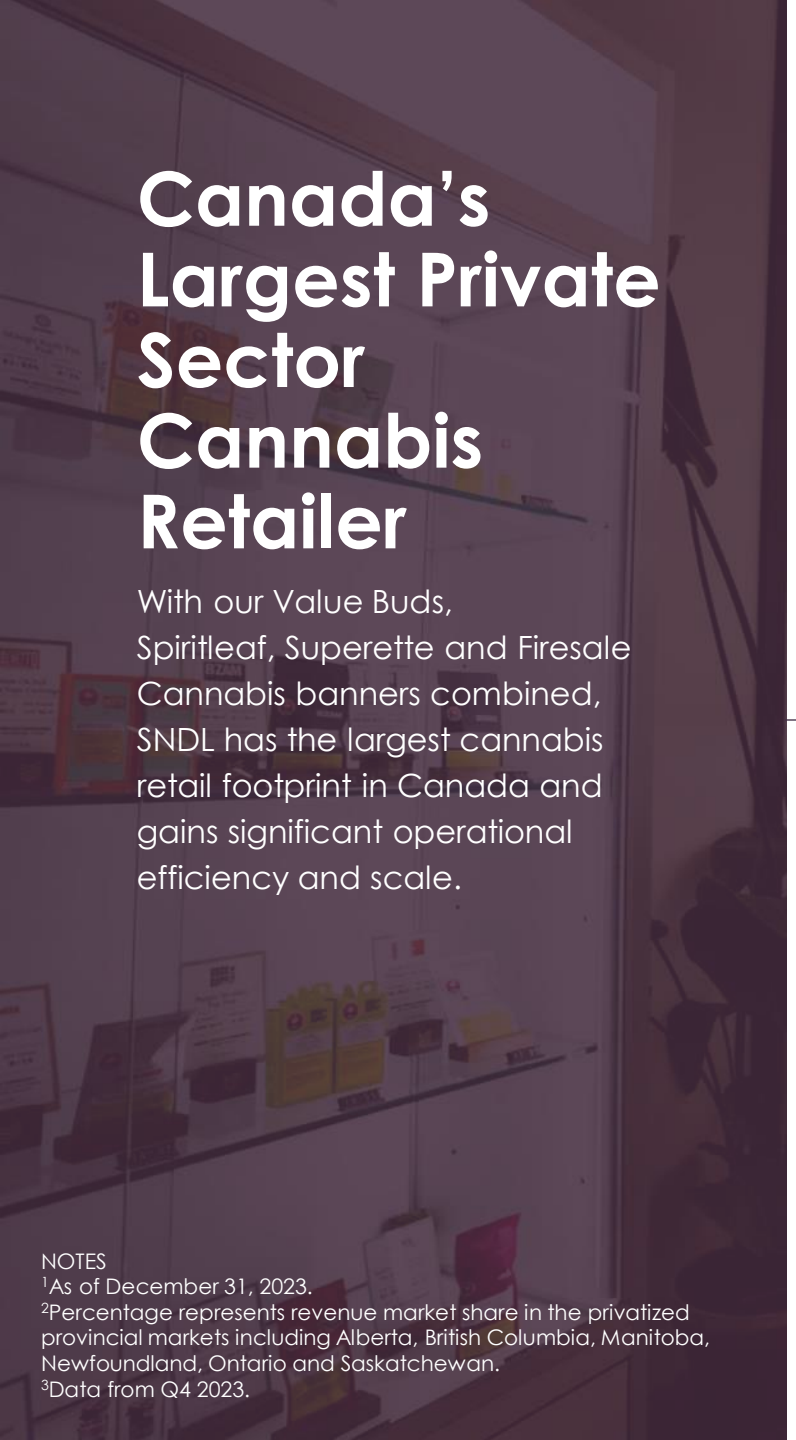

**Gross Margin**

**26.7%**

**Adj. Operating Income**

**($0.8MM)**

NOTES
[1]Excluding corporate cost allocation.
[2]Excludes franchise system-wide sales.
Comparisons are from the fourth quarter of 2022.



# Canada's Largest Private Sector Cannabis Retailer

With our Value Buds, Spiritleaf, Superette and Firesale Cannabis banners combined, SNDL has the largest cannabis retail footprint in Canada and gains significant operational efficiency and scale.

**187**

**Retail Locations in AB, BC, MB, ON and SK[1]**

**$38.89**

**Average Basket Size[3]**

**9.3%**

**Market Share of Privatized Store[2]**

**2.5MM**

**Customer Transactions[3]**

NOTES
[1]As of December 31, 2023.
[2]Percentage represents revenue market share in the privatized provincial markets including Alberta, British Columbia, Manitoba, Newfoundland, Ontario and Saskatchewan.
[3]Data from Q4 2023.

# Cannabis **Operations**

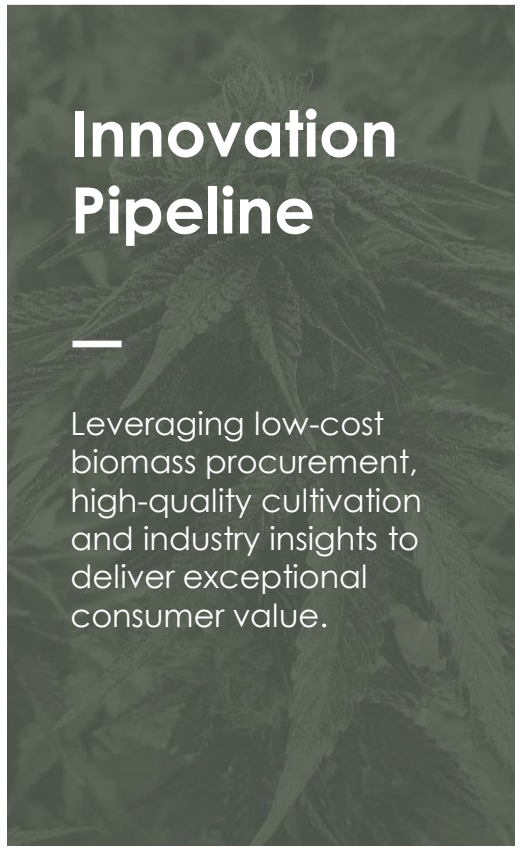


# The SNDL **Advantage**

## Cost-Effective Cultivation

Evolving cultivation operations tailored to SNDL's diverse brand portfolio from value to premium.

## Innovation Pipeline



Leveraging low-cost biomass procurement, high-quality cultivation and industry insights to deliver exceptional consumer value.

## Consumer & Customer Centric

Vertical integration enables a more agile and responsive supply chain for the dynamic needs of cannabis consumers and customers.

## Flexible Manufacturing



Tailor production to market demand through scalable operations and automation.

# Q4 2023

## Cannabis Operations Results

**Net Revenue**

**$26.0MM**

**Highest Revenue Since Q3 2019**




**Gross Profit**

**($1.1MM)**



**Gross Profit**

**+88%**

**Year-Over-Year**

**Adj. Operating Income**

**($7.6MM)**

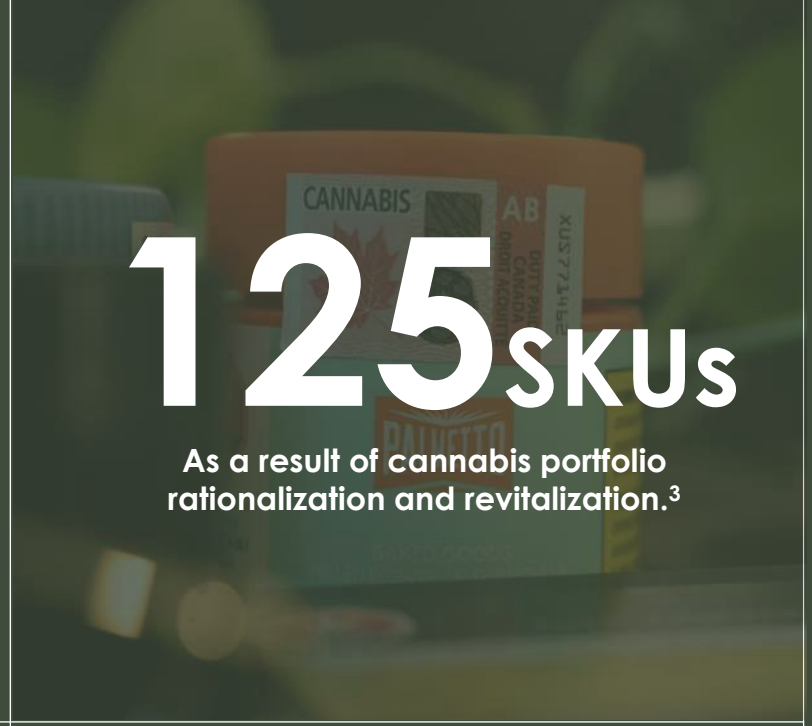
NOTES
[1]Excluding corporate cost allocation.
Result comparisons are from the fourth quarter of 2022.

# Q4 2023

## Cannabis Operations Highlights

**27 LPs**

**Preferred B2B Partner to Licensed Producers in Canada[1] [2]**




**125 SKUs**

**As a result of cannabis portfolio rationalization and revitalization.[3]**




**104 g/ft²**

**Average Cultivation Yield**

**25%**

**Average THC Potency**

NOTES
[1]With the acquisition of The Valens Company Inc. on January 17, 2023.
[2]Data from the fourth quarter of 2023.
[3]At the end of 2023.

# Investments



# Q4 2023

**Investments Results**

**Capital deployed in credit and equity investments**

**$571.6MM**

**Share of the profit of equity-accounted investees**

**($8.4MM[1])**

**Investment Income**

**($0)**

**Interest and Fee Revenue**

**$3.3MM**

NOTES
[1]Share of profit of equity accounted investees includes non-cash fair market value adjustments.
Comparisons are from the fourth quarter of 2022.



# Strategically deployed capital for the cannabis industry

SunStream's investment portfolio can be bifurcated into (i) performing credits and (ii) equitization opportunities, and includes some of the largest multi-state and single state operators in the US.

**$571.6MM**

Book value of all cannabis industry investments[1]

**5**

SunStream credit portfolio investments[1]

**$538.3MM**

Book value of SunStream Portfolio[1]

**$33.3MM**

Fair value of Canadian credit and equity investments[1]

NOTES
[1]All numbers are as of December 31, 2023.

# SunStream Overview

## Why was SunStream launched?

To **earn** attractive risk-adjusted returns through secured debt, hybrid securities, and distressed debt / equity.

To **deploy** capital into cannabis investments including U.S. opportunities to comply with NASDAQ requirements.

To **leverage** the financial and operational knowledge of SNDL and SAF Group to exploit asymmetric risk-return opportunities in the cannabis industry.

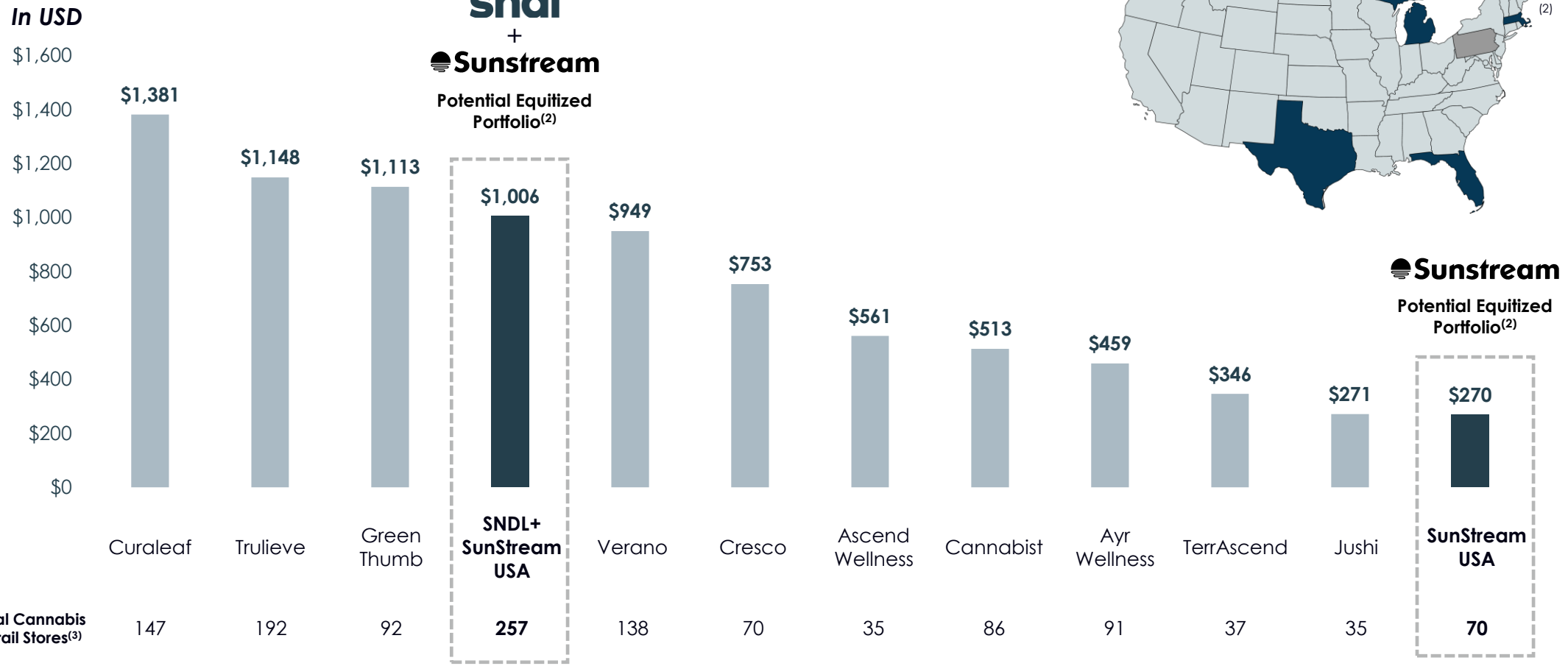
To provide SNDL **exposure** to the U.S. cannabis market in a senior position in the capital structure at attractive attachment levels.

Sunstream

In USD unless otherwise noted

# Potential SunStream USA Compared to US MSO's

## SSB Equitization Opportunities LQA(1) Revenue vs US MSO's ($'mm)




(1) LQA = Last Quarter Annualized; Source: Bloomberg consensus and company public disclosures as available (2) Subject to final listing compliance and transaction approvals, documentation, and close; LQA revenue includes retail only revenue from an investment portfolio company; go-forward retail revenue from the investment portfolio company likely to be impacted by legal proceedings and license transfers (3) Source: Company public disclosures and materials; SSB retail store count as of Q4/23; SSB go-forward store count subject to certain legal proceedings and license transfers; SNDL store count as of March 21, 2024.

# Balance Sheet

## COMPARABLE VALUATION ANALYSIS

| | Share Price | Share Price | Mkt Cap | Total Debt | Cash | EV | Net Cash / (Debt) + Investments per FD S/O | 30D Avg. Daily Value Traded[2] | Total Cash / LQA Cash Flow Use In Ops |
|---|---|---|---|---|---|---|---|---|---|
| | *US$ / sh* | *C$ / sh* | *C$mm* | *C$mm* | *C$mm* | *C$mm* | *C$ / sh* | *C$mm* | *Years* |
| Tilray Brands, Inc. | US$1.98 | C$2.68 | $2,105 | $653 | $352 | $2,518 | ($0.38) | $52 | 2.1 |
| Cronos Group Inc. | US$2.36 | C$3.20 | $1,245 | – | $1,168 | $65 | $3.00 | $7 | nmf |
| Canopy Growth Corporation | US$4.52 | C$6.13 | $572 | $633 | $234 | $1,053 | ($4.29) | $33 | 1.8 |
| OrganiGram Holdings Inc. | US$2.39 | C$3.24 | $319 | $0 | $42 | $281 | $0.42 | $4 | nmf |
| Aurora Cannabis Inc. | US$3.81 | C$5.16 | $290 | $48 | $129 | $300 | $1.43 | $13 | 6.1 |
| Village Farms International, Inc. | US$0.99 | C$1.34 | $148 | $65 | $41 | $194 | ($0.22) | $1 | 5.2 |
| **Average** | | | | | | | | **$18** | **3.8** |
| **Median** | | | | | | | | **$10** | **3.7** |
| **SNDL Inc.[1]** | **US$1.53** | **C$2.07** | **$563** | **–** | **$195** | **$574** | **$2.82** | **$6** | **nmf** |

**SNDL has a best-in-class balance sheet and is one of the few peers with positive cash flow from operations on an LQA basis**

NOTES
Exchange rate of 1.356 as of March 20, 2024; shares outstanding based on most recent quarterly financials and adjusted for share issuance transactions and other significant publicly disclosed transactions; figures presented on a fully diluted basis (TSM method); nmf = not meaningful; n/a = not applicable; estimates based on analyst consensus; CAD/USD exchange rate of 1.356 used for the FX conversion; (1) SNDL's total cash balance includes cash and marketable securities; SNDL's net cash / (debt) + securities per share includes cash, marketable securities, SunStream and other credit investments; (2) Includes values traded on both the U.S. and the Canadian exchanges
SOURCES
Company Filings, Press Releases, S&P Capital IQ, Bloomberg

# Income Statement

## COMPARABLE VALUATION ANALYSIS

| | Revenue | | | EBITDA | | | EV / Revenue | | | EV / EBITDA | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | CY24E | CY25E | CY26E | CY24E | CY25E | CY26E | CY24E | CY25E | CY26E | CY24E | CY25E | CY26E |
| | *C$mm* | *C$mm* | *C$mm* | *C$mm* | *C$mm* | *C$mm* | | | | | | |
| Tilray Brands, Inc. | $1,166 | $1,211 | $1,447 | $114 | $178 | $257 | 2.2x | 2.1x | 1.7x | 22.1x | 14.1x | 9.8x |
| Cronos Group Inc. | $136 | $163 | $187 | ($48) | ($32) | ($14) | 0.5x | 0.4x | 0.3x | nmf | nmf | nmf |
| Canopy Growth Corporation | $297 | $336 | $337 | ($9) | ($21) | ($15) | 3.5x | 3.1x | 3.1x | nmf | nmf | nmf |
| OrganiGram Holdings Inc. | $172 | $208 | $278 | $9 | $22 | $44 | 1.6x | 1.4x | 1.0x | 30.7x | 13.1x | 6.4x |
| Aurora Cannabis Inc. | $307 | $355 | $400 | $27 | $44 | $63 | 1.0x | 0.8x | 0.7x | 11.0x | 6.8x | 4.7x |
| Village Farms International, Inc. | $409 | $450 | $552 | $18 | $28 | $57 | 0.5x | 0.4x | 0.4x | 10.9x | 7.0x | 3.4x |
| **Average** | | | | | | | **1.5x** | **1.4x** | **1.2x** | **18.7x** | **10.3x** | **6.1x** |
| **Median** | | | | | | | **1.3x** | **1.1x** | **0.9x** | **16.5x** | **10.1x** | **5.6x** |
| **SNDL Inc.** | **$995** | **$1,051** | **$1,180** | **$41** | **$68** | **$99** | **0.6x** | **0.5x** | **0.5x** | **14.1x** | **8.4x** | **5.8x** |

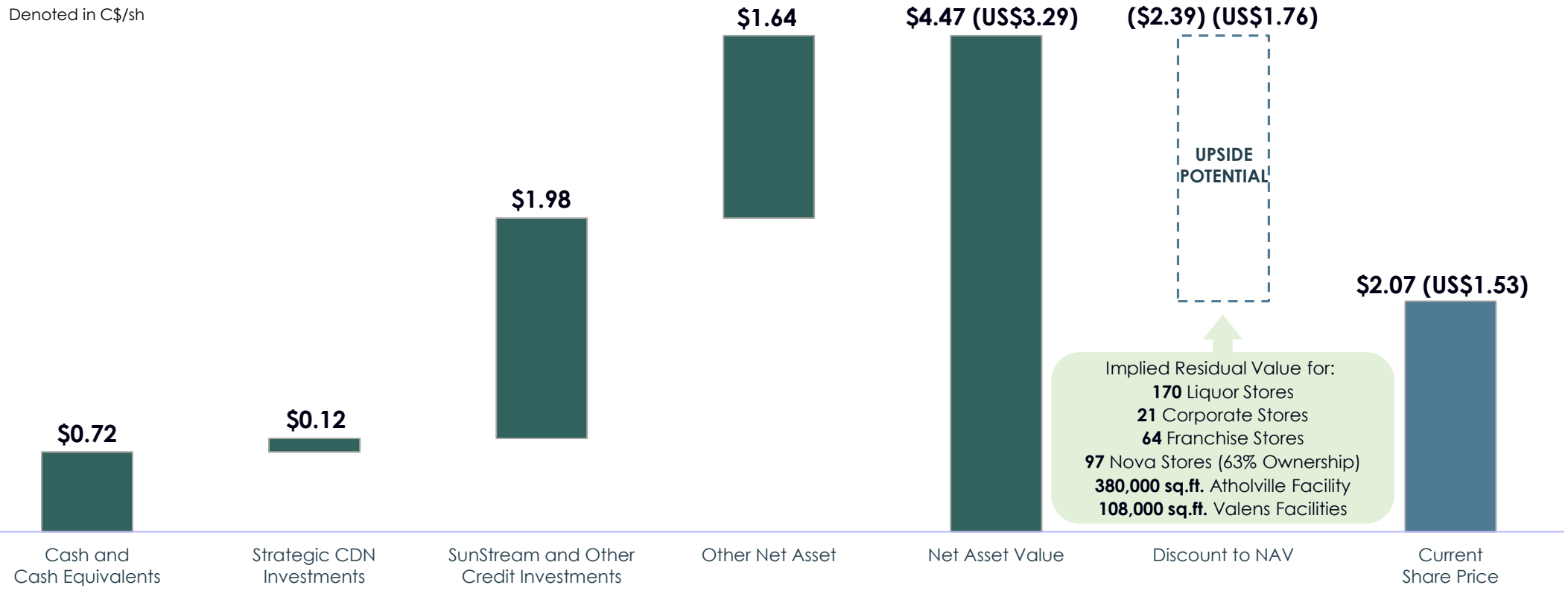
- SNDL's revenues are largely driven by retail operations
- SNDL has over $1.2 billion in tax pools available to shelter future taxable income

**Current EBITDA is derived from both a sustainable liquor business and credit investment performance**

NOTES
Exchange rate of 1.356 as of March 20, 2024; shares outstanding based on most recent quarterly financials and adjusted for share issuance transactions and other significant publicly disclosed transactions; figures presented on a fully diluted basis (TSM method); nmf = not meaningful; n/a = not applicable; estimates based on analyst consensus
SOURCES
Company Filings, Press Releases, S&P Capital IQ (consensus estimates)

# SNDL Valuation

## NET ASSET VALUE WATERFALL




**SNDL is currently trading $649mm ($2.39/sh) or 54% below NAV of its cash, strategic investments, credit portfolio, etc., implying negative value for liquor and cannabis operations**

NOTES
As of March 20, 2024, using exchange rate of 1.356; Share count calculated on a fully diluted shares basis; SunStream and other credit investments based on most recent financials for period ending December 31, 2023; Net asset value represents total assets minus total liabilities as per balance sheet
SOURCES
Company Filings

## Analyst Coverage

**Frederico Gomes**
ATB Financial

**Matt Bottomley**
Canaccord Genuity

**Sophie Pilon**
Investor Relations and Communications

**investors@sndl.com**

sndl

# Appendices



# Coast-to-Coast Retail and Production Footprint



# Brand Portfolio



**Wine and Beyond** is Western Canada's largest liquor stores. We pride ourselves on having a selection of over 6,000 wines, 2,500 spirits and 2,200 beers.

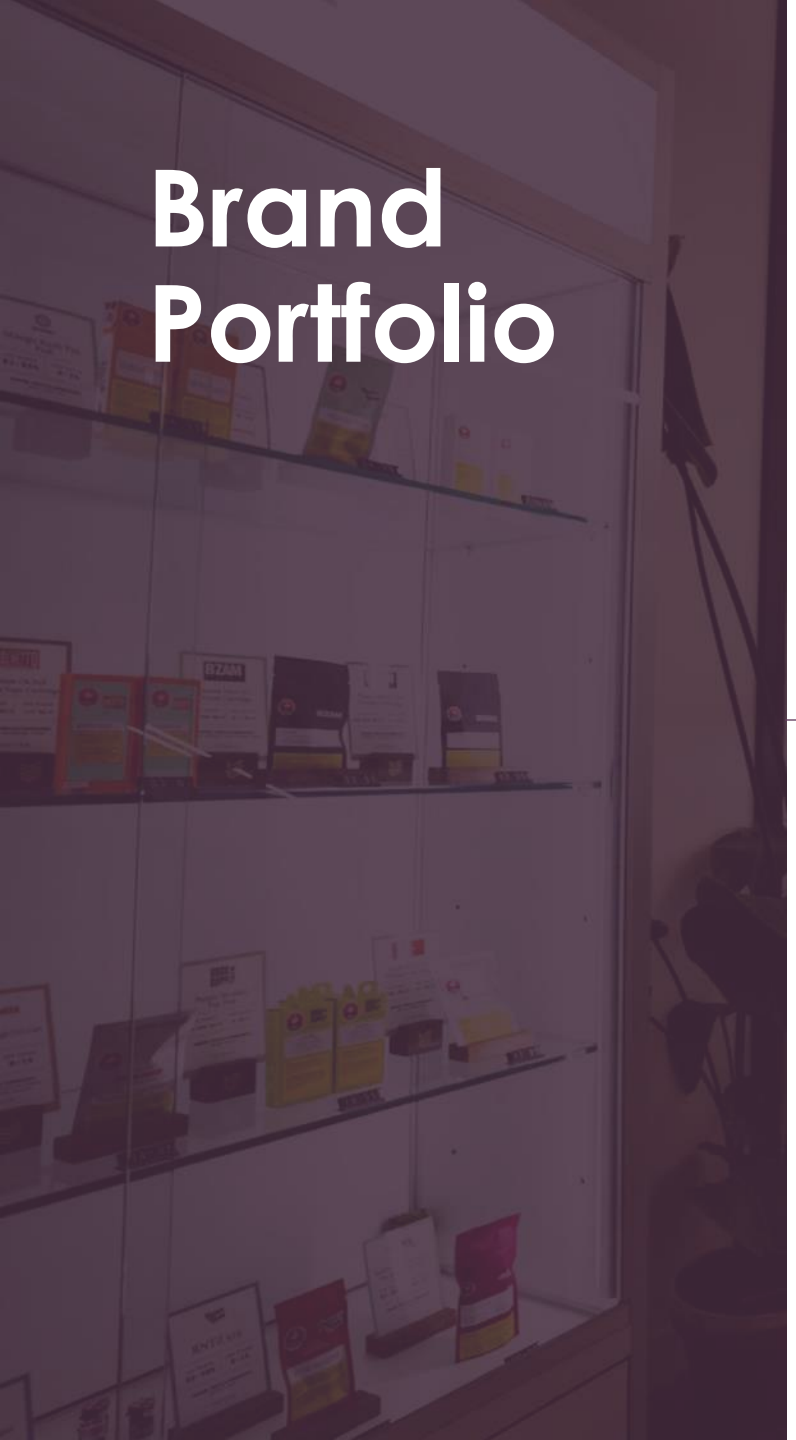
Our 12 locations are known for their incredible selection, unique product offerings, and staff with excellent product knowledge and service levels creating a customer-centric experiences.

**Liquor Depot** is a convenience retail liquor outlet with over 20 locations in Alberta.

We are your one-stop-shop for beer, wine, spirits, mixes and more in trusted neighbourhood locations. We stock the items you need for the moments in life you need them!

**Ace Liquor Discounter** has more than 138 locations in Alberta where you'll find a great selection, better prices, and friendly, knowledgeable staff.

We stock wines from around the world, local and international beers and specialty spirits at everyday low prices.



# Brand Portfolio

**Spiritleaf** aims to be the most knowledgeable and trusted source of recreational cannabis, offering a premium consumer experience. We have created a modern retail model that offers legitimacy, reputability, professionalism and a feeling of confidence.

**Superette** is a retail brand that makes buying cannabis as enjoyable as consuming it. Every thoughtful detail of our brand, whether in-store or online, is all about creating moments of delight at every step of the way.

**Value Buds** has a simple mission: deliver compelling value to cannabis consumers. Our goal is to attract, grow, and retain a loyal customer base by offering high-quality cannabis products in convenient locations and every-day low prices.

**Firesale** is our solution to the sustainability challenges facing the cannabis industry. Our cannabis liquidation pop-ups help licensed producers sell aged inventory at deeply discounted prices, with the aim of providing the most affordable cannabis products in Canada.

# Brand Portfolio

**PREMIUM**

TOPLEAF

CONTRABAND

**CORE**

PALMETTO

Vacay

**VALUE**

VERSUS

Value Buds

BONJAK