

Nasdaq: SNDL

SUNDIAL

Corporate Presentation

August 2021



SUNDIAL

DISCLAIMER

Forward-looking statements

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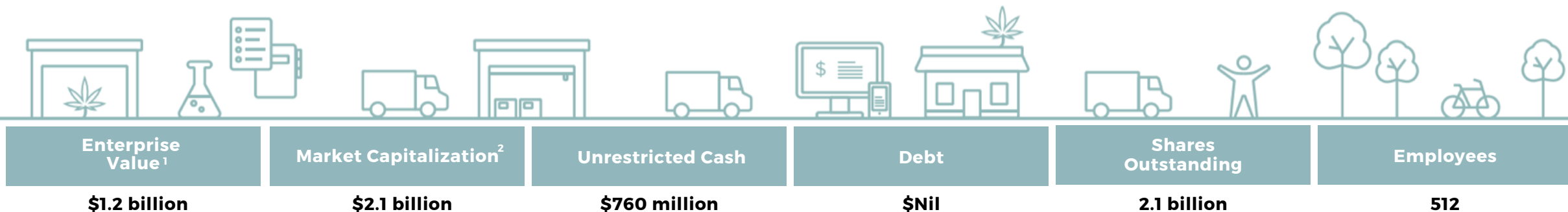


SUNDIAL

SUNDIAL GROWERS

- Sundial Growers is a public company with common shares trading on Nasdaq under the symbol SNDL
- Focused on best-in-class cannabis brands and products with an emphasis on premium inhalables and a portfolio of high-quality cannabis investments
- Proven management track record of improving cost discipline and achieving positive adjusted EBITDA in the first half of 2021

Proudly Canadian with Corporate Headquarters in Calgary, Alberta



NOTES

1. Canadian dollars; assumes Bank of Canada exchange rate of 1.2565 and share price of \$US0.83 as of market close August 9, 2021

2. Includes \$351MM of investments in cannabis-related credit facilities and marketable securities

3. Includes Sundial and Spiritleaf employees as of August 9, 2021

SUNDIAL RESHAPES ITS BUSINESS MODEL WITH A FOCUS ON TWO PILLARS

Cannabis Operations

UPSTREAM
Cannabis Cultivation

MIDSTREAM
Manufacturing & Processing

DOWNSTREAM
Retail

Investment Operations

SunStream Bancorp

Canadian Cannabis Credit

Select M&A Focused Equity Investments

BUILDING A STABLE BUSINESS MODEL FOCUSED ON RECURRING CASH FLOW

CANNABIS OPERATIONS



SUNDIAL



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+



SPIRITLEAF



A video player interface with a light blue background. The video content is split into two panels. The left panel shows a close-up of cannabis plants with the SUNDIAL logo and the word "SUNDIAL" overlaid. The right panel shows a man in a white shirt and green apron at a counter in a store named "SPIRITLEAF", interacting with a woman. A large white plus sign is centered between the two panels. The word "SPIRITLEAF" is overlaid in large white letters across the bottom of the right panel. The video player controls at the bottom include a play button, a progress bar with a "00:46" timestamp, and icons for signal strength, settings, and full screen. In the top right corner of the video frame, there are icons for a heart and a share symbol.



TRANSACTION HIGHLIGHTS

Establishes Sundial as one of Canada's largest vertically integrated cannabis companies:



Sundial is a diversified cannabis company with a strong brand portfolio and extensive consumer packaged goods experience. Acquiring Spiritleaf broadens Sundial's business with a strategic entry into cannabis retail and enables greater access to and understanding of retail markets, product marketing insights, and consumer purchasing trends.

Establishes Sundial as Canada's largest single-branded network of retail operations:



The addition of well-established Spiritleaf franchised and corporate-owned stores, representing the country's largest single-brand recreational cannabis retailer with 100-plus stores across six provinces, provides Sundial with an integration and expansion platform in current operating markets in Canada.

Strengthens Sundial's retail expertise with cannabis advocates:



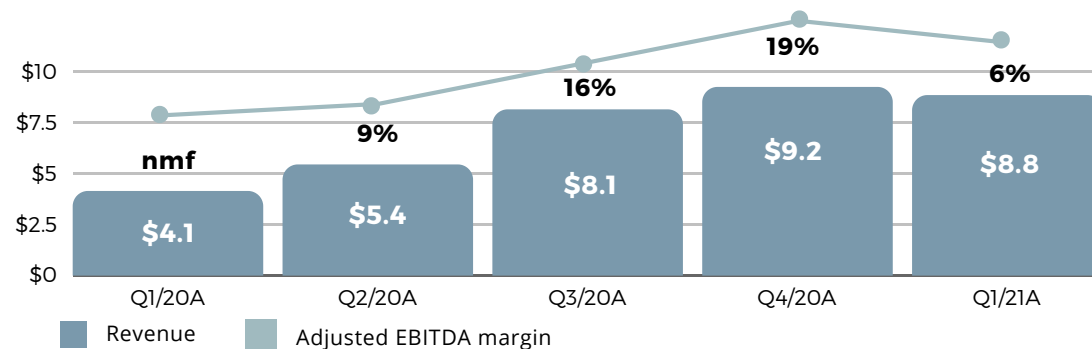
Spiritleaf has earned its reputation as an industry leader for its franchise sales and support system, in-store design and experience, employee education and training, marketing creativity and customer benefits program.

SPIRITLEAF OVERVIEW

CANADA'S LARGEST RETAILER

- Largest cannabis franchise retail network in Canada
- System-wide retail sales of \$35.9 million in Q1 2021¹
- Served 2.3 million guests in 2020 and currently has more than 320,000 members in its Collective customer benefits program
- Sold more than 18 million grams in 2020

Historical Revenue and EBITDA Margins (\$ millions)



GEOGRAPHICAL FOOTPRINT



Serving Canadian Cannabis Consumers with a Coast-to-Coast Presence

NOTES

1. System-wide retail sales and Adjusted EBITDA are non-IFRS financial measures. For more details, see the "Non-IFRS Financial Measures" section below.

NET CANNABIS REVENUE

\$9.2MM

▼ 7% vs Q1 2021

ADJUSTED EBITDA

(\$0.2MM)

▼ 106% vs Q1 2021

ADJUSTED GROSS MARGIN %¹

(4%)

▲ 75% vs Q1 2021

BRANDED CANNABIS SALES MIX

80%

- vs Q1 2021

SMG&A COSTS²

\$12.2MM

▲ 47% vs Q1 2021

GROSS AVERAGE BRANDED SALES PRICE³

\$3.19/g

- vs Q1 2021

Q2 2021 HIGHLIGHTS

- Gross cannabis revenue of \$12.7 million, an increase of 8% compared to the previous quarter.
- Adjusted gross margin loss from cannabis operations of \$0.4 million compared to a loss of \$1.6 million for the previous quarter.
- Yielded the Company's strongest results in May and June of 2021, with an average THC potency greater than 20%.
- Continued supply chain investment allowing Sundial to double its annual pre-roll production capacity while significantly reducing costs.

"We have seen continuous improvement in our cultivation outcomes as we remain focused on best practices to deliver strong results in potency, yield and terpenes. In the last two months of the quarter, we experienced the highest successive average potency at harvest since operations began at Olds."

ZACH GEORGE, CEO

NOTES

1. Before inventory obsolescence

2. Sales and marketing and general and administration expenses, excluding non-cash share-based compensation "SMG&A"

3. Excludes sales to Licensed Producers

SUNDIAL CANNABIS OPERATIONS

\$144M NR
Since 2019¹

>60,000,000
Grams Harvested²

9 Provincial
Distribution Listings³

Sundial brands and products look to meet and delight evolving consumer preferences with an agile production footprint



SELECT SUNDIAL CANNABIS OPERATIONAL HIGHLIGHTS

Branded Sales Mix and On Time
In Full Highlights (“OTIF”)

Sales mix of 75% branded and 25% wholesale in 2021; OTIF metric average greater than >90% currently

SNL Product Formats and SKU
Rationalization

Branded products available in flower, vape, pre-roll, oil, concentrates and edibles in 2021 vs. flower only in 2019; Rationalized portfolio from >100 to <35 SKUs in 2021

NOTES

1. Estimated total cumulative cannabis Net Revenue (“NR”) as of June 30, 2021

2. Estimated total cumulative cannabis grams harvested as of June 30, 2021

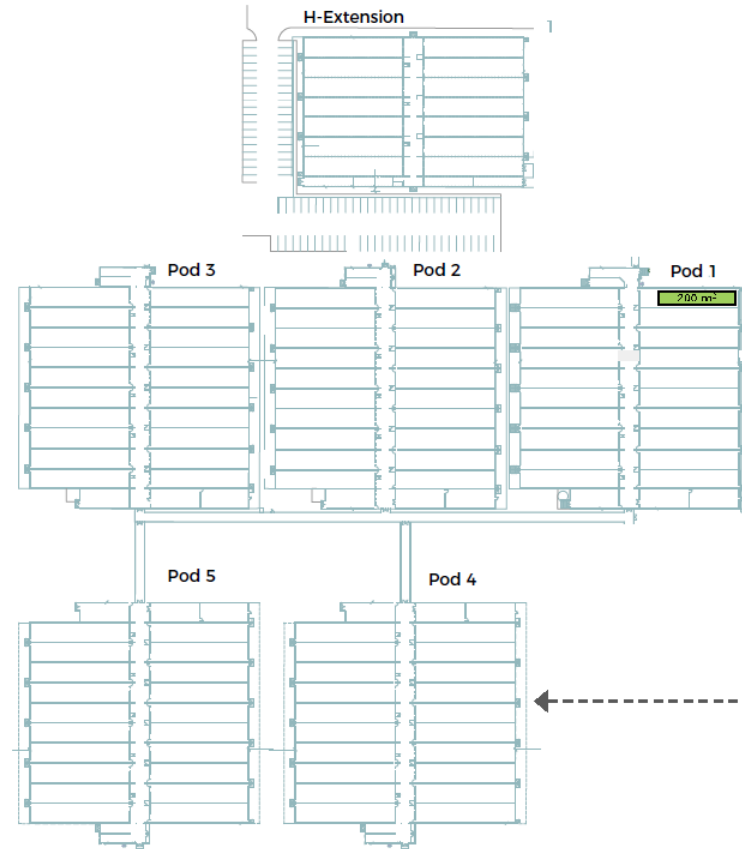
3. As of August 9, 2021

COMMITMENT TO CULTIVATION EXCELLENCE

Olds AB 448,000 sq. ft. Purpose Built Indoor Facility

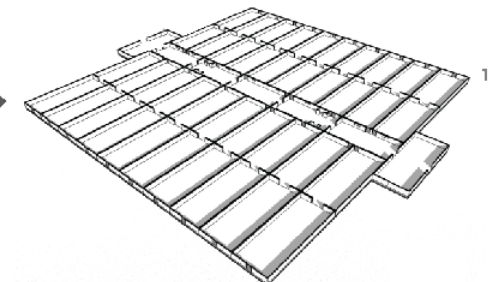
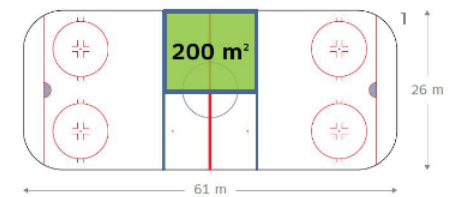
Proud Cultivators, Honing Capabilities

- Controlling upstream cannabis cultivation is critical to SNDL's business model
- Indoor modular room format improves product consistency and quality enabling SNDL to deliver small-batch-at-scale
- Many industry peers are moving away from internal cultivation, relying on "micro growers" and wholesale spot market
- In the last two months of the second quarter 2021 Sundial experienced the highest successive average potency at harvest since operations began at Olds .



Small-Batch-At-Scale

- Health Canada micro cultivation licenses allow Micro Licensed Producers to grow up to 200m² (~2,150 sq. ft.) and 600kg
- 1 x SNDL modular purpose-built small-batch-at-scale grow room is ~268m² (~2,2880 sq. ft.) with no kg restrictions



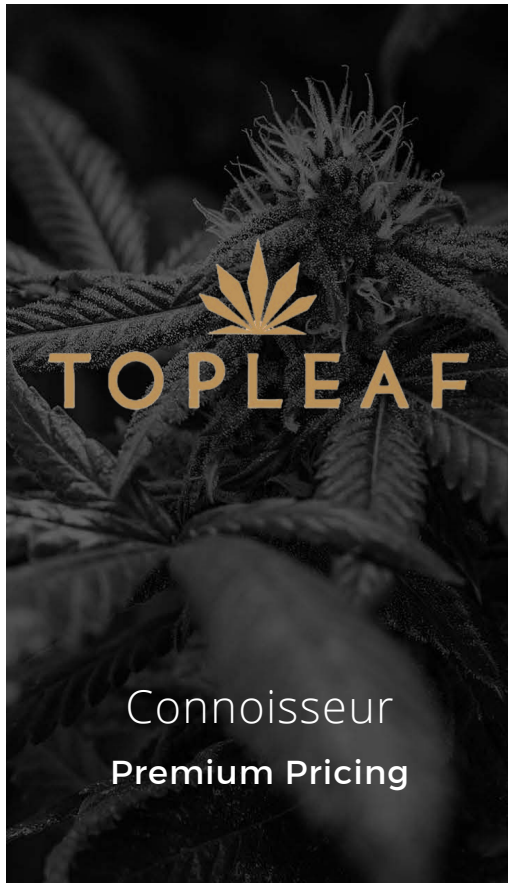
SNDL is committed to cultivation excellence with a total of 114 small-batch modular grow rooms

NOTES

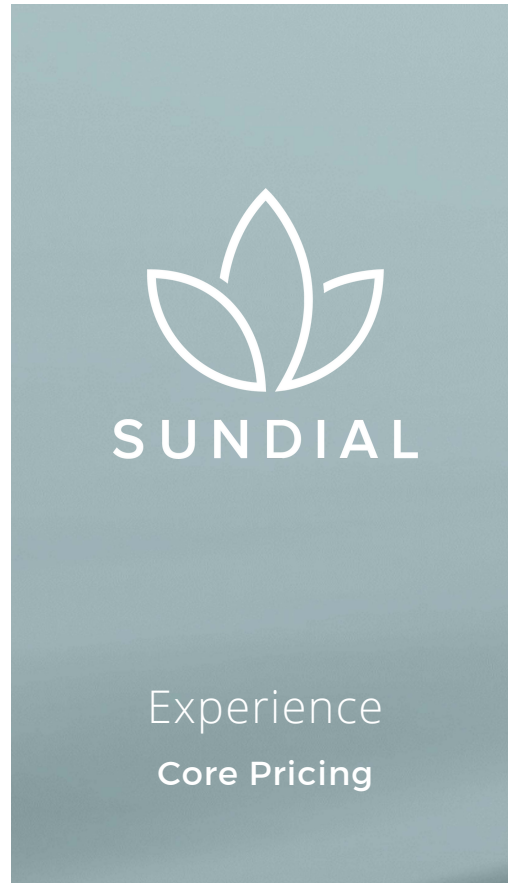
1. For visual representation and may not be identical to design scale

OUR BRAND PORTFOLIO

We have developed a brand portfolio to target a range of high value market segments.



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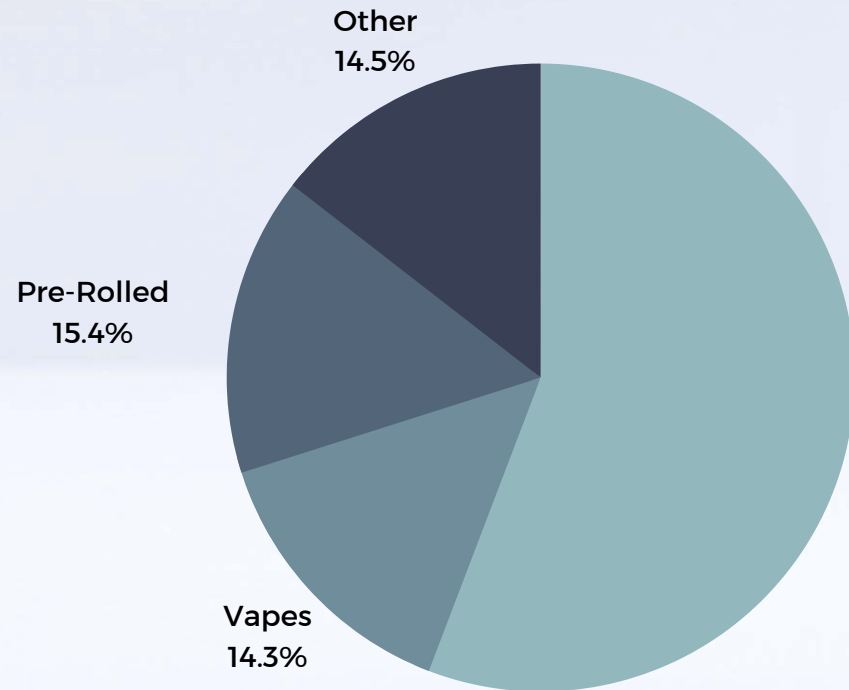
PRICE PER GRAM/UNIT



\$\$

A FOCUS ON INHALABLES

The core inhalable segments Sundial is focused on representing the vast majority of the Canadian adult-use market in 2021.



OCS Wholesale & Ecommerce Sales by Product Type

April 1, 2021 to June 30, 2021

Dried Flower
55.8%

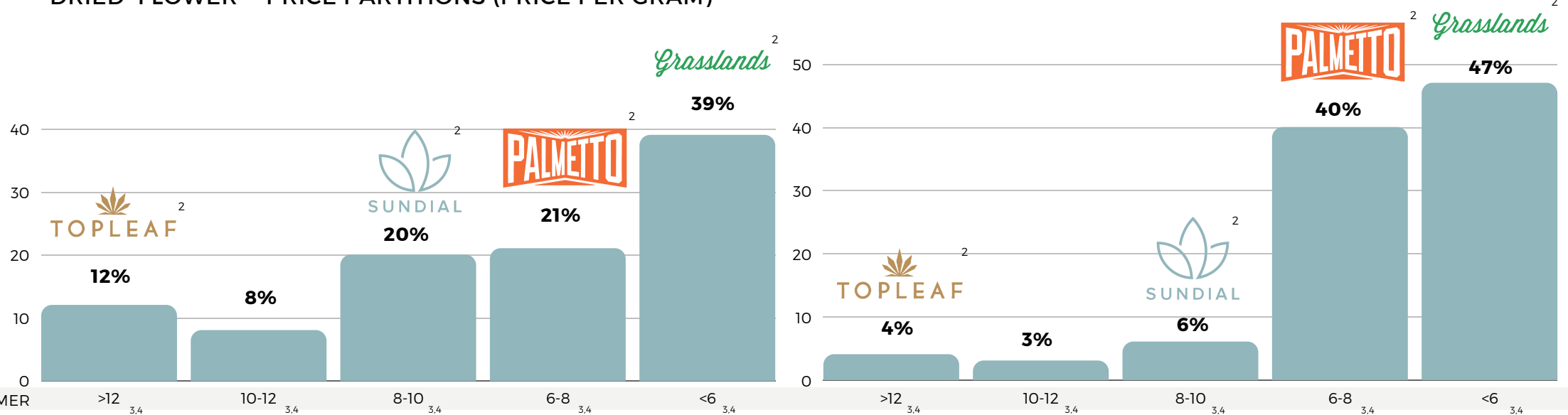


MARKET PRICING SEGMENTATION

Sundial's brand portfolio covers the key pricing segments of the inhalables market ¹

DRIED FLOWER - PRICE PARTITIONS (PRICE PER GRAM) ¹

VAPE - PRICE PARTITIONS (PRICE PER 0.1 GRAM) ²



Ontario Share of Dried Flower and Vape by Price Point (April 2021 to June 2021)

RETAIL PRICE TO CONSUMER

(Premium)	(Premium Core)	(Core)	(Value)	(Discount)	(Premium)	(Premium Core)	(Core)	(Value)	(Discount)
BROKEN COAST CANNABIS CO. CANNA FARMS FLOWR	San Rafael	EDISON CANNABIS CO. AURORA RIFF Tweed	GOOD SUPPLY REDECAN PURE SUNFARMS	O.S. ORIGINAL STASH Daily SPECIAL Twd.	dosist	San Rafael	KOLAB PROJECT MARLEY NATURAL	REDECAN CANACA Solei Foray GOOD SUPPLY	PURE SUNFARMS Daily SPECIAL TRAIL BLOZER

- NOTES
1. Data and competitor segmentation represents rolling 3 weighted average between April 2021 and June 2021; Sundial's brand segmentation as of Q2 2021
 2. Excludes pre-roll, oils, edibles, concentrates, accessories, etc.; percentages may not total 100% due to rounding
 3. Retail prices include 13% HST
 4. Retail prices assume 25% margin from OCS wholesale price to match OCS e-commerce pricing

INVESTMENT OPERATIONS



SUNDIAL



SUNDIAL INVESTMENT OPERATIONS

>\$350MM
Investments

>\$25MM
Investment Income
in H121

\$885MM
Cash available to
be deployed

Focused on developing capital within the cannabis sector on an attractive risk-adjusted basis and broader opportunities within financial services

SELECT SUNDIAL INVESTMENT OPERATIONS HIGHLIGHTS

Capital Raised

Deployed a portion of the capital raised into several cannabis-related investments totaling \$351.5 million including \$187.6 million to the SunStream joint venture. These investments generated \$9.4 million in investment revenue in the second quarter including interest, fees and realized and unrealized gains on marketable securities.

Attractive Returns on Investments

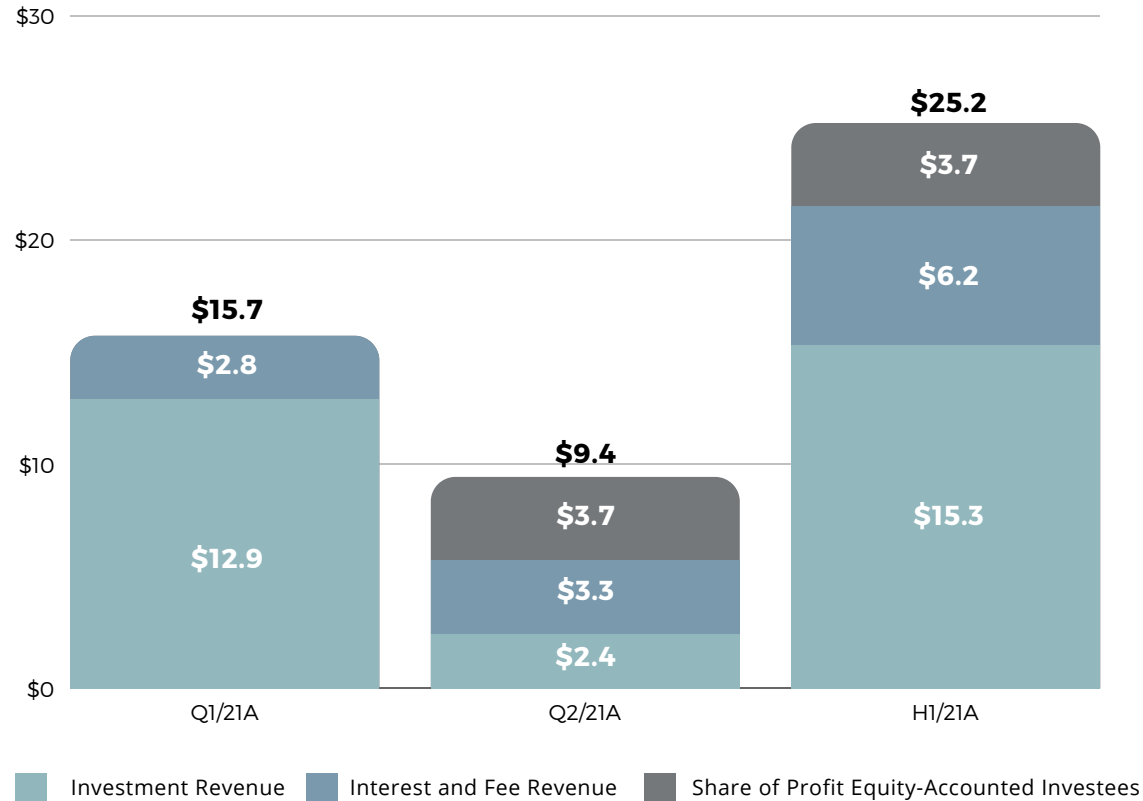
Tracking an annualized rate of return of 13.0% in Sundial's portfolio of credit-related investments.

Strategic Investments

Sundial continues to strategically deploy its capital with a focus on maximizing cash flows and shareholder value.

INVESTMENT OPERATIONS

REVENUE FROM INVESTMENT OPERATIONS (\$ MILLIONS)



- The first half of 2021 was a transitional period for SNDL, as the Company has now structured its business into two operating segments: one being Cannabis operations and the other being Investment operations
- The investment generated \$9.4 million in investment income in the second quarter including interest, fees, realized and unrealized gains on marketable securities, and share of profit of equity-accounting investees

Sundial continues to strategically deploy its capital with a focus on maximizing cash flows and shareholder value

SNDL CAPITAL INVESTMENT PROGRAM

SNDL CAPITAL INVESTMENT PROGRAM BREAKDOWN¹

Cash	\$783MM
Marketable Securities	\$128MM
Investments	\$284MM
TOTAL	\$1,195MM

During Q2 2021 SNDL Generated Tax Efficient Interest Income and Gains of \$9.4 MM

NOTES

1. As of market close August 9, 2021



SUNSTREAM BANCORP

SUNSTREAM BANCORP

50/50 Joint Venture (*JV*) between Sundial and SAF that will leverage a strategic financial and operational partnership to generate asymmetrically enhanced risk-return opportunities in the cannabis industry to provide exposure to a portfolio of attractive debt, equity and hybrid investments.

Why SSB?

COMPELLING OPPORTUNITY

- Global legal cannabis market expected to reach US\$47BN by 2025 (+130% vs 2020) ¹
- Access to capital remains selective and many traditional sources (e.i. banks & PE) continue to be sidelined
- Limited window of reduced competition to position ahead of wholesale capital entry upon US legalization

PROVEN TRACK RECORD

- SAF has consistently generated attractive risk-adjusted returns
- SAF has received attractive weighted average returns since first investing in the industry in 2019
- Formalized underwriting and investment committee approval process refined with mega-fund co-investors

TOP TIER PARTNERS

- CEO of Sundial and CEO of SAF have a 10+ year working relationship
- SAF has allocated >\$2.0B of capital across more than 30 transactions since 2014
- Sundial has operational know-how and proprietary market intel to optimize portfolio companies

ROBUST DEAL PIPELINE

- Active ~\$500MM global deal pipeline of attractive debt and equity opportunities
- Corporate banking relationships allow for joint/co-joint existing financing arrangements
- Partners have a proven ability to close making them a "first call" for investment banking teams

NOTES

¹.Source: Arcview Research - State of the Legal Cannabis Markets 8th Edition



SUNSTREAM BANCORP

CO-MANAGED SPECIAL OPPORTUNITIES CANNABIS FUND WITH A GLOBAL MANDATE¹



+



Sundial has committed a \$188MM cornerstone Limited Partner investment

SAF Group is a Canadian alternative investment manager who has allocated >\$2B across more than 30 transactions

DISTINCT MARKET OPPORTUNITIES³

UNITED STATES

Market

Fragmented and severely underfinanced market due to regulatory hurdles

Opportunity

Secured debt by borrowers with premium fundamentals; hybrid securities investments

CANADA

Market

Access to capital concentrated with the largest LPs leaving the middle market in flux

Opportunity

Consolidate premium offerings and scalable IP from smaller LPs

INTERNATIONAL

Market

Developing landscape expected to emerge and expand for years to come

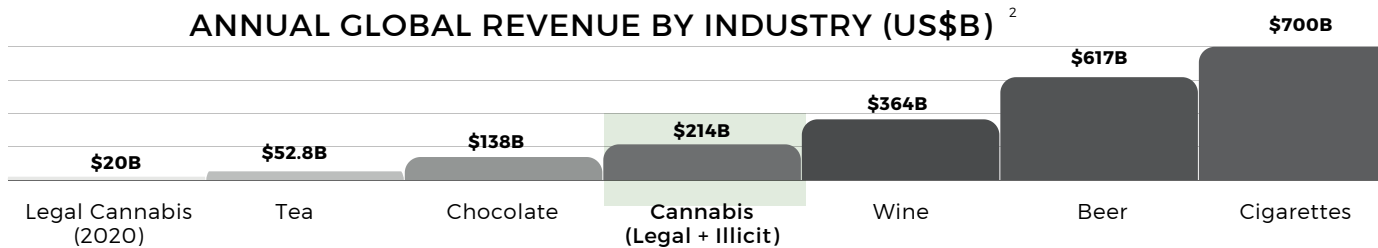
Opportunity

Selectively participate through direct investment or indirectly through export opportunities

WORLDWIDE LEGAL CANNABIS MARKET (USD):



ANNUAL GLOBAL REVENUE BY INDUSTRY (US\$B)²



NOTES

1. SunStream Bancorp is in the process of finalizing the fund and marketing; there are no assurances as to the proposed timing of the closing or the size of the fund
2. Arcview Research - State of the Legal Cannabis Markets 8th Edition, Statista, Fortune Business Insights, Grandview Research
3. Investments will be compliant with the listing requirements of the NASDAQ

LEADERSHIP TEAM

Zach George

CHIEF EXECUTIVE OFFICER

Mr. George joined Sundial as Chief Executive Officer in January 2020 and brings more than 15 years of experience in alternative investments, evaluating opportunities across the capital structure of North American companies with a focus on real assets. He has worked in management and board capacities focused on restructurings and operational turnarounds, affecting corporate action, and implementing governance policies in order to maximize shareholder value. Mr. George has a Bachelor of Arts degree from Simon Fraser University and a JD from Brooklyn Law School.

Jim Keough

CHIEF FINANCIAL OFFICER

Mr. Keough joined Sundial as Chief Financial Officer in May 2018. Mr. Keough began his career with KPMG and E&Y in Canada and Europe. Prior to joining Sundial, he served for 20 years as CFO of a diversified private company with operations in energy, real estate and hospitality. Mr. Keough holds a Bachelor of Commerce degree from the University of Calgary.

Andrew Stordeur

PRESIDENT, CHIEF OPERATING OFFICER

Mr. Stordeur joined the Company as Chief Commercial Officer in March 2018 and became President - Canada in May 2019. In January 2020, he became President and Chief Operating Officer. Mr. Stordeur has over 15 years of experience in Consumer Packaged Goods including Chief Sales and Customer Officer, at Molson Coors Beverage Company.

Ryan Hellard

CHIEF STRATEGY OFFICER

Mr. Hellard joined Sundial as the Chief Marketing and Product Officer in March 2018 and has overseen the development of Sundial's brand and product portfolio for the past three years. Prior to joining Sundial, he spent 5 years as the President of AppColony, a digital marketing and product development agency.



ANALYST COVERAGE

ATB Financial™

FREDERICO GOMES



TAMMY CHEN

cg/Canaccord
Genuity

SHAAN MIR



PABLO ZUANIC

COWEN

VIVIEN AZER



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