

THE SHARE CONSOLIDATION

Background for the Share Consolidation

The Board is proposing the Share Consolidation as part of the Corporation's ongoing efforts to enhance Shareholder value, broaden the Corporation's shareholder base and increase the Corporation's financial and strategic flexibility. Based on the Corporation's stage of development, developments in our industry, market observations relating to our peers, and discussions with financial and other advisors, we believe that a Share Consolidation could better position the Corporation to pursue a broader range of opportunities to support our business objectives.

The Board believes the Corporation's current trading price may be limiting the Corporation's ability to attract institutional investment. Many institutional investors, investment funds and mutual funds are subject to internal policies, investment mandates or regulatory constraints that restrict or prohibit them from investing in securities trading below a specified price, and certain brokerage firms have policies and practices that discourage brokers from recommending, or that limit their clients' ability to purchase on margin, securities trading below a specified price. In addition, certain market indices and institutional screens apply minimum price thresholds as a condition of eligibility. As a result, the Board believes that the current trading price of the Common Shares may be limiting the level of analyst coverage and research attention the Corporation receives and constraining the pool of potential investors in the Corporation.

An increased per-share trading price resulting from the Share Consolidation may make the Common Shares more attractive to a broader range of institutional and other investors, may improve the marketability and liquidity of the Common Shares and may reduce certain costs and inefficiencies associated with a low trading price, including the effect of the bid-ask spread as a proportion of the trading price of the Common Shares. The Board further believes that the Share Consolidation has the potential to enhance the Corporation's financial and strategic flexibility. A more appropriate share capital structure may improve the Corporation's ability to access capital markets on favourable terms, the potential to use the Common Shares as consideration in potential acquisitions or other strategic transactions in the future and to maintain competitive equity-based compensation arrangements. The Share Consolidation is also expected to support the Corporation's continued compliance with the continued listing requirements of the Nasdaq, which requires listed securities to maintain a minimum closing bid price of US\$1.00 per share.

The Board believes that a range of Share Consolidation ratios will provide it with the flexibility to implement the Share Consolidation in a manner designed to optimize the anticipated benefits of the Share Consolidation to the Corporation and Shareholders. In determining which precise Share Consolidation ratio to implement within the range of 1:2 to 1:10, following receipt of Shareholder approval, the Board may consider, among other things, factors such as:

- the historical trading prices and trading volume of the Common Shares;
- the then prevailing trading price and trading volume of the Common Shares and the anticipated impact of the Share Consolidation on the trading of the Common Shares;
- the Corporation's capital raising and strategic objectives;
- threshold prices of brokerage houses or institutional investors that could impact their ability to invest or recommend investments in the Common Shares;

- minimum listing requirements of the Nasdaq; and
- prevailing general market and economic conditions and outlook for the trading of the Common Shares.

Board Recommendation

In determining to recommend the Share Consolidation to Shareholders, the Board considered many factors, including:

- the historical and recent trading prices and trading volume of the Common Shares, and the anticipated effect of the Share Consolidation on the trading prices and liquidity of the Common Shares;
- prevailing market conditions, developments in the Corporation's industry, and the trading prices and share capital structures of the Corporation's peers;
- the investment policies, mandates and internal guidelines of institutional investors, investment funds and brokerage firms;
- the Corporation's anticipated capital requirements, and the effect of the Share Consolidation on the Corporation's ability to raise capital, to complete acquisitions or other strategic transactions in the future;
- the requirements of the Nasdaq, including continued listing requirements relating to minimum bid price;
- the requirements of the CSE;
- the desirability of providing the Board with the discretion to select a ratio for the Share Consolidation within a range, and to determine whether and when to implement the Share Consolidation, in order to respond to market conditions prevailing at the relevant time; and
- the advice and input of the Corporation's relevant advisors.

After careful consideration of the foregoing factors, and following consultation with the Corporation's advisors, the Board has determined that obtaining Shareholder approval of the Share Consolidation Resolution is in the best interests of the Corporation. Accordingly, the Board recommends that Shareholders vote FOR the Share Consolidation Resolution.

Although approval of the Share Consolidation is being sought at the Meeting, the Share Consolidation, if approved, will not become effective until: (i) the Board determines it to be in the Corporation's best interests; and (ii) articles of amendment are filed with the Registrar to implement the Share Consolidation. It is expected that the Share Consolidation will be effected prior to October 31, 2026, but in any event no later than the date that is one (1) year from the date of the Meeting (or any postponement or adjournment thereof).

Effects of the Share Consolidation

If the Share Consolidation is approved by Shareholders and subsequently implemented, its principal effect will be to proportionately decrease the number of issued and outstanding shares by a factor equal to the consolidation ratio. The Corporation does not anticipate that the Share Consolidation will have any economic effect on Shareholders or holders of securities convertible

into or exercisable to acquire Common Shares, except to the extent the Share Consolidation results in fractional shares. See "*Fractional Shares*" below.

Post-Share Consolidation, the Common Shares will continue to be listed on the Nasdaq and the CSE under the symbol "SNDL". Pre-Share Consolidation voting rights and other rights of the holders of Common Shares will not be affected by the Share Consolidation, other than as a result of the elimination of fractional Common Shares.

Effect on Common Share purchase warrants, stock options, restricted share units and performance share units

The exercise or conversion price and/or the number of Common Shares issuable under any outstanding Common Share purchase warrants, stock options, restricted share units and performance share units will be proportionately adjusted upon the implementation of the Share Consolidation.

Effect on Beneficial Shareholders

Beneficial Shareholders should be aware that the Intermediary may have different procedures for processing the Share Consolidation than those that will be put in place for Registered Shareholders. Beneficial Shareholders are encouraged to contact their intermediaries.

Fractional Shares

No fractional Common Shares will be issued pursuant to the Share Consolidation and Shareholders will not receive any compensation in lieu thereof. Any such fractional Common Shares will be rounded down to the nearest whole Common Share.

Tax Considerations

The Share Consolidation is not expected to result in any material Canadian income tax consequences to Shareholders.

A U.S. Shareholder generally should not recognize gain or loss for United States federal income tax purposes as a result of such U.S. Shareholder's exchange of Pre-Consolidation Shares for Post-Consolidation Shares in connection with the Share Consolidation. A U.S. Shareholder's aggregate adjusted tax basis in Post-Consolidation Shares received pursuant to the Share Consolidation should equal the aggregate adjusted tax basis of the Pre-Consolidation Shares exchanged therefor. Additionally, a U.S. Shareholder's holding period in Post-Consolidation Shares received pursuant to the Share Consolidation should include the holding period in Pre-Consolidated Shares exchanged therefor. U.S. Treasury Regulations provide detailed rules for allocating the tax basis and holding period of shares of common stock surrendered in a recapitalization to shares received in the recapitalization. U.S. Shareholders of Common Shares acquired on different dates and at different prices should consult their tax advisors regarding the allocation of the tax basis and holding period of such Common Shares.

This circular does not contain, and is not intended to constitute, a comprehensive description of the tax consequences of the Share Consolidation. Shareholders should consult their own

tax advisors having regard to their particular circumstances, including the application of any provincial, state, territorial or foreign tax laws.

Procedure for Share Certificates

If the Share Consolidation is approved and the Board proceeds to implement it, Registered Shareholders will need to exchange their existing share certificate(s) for new ones representing their Post-Consolidation Shares. Odyssey will mail to each Registered Shareholder a Consolidation LOT with this Information Circular, which will contain instructions on how to surrender their existing share certificate(s). Odyssey will send to each Registered Shareholder who follows the instructions provided in the Consolidation LOT a new share certificate representing their Post-Consolidation Shares, rounded down to the nearest whole number or, alternatively, in certain circumstances, a DRS representing their Post-Consolidation Shares.

Until surrendered to Odyssey, each existing share certificate shall represent a Registered Shareholder's right to receive a new share certificate representing their applicable Post-Consolidation Shares. Until Registered Shareholders have returned their properly completed and duly executed Consolidation LOT and surrendered their existing share certificate(s) for exchange, Registered Shareholders will not be entitled to receive distributions of the Corporation, if any, that may be declared and payable to holders of record following the implementation of the Share Consolidation.

Any Registered Shareholder whose share certificate(s) have been lost, destroyed or stolen will be entitled to a replacement share certificate only after complying with the requirements that customarily apply in connection with lost, stolen or destroyed certificates.

The method chosen for delivery of share certificates and Consolidation LOTs to the transfer agent is the responsibility of the Registered Shareholder and neither the Corporation nor the transfer agent will have any liability in respect of the share certificates and/or Consolidation LOTs which are not actually received by Odyssey.

Beneficial Shareholders are not required to take any action upon determination to proceed with the Share Consolidation, as such securities will be delivered to the intermediary through the procedures in place for such purposes between CDS & Co. or similar entities and such intermediaries. Beneficial Shareholders should contact their intermediary if they have questions regarding this process.

Nasdaq and CSE Requirements

The Common Shares are listed on the Nasdaq and the CSE under the symbol "SNDL". If the Share Consolidation Resolution is approved by Shareholders and the Board elects to implement the Share Consolidation, the Corporation will take all steps necessary to comply with the respective requirements of the Nasdaq and the CSE in connection with the Share Consolidation, including providing any required notices and filings. Even if approved by the Shareholders, the implementation of the Share Consolidation will remain subject to the approval of the Board and the completion and timelines of any required corporate and regulatory procedures.

Risks of the Share Consolidation

Shareholder Approval May Not be Obtained, and/or the Board May Elect Not to Implement the Share Consolidation

The Share Consolidation is subject to the approval of Shareholders by special resolution, requiring the affirmative vote of not less than 66 2/3% of the votes cast at the Meeting. There can be no assurance that the requisite Shareholder approval will be obtained. If the Share Consolidation Resolution is not approved, the Corporation will not be able to effect the Share Consolidation, and the anticipated benefits described under "*Background to the Share Consolidation*" will not be realized.

Even if the Share Consolidation Resolution is approved, the Share Consolidation will not be implemented automatically. The Share Consolidation Resolution authorizes, but does not require, the Board to implement the Share Consolidation, and grants the Board the discretion to determine the ratio of the Share Consolidation within the range of 1:2 up to 1:10, and the timing of its implementation. The Board may determine not to proceed with the Share Consolidation prior to October 31, 2026, or at any time within the one (1) year period following the Meeting (or any postponement or adjournment thereof) contemplated by the Share Consolidation Resolution, and the Share Consolidation Resolution expressly authorizes the Board to revoke the resolution and abandon the Share Consolidation, without further approval of Shareholders, at any time before articles of amendment giving effect to the Share Consolidation are filed with the Registrar.

If the Board determines that the Share Consolidation is no longer in the best interests of the Corporation, it will not be implemented. Accordingly, Shareholders will not know at the time of voting whether, when or on what basis the Share Consolidation will be effected, and the authority granted under the Share Consolidation Resolution will lapse if the Share Consolidation is not implemented within one (1) year of the date of the Meeting (or any postponement or adjournment thereof).

No Assurance of an Increased Trading Price or Improved Liquidity

Reducing the number of issued and outstanding Common Shares through the Share Consolidation is intended, absent other factors, to increase the per-share trading price of the Post-Consolidation Shares. However, the trading price of the Common Shares will also be affected by the Corporation's financial and operational results, financial position, industry and market conditions, the market's perception of the Corporation's business and prospects and other factors unrelated to the number of Common Shares outstanding.

Accordingly, there can be no assurance that the trading price of the Common Shares will increase following the Share Consolidation, that any increase will be proportionate to the ratio used for the Share Consolidation, or that any increased trading price will be maintained for any period of time. If the trading price of the Common Shares declines following the Share Consolidation, the decline as an absolute number and as a percentage of the Corporation's overall market capitalization may be greater than would have occurred absent the Share Consolidation, and both the Corporation's market capitalization and the adjusted trading price of the Common Shares may be lower than before the Share Consolidation took effect. The reduced number of Common Shares outstanding following the Share Consolidation has the potential to adversely affect the liquidity of the Common Shares.

Although we believe that a higher trading price could broaden the pool of investors that may consider investing in the Common Shares, there is no assurance the Share Consolidation will achieve this result, or that it will, in and of itself, enhance the Corporation's ability to pursue any strategic objective.

The Share Consolidation Does Not Guarantee Continued Compliance with Nasdaq Listing Requirements As of the date of this Information Circular, the Corporation is in compliance with Nasdaq's minimum bid price requirement for continued listing, however, there can be no assurance that following the Share Consolidation the Common Shares will continue to trade at a price sufficient to satisfy such requirement.

Shareholders Will Not Receive Fractional Common Shares

No fractional Common Shares will be issued in connection with the Share Consolidation. As a result, Shareholders holding a number of Pre-Consolidation Shares that is not evenly divisible by the ratio implemented for the Share Consolidation will have their entitlement rounded down to the nearest whole Common Share, and will cease to have any rights in respect of such fractional interest. Shareholders holding a small number of Common Shares may cease to hold any Common Shares following the Share Consolidation.