



NOVA
CANNABIS INC.



NOVA Cannabis

**Investor Presentation
(TSX: NOVC)**

Disrupting cannabis retail

Competitive Pricing x Effective Real Estate x Customer Loyalty = Market Share growth

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The forward-looking statements contained in this presentation are based on certain key expectations and assumptions including, but not limited to, expectations and assumptions concerning the retail cannabis strategy of Nova, including: business decisions and strategies of SNDL Inc., our majority shareholder; the size of the cannabis retail market and estimated portion currently unserved; migration of customers from the illicit market to legal market; costs and timelines of building new retail locations; the number, type and geographic locations of new retail stores to be created; new potential target consumers and customer segments; Nova's ability to influence customer purchase decisions; Nova's size, sales volume and financial stability; potential management costs of a low-cost retailer; cost structure of competitors; availability of capital and strength of the Nova balance sheet; potential for rapid organic and inorganic growth; current legislation and amendments thereto; receipt of required regulatory and/or licensing approvals; the growth and acquisition strategy of Nova; general economic conditions; financial strength of competitors; gross margin of Nova; the ability to capture expected market share; margin expansion; and other assumptions identified herein. Although Nova believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because there is no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the cannabis industry in general and changes in legislation affecting the cannabis industry.

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Basis of Presentation

All financial figures and information have been prepared and presented in Canadian dollars (which includes references to "dollars" and "\$"). Certain specified financial measures used in this earnings release, including Adjusted EBITDA, are not recognized under International Financial Reporting Standards ("IFRS") and may not be comparable to similar measures reported by other companies. Non-IFRS financial measures should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS. Please see Appendix 1 to this presentation for the definitions and reconciliations of any non-IFRS financial measures used in this presentation.

Canadian Cannabis Landscape



\$5B Legal Cannabis Market in 2023¹

- 12.2% growth from 2022¹
- 3.6% increase in sales in December 2023, compared to December 2022.¹
- Steady growth as consumers shift from the illicit market

A Projected \$7.3B Market by 2027²

- Conversion of the illicit market (~33% of the market today)³
- Alberta market is mature and is consolidating while Ontario (38% of Canada's population) has many underserved regions that offer growth potential

Restrictive Regulatory Environment

- Regulations restrict LP marketing and brand development
- Opportunity for retailers who own customer relationships through the 4-walls of the store

1) Israel, S. (2024, February 22). *Canadian recreational cannabis sales surpass CA\$5 billion in 2023*. MJBizDaily. [Source](#).
2) BDSA forecast US\$5.3 billion in 2027 (September 2023)
3) Pollara Survey – Legal Cannabis Five Years Later (Fall 2023)

Retailers are Ideally Positioned to Capture the Market Growth

Canadian Retailers have missed the mark



High-end

The wrong demographic



Small Business

Challenging economics

The real cannabis market: high volume & value focused

Asymmetric Impact of value-focused consumer

21% of consumers
70%+ consumption volume



PRICE is consistently cited as a top factor for purchase decisions

| | New users | Current users |
|-----------------------|---------------------------------------|--|
| Deloitte ¹ | #1 | #1 |
| | Considerations for purchase decisions | Reason to transition to legal channels |

| | |
|-----------------------------------|-----------------------------|
| Government of Canada ² | #1 |
| Canadian Cannabis Survey 2023 | Cannabis purchasing factors |

| | New customers | Returning customers |
|--------------------------------|---|---------------------|
| OCS ³ | 75% | 70% |
| Ontario Cannabis Stores (2022) | Report price as an important factor in purchase decision-making | |

Customer base for Value Buds – underserved by most retailers

¹Deloitte. (2021). 2021 Cannabis Pricing Report. [Source.](#)

²Government of Canada. (2023). Canadian Cannabis Survey 2023: Summary. [Source.](#)

³Ontario Cannabis Store. (2022). A Quarterly Review: January 1 – March 31, 2022. [Source.](#)

NOVA

advantage

1. Focused on the value conscious consumer base, a segment representing ~70% of total volume
2. Strategic shareholder in SNDL Inc. (Nasdaq: SNDL):
 - Leading regulated products platform with expertise in cannabis cultivation, manufacturing and production, regulated retail (cannabis and liquor) and investments
 - Providing breadth of management services and greater access to capital to ensure rapid growth and preservation of the low-cost operating model
3. Strong balance sheet with access to capital required to execute on aggressive and disciplined growth plans



Nova's growth strategy

Disrupt

Grow market share from legal and illicit markets with strategic expansion and growth of the "Value Buds" discount banner.

Focus

Service the needs and wants of the high volume, value-conscious consumer.

Lever

SNDL's support through their long-history and expertise in regulated retail.

Build

New stores in convenient locations that balance high transaction volumes and customer service levels.

Acquire

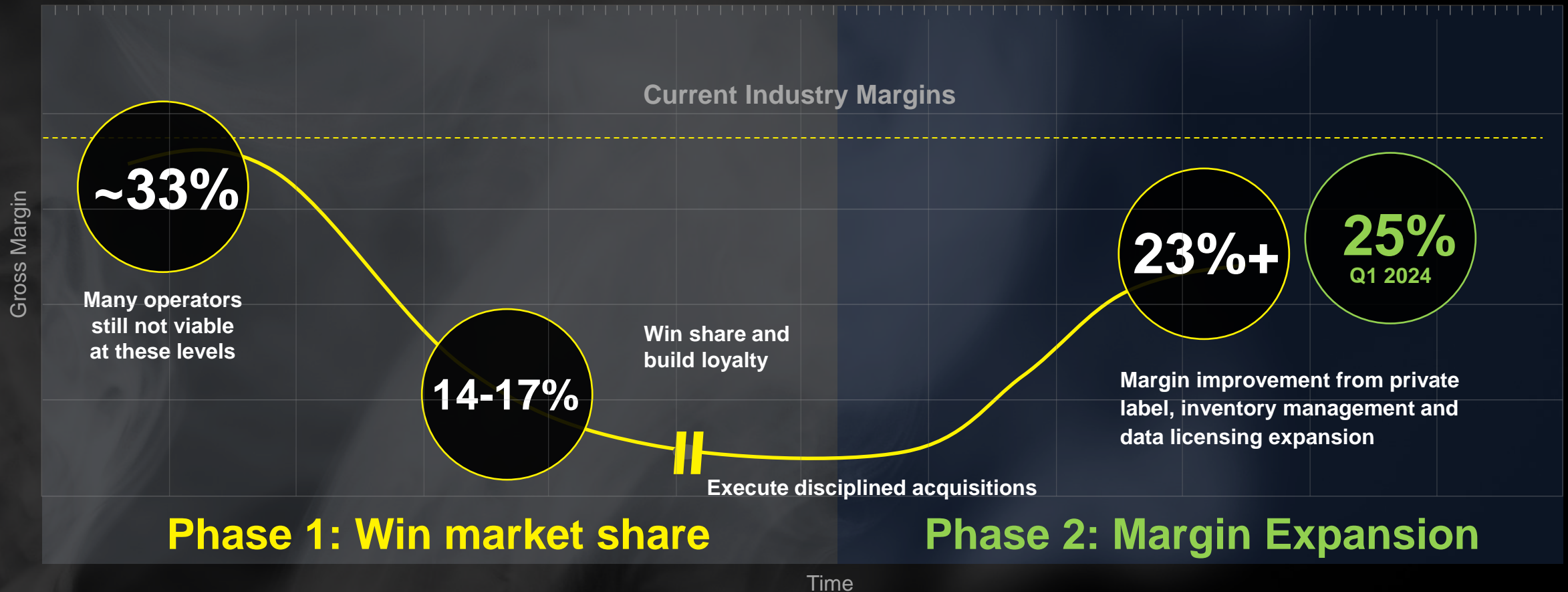
Fuel growth with acquisitions in locations that support Value Buds strategy.

Private Label

Develop higher gross margin private label offerings, build brand loyalty.

Maintain low-cost operating model, balancing growth with profitability.

Value Buds model: cannabis retail to mirror liquor success



Private Label & Value-Focused Product Offering



Private Label Brand Strategy

- Launched in Alberta in November 2022 and Ontario in February 2023
- Sourced from SNDL, focus on core assortment of products with proven customer appeal
- Margins are approximately 5% higher than comparable competitor products

Everyday Low Price

- Large-format flower currently available in 14-gram and 28-gram formats in Alberta and Ontario. Value Buds Cookies and Kush 28-gram flower was the #2 SKU overall in December 2023
- New 1.2-gram vape SKU, 'Hello My Name is Strawberry' which became the best-selling 1.2-gram vape cartridge in Value Buds stores in Q3 2023
- Expanded the product suite in May 2024 with a new blend 'Diesel and Berries', available in the 14- and 28-gram offerings, as well as 28 x 0.5-gram large format pre-rolls



Progress: Executing on growth strategy

Market Share Gains

- Steady market share in Alberta (19%) while Ontario market share continues to increase (4%)¹

Growing Footprint

- 99 stores operating as at May 7, 2024, an increase of 3 stores since the beginning of 2024
- Assignment of Dutch Love stores from SNDL paves the way to open Value Buds locations in British Columbia
- Focus on growth in key markets of British Columbia and Ontario, and further expansion into the prairie provinces in 2024

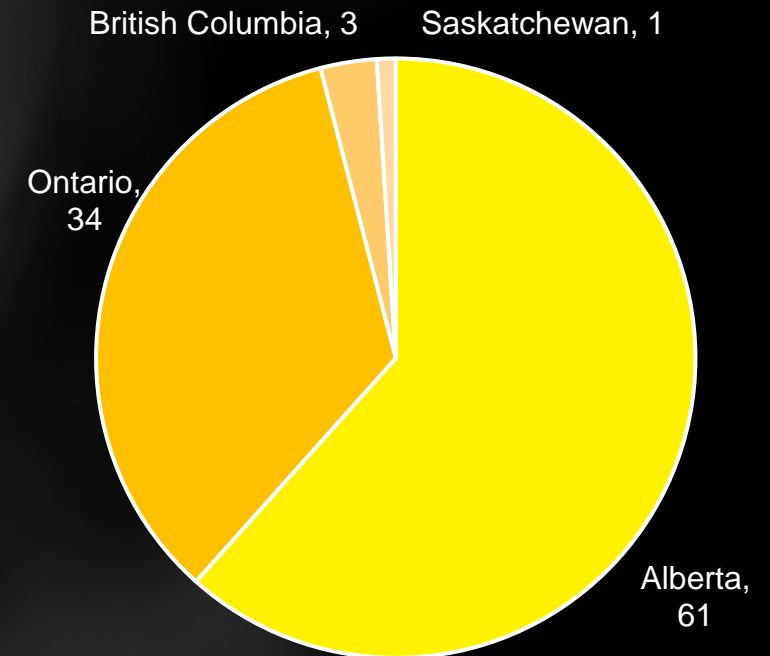
Proprietary Data Licensing Sales

- Q1 2024 revenue of \$3.3M from proprietary data licensing program, a 120% increase from \$1.5M in Q1 2023

Private Label Growth

- Expanded private label offerings to the Ontario market in February 2023
- Launched 'Hello My Name is Strawberry' in September 2023, a 1.2-gram vape cartridge
- Expanding private label offerings in Alberta in Q2 2024 with the launch of 'Diesel and Berries'. The new blend will launch in Ontario in early Q3 2024.

Retail Locations by Province:



As at May 7, 2024

First Quarter 2024 Highlights

First quarter revenue

\$64.3M

7% increase compared to Q1 2023

Gross profit

\$15.8M

23% increase compared to Q1 2023

Gross margin

25%

Compared to 21% in Q1 2023

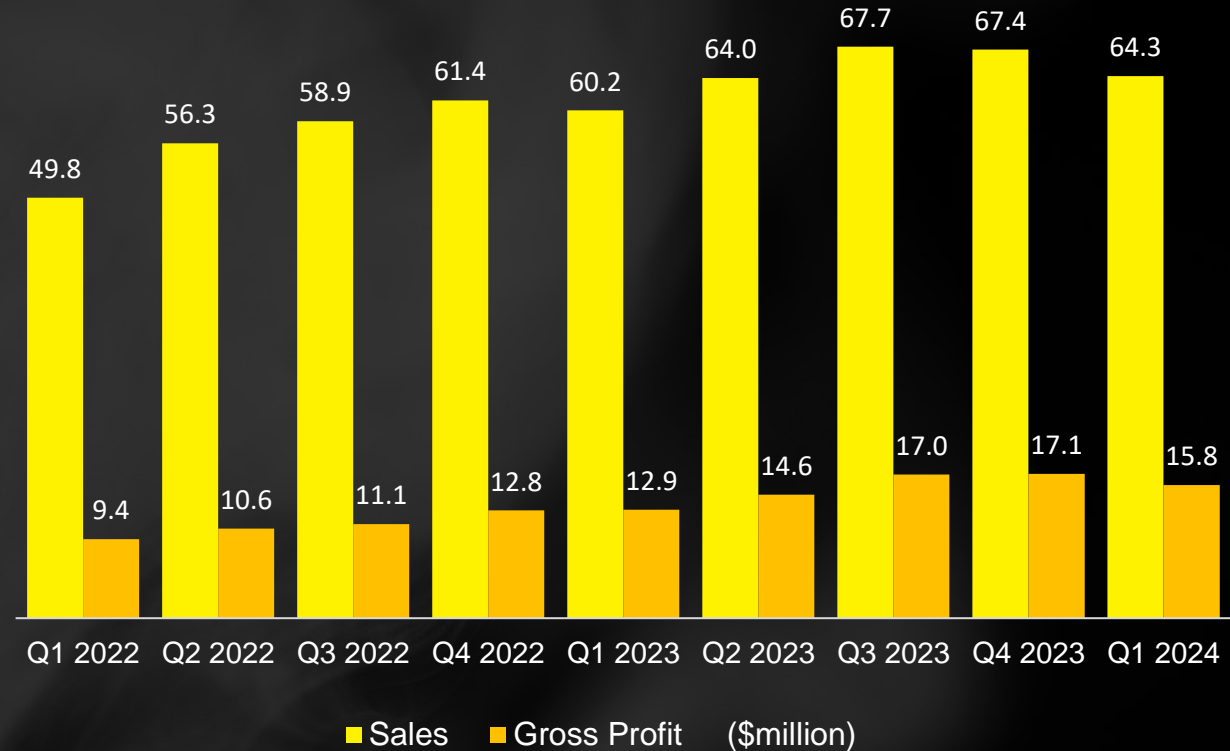
Adjusted EBITDA¹

\$4.5M

40% increase compared to Q1 2023

First Quarter 2024 Highlights

- **Value Buds same-store sales grew 1.5%** from Q1 2023 to Q1 2024
- **Gross margin improved** from 21% in Q1 2023 to 25% in Q1 2024
- **Adjusted EBITDA¹ of \$4.5M in Q1 2024 grew 40%** compared to \$3.2M in Q1 2023



¹ See Appendix for definition of Adjusted EBITDA.

Value and convenience

Build **brand recognition** and **reputation** for **delivering value**

Consistent in-store experience designed around **balance of ease of navigation, high transaction volume and customer service**

Footprint across key markets with focus on **convenient, highly visible locations**



sndl

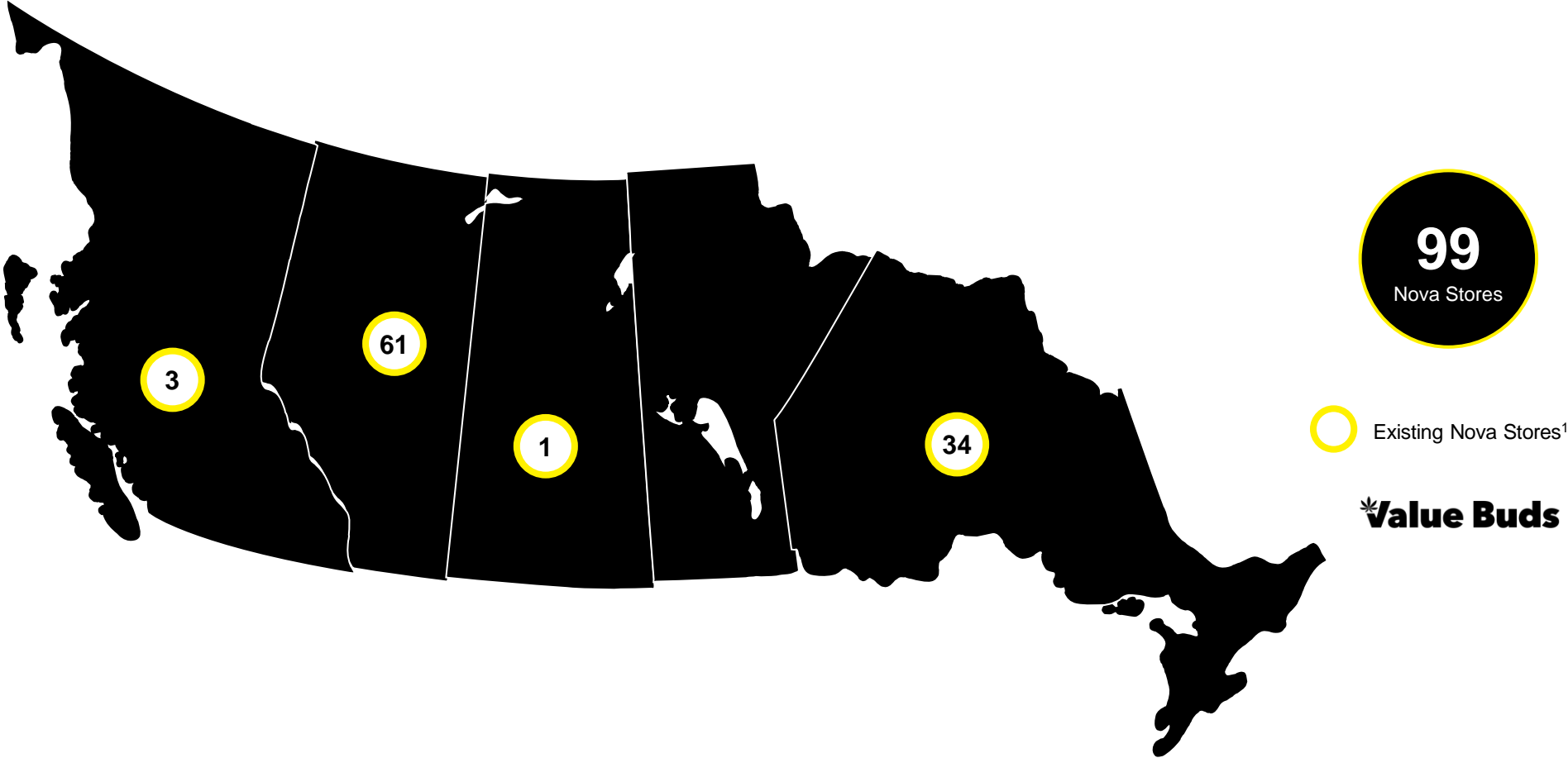
A Strategic Shareholder

1. ~63% equity ownership
2. Unrivalled expertise:
 - Best-in-class retail expertise with over 25 years in regulated product retail
 - Providing breadth of management services to ensure rapid growth and preservation of low-cost operating model
3. Established relationships with national landlords lead to **AAA real estate and provide lease guarantees where needed**



**25 years of retail expertise through SNDL's Alcanna ownership:
Canada's largest portfolio of non-government owned liquor stores**

Nova's Retail Footprint



¹For additional details, please see the corresponding MD&A and financial statements.
As at May 7, 2024.

Leadership with extensive experience in regulated products retail

Management Team

Marcie Kiziak
CEO

- Previously served as Chief Operating Officer of Nova Cannabis
- Joined Alcanna in 2018 as the Senior Vice President, Human Resources and later became President of Alcanna's cannabis division
- Previously Vice President of Human Resources and Safety for Corrosion and Abrasion Solutions Ltd. from 2013 until 2017 which included a secondment into Operations to lead a business transformation

Cameron Sebastian
CFO

- Has held the role of Vice President, Finance of SNDL since 2019, and prior thereto worked in senior executive positions with public energy companies for more than 25 years
- Prior to joining SNDL, Mr. Sebastian served as Chief Financial Officer of Perpetual Energy Inc. and its predecessor companies
- Mr. Sebastian holds a Chartered Professional Accountants of Canada designation and is a graduate of the University of Calgary

Board of Directors

Zach George
Chair

- CEO of SNDL Inc., co-founded the alternative investment platform FrontFour Capital Group LLC

Anne Fitzgerald

- Oversees all legal, corporate affairs and insurance matters relating to Cineplex and its subsidiaries; she also serves as Corporate Secretary

Marcie Kiziak

- CEO of Nova Cannabis Inc.

Christopher Pelyk

- 20+ years in retail store expansion, operations, and development, previously Senior Director of Store Development in Asia at lululemon

Jeffery Dean

- Managing Partner at Maven Capital, an advisory and private equity firm based in Toronto, previously at RBC Capital Market's Real Estate group

Ron Hozjan

- CFO/VP Finance Aureus Energy, Director of YSS, Director of Aloha Brands, Director Aither Ingredient Corp.

Shari Mogk-Edwards

- 40 years of experience in the beverage alcohol industry previously as Vice-President, Products, Sales, and Merchandising at the LCBO,

regulated

cannabis

consumer

retail

real estate

Appendix

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure that the Company uses to evaluate its operating performance. Adjusted EBITDA provides information to investors, analysts, and others to aid in understanding and evaluating the Company's operating results in a similar manner to Management. Adjusted EBITDA is defined as loss and comprehensive loss before finance costs; gains and losses on fair value adjustments; depreciation; impairments, lease remeasurements and other costs; and certain one-time transaction costs and restructuring costs, as determined by Management.

| <i>(expressed in thousands)</i> | Three months ended March 31 | |
|--|-----------------------------|--------------|
| | 2024 | 2023 |
| Net loss and comprehensive loss | (333) | (544) |
| Adjustments: | | |
| Finance costs | 1,170 | 1,096 |
| Net loss (gain) on fair value adjustments | 426 | (243) |
| Depreciation | 2,794 | 2,761 |
| Impairment, lease remeasurements and other costs | 424 | 4 |
| Restructuring costs ⁽¹⁾ | - | 121 |
| Adjusted EBITDA | 4,481 | 3,195 |