

QUESTIONS AND ANSWERS ABOUT THE ARRANGEMENT AND THE MEETING

The following is a summary of certain information contained in this Circular, together with some of the questions that you, as an Alcanna Shareholder, may have, and answers to those questions. This section is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Circular and the attached Appendices, all of which are important and should be reviewed carefully. Capitalized terms used in this summary without definition have the meanings ascribed to them in the Glossary of Terms or elsewhere in this Circular.

Q: What am I voting on?

A: You are being asked to consider and, if deemed advisable, approve the Arrangement whereby Sundial will acquire all of the issued and outstanding Alcanna Shares in accordance with the terms and conditions of the Arrangement Agreement.

Q: What is Alcanna proposing?

A: Alcanna is proposing to complete a Plan of Arrangement in accordance with the provisions of the CBCA and subject to the terms and conditions of the Arrangement Agreement. Pursuant to the Arrangement Agreement and subject to the terms of the Plan of Arrangement, Sundial has agreed to acquire all of the issued and outstanding Alcanna Shares in exchange for Sundial Shares. Under the Arrangement:

- Alcanna Shareholders will exchange their Alcanna Shares for Sundial Shares, and Alcanna will become a wholly-owned subsidiary of Sundial;
- each Alcanna Shareholder will receive 10.69 Sundial Shares for each Alcanna Share held;
- it is expected that, based on the number of Alcanna Shares issued and outstanding as at November 9, 2021 and the number of Sundial Shares issuable pursuant to the Arrangement, Alcanna Shareholders will hold approximately 16% of the outstanding Sundial Shares upon completion of the Arrangement (as calculated on a *pro forma* non-diluted basis); and
- certain members of the team responsible for operating Alcanna's day-to-day liquor retail business in recent years will continue under the Sundial umbrella following completion of the Arrangement and Alcanna has the right to appoint, effective upon completion of the Arrangement, one director to the Sundial Board.

The Arrangement will be carried out in accordance with the Arrangement Agreement and the documents entered into in connection with the Arrangement Agreement.

See "*The Arrangement—Background to the Arrangement*" and "*Effect of the Arrangement*".

Q: Why is Alcanna proposing the Arrangement?

A: The Alcanna Board believes that the Arrangement provides Alcanna Shareholders with an excellent opportunity to combine with a larger, more diversified company which will allow the growth of the Alcanna business and access to significant capital. The following are the key reasons for the Arrangement:

- *Premium*—The Consideration represents an acquisition price of approximately \$9.12 per Alcanna Share, which represents a 39% premium to the 10-day VWAP of the Alcanna Shares on the TSX before September 1, 2021, being the date that Alcanna and Sundial entered into a non-binding letter of intent in respect of the Arrangement, and a 23% premium to the 10-day VWAP of the Alcanna Shares on the TSX for the period preceding the September 15, 2021 press release regarding recent trading activity.
- *Immediate Value Creation*—The value offered to Alcanna Shareholders under the Arrangement represents a 104% increase from the Alcanna closing price of \$4.48 on the TSX on October 6, 2020 (one year prior to the Arrangement Agreement), crystallizing the value of the Alcanna Shares more favourably than might have resulted from other strategic alternatives available to Alcanna.

- *Significantly Enhanced Market Liquidity*—The Sundial Shares have a high daily average trading value. During the 30 days ended October 7, 2021, the average daily trading value of the Sundial Shares was approximately US\$52.5 million on the NASDAQ versus approximately C\$1.1 million for Alcanna on the TSX.
- *A Larger, More Diversified Company*—As Alcanna Shareholders will receive Sundial Shares, the Arrangement offers Alcanna Shareholders the opportunity to participate in the future growth of Sundial, a leading cannabis business with significant growth opportunities associated with Sundial’s substantial unrestricted cash position. The Arrangement is also expected to allow management of the consolidated entity to focus more effort on its rapidly expanding investment arm through the SunStream Joint Venture.
- *Continued Growth*—The Arrangement will represent immediate value creation for Alcanna Shareholders, who are expected to hold approximately 16% ownership in a large and rapidly growing diversified business upon completion of the Arrangement, which includes significant retail, production, branding and investment businesses. Alcanna’s business will be able to pursue future growth with access to Sundial’s substantial unrestricted cash position of approximately \$628.2 million as of October 7, 2021.
- *Retail Expertise*— Alcanna’s business and brands are expected to be preserved and certain members of its leadership team will continue under the Sundial umbrella following completion of the Arrangement. It is currently expected that Alcanna’s day-to-day liquor retail business operations will continue to be managed in a similar manner following the completion of the Arrangement. Additionally, Alcanna has the right pursuant to the Arrangement Agreement to nominate one individual for appointment, effective upon the completion of the Arrangement, as a director to the Sundial Board which will provide further continuity for Alcanna Shareholders. Alcanna’s stable and growing cash flow profile and retail operations expertise are expected to further accelerate Sundial’s retail growth strategy.
- *Fairness Opinion*—Paradigm has provided the Special Committee of the Alcanna Board with the Fairness Opinion which states that, in the opinion of Paradigm, as of the date of such opinion, and subject to the assumptions, limitations, qualifications and other matters set forth in the Fairness Opinion, the Consideration to be received by the Alcanna Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Alcanna Shareholders. See “*The Arrangement—Fairness Opinion*” and Appendix “D” which sets forth the full text of the Fairness Opinion.
- *Significant Shareholder Support*—Ace and all of the directors and executive officers of Alcanna who own Alcanna Shares, have entered into Support Agreements, pursuant to which such Supporting Shareholders have agreed, on the terms and conditions specified therein and among other things, to vote their Alcanna Shares “**FOR**” the Arrangement Resolution. As of October 7, 2021, the Supporting Shareholders beneficially owned, or exercised control or direction over, an aggregate of 4,166,872 Alcanna Shares, representing approximately 12% of the issued and outstanding Alcanna Shares as of the date thereof on a non-diluted basis. See “*Effect of the Arrangement—Material Terms of the Support Agreements*”.
- *Court Approvals*—The Arrangement must be approved by the Court, and will only become effective, if, after hearing from all interested persons who choose to appear before it, the Court determines that the terms and conditions of the Arrangement are fair and reasonable.

Q: Does the Alcanna Board support the Arrangement?

A: **Yes.** In making its unanimous determination, the Alcanna Board considered and relied upon a number of substantive factors, carefully considered all aspects of the Arrangement Agreement and the Arrangement, and considered a variety of uncertainties, risks and other factors concerning the Arrangement and the Arrangement Agreement. Following an extensive review and analysis of the Arrangement and consideration of other available alternatives and other relevant factors considered by the Alcanna Board, after receiving legal and financial advice and the Fairness Opinion, the Alcanna Board, upon the unanimous recommendation of the Special Committee, **unanimously**: (i) determined that the Arrangement is in the best interests of Alcanna and is fair to Alcanna Shareholders; (ii) approved the Arrangement Agreement and the Arrangement; and (iii) recommends that the Alcanna Shareholders vote “**FOR**” the Arrangement Resolution. Further, Ace and each director and executive officer that owns Alcanna Shares intends to vote all Alcanna Shares held by such person (including any Alcanna Shares issuable upon the

vesting and settlement of any Alcanna PSUs or Alcanna RSUs) in favour of the Arrangement Resolution in accordance with the Support Agreements.

See “*The Arrangement—Background to the Arrangement*”, “*The Arrangement—Reasons For and Anticipated Benefits of the Arrangement*” and “*Risk Factors*”.

Q: What will I receive for my Alcanna Shares under the Arrangement?

A: If the Arrangement is completed, each Alcanna Shareholder (other than the Dissenting Shareholders) will receive 10.69 Sundial Shares for each Alcanna Share held, representing a deemed value of approximately \$9.12 per Alcanna Share. If the total number of Sundial Shares that such Alcanna Shareholder will be entitled to receive would result in a fraction of a Sundial Share being issuable, the number of Sundial Shares that you will receive will be rounded down to the next lesser whole number.

See “*The Arrangement—Reasons For and Anticipated Benefits of the Arrangement*”.

Q: Why am I receiving 10.69 Sundial Shares for each of my Alcanna Shares?

A: Alcanna has agreed on a value of \$9.12 per Alcanna Share. The exchange ratio was determined based on the 10-day VWAP of the Sundial Shares on the NASDAQ for the 10-day period ended October 6, 2021 and converted to Canadian dollars.

Q: Are the Sundial Shares listed on a stock exchange?

A: The Sundial Shares are currently listed on the NASDAQ under the symbol “SNDL” and trade in U.S. dollars. The Sundial Shares to be issued to the Alcanna Shareholders pursuant to the Arrangement must be approved for listing on the NASDAQ. Consequently, following completion of the Arrangement, Alcanna Shareholders will be able to trade the Sundial Shares on the NASDAQ.

See “*Effect of the Arrangement—Material Terms of the Arrangement Agreement—Representations, Warranties and Covenants*”.

Q: How do I calculate the value of the Sundial Shares that I will receive?

A: The value of the Sundial Shares that each Alcanna Shareholder will receive on closing of the Arrangement in exchange for the Alcanna Shares held by such Alcanna Shareholder will depend on the trading price of the Sundial Shares on the day that the Arrangement is completed. To help determine the value of the Sundial Shares that each Alcanna Shareholder will receive under the Arrangement, see the illustrative example below:

Step 1: Calculate the number of Sundial Shares that will be received by multiplying the number of Alcanna Shares held by 10.69 (which is the exchange ratio).

Step 2: Calculate the value of the Sundial Shares that will be received in U.S. dollars (US\$) by multiplying the answer from Step 1 by the current value of each Sundial Share.

Step 3: Calculate the value of the Sundial Shares that will be received in Canadian dollars (C\$) by multiplying the answer from Step 2 by the USD/CAD foreign exchange rate, as the Sundial Shares trade in US\$ on the NASDAQ. This calculation will result in the Canadian dollar value of the Sundial Shares you will receive.

As an example, assume that: (1) you own 1,000 Alcanna Shares; (2) the value of each Sundial Share is US\$0.6804, being the closing price of the Sundial Shares on the NASDAQ the day after the Arrangement was announced; and (3) a USD/CAD exchange rate of 1 USD = 1.2482 CAD based on the exchange rate posted by the Bank of Canada on October 8, 2021. The illustrative calculation is provided below.

1,000 Alcanna Shares = 10,690 Sundial Shares
10,690 Sundial Shares X US\$0.6804 per Sundial Share = US\$7,273.476
US\$7,273.476 X 1.2482 = C\$9,078.75 (or C\$9.08 per Alcanna Share)

Q: When will I receive my Sundial Shares?

A: Subject to the approval of the Arrangement by the Alcanna Shareholders, and the satisfaction of all other conditions precedent to completion of the Arrangement, Alcanna Shareholders will receive the Sundial Shares issuable under the Arrangement as soon as practicable after the Arrangement becomes effective and your Letter of Transmittal, along with Alcanna Share certificate(s) or DRS Statement(s), as applicable, and all other required documents are properly completed and received by the Depository. It is anticipated that the Arrangement will be completed on the Effective Date, which is expected to be prior to December 31, 2021 or in the first quarter of 2022, assuming that the Arrangement Resolution is approved by the Alcanna Shareholders, the Final Order is obtained, the Key Regulatory Approvals are obtained, and all other conditions precedent to completion of the Arrangement have been satisfied or waived.

See “Timing”, “The Arrangement—Procedure for the Arrangement”, and “Procedure for the Arrangement to Become Effective”.

Q: When and where is the Meeting?

A: The Meeting will be held at 10:00 a.m. (Mountain Time) on December 14, 2021. The Meeting will be conducted in a virtual-only live audio webcast via <https://web.lumiagm.com/213163286> (password “Alcanna2021” (case sensitive)).

See “Information Concerning the Meeting”.

Q: When will the Arrangement become effective?

A: If the Meeting is held on December 14, 2021, an application for the Final Order approving the Arrangement Agreement is expected to be made virtually on or about December 16, 2021 by WebEx video conference. If the Final Order is obtained on December 16, 2021, in form and substance satisfactory to each of Alcanna and Sundial, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, Alcanna and Sundial expect the Effective Date to be prior to December 31, 2021 or in the first quarter of 2022.

See “Timing”.

Q: What will happen to Alcanna if the Arrangement is completed?

A: If the Arrangement is completed, Sundial will acquire all of the issued and outstanding Alcanna Shares and Alcanna will become a wholly-owned subsidiary of Sundial. Alcanna intends to have the Alcanna Shares de-listed from the TSX as soon as practicable following the Effective Date and Alcanna will apply to cease to be a reporting issuer in each of the provinces of Canada.

See “Effect of the Arrangement”.

Q: What approvals are required to be given by Alcanna Shareholders at the Meeting?

A: To be effective, the Arrangement Resolution must be approved by: (i) not less than two-thirds (66 2/3%) of the votes cast by Alcanna Shareholders present in person (virtually) or represented by proxy at the Meeting; and (ii) a simple majority (greater than 50%) of the votes cast by Alcanna Shareholders present in person (virtually) or represented by proxy at the Meeting, other than those votes which are required to be excluded from the “minority approval” vote under MI 61-101.

See “The Arrangement—Procedure for the Arrangement—Procedural Steps” and “Procedure for the Arrangement to Become Effective—Securities Law Matters—MI 61-101”.

Q: What other conditions must be satisfied to complete the Arrangement?

A: In addition to the requisite approvals by the Alcanna Shareholders described above, the Arrangement is conditional upon, among other things, the receipt of the Final Order from the Court, and the Key Regulatory Approvals, all in accordance with the terms of the Arrangement Agreement.

See “*Effect of the Arrangement—Material Terms of the Arrangement Agreement—Mutual Conditions Precedent*” and “*Procedure for the Arrangement to Become Effective—Regulatory Matters*”.

Q: What will happen if the Arrangement Resolution is not approved or the Arrangement is not completed for any reason?

A: If the Arrangement Resolution is not approved or the Arrangement is not completed for any reason, the Arrangement Agreement may be terminated. If this occurs, Alcanna will continue to carry on its business operations in the normal and usual course. In certain circumstances, Alcanna may be required to pay Sundial the agreed upon Termination Amount of \$10.0 million and/or the Expense Reimbursement of up to \$500,000. If the Arrangement Agreement is terminated and the Arrangement is not completed, the market price of the Alcanna Shares may be materially and adversely affected.

See “*Effect of the Arrangement—Material Terms of the Arrangement Agreement—Termination of the Arrangement Agreement*” and “*Risk Factors*”.

Q: What do I need to do now in order to vote at the Meeting?

A: You should carefully read and consider the information contained in this Circular. If you do not intend to attend the meeting in person (virtually), Registered Alcanna Shareholders should complete, sign and date the enclosed form of proxy and return it to Odyssey to be eligible for voting at the Meeting. The form of proxy must be returned by (a) mail; (b) hand delivery; (c) facsimile; or (d) electronically over the internet to Odyssey no later than 48 hours before the Meeting (excluding Saturdays, Sundays and statutory holidays in the province of Alberta) or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays in the province of Alberta) before the beginning of any adjourned or postponed Meeting.

Non-registered or Beneficial Shareholders who do not hold their Alcanna Shares in their own name but rather through an Intermediary and do not intend to attend the Meeting in person (virtually), must complete and return the voting instruction form or other form of proxy provided to them or follow the procedures described therein in advance of the deadline set forth in the voting instruction form or other form of proxy in order to have their votes counted at the Meeting.

See “*Information Concerning the Meeting—Information for Beneficial Shareholders*” and “*General Proxy Information—Proxy Voting*”.

Q: Should I vote now?

A: **Yes.** To ensure that your vote is counted at the Meeting, it is recommended that you complete and submit the enclosed form of proxy or, if applicable, provide your Intermediary with voting instructions as soon as possible.

If you wish to appoint as your proxyholder an individual other than those named in the enclosed form of proxy to attend (virtually) and participate in the Meeting and vote your securities you MUST: (1) insert that person’s name in the blank space provided in the accompanying form of proxy and follow the instructions for submitting such proxy; AND (2) register such proxyholders by sending an email to alcanna@odysseytrust.com by 10:00 a.m. (Mountain Time) on December 10, 2021 (or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays in the province of Alberta) before the beginning of any adjourned or postponed Meeting) and provide Odyssey with the requisite information, so that Odyssey may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend (virtually), participate or vote at the Meeting, but will be able to participate as guests.

See “*General Proxy Information—Appointment and Revocation of Proxies*”.

Q: Who is entitled to vote at the Meeting and how will votes be counted?

A: All Alcanna Shareholders as of the close of business on the Record Date, being November 9, 2021, are entitled to vote on the Arrangement Resolution at the Meeting. Odyssey, Alcanna’s registrar and transfer agent, will count the

votes validly cast by Alcanna Shareholders present in person (virtually) or represented by proxy at the Meeting for purposes of the Shareholder Approval.

See “*Procedure for the Arrangement to Become Effective—Securities Law Matters—MI 61-101*”.

Q: What is the quorum for the Meeting?

A: Pursuant to the Interim Order and the by-laws of Alcanna, quorum is present if two (2) Alcanna Shareholders are personally present at the opening of the Meeting, each of whom is either an Alcanna Shareholder entitled to attend (virtually) and vote at the Meeting, a proxyholder appointed by such an Alcanna Shareholder or a duly-appointed representative of such an Alcanna Shareholder that is a body corporate, provided that such Alcanna Shareholders together hold or represent not less than 25% of the issued and outstanding Alcanna Shares with votes entitled to be cast at the Meeting.

Q: How many Alcanna Shares are entitled to vote?

A: As of November 9, 2021, there were 36,226,143 Alcanna Shares issued and outstanding and with votes entitled to be cast at the Meeting. For the purposes of determining minority approval of the Arrangement Resolution, an aggregate of 1,158,871 Alcanna Shares held by certain Alcanna Shareholders that will be excluded in accordance with the requirements of MI 61-101. Each Alcanna Shareholder is entitled to one vote for each Alcanna Share held.

See “*Procedure for the Arrangement to Become Effective—Securities Law Matters—MI 61-101*”.

Q: If my Alcanna Shares are held by my Intermediary, will my Intermediary vote my Alcanna Shares for me?

A: An Intermediary will vote the Alcanna Shares held by an Alcanna Shareholder only if such Alcanna Shareholder provides instructions to the Intermediary on how to vote its Alcanna Shares. Without instructions, those Alcanna Shares may not be voted. Beneficial Shareholders should instruct their Intermediaries to vote their Alcanna Shares by following the directions provided to them by their Intermediaries. Unless an Intermediary gives an Alcanna Shareholder its proxy, voting instruction form or other method to provide voting instructions to vote the Alcanna Shares at the Meeting, Beneficial Shareholders cannot vote at the Meeting.

See “*Information Concerning the Meeting—Information for Beneficial Shareholders*” and “*General Proxy Information—Proxy Voting*”.

Q: Can I revoke my proxy after I have voted by proxy?

A: **Yes.** In addition to revocation in any other manner permitted by Law, a Registered Alcanna Shareholder may revoke a proxy: (a) by instrument in writing executed by the Alcanna Shareholder or such Alcanna Shareholder’s attorney authorized in writing or if the Alcanna Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either with: (i) Alcanna, at its registered office designated in this Circular; (ii) Odyssey, acting as scrutineers, at the office of Odyssey designated in the Notice of Special Meeting and this Circular not later than 10:00 a.m. (Mountain Time) on the Business Day preceding the date of the Meeting (or any adjournment or postponement thereof); or (iii) with the chair of the Meeting on the day of the Meeting (or any adjournment or postponement thereof); or (b) by a duly executed and deposited proxy bearing a later date or time than the date or time of the proxy being revoked.

See “*General Proxy Information—Appointment and Revocation of Proxies*”.

Q: Are the Alcanna Shareholders entitled to Dissent Rights?

A: Yes. Pursuant to Section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, registered holders of Alcanna Shares will have Dissent Rights with respect to the Arrangement upon compliance with certain conditions and in certain circumstances. An Alcanna Shareholder’s right to dissent and to be paid fair value of their Alcanna Shares is more particularly described in this Circular, the Interim Order and the Plan of Arrangement.

Failure to strictly comply with the requirements set forth in Section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any Dissent Rights. A Dissenting Shareholder may dissent only with respect to all of its Alcanna Shares, held by such Dissenting Shareholder, or on behalf of any one beneficial owner and registered in the Dissenting Shareholder's name. Beneficial Shareholders who hold Alcanna Shares registered in the name of Intermediary or other nominee (including CDS) who wish to dissent, should be aware that they may only do so through the registered owner of such Alcanna Shares. A registered Alcanna Shareholder, such as an Intermediary or CDS, who holds Alcanna Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise the Dissent Right on behalf of such Beneficial Shareholders with respect to all of the Alcanna Shares held for such Beneficial Shareholders. In such case, the written objection to the Arrangement Resolution, as the case may be, should set forth the number of Alcanna Shares covered thereby. It is strongly recommended that any Alcanna Shareholder wishing to exercise Dissent Rights seek independent legal advice.

See "*Dissenting Shareholder Rights*" and "*Effect of the Arrangement—Material Terms of the Arrangement Agreement—Additional Conditions Precedent to the Obligations of Sundial*".

Q: What are the Canadian federal income tax consequences of the Arrangement?

A: For a summary of certain material Canadian income tax consequences of the Arrangement, see "*Certain Canadian Federal Income Tax Considerations*."

Q: What are the U.S. federal income tax consequences of the Arrangement?

A: For a summary of certain material U.S. income tax consequences of the Arrangement, see "*Certain U.S. Federal Income Tax Considerations*".

Such summaries are not intended to be legal, business or tax advice to any particular Alcanna Shareholder. Tax matters are complicated, and the income tax consequences of the Arrangement to you will depend on your particular circumstances. Because individual circumstances may differ, you should consult with your tax advisor as to the specific tax consequences of the Arrangement to you.

Q: Are there risks I should consider in deciding whether to vote for the Arrangement?

A: Yes. The Arrangement is subject to a number of risks and uncertainties. Even if the requisite Shareholder Approval is obtained, there can be no certainty that all other conditions precedent to completion of the Arrangement will be satisfied or waived, and, accordingly, the Arrangement may not be completed. For example: (i) the Key Regulatory Approvals may not be obtained; (ii) the Arrangement Agreement may be terminated in certain circumstances and the Termination Amount provided under the Arrangement Agreement may discourage other parties from attempting to acquire the Alcanna Shares; and (iii) if the Arrangement is consummated, the difficulties that management of Sundial may encounter during integration of the business and operations of Alcanna and Sundial could have an adverse effect on the business, results of operations, and financial condition of Sundial. Before deciding whether to vote for the Arrangement Resolution, Alcanna Shareholders should carefully consider these and other risks as well as more detailed discussion of risks of the respective businesses of Alcanna and Sundial discussed in the Circular.

See "*Risk Factors*", "*Information Concerning Alcanna*" and "*Information Concerning Sundial*".

Q: Who can help answer my questions?

A: If you have any questions about this Circular or the matters described in this Circular, please contact your professional advisors. Alcanna Shareholders who would like additional copies of this Circular, without charge, or have additional questions about the procedures for voting their Alcanna Shares, should contact their Intermediary or Laurel Hill Advisory Group and by email or at one of the numbers below:

North American Toll-Free Number:	1-877-452-7184
Outside of North America Collect Calls Number:	416-304-0211
Email:	assistance@laurelhill.com

Copies of this Circular and the Meeting materials may also be found on the SEDAR website at www.sedar.com under Alcanna's profile and on Alcanna's website at <https://www.alcanna.com/ALCANNA-Special-Meeting-Materials>.