SNDL Inc. (Nasdaq / CSE: SNDL) — Q2 2026 Results, Strategy & Valuation

Second quarter ended June 30, 2026 · reported results, management's forward commentary, and standard market-based valuation. SNDL is GAAP-unprofitable but adjusted-EBITDA-positive, with a debt-free balance sheet holding ~$598M of cash and investments; this snapshot headlines the metrics SNDL itself reports. All financials in Canadian dollars (as reported); market data as noted.

A factual snapshot built from SNDL's public filings — reported quarterly results, management's own commentary, and public market data. It contains no Blackspear forecast, price target, or recommendation.

NET REVENUE (Q2'26)
$235.8M
▼ 3.7% vs Q2'25 ($244.8M)
H1'26 $431.7M (−4.0%)

ADJ. EBITDA (Q2'26)
$12.5M
▼ 36% vs $19.4M
H1'26 $18.4M; positive

OPERATING LOSS (Q2'26)
$(7.8)M
net loss $(7.8)M / $(0.03)/sh
Jeeter ramp & softer demand

CASH + INVESTMENTS
$598.5M
no debt; cash $183.2M
book value ~$1.1B

SEGMENT RESULTS — Q2 2026 (NET REVENUE)

SEGMENT	NET REV.	% TOT.	GR. MGN.	Y/Y
Liquor Retail	$134.7M	57%	25.1%	**−5.1%**
Cannabis Retail	$83.2M	35%	26.4%	**−1.4%**
Cannabis Operations	$32.2M	14%	1.8%	**−10.1%**
Intersegment eliminations	$(14.4)M	−6%	—	—
Total net revenue	**$235.8M**	**100%**	**23.9%**	**−3.7%**

Consolidated gross margin fell 3.7pp to 23.9%, driven almost entirely by **Cannabis Operations** (GM collapsed to 1.8% from 25.8% on Jeeter production ramp-up inefficiencies — mgmt attributes ~80–90% of the shortfall to Jeeter) and softer Liquor margin; partly offset by Cannabis Retail margin expansion (+0.5pp). "Investments" segment reports no revenue.

WHERE THE PRESSURE IS — OPERATING INCOME & SSS

SEGMENT	OP. INC.	Y/Y Δ
Liquor Retail (SSS −6.2%)	$3.0M	**−$3.7M**
Cannabis Retail (SSS −4.6%)	$3.0M	**−$1.2M**
Cannabis Operations	$(9.2)M	**−$6.1M**
Investments (SunStream)	$(1.6)M	**−$3.4M**
Corporate	$(3.1)M	**+$1.5M**
Total operating loss	**$(7.8)M**	**−$12.8M**

The two retail engines stayed profitable despite negative same-store sales; the swing to an operating loss is **Cannabis Operations** (Jeeter ramp) plus a $(2.3)M SunStream valuation mark. Retail footprint (Jul 27): 165 liquor stores + 192 cannabis stores. SNDL is Canada's largest private-sector **liquor** retailer; its "largest liquor + cannabis retailer" line is a combined count — in cannabis retail alone, High Tide (~229 stores) is larger.

OUTLOOK & STRATEGIC MILESTONES — PER THE JULY 28, 2026 RELEASE & CALL

MANAGEMENT FRAMING (NO NUMERIC REVENUE/EBITDA GUIDANCE)

TARGET: POSITIVE FREE CASH FLOW FOR FULL-YEAR 2026

FY2026 CASH FLOW
Positive FCF
full year; H1 FCF $(14.3)M
H2 seasonally stronger

PROFIT INITIATIVES
>$20M
incremental operating income
mostly over rest of 2026

PARALLEL — US MEDICAL
~US$150M
near-term annualized rev.
56 stores; optionality (see below)

CAPITAL RETURN
29.0M shares
repurchased since Q4'24 (~C$64.5M)
~7% net reduction; below book

SNDL provides a **qualitative** outlook, not numeric guidance. **Parallel is optionality, not in the numbers:** its July 27, 2026 restructuring gave SNDL indirect majority economic exposure to US medical cannabis (Florida, Texas, Massachusetts); direct control is **subject to legal, regulatory, accounting and NASDAQ approvals** "in the coming months," and management's ">$1B revenue / largest cannabis retailer by store count" framing is pro-forma and forward-looking. Adjusted EBITDA and free cash flow are non-GAAP as defined by SNDL.

VALUATION SNAPSHOT — MARKET DATA AS OF JULY 31, 2026 (NASDAQ CLOSE)

Share price (SNDL, Nasdaq)	**US$1.23**
Share price — C$ equiv. (USD/CAD ~1.40)	**~$1.72**
Shares outstanding (Jul 27, 2026)	**~248.3M**
Market capitalization	**~C$428M**
Cash (no debt)	**C$183.2M**
Cash + investments (incl. SunStream)	**C$598.5M**

Enterprise value (mkt cap − cash)	**~C$244M**
EV / revenue — TTM (C$928M)	**~0.26x**
EV / adj. EBITDA — TTM (C$60M)	**~4.1x**
Price / book (BVPS ~C$4.28)	**~0.40x**
Cash + investments as % of mkt cap	**~140%**
52-week range (SNDL)	**US$1.17–$2.89**

Multiples move with the share price and FX — refresh before relying on them. **Currency:** financials are reported in C$; SNDL trades in US$ on Nasdaq (and C$ on the CSE). Market cap converts the US$ Nasdaq price at USD/CAD ~1.40. **No P/E is shown — GAAP earnings are negative** (Q2 net loss $(7.8)M). The market cap sits **below** the company's ~C$598.5M of cash + investments and at ~0.40x book — but a large piece of that backing is the C$415.2M SunStream/Parallel investment portfolio (illiquid, marked-to-model). Conventional EV (~C$244M) still carries that C$415M investment inside it; strip it out and the implied value of the operating businesses is negative. See page 2 for the full asset-backing vs. EV analysis.

WHAT'S MOST IMPACTFUL TO FUTURE EARNINGS

- **Cannabis Operations is the fixable problem.** Segment gross margin fell to 1.8% (from 25.8%) and it lost $(9.2)M as the Jeeter production ramp in Kelowna ran badly; management attributes ~80–90% of the shortfall to Jeeter, calls it fixable, and expects some cost pressure to persist near-term. This one segment explains most of the swing to an operating loss.
- **Both core markets are contracting.** Liquor same-store sales fell −6.2% and cannabis-retail SSS −4.6% on soft demand in Alberta/Ontario; management expects liquor declines to persist (a global trend) and cannabis retail to return to low-single-digit growth in H2. Retail stayed profitable on margin and cost discipline — the model's stabilizer.
- **The balance sheet is the story.** Debt-free, with C$183.2M cash and a C$415.2M investment portfolio (SunStream) — C$598.5M of cash + investments against a ~C$428M market cap and ~C$1.1B book. It funds buybacks (29.0M shares retired below book since Q4'24, a ~7% net reduction) and US expansion optionality.
- **Parallel = US medical optionality.** The completed restructuring gives SNDL indirect majority economic exposure to a US medical platform (FL/TX/MA; 56 stores; ~US$150M near-term revenue). Direct control is pending approvals; upside (and the ">$1B revenue" framing) is not in current results or guidance.
- **US rescheduling is a portfolio tailwind.** The DOJ/DEA move toward Schedule III (if completed) would ease 280E tax burdens on US operators — directly relevant to SNDL's SunStream/Parallel credit exposure. Timing and outcome remain uncertain.

HOW TO READ THE NUMBERS

— SNDL's fiscal year ends December 31; this is Q2 2026 (quarter ended June 30, 2026). Figures are reported in Canadian dollars under IFRS unless labeled "adjusted" (non-IFRS).

— "Adjusted EBITDA," "adjusted operating income," and "free cash flow" are non-IFRS measures defined by SNDL; adjusted EBITDA excludes D&A, SBC, restructuring, impairments, fair-value/impairment inventory items, the share of SunStream results, and other items — it is not a cash measure.

— The $(7.8)M net loss includes a $(2.3)M non-cash reduction in the SunStream (equity-accounted) investment. SunStream is a 50%-owned JV carried at C$400.4M and marked to model each quarter (Level 3), so its value can move the reported result.

— 2026 segment results reflect a re-allocation of corporate overhead to segments (prior year recast). Store counts and share counts are as of late July 2026; buyback prices are in US$ (weighted average).

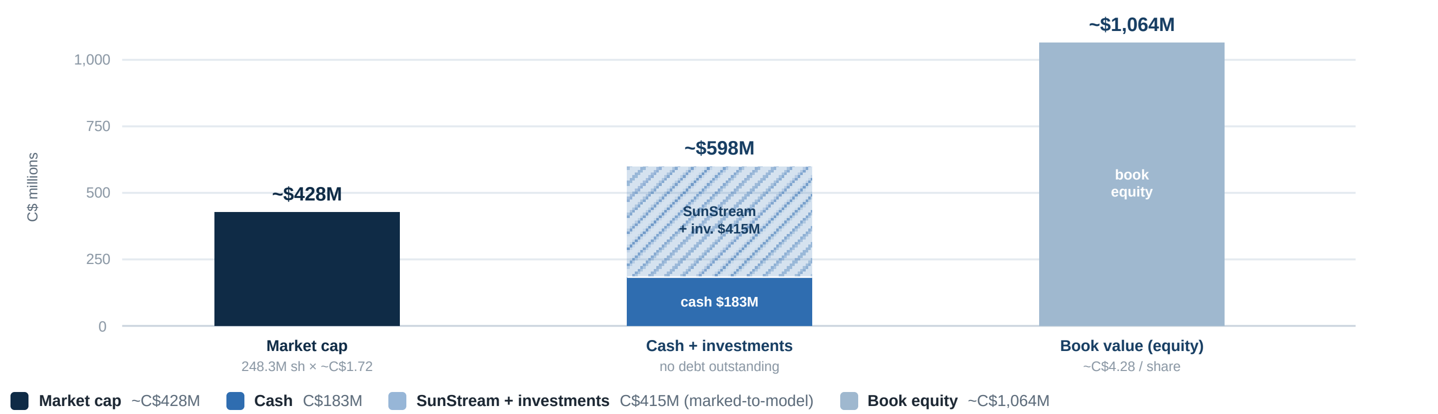
Full Excel model — linked tabs (quarterly historicals, segment detail, adj.-EBITDA bridge, asset-backing & EV valuation, source tie-outs) — available on request. Email **info@blackspearllc.com** for a copy.

SNDL Inc. (Nasdaq / CSE: SNDL) — Asset Backing vs. Enterprise Value

SNDL is GAAP-unprofitable but adjusted-EBITDA-positive, debt-free, and asset-rich, so a single multiple misleads. This page reads the stock two ways side by side: (1) the **asset backing** — market cap vs. cash, investments and book value — and (2) the **enterprise value** against revenue and adjusted EBITDA. Both point to a deep discount; the debate is whether that discount is justified.

Balance-sheet and adjusted-EBITDA figures from SNDL disclosures (Q2 2026 filings; FY2024–FY2025 Form 40-F). Market cap, EV, book-value and multiple calculations are mechanical Blackspear calculations using public market data. Reference figures are mechanical, not a Blackspear price target or recommendation.

THE VALUE GAP — MARKET CAP VS. CASH + INVESTMENTS VS. BOOK EQUITY (C$M, JUN 30, 2026)



Market capitalization (~C$428M) is **below** the company's ~C$598.5M of cash + investments and ~40% of book equity. But ~70% of that "backing" is the C$415.2M SunStream investment portfolio — a 50%-owned JV of U.S.-cannabis credit (including Parallel), carried at fair value as a Level-3, marked-to-model estimate, not cash. Cash alone (C$183.2M) still covers ~43% of the market cap.

PRICE / BOOK	CASH + INV / MARKET CAP	EV / REVENUE — TTM	EV / ADJ. EBITDA — TTM
~0.40×	**~140%**	**~0.26×**	**~4.1×**
BVPS ~C$4.28 vs ~C$1.72	~29% below cash+inv value	EV ~C$244M / rev ~C$928M	on ~C$60M; ~6.8× incl. leases

TWO LENSES, SAME CONCLUSION

Price (31 Jul 2026, Nasdaq) / C$ equiv.	**US$1.23 / ~C$1.72**
Market cap (~248.3M sh)	**~C$428M**
— Cash (no debt)	**C$183.2M**
— SunStream + investments	**C$415.2M**
Enterprise value (mkt cap − cash)	**~C$244M**
EV net of investment portfolio	**~C$(171)M**
EV / revenue — TTM (C$928M)	**~0.26×**
EV / adj. EBITDA — TTM (C$60.2M)	**~4.1×**
EV incl. leases / rev · / adj. EBITDA	**~0.44× · ~6.8×**
Price / book · Cash / market cap	**~0.40× · ~43%**

Asset-backing reference (mechanical, ÷ 248.3M sh): cash ~C$0.74/sh · cash + investments ~C$2.41/sh · book equity ~C$4.28/sh, vs. price ~C$1.72. On EV, stripping cash **and** the C$415M investment portfolio out leaves a **negative** enterprise value — the market implies less than zero for the operating businesses that generate ~C$60M of TTM adjusted EBITDA. Not a Blackspear target or recommendation.

IS THE DISCOUNT JUSTIFIED?

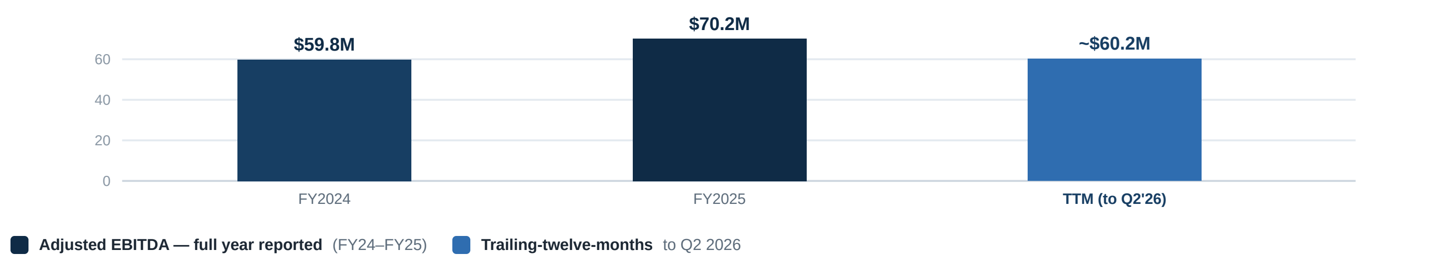
BELOW CASH + INVESTMENTS — BUT MARKED-TO-MODEL

A deep-value screen with an asset-quality catch

SNDL trades below its ~C$598.5M of cash + investments and at ~0.40× book, and the operating businesses carry a negative implied EV against ~C$60M of adjusted EBITDA — optically, you are paid to own the operations. The catch: ~70% of the backing is the SunStream/Parallel JV, an illiquid, Level-3, marked-to-model U.S.-cannabis credit book — not cash — and operating EBITDA is **shrinking** (H1'26 −35% y/y on the Jeeter ramp).

What could close the gap — and what it hinges on: management is voting with capital (29.0M shares repurchased below book since Q4'24, ~C$64.5M — a ~7% net reduction) and guides to positive full-year free cash flow. Realizing the mark — via Parallel control/monetization — and fixing Cannabis Operations are the catalysts. Until then, the price-to-book gap is the market's judgment on **asset quality and the earnings trend**, not a free lunch. No P/E or clean EV/EBITDA carries the story alone here.

ADJUSTED EBITDA — POSITIVE BUT SOFTENING (C$M; FY2024–FY2025 REPORTED, TRAILING-TWELVE-MONTHS TO Q2 2026)



H1'26 adj. EBITDA $18.4M vs $28.4M in H1'25 (−35%); business is seasonally H2-weighted (liquor)

Adjusted EBITDA has been positive every full year — C$59.8M (FY24), C$70.2M (FY25) — but the trailing-twelve-months figure has slipped to ~C$60.2M as H1 2026 came in ~35% below H1 2025 (Cannabis Operations / Jeeter ramp and softer liquor and cannabis-retail demand). It **excludes the SunStream investment result** (reflecting the operating businesses only — the ones the market implies a negative EV for once cash and investments are removed) and **adds back share-based compensation**: ~C$2.7M in Q2, ~C$12.9M (~21% of adj. EBITDA) on a TTM basis. That is a real but modest exclusion here — ex-SBC, adjusted EBITDA is still positive at ~C$47M TTM (~5.2× EV), not the bulk of the add-back as at some peers. Management targets >$20M of profit-enhancement initiatives (mostly H2).

On the balance-sheet framing. SNDL had no bank or other debt at June 30, 2026. Enterprise value here is market capitalization less cash and equivalents (C$183.2M); "EV incl. leases" adds C$166.4M of IFRS lease liabilities (retail store leases), and "EV net of investment portfolio" further removes the C$415.2M SunStream/investments carrying value. Trailing-twelve-months revenue (~C$928M) and adjusted EBITDA (~C$60.2M) are Blackspear sums of the four quarters to June 30, 2026 (H2 2025 + H1 2026), derived from SNDL's quarterly and annual disclosures. Multiples, book value and asset-backing figures are mechanical calculations using public market data — not estimates, price targets, or recommendations. Figures move with the share price and USD/CAD; refresh before relying on them.

Important disclosures. This material is provided by Blackspear, LLC for general informational and educational purposes only. It is not investment, legal, tax, or accounting advice, is not a research report, and is not an offer, solicitation, or recommendation to buy, sell, or hold any security. Blackspear, LLC is not a registered investment adviser or broker-dealer. Adjusted EBITDA figures for fiscal 2024 and 2025 are SNDL Inc.'s own reported non-IFRS results from its Annual Report on Form 40-F for the year ended December 31, 2025; the trailing-twelve-months figure is a Blackspear sum of SNDL's reported quarterly adjusted EBITDA for the four quarters ended June 30, 2026. Adjusted EBITDA, adjusted operating income (loss), free cash flow and same-store sales are non-IFRS measures defined by SNDL and may not be comparable to similarly named measures at other companies; adjusted EBITDA excludes depreciation and amortization, share-based compensation, restructuring costs, asset and inventory fair-value/impairment adjustments, the share of results of equity-accounted investees (SunStream), other expenses, net, income taxes, and certain non-recurring items, and is not a cash-flow measure. SNDL is GAAP-unprofitable: it reported a Q2 2026 net loss of $(7.8) million and $(0.03) per share and a six-month net loss of $(17.7) million, so price-to-earnings ratios are not meaningful and are not presented; the company pays no dividend. Financial figures are in Canadian dollars as reported by SNDL; SNDL's shares trade in U.S. dollars on the Nasdaq and in Canadian dollars on the CSE, and the market-capitalization and enterprise-value figures convert the U.S.-dollar Nasdaq price at an assumed USD/CAD rate of approximately 1.40. Market capitalization uses approximately 248.3 million common shares outstanding as of July 27, 2026. Cash and equivalents were C$183.2 million and the company reported no outstanding debt at June 30, 2026; the "cash + investments" figure of approximately C$598.5 million comprises cash and equivalents, marketable securities, investments, and the C$400.4 million equity-accounted interest in the SunStream joint venture, which is a private, illiquid, Level-3 (marked-to-model) valuation and not a substitute for cash. The Parallel restructuring completed July 27, 2026 provides SNDL indirect majority economic exposure to U.S. medical-cannabis operations; direct control remains subject to legal, regulatory, accounting and NASDAQ approvals, and related revenue and "largest retailer" statements are management's forward-looking, pro-forma framing subject to risks and uncertainties described in SNDL's filings, with actual results potentially differing materially. Book value is total shareholders' equity of approximately C$1,063.7 million at June 30, 2026. Enterprise value, enterprise value net of the investment portfolio, the price-to-book and cash-coverage metrics, per-share asset-backing figures and all multiples are Blackspear calculations using standard methods and are mechanical constructs, not a Blackspear valuation, forecast, price target, or recommendation. Past performance and historical valuation relationships are not indicative of future results. Recipients should independently verify all figures against the primary sources and consult their own advisers before making any decision. Blackspear, LLC and its principals may hold positions in the securities mentioned and undertake no obligation to update this material. No FAST Graphs data or outputs were used in this material.