

NOVA

CANNABIS INC.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2023

March 25, 2024

TABLE OF CONTENTS

<u>1. CURRENCY</u>	1	D. Material Debt	15
<u>2. DOCUMENTS INCORPORATED BY REFERENCE</u>	1	<u>11. MARKET FOR SECURITIES</u>	15
<u>3. FORWARD LOOKING STATEMENTS</u>	1	A. Trading Price and Volume	15
<u>4. EFFECTIVE DATE OF INFORMATION</u>	2	B. Prior Sales	16
<u>5. CORPORATE STRUCTURE</u>	3	<u>12. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER</u>	16
A. Name, Address and Incorporation	3	<u>13. DIRECTORS AND EXECUTIVE OFFICERS</u>	16
B. Intercorporate Relationships	3	A. Names, Occupation and Security Holding	16
<u>6. GENERAL DEVELOPMENT OF THE BUSINESS</u>	4	Directors	16
A. Three Year History	4	Nova Board Committees	18
Calendar Year Ended December 31, 2021	4	Executive Officers	19
Calendar Year Ended December 31, 2022	6	Common Share Ownership	19
Calendar Year Ended December 31, 2023	7	B. Cease Trade Orders, Bankruptcies, Penalties or Sanctions	19
<u>7. DESCRIPTION OF THE BUSINESS</u>	8	C. Conflicts of Interest	20
A. The Company's Cannabis Retail Business	8	<u>14. LEGAL PROCEEDINGS AND REGULATORY ACTIONS</u>	20
B. The Recreational Cannabis Retail Industry	12	<u>15. INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS</u>	21
C. Cannabis Industry Regulation	12	<u>16. TRANSFER AGENT AND REGISTRAR</u>	21
D. Changes to Cannabis Regulations in 2023	13	<u>17. MATERIAL CONTRACTS</u>	21
<u>8. RISK FACTORS</u>	14	<u>18. INTERESTS OF EXPERTS</u>	22
<u>9. DIVIDENDS AND DISTRIBUTIONS</u>	14	<u>19. AUDIT COMMITTEE</u>	22
<u>10. DESCRIPTION OF CAPITAL STRUCTURE</u>	14	<u>20. ADDITIONAL INFORMATION</u>	24
A. Common Shares	14	<u>SCHEDULE A – AUDIT COMMITTEE CHARTER</u>	A-1
B. First Preferred Shares	14		
C. Other Provisions Affecting the Rights of Nova Shareholders	15		

1. CURRENCY

All dollar amounts in this Annual Information Form are in Canadian dollars unless otherwise stated.

2. DOCUMENTS INCORPORATED BY REFERENCE

Certain provisions of the Management's Discussion and Analysis of Nova Cannabis Inc. ("**Nova**" or, the "**Company**") for the year-ended December 31, 2023 (the "**Nova Annual MD&A**") are incorporated herein by reference, to the extent specified herein. The Nova Annual MD&A has been prepared by the Company and is available on SEDAR+ under the Company's profile at www.sedarplus.ca and on the Company's website at www.novacannabis.ca.

3. FORWARD LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements or information (collectively, "**forward-looking statements**") within the meaning of the "safe harbour" provisions of applicable securities legislation. All statements and information other than statements of historical fact contained in this Annual Information Form are forward-looking statements. In particular, this Annual Information Form contains forward-looking statements regarding, without limitation:

- the Company's cannabis strategy;
- government regulation of the recreational cannabis retail industry;
- the impact of the legalization of recreational cannabis in Canada;
- the execution of the Company's discount cannabis strategy; and
- the Company's financial position and future prospects.

Prospective investors can identify many of these statements by looking for words such as "believes", "may", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words and the negative thereof, or other similar expressions concerning matters that are not historical facts.

Forward-looking statements reflect the Company's current plans, intentions and expectations, and are based on senior management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's plans, intentions and expectations are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. There is no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including, but not limited to, those discussed elsewhere in this Annual Information Form and in the Nova Annual MD&A. Although senior management believes that the plans, intentions and expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include, but are not limited to:

- risks relating to federal, provincial and municipal government cannabis laws and regulations and changes thereto;
- competition;
- the state of the economy, including general economic conditions in Canada (including the Provinces of Alberta, Ontario, Saskatchewan and British Columbia);
- the unpredictability and volatility of the share price of the Company's common shares;
- the potential lack of an active trading market for the Company's common shares;
- dilution and future sales of the Company's common shares or securities convertible into common shares;
- the Company's ability to continually meet the listing requirements to maintain the listing of the Company's common shares on the TSX;
- the availability of sufficient financial resources to fund the Company's capital expenditures and strategies, including under the Credit Agreement (as defined herein);
- changes in commodity tax rates and government mark-ups or other taxes that impact the price of cannabis products;
- risks relating to future acquisitions and dispositions, including the risk that future acquisitions may involve financings or other transactions involving the issuance of securities which may be dilutive;
- risks relating to potential conflicts of interest that may arise in connection with future acquisitions or new business;

- risks relating to the development of new cannabis stores;
- risks relating to the Company's private label cannabis initiatives;
- risks relating to commercial leases entered into by the Company;
- risks relating to the general performance of the recreational cannabis retail industry;
- risks relating to the Company's ability to continue to implement new and innovative strategies to increase market share;
- risks relating to potential product recalls or product liability of cannabis products;
- risks relating to potentially unfavourable publicity or consumer perception in connection with cannabis products;
- risks relating to operating risk and insurance coverage;
- the ability of senior management to execute the Company's cannabis strategy;
- Nova's ability to locate and secure acceptable store sites and to adapt to changing market conditions;
- poor weather conditions and/or seasonal variations;
- dependence on key personnel;
- dependence on SNDL, including under the Credit Agreement and the Management and Administrative Services Agreement (as defined herein);
- labour costs, shortages of labour and labour relations, including Nova's ability to hire and retain staff at current wage levels and the risk of possible future unionization;
- risks relating to the sale of goods that have a limited shelf life;
- interruption or delays in the supply of cannabis products;
- dependence on suppliers and wholesalers;
- reliance on information and control systems;
- risk of infringement of intellectual property rights;
- risk of a breach of a confidentiality agreement by a counterparty;
- risk of litigation against the Company;
- risk of theft from the Company's stores;
- risks relating to cybersecurity;
- risks relating to political uncertainty in North America, and elsewhere in the world, that may affect access to goods and services required for operations;
- income tax changes;
- leverage and restrictive covenants in any agreements relating to the future indebtedness of Nova;
- credit risks arising from operations;
- risks relating to wars, pandemics (including COVID-19), and natural or man-made disasters; and
- risks that the forward-looking information may prove to be inaccurate, as it involves the reliance on numerous assumptions, known and unknown risks and uncertainties, that could cause actual results to differ materially from those suggested by the forward-looking information.

These factors should not be construed as exhaustive. The information contained in this Annual Information Form, and as disclosed in other filings made by the Company with Canadian securities regulatory authorities and available on SEDAR+ at www.sedarplus.ca, identifies additional factors that could affect Nova's business, financial condition, liquidity or results of operations. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Annual Information Form are made as of the date of this Annual Information Form and Nova assumes no obligation to update or revise them to reflect new events or circumstances, except as expressly required by applicable securities legislation.

4. EFFECTIVE DATE OF INFORMATION

Except where otherwise indicated, the information in this Annual Information Form is presented as at the end of Nova's most recently completed financial year, being December 31, 2023.

5. CORPORATE STRUCTURE

A. NAME, ADDRESS AND INCORPORATION

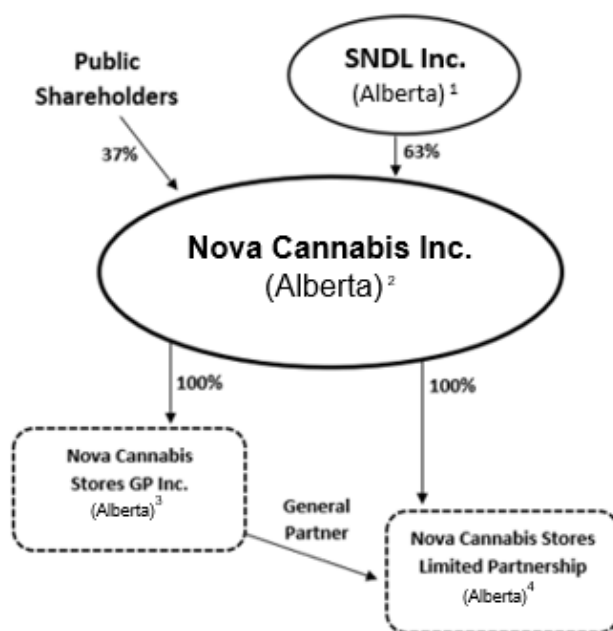
The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on September 8, 1987, under the name "Quattro Resources Ltd.", and changed its name to "Aldershot Resources Ltd." on October 31, 2001. The Company continued from British Columbia to Alberta under the *Business Corporations Act* (Alberta) ("**ABCA**") on January 4, 2019. The Company changed its name from "Aldershot Resources Ltd." to "Solo Growth Corp." on January 7, 2019, and to "YSS Corp." ("**YSS**") on May 29, 2019. On March 22, 2021, following the completion of a business combination that resulted in the reverse takeover of the Company by Alcanna Inc. ("**Alcanna**"), the Company changed its name to "Nova Cannabis Inc." (the "**Reverse Takeover**"). On March 31, 2022, SNDL Inc. ("**SNDL**") completed a plan of arrangement with Alcanna (the "**SNDL-Alcanna Arrangement**"), pursuant to which SNDL acquired all of the issued and outstanding common shares in the capital of Alcanna, indirectly acquiring an approximately 63% ownership interest in Nova. Alcanna amalgamated with SNDL effective January 1, 2023.

The Company is a reporting issuer in each province and territory in Canada with its principal jurisdiction in Alberta. The common shares in the capital of the Company (the "**Nova Shares**") are listed on the Toronto Stock Exchange ("**TSX**") under the trading symbol "NOVC", and the OTCQB under the trading symbol "NVACF".

The Company's corporate head office is located at Suite 101, 17220 Stony Plain Road, Edmonton, Alberta, T5S 1K6, and its registered office is located at Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4K7.

B. INTERCORPORATE RELATIONSHIPS

The following chart lists, as of the date hereof: (i) the intercorporate relationships of Nova and its material subsidiaries; (ii) the percentage of voting securities of the subsidiaries owned, controlled or directed by Nova; and (iii) the governing jurisdiction of incorporation or formation of these corporations and partnerships.



Notes:

- (1) SNDL indirectly acquired 63% of the Nova Shares in connection with the SNDL-Alcanna Arrangement, and SNDL and Alcanna amalgamated, effective January 1, 2023. See "*General Development of the Business – Three Year History – Calendar Year Ended December 31, 2022*".
- (2) On January 1, 2023, the Company completed a short-form vertical amalgamation with several of its wholly-owned subsidiary corporations, including: Alcanna Cannabis Stores Finance Ltd. ("**ACS FinCo**"), YSS Cannabis Corp., 2102012 Alberta Ltd., Sweet Tree Modern Apothecary Ltd. ("**Sweet Tree**"), 2472573 Alberta Inc., and YSS Cannabis SK Inc., pursuant to Section 184 of the ABCA and continued under the name "Nova Cannabis Inc."
- (3) Nova Cannabis Stores GP Inc. is the general partner of Nova Cannabis Stores Limited Partnership and holds a general partnership interest in Nova Cannabis Stores Limited Partnership ("**NCS LP**").
- (4) NCS LP is the Company's principal operating entity for its cannabis retail stores.

6. GENERAL DEVELOPMENT OF THE BUSINESS

The following is a description of the general development of Nova's business over the three (3) most recently completed financial years.

A. THREE YEAR HISTORY

Calendar Year Ended December 31, 2021

On January 25, 2021, YSS completed the issuance of 1,875,000 pre-consolidation common shares (the "**YSS Shares**") pursuant to the definitive agreement entered into between YSS and Sweet Tree on June 13, 2019 (the "**Sweet Tree Acquisition Agreement**"). The Sweet Tree Acquisition Agreement provided YSS with a call right payable to Sweet Tree (the "**Sweet Tree Call Right**") on all the voting shares of Sweet Tree for aggregate consideration of \$1.5 million cash and 22.5 million YSS Shares, plus contingent consideration of up to an additional 8.7 million YSS Shares. YSS also entered into a perpetual licensing agreement to rebrand and operate the stores under the YSS or Sweet Tree banner (together with the Sweet Tree Call Right, the "**Sweet Tree Acquisition**"). On June 13, 2019, upon closing the Sweet Tree Acquisition, YSS paid \$1.5 million cash and issued an aggregate of 4.5 million YSS Shares in accordance with the terms of the Sweet Tree Acquisition Agreement. YSS exercised the Sweet Tree Call Right, for no additional consideration, in connection with the Reverse Takeover.

On March 22, 2021, Alcanna and YSS jointly announced the successful closing of the Reverse Takeover, pursuant to which, among other things: (a) YSS acquired all of the issued and outstanding securities of Alcanna's cannabis subsidiaries; (b) YSS completed the consolidation of the YSS Shares at a ratio of 18.353 pre-consolidation YSS Shares to one post-consolidation Nova Share; (c) in consideration for the acquisition of Alcanna's cannabis subsidiaries, the Company issued 35,750,000 post-consolidation Nova Shares to Alcanna at a deemed price of \$3.00 per post-consolidation Nova Share; and (d) YSS changed its name from "YSS Corp." to "Nova Cannabis Inc."

In connection with the Reverse Takeover, Eight Capital Corp. ("**Eight Capital**"), Cormark Securities Inc. and Hyperion Capital Inc. were engaged by Alcanna and ACS FinCo to lead a private placement of subscription receipts of ACS FinCo (each, a "**Subscription Receipt**") at a price of \$3.00 per Subscription Receipt for aggregate gross proceeds to ACS FinCo of approximately \$40.0 million (the "**Concurrent Financing**"). The Concurrent Financing closed on February 10, 2021, resulting in each Subscription Receipt automatically converting into one common share of ACS FinCo (each, an "**ACS FinCo Share**"). Concurrent with the closing of the Reverse Takeover, ACS FinCo and 2316416 Alberta Ltd., a wholly-owned subsidiary of YSS, amalgamated (the "**Amalgamation**"). Pursuant to the Amalgamation, each holder of ACS FinCo Shares issued upon the conversion of the Subscription Receipts received one post-consolidation Nova Share for each ACS FinCo Share held.

Upon closing the Reverse Takeover, Nova operated a consolidated cannabis retail business with 53 locations in the Provinces of Alberta, Saskatchewan and Ontario, and Alcanna owned approximately 63% of the Nova Shares. With respect to its substantial equity interest in Nova, Alcanna and Nova entered into an investor rights agreement dated March 22, 2021 (the "**Investor Rights Agreement**"), which included a two year lock-up period, during which period Alcanna was restricted from selling or otherwise disposing of the Nova Shares, and provided Alcanna with, among other things, certain nomination rights to the board of directors of the Company (the "**Nova Board**"), demand and piggy-back registration rights, and pre-emptive rights, so long as Alcanna held a certain percentage of Nova Shares. Nova consented to Alcanna's sale of its Nova Shares to SNDL in connection with the SNDL-Alcanna Arrangement.

Upon completion of the Reverse Takeover: (i) Mr. Darren Karasiuk was named President and Chief Executive Officer of Nova; (ii) Mr. David Gordey was named Chief Financial Officer; (iii) Ms. Marcie Kiziak was named Chief Operating Officer; (iv) Mr. Matthew Hewson was named Corporate Secretary; (v) all officers of YSS resigned; and (vi) all directors of YSS resigned except for Mr. Ron Hozjan who continues to serve on the Nova Board. In connection with his appointment as an officer of Nova, Mr. Karasiuk resigned from the board of directors of Alcanna on March 20, 2021. Upon closing of the Reverse Takeover, the Nova Board was composed of Mr. James Burns (Chair), Mr. Thomas Bitove (lead independent director), Mr. Ron Hozjan, Mr. Darren Karasiuk and Mr. Ross Sinclair.

Effective March 22, 2021, Nova entered into a comprehensive management and administrative services agreement with Alcanna (the "**Management and Administrative Services Agreement**"), in which Alcanna agreed to provide certain services (including finance, marketing, reporting, legal, human resources and corporate) to Nova for an annual fee, plus adjustments and expenses. On March 22, 2024, the Management and Administrative Services Agreement was automatically renewed for an additional one-year term, expiring March 22, 2025, provided that either Nova or SNDL can terminate the Management and Administrative Services Agreement at any time for any reason on six (6) months' prior notice. In connection with the Reverse Takeover, Alcanna also provided lease guarantees for Nova, and access to an

uncommitted revolving credit facility pursuant to a credit agreement entered into on November 1, 2020 (the "**Credit Agreement**"), with an aggregate principal amount not to exceed \$10.0 million, unless increased to a maximum revolving facility amount of \$15.0 million upon prior written notice to, and approval from, Alcanna, at prime plus 2.75%, to be used to grow the business of Nova, including the acquisition and development of new stores and for general corporate purposes.

On May 11, 2021, Nova completed the acquisition of the "Nova Cannabis" branded store located at 499 Queen Street West, Toronto, which was previously operated under an agreement between a subsidiary of the Company and the license holder who obtained one of the first 25 Retail Store Authorizations ("**RSAs**") in Ontario via the Ontario lottery process (the "**Applicant**"). On November 9, 2020, the Applicant exercised its option to require Nova to purchase the assets of the store for \$1.0 million, plus customary adjustments. On May 14, 2021, the Company converted the store to the "Value Buds" banner.

On May 17, 2021, the Nova Board adopted a new equity incentive plan (the "**2021 Equity Incentive Plan**"). The purpose of the 2021 Equity Incentive Plan is to develop senior management's interests in the Company's growth by providing them with an opportunity to acquire proprietary interests in Nova, to attract and retain valuable individuals to the Company using a competitive method of compensation, and to align the interests of senior management with the interests of the holders of Nova Shares ("**Nova Shareholders**") by applying a compensation mechanism which will promote maximized distributions to Nova Shareholders and long-term growth. The maximum number of Nova Shares available for issuance from treasury pursuant to the exercise or redemption, as applicable, of awards granted under the 2021 Equity Incentive Plan, together with Nova Shares issuable pursuant to all other security-based compensation arrangements of the Company, shall not exceed 10% of the total issued and outstanding Nova Shares (calculated on a non-diluted basis). The 2021 Equity Incentive Plan was approved and ratified by the Nova Shareholders at the annual and special meeting of Nova Shareholders held on June 22, 2021. A copy of the 2021 Equity Incentive plan is included in Nova's management information circular dated May 17, 2021, which can be found on the Company's SEDAR+ profile at www.sedarplus.ca and on the Company's website at www.novacannabis.ca. On May 17, 2021, the Nova Board also adopted a policy stipulating that: (i) each director should be elected by a majority of votes cast; and (ii) forms of proxy for the election of directors shall enable Nova Shareholders to vote for each nominee on an individual basis. The policy provides that if any director nominee receives, from Nova Shares voted at a general meeting or by proxy, a greater number of votes withheld than votes in favour of their election, then the director must promptly tender their resignation to the Nova Board, to take effect on acceptance by the Nova Board.

On June 1, 2021, Nova entered into two asset purchase agreements to acquire a total of six retail store locations in Ontario from two separate entities. All six of the stores have received RSAs from the Alcohol and Gaming Commission of Ontario ("**AGCO**").

On June 22, 2021, the Company passed the following resolutions: (i) Mr. Burns, Mr. Bitove, Mr. Hozjan, Mr. Karasiuk, Mr. Sinclair and Mr. Marvin Singer were elected to the Nova Board; (ii) PricewaterhouseCoopers LLP was re-appointed as the auditors of the Company; (iii) a new by-law ("**New By-Law No.1**") was confirmed as a by-law of the Company; and (iv) the 2021 Equity Incentive Plan was approved and ratified by the Nova Shareholders. Nova adopted New By-Law No. 1 to, among other things: (i) reflect recent amendments to the ABCA; (ii) authorize the directors to set the size of the Nova Board; (iii) modernize the by-laws; (iv) simplify provisions for ease of understanding and application; and (v) adopt an advance notice provision, which sets a deadline by which Nova Shareholders must notify the Company of an intention to nominate directors prior to any meeting of Nova Shareholders at which directors are to be elected, and specifies the information that a nominating Nova Shareholder must include in the notice in order for director nominees to be eligible for nomination and election at the meeting. A copy of New By-Law No. 1 is included in Nova's management information circular dated May 17, 2021, which can be found on the Company's SEDAR+ profile at www.sedarplus.ca and on the Company's website at www.novacannabis.ca.

On July 15, 2021, the Nova Shares began trading on the TSX under the symbol "NOVC". In connection with the TSX listing, the Nova Shares were concurrently delisted from the TSXV.

On August 12, 2021, the Company announced that it had completed the conversion of thirty-six (36) of its cannabis retail stores from legacy banners to the "Value Buds" banner. Store conversions were part of the Company's goal of disrupting the cannabis retail market by offering a wide range of high-quality cannabis products at every-day best value prices.

On October 7, 2021, Alcanna and SNDL entered into an arrangement agreement, which was subsequently amended on January 6, 2022 (collectively, the "**Arrangement Agreement**"), to complete the SNDL-Alcanna Arrangement. Pursuant to the Arrangement Agreement and the amended terms of the plan of arrangement attached thereto, SNDL agreed to acquire all of the issued and outstanding common shares of Alcanna from the Alcanna shareholders. On March 30, 2022, Alcanna announced the completion of the SNDL-Alcanna Arrangement, which resulted in SNDL indirectly becoming the controlling shareholder of the Company, with ownership of approximately 63% of the Nova Shares.

As at December 31, 2021, Nova operated 74 cannabis retail stores; 57 in the Province of Alberta and 16 in the Province of Ontario under the "Value Buds" banner, and 1 in the Province of Saskatchewan under the "Sweet Tree" banner.

Calendar Year Ended December 31, 2022

On March 30, 2022, Alcanna announced the completion of the SNDL-Alcanna Arrangement, which resulted in SNDL indirectly becoming the controlling shareholder of the Company, with ownership of approximately 63% of the Nova Shares. In connection with the successful completion of the SNDL-Alcanna Arrangement, the following changes were made to the Nova Board and the Company's senior management team: (i) Messrs. James Burns (Chair), Thomas Bitove, Ross Sinclair, Marvin Singer and Darren Karasiuk all resigned from the Nova Board, and Mr. Darren Karasiuk ceased to hold the position of President and Chief Executive Officer; (ii) Messrs. Zach George (Chair), Jeffrey Dean and Christopher Pelyk, and Meses. Anne Fitzgerald, Shari Mogk-Edwards and Marcie Kiziak, were all appointed to the Nova Board, and Ms. Kiziak was appointed Chief Executive Officer of the Company; (iii) Mr. David Gordey resigned from his position as Chief Financial Officer of the Company and Mr. Matthew Hewson resigned from his position as Corporate Secretary of the Company; and (iv) Mr. Cameron Sebastian, who also serves as Senior Vice President, Finance, Accounting and External Reporting of SNDL, was appointed Chief Financial Officer and Corporate Secretary of the Company.

In connection with the SNDL-Alcanna Arrangement, and in order to comply with regulatory restrictions that prohibit SNDL, as a licensed producer of cannabis, from directly or indirectly owning or controlling more than a 25% interest in any licensed Ontario cannabis retailer (other than a single "farmgate" store), the Company entered into an agreement, effective March 30, 2022, whereby it sold each of its 21 cannabis retail stores in Ontario (the "**SLO Ontario Stores**") to Spirit Leaf Ontario Inc. ("**SLO**"), an experienced arm's length operator of cannabis retail stores in Ontario, by way of an asset purchase agreement for a purchase price of \$11,000,000, and concurrently entered into a brand-licensing and services arrangement pursuant to which SLO continues to operate the SLO Ontario Stores under Nova's "Value Buds" banner and Nova continues to provide the services of its management and retail operating personnel in compliance with applicable law (the "**SLO Agreements**"). Pursuant to the SLO Agreements, Nova continues to provide funding for capital investment and operations to the SLO Ontario Stores and is entitled to the economic benefit therefrom, less a fee payable to SLO. The SLO Agreements also contained an option (the "**Buyback Option**") to allow Nova to repurchase the SLO Ontario Stores from SLO for a purchase price (subject to adjustments) equal to \$11,000,000 (plus the value of all cash and retained earnings), which Buyback Option shall be exercisable once the regulatory prohibition is no longer an issue and Nova's ownership of the SLO Ontario Stores is permitted under applicable law. Following the execution of the SLO Agreements: (i) the original purchase price for the SLO Ontario Stores was decreased from \$11.0 million to \$10.3 million, to reflect the actual cost of the SLO Ontario Stores; and (ii) Nova sold a further nine SLO Ontario Stores to SLO for additional proceeds of approximately \$4.43 million. Since the date of the original SLO Agreements to December 31, 2023, the Company has constructed twelve additional SLO Ontario Stores, and SLO obtained the legal title to store leasehold improvements and other store assets for those stores. The net carrying value for all of the SLO Ontario Stores is currently \$15.1 million, and the cost for the Company to exercise the Buyback Option has been adjusted to \$15.1 million in consideration of the additional SLO Ontario Stores sold by the Company to SLO following the date of the original SLO Agreements.

On June 16, 2022, Nova and SNDL agreed to amend and restate the Credit Agreement resulting in an increase to the aggregate principal amount of the uncommitted revolving credit facility to \$15.0 million. On October 31, 2022, the Credit Agreement was amended further to extend the maturity date to April 30, 2023. On November 17, 2023, the Credit Agreement was amended further to extend the maturity date to March 31, 2024. Management of the Company is in discussions with the lender regarding an extension of the maturity date of the Credit Agreement.

On July 22, 2022, Nova filed a prospectus supplement (the "**Prospectus Supplement**") to its short form base shelf prospectus dated June 27, 2022 (the "**Shelf Prospectus**", together with the Prospectus Supplement, the "**Prospectus**"), pursuant to which, Nova may, at its discretion and from time-to-time, issue Nova Shares for aggregate proceeds of up to \$20,000,000, at the prevailing market price. The sale of Nova Shares is to be made through "at-the-market" distributions (the "**ATM Offering**"), as defined in the Canadian Securities Administrators' National Instrument 44-102 *Shelf Distributions*. Nova has entered into an equity distribution agreement with ATB Capital Markets Inc. in relation to the Nova Shares offered under the Prospectus. The Company did not issue any Nova Shares under the ATM Program during the year ended December 31, 2023; however, between March 11, 2024, and March 21, 2024, the Company issued 63,100 Nova Shares through the ATM Program at an average price of \$1.80 per Nova Share. Nova expects to use the net proceeds of the ATM Offering to finance future growth opportunities including acquisitions and investments, to finance capital expenditures, to reduce outstanding indebtedness for working capital and/or general corporate purposes.

On December 20, 2022, the Company announced that it had entered into an agreement to implement a strategic partnership to create a well-capitalized cannabis retail platform in Canada under a vertical integration model with SNDL (the "**Implementation Agreement**"). Pursuant to the Implementation Agreement, Nova and SNDL agreed to enter into a series of transactions (the "**SNDL Transaction**"), including a strategic partnership agreement, store level license agreements for

each of the "Value Buds", "Spiritleaf" and "Superette" banners, an amended and restated management and administrative services agreement, an amended and restated investor rights agreement, an amended and restated collaboration and financial reporting agreement, a new credit agreement, a purchase agreement pursuant to which Nova would acquire twenty-six (26) existing cannabis stores, including the SLO Ontario Stores, and an intellectual property transfer agreement. In connection with the SNDL Transaction, SNDL planned to reduce its share ownership in Nova by: (i) returning approximately 14.3 million Nova Shares to Nova's treasury for cancellation; and (ii) completing a capital distribution of Nova Shares owned by SNDL to SNDL shareholders (the "**SNDL Share Distribution**"), following which it was anticipated that SNDL and its affiliates would collectively legally and beneficially own and control approximately (and no more than) 19.9% of the issued and outstanding Nova Shares. Completion of the SNDL Transaction would have enabled Nova to scale its retail operations in Canada with direct ownership of cannabis retail stores in Ontario and British Columbia. A committee composed of independent directors from the Nova Board was formed to complete an extensive due diligence review of the SNDL Transaction and, after receiving advice from independent financial advisors, concluded that the SNDL Transaction was fair, from a financial point of view, to the Company.

The completion of the SNDL Transaction was subject to a number of closing conditions, including obtaining: (i) minority approval of the transaction from Nova Shareholders; and (ii) key regulatory approvals from the TSX and various provincial regulators, prior to the outside date of June 30, 2023.

Calendar Year Ended December 31, 2023

On April 3, 2023, the Company announced that it had entered into an agreement to amend the Implementation Agreement. The amendment contemplated, among other things: (i) increasing the number of cannabis retail stores Nova would acquire (and that would be subject to the strategic partnership) from 25 to 31; and (ii) decreasing the number of Nova Shares to be surrendered by SNDL for cancellation to approximately 2.01 million from approximately 14.3 million. In connection with this amendment, SNDL agreed to increase the number of Nova Shares to be distributed pursuant to the SNDL Share Distribution by a corresponding amount such that, upon completion of the SNDL Transaction, SNDL would hold approximately (and no more than) 19.9% of the issued and outstanding Nova Shares. As a result of SNDL's ownership in the Nova Shares being reduced below 20%, Nova would be permitted to directly own and operate cannabis retail stores in Ontario and British Columbia, in accordance with applicable laws.

On April 6, 2023, the Company announced the launch of a new retail banner, "Firesale Cannabis", which offers significant discounts on cannabis as a way to combat industry waste and create a unique experience for value-conscious shoppers. The use of the Firesale Cannabis trade name is licensed by the Company from SNDL. As at December 31, 2023, the Company operated one Firesale Cannabis location in Alberta.

On June 30, 2023, due to the ongoing review by regulators with respect to required approvals, the outside date for the closing of the previously announced SNDL Transaction was extended to July 25, 2023. The anticipated closing date was further extended on July 25, 2023, August 24, 2023, September 28, 2023, and October 30, 2023, due to the continued review and pending approval of one provincial regulator.

On November 17, 2023, the Company and SNDL announced the mutual decision to terminate the Implementation Agreement and to extend the maturity date of Nova's credit facility with SNDL to March 31, 2024. In the announcement, SNDL and Nova reaffirmed their commitment to their ongoing partnership under the Management and Administrative Services Agreement.

7. DESCRIPTION OF THE BUSINESS

A. THE COMPANY'S CANNABIS RETAIL BUSINESS

Since its launch as a cannabis company in June of 2018, the Company's objective was to become a premier cannabis retailer, and the trusted destination, for consumers of recreational cannabis in Canada. As a result of the successful closing of the Reverse Takeover on March 22, 2021, the Company acquired all of the cannabis operations of Alcanna, including 34 cannabis stores operating in the Provinces of Alberta and Ontario. With the completion of the SNDL-Alcanna Arrangement on March 31, 2022, the Company now receives both capital support and management services from one of the largest licensed producers of cannabis in Canada. In the two year period from December 31, 2021 to December 31, 2023, the number of cannabis retail stores owned and/or operated by the Company increased from 74 to 96.

Nova is dedicated to providing high-quality customer service in its cannabis business through its employees who are highly knowledgeable and trained via both the Company's internally developed immersive and interactive training program and each province's regulatory employment training requirements. The Company's store managers are required to undergo extensive training and all customer experience representatives receive ongoing training to stay informed with the constantly changing product mix and availability. Staff are trained to have strong product knowledge that can be shared with customers to overcome the information gap caused by regulatory constraints on advertising and promotion.

For the two most recently completed financial years, the Company's revenue from cannabis sales to retail customer has increased by approximately 66% from December 31, 2021 to December 31, 2023, and by approximately 12% from December 31, 2022 to December 31, 2023. Approximately 95% of Nova's sales during the financial year ended December 31, 2023 were related to the sale of cannabis products from the Company's retail stores, with the remaining 5% relating to proprietary licensing sales.

Nova's Brands

As of the date hereof, the Company owns and/or operates ninety-six (96) cannabis retail stores, an increase of eight (8) stores since December 31, 2022. Nova's cannabis retail stores operate under the "Value Buds", "Firesale" or "Superette" banner for its retail locations in Alberta and Ontario, and under the brand name "Sweet Tree Cannabis Co." in Saskatchewan.

The Company is focused on developing a market-leading cannabis business within the regulatory frameworks of the Provinces of Alberta, Ontario, Saskatchewan and British Columbia, and in other Provinces in Canada where the Company believes there is business efficacy to operate. In accordance with the rules of the Alberta Gaming, Liquor and Cannabis Commission ("**AGLC**") in Alberta, the AGCO in Ontario, the Liquor and Gaming Authority in Saskatchewan, and the Liquor and Cannabis Regulation Branch ("**LCRB**") in British Columbia, Nova offers those cannabis products for sale which are permitted to be sold in cannabis retail stores in each respective province. Recreational cannabis retail stores are subject to strict design, product management and storage requirements. Nova's stores are designed to be welcoming, educational and allow for customer interaction with staff and product displays, all while optimizing in-store traffic flow.

Retail Locations

Nova's business model involves targeting highly visible and accessible store locations where access to customers would be maximized, such as near grocery stores or on main arteries in or near residential areas.

The following table shows the number of cannabis stores: (i) owned and/or operated by Nova as at January 1, 2023; (ii) opened or acquired by Nova in 2023; (iii) closed or sold by Nova in 2023; (iv) owned and/or operated by Nova as at December 31, 2023; and (v) owned and/or operated by Nova as at March 25, 2024.

	Stores Owned and/or Operated by Nova as at 1-Jan-23	Stores Opened or Acquired by Nova in 2023	Stores Closed or Sold by Nova in 2023	Stores Owned and/or Operated by Nova as at 31-Dec-23	Stores Owned and/or Operated by Nova as at 25-Mar-24 ⁽³⁾
Alberta					
Edmonton ⁽¹⁾	24	1	–	25	25
Calgary ⁽¹⁾	19	1	–	20	20
Other ⁽²⁾	16	1	–	17	17
Ontario					
Toronto ⁽³⁾	9	-	-	9	9
Other ⁽⁴⁾	19	5	–	24	24
Saskatchewan					
Swift Current	1	–	–	1	1
Total	88	8	–	96	96

Notes:

- (1) References to Edmonton and Calgary include stores located in or near those urban centres.
- (2) Other stores in Alberta by region: Northern (6), Southern (4), Red Deer (2), Central (4), Resort (1)
- (3) References to Toronto includes stores located in or near the urban centre.
- (4) Other stores in Ontario by region: Northern (4), Southern (1), Central (7), and Western (12)

Store Leases

Nova does not own any real property; the Company leases its corporate head office in Edmonton and all of its retail store premises. A typical Nova retail store lease has a five to 10 year initial term with numerous five year options to renew, which may extend the lease term by a further 10 to 20 years. As of the date hereof, the average time to expiration of the Company's leases, including renewals, is approximately 6 years.

Maintenance and Capital Expenditures

Nova's expenditures on facilities and equipment fall into three categories: (i) repairs and maintenance; (ii) renovations and replacements; and (iii) growth. Repairs and maintenance expenditures are budgeted in operations and expensed in the year incurred. Renovation and replacement expenditures, which are made to renovate stores and replace equipment, are capitalized. Growth expenditures, which include the costs of building new stores, acquiring and renovating existing stores and purchasing new equipment, are also capitalized.

Seasonality

The effect of seasonality on recreational cannabis retail sales since legalization have been difficult to measure as sales have been affected largely by: (i) the legalized retail cannabis industry in Canada being a relatively new and growing industry; (ii) the opening of new cannabis stores; (iii) occasional shortages in the supply of cannabis products; and (iv) the COVID-19 pandemic. These factors have made it difficult to accurately predict any seasonality in the demand of cannabis products to date; however, prolonged poor weather conditions in both the summer and winter months may reduce overall customer traffic in the Company's stores.

Employees

Nova had 719 full and part-time employees as of December 31, 2023, of which 681 were employed at the Company's cannabis retail stores, and 38 were head office employees. The Company has no unionized employees. Nova's senior management team, certain head-office employees, store managers and some assistant managers are salaried.

Operations

In Alberta, individuals that work for cannabis retailers must: (i) be at least 18 years of age; (ii) have successfully completed training requirements set by the AGLC; (iii) have passed a criminal background check; and (iv) obtain approval of AGLC as a "Qualified Cannabis Worker". Anyone who attempts to buy cannabis at a cannabis store who appears to be 25 years of age (or younger) will be requested to show proof of age. Cannabis suppliers and their representatives cannot offer, nor can

cannabis retail licensees accept, perks such as loans, money, rebates, concessions, discounts, furnishing, storage equipment, fixtures, decorations, signs, supplies or anything of value.

The Alberta regulations provide that cannabis retail stores cannot be built within 100 metres of schools or healthcare facilities. Municipalities then have the ability to impose additional setbacks regarding the proximity of cannabis stores to certain types of facilities, including libraries, parks and other cannabis stores, to best suit their communities. Cannabis stores are permitted to open between 10 a.m. and 2 a.m., mirroring liquor store hours, subject to restrictions imposed by each respective municipality.

In Ontario, the Ontario Cannabis Store ("**OCS**"), managed by the Ontario Cannabis Retail Corporation ("**OCRC**"), operates the only legal online store for recreational cannabis in Ontario. Retailers who want to operate a cannabis store in Ontario must hold a general retail operator license, as well as an RSA for each premises. An applicant is not eligible to be issued a cannabis retail license if there are reasonable grounds to believe that the applicant will not be financially responsible in the conduct of the retail business, will not carry on business in accordance with the law or with integrity, honesty or in the public interest, or if that person has been charged with an offence under the *Control Act* (Ontario) or the *Cannabis Act* (Canada). It is also prohibited for an applicant to be issued a retail store license if the individual or organization applying for the license has an association with organized crime.

The AGCO's Registrar's Standards for Private Retail Sale of Cannabis establish certain requirements, including standards for retail store premises, equipment and facilities, surveillance, security, protection of assets, prevention of unlawful activities, staff training and responsible use and sale of cannabis, compliance with the federal cannabis tracking system and secure confidential record-keeping.

In British Columbia, individuals that work for cannabis retailers must hold a training certificate for "Selling It Right" which trains retail licensees, their employees and delivery person on the applicable laws and how to sell cannabis responsibly. The LCRB enforces the British Columbia provincial laws and regulations and provides guidance to the industry, including through the B.C. Cannabis Private Retail Licensing Guide, the BC Handbook, and the Marketing Terms and Conditions Handbook, all of which are regularly updated. Potential retailers are required to receive municipal government approval before the LCRB will issue a cannabis retail licence. Each municipality is responsible for implementing their own land use, development and business licensing by-laws, and the status of such efforts varies by municipality.

Suppliers

In Alberta, federally-licensed producers of cannabis are required to sell cannabis products directly to the AGLC, with the AGLC then distributing cannabis to licensed private retailers, for sale to the public. All cannabis retailers in Alberta must purchase their cannabis inventory directly from the AGLC. The AGLC sets the wholesale price of cannabis, while retailers set the retail price of cannabis. The AGLC may establish a minimum price for cannabis sold in a cannabis retail store. Licensees are not permitted to sell below the minimum price or provide cannabis to customers free of charge.

In Ontario, the OCRC, doing business as "OCS Wholesale", is the wholesaler of cannabis for licensed retail stores, providing a catalogue of products available to be purchased by retailers, and providing delivery of cannabis products to retail stores. Cannabis accessories are supplied to private cannabis retailers through OCS Wholesale; however, cannabis retailers may also choose to purchase these products from other distributors and manufacturers provided that the accessories offered for sale meet the requirements of a federally defined cannabis accessory. OCS Wholesale may establish a minimum wholesale price for cannabis that is distributed to private retailers. The regulations under the *Cannabis Act* (Ontario) may specify a minimum retail price for cannabis to the holder of an RSA.

In British Columbia adult-use cannabis is sold by both private and government-owned retailers pursuant to licences awarded by the LCRB. Each retail licence holder may only hold or have a valid interest in a maximum of eight cannabis retail store licences. The BC Liquor Distribution Branch is the sole wholesale distributor of non-medical cannabis throughout the province, under the brand "BC Cannabis Wholesale".

Dependence on Foreign Operations

As at December 31, 2023, and as of the date hereof, Nova has no operations outside of Canada.

Corporate Social Responsibility

As a retailer of highly regulated controlled substances, the Company is devoted to responsibly performing every transaction and consumer interaction that occurs inside its retail stores and considering impacts outside of them. Nova places an emphasis on regulatory compliance and, when the Company believes it is in the public interest, the Company often goes beyond what laws and regulations require, including: (i) requesting ID from all customers who appear to be under 40 years

of age; (ii) requiring employees to undergo extensive training beyond regulatory requirements; (iii) offering employee assistance programs; and (iv) being a market leader in anti-theft programs and technology. In accordance with the Management and Administrative Services Agreement, Nova utilizes SNDL's sophisticated loss prevention team that performs: (1) audits; (2) floor-walking stings; and (3) post-incident case management, and provides: (A) employee training; and (B) assistance with store emergencies. The objective of Nova's social responsibility initiatives is to improve the safety and experience of our customers and staff. Nova also encourages its employees to volunteer for various charitable programs and organizations.

Nova has entered into an agreement with a local Alberta company, ReWaste, to provide recycling services to the majority of the Company's retail stores in Alberta. The cannabis regulatory framework in Canada places strict requirements on the packaging cannabis suppliers use for their cannabis products, which often results in an excessive amount of plastic being used. ReWaste collects cannabis packaging from the Company's cannabis stores and offices and breaks down the plastic by shredding it into plastics flakes, which it then uses to produce new products, such as tote bags, rolling trays, coasters, and accessories.

One of the primary motivations behind the Company's launch of the "Firesale Cannabis" banner was to combat industry waste by offering certain aging products at significantly discounted prices to reduce waste associated with expired cannabis inventory. The Company currently operates one Firesale Cannabis location in Alberta.

Nova continues to work closely with customers, government officials, team members and business partners to comply with provincial health guidelines concerning the COVID-19 pandemic. During the height of the COVID-19 pandemic, the Company implemented comprehensive measures in all of its stores to reduce health risks to its customers and team members, including: (i) instituting enhanced cleaning and disinfecting protocols; (ii) installing plexiglass shields at check-out tills; (iii) making hand sanitizer available to customers and employees; and (iv) installing directional signage inside retail stores to promote physical distancing. As public health restrictions were lifted, the Company correspondingly removed some of the preventative measures installed in its retail stores; however, the Company continues to monitor provincial guidelines and recommendations to ensure the Company's retail stores are safe for its customers and employees.

Management Information Systems

Nova utilizes SNDL's management information systems in accordance with the Management and Administrative Services Agreement. SNDL's enterprise resource planning information technology system was designed to: (i) improve business operations; (ii) enhance inventory management and procurement to further reduce capital invested in inventory and improve purchasing decisions; (iii) enhance internal data management; (iv) provide significant insight into customer shopping behaviours; and (v) provide a scalable growth platform.

Data Security

Nova utilizes SNDL's data security systems in accordance with the Management and Administrative Services Agreement. SNDL has a comprehensive data security program overseen by SNDL's Vice President, Business Technology Operations. Nova's Audit Committee is responsible for reviewing the internal controls over the Company's information systems, including those controls provided by SNDL pursuant to the Management and Administrative Services Agreement.

Privacy

Nova has adopted privacy policies, which outline the Company's responsibilities and practices regarding the protection of personal information of our customers and employees while fostering a culture of responsible data use. In keeping with Nova's responsibility to protect customer privacy, Nova complies with all relevant legal and regulatory requirements in the jurisdictions in which Nova operates. Nova also includes privacy and security clauses in contracts with third parties that handle personal information that the Company has collected. All employees receive privacy training and guidance through Nova's privacy policies, with employees who have access to store video footage being required to comply with the terms of Nova's video surveillance access policy. Since 2018, there have been no privacy findings against Nova by regulators in any of the jurisdictions in which the Company operates.

Intangible Property

The Company places a high value on its intangible property, which includes trademarks, branding and licenses. The Company has registered Canadian trademarks for several of its trade names, including "Nova Cannabis" and "Sweet Tree Modern Apothecary", and has formalized Canadian trademark applications for several of its other trade names including "Value Buds" and "Buddy's". The Company works diligently to ensure all cannabis licenses are obtained prior to store

openings, and are maintained in good standing throughout the term of each store lease. The Company actively defends against each unauthorized use of its intangible property of which it becomes aware.

B. THE RECREATIONAL CANNABIS RETAIL INDUSTRY

Competition in the Cannabis Industry

The cannabis retail market in Alberta is highly competitive. According to the AGLC website, as of December 31, 2023, there were more than 950 cannabis retail licenses granted in the Province of Alberta. With 62 licensed cannabis retail stores, Nova holds approximately 6.5% of the cannabis retail licenses granted in the Province of Alberta.

According to the AGCO website, as of December 31, 2023, more than 1,780 cannabis retail stores had been authorized to open in Ontario by the AGCO, which represents a decrease in the number of licensed retail stores authorized to open as of December 31, 2022. As of December 31, 2023, there were almost twice as many licensed cannabis retailers in Ontario than there were in Alberta. The saturation of the retail cannabis market, particularly in markets such as Toronto, Ontario, as well as supply chain issues, may result in the closure of many competitor stores that lack sufficient capital to compete. Similarly, this may result in a decline in new entrants to the market. Effective November 30, 2023, Ontario Regulation 468/18 under the *Cannabis Licence Act*, 2018 was amended to increase the maximum number of stores that licensed retail operators and their affiliates can operate from 75 to 150.

The Company also faces competition from individuals who continue to operate in the illegal cannabis market in Canada. Until licensed cannabis retailers are permitted to engage with potential customers through different mediums of advertising to promote the types of products available for purchase, it is likely that the illicit market will continue to hold a significant share of the cannabis retail market.

C. CANNABIS INDUSTRY REGULATION

On October 17, 2018, the *Cannabis Act* (Canada) and the other federal regulations came into force with the effect of legalizing the adult recreational use of cannabis across Canada and regulating the production, distribution and sale of cannabis and related cannabis products in Canada, for both recreational and medical purposes. The *Cannabis Act* (Canada) provides provincial and municipal governments the authority to prescribe regulations regarding retail sale and distribution, as well as the ability to alter some of the existing baseline requirements of the *Cannabis Act* (Canada), such as increasing the minimum age for purchase and consumption, and implementing stricter minimum requirements for advertising and promotion.

In Alberta, the *Gaming, Liquor and Cannabis Act* (Alberta) ("**GLCA**") and the *Gaming, Liquor and Cannabis Regulation* (Alberta) ("**GLCR**") came into force on October 17, 2018. Under the GLCA, the AGLC is responsible for managing oversight and compliance functions for the provincial cannabis retail industry, including wholesaling, distribution and licensing. Federally-licensed producers are required to sell cannabis directly to the AGLC, who will then sell cannabis to licensed private retailers for sale to the public. The AGLC is given authority to oversee the provincial licensing process undertaken in the Province of Alberta, policies related to advertising and promotion of the sale of cannabis and allowing an AGLC inspector to review and temporarily remove any records, documents, books of account and receipts relating to cannabis, a cannabis license or licensed premises in the course of an inspection.

On December 12, 2017, the Province of Ontario passed the *Cannabis Control Act*, 2017 (Ontario) which regulates certain aspects of the lawful use, sale and distribution of cannabis. On August 13, 2018, the Province of Ontario announced its plans for a hybrid distribution model whereby online cannabis may only be sold by the OCS with a private retail model for cannabis to be established by April 1, 2019. On December 12, 2019, the Government of Ontario announced further amendments to the Ontario regulations to move to an open market for cannabis retail stores, beginning in January 2020. The amendments included increasing a retail licensee's permissible ownership percentage by a licensed producer from 9.9% to 25%. The Government of Ontario also removed further limitations by allowing retailers, without having to participate in a lottery, to apply for a maximum of 10 cannabis retail licenses between March 2, 2020 and August 31, 2020, with that number increasing to 30 on September 1, 2020, 75 on September 1, 2021 and 150 on November 30, 2023. As of the date hereof, a licensed retailer in Ontario is permitted to hold a maximum of 150 RSAs.

The Province of British Columbia regulates cannabis activities within its boundaries through the *Cannabis Control and Licensing Act* (British Columbia) (the "**CCLA**") and the *Cannabis Distribution Act* (British Columbia). In addition, the LCRB has provided guidance to the industry, including through the B.C. Cannabis Private Retail Licensing Guide, the BC Handbook, and the Marketing Terms and Conditions Handbook, all of which are regularly updated. The CCLA and the *Cannabis Licensing Regulation* (the "**CLR**") regulate the possession, sale, promotion, supply and production of adult-use

cannabis within British Columbia and provide the scheme for licensing and certain rules for the retailing of cannabis, including inducements. Three classes of licences are established pursuant to this legislative regime: the Cannabis Retail Store Licence, which authorizes the sale of adult-use cannabis through a private retail store; the Producer Retail Store Licence, which authorizes a licensed producer to sell adult-use cannabis at a location that is adjacent or proximate to the federally-licensed area; and the Marketing Licence, which authorizes the licence holder to promote cannabis for the purpose of selling it. No maximum limit or target for the number of cannabis retail store licences to be issued has been set in British Columbia; however, the CLR prohibits the LCRB from issuing a license to an applicant if it would result in the applicant or a group of related persons holding more than eight retail store licences.

While the *Cannabis Act* (Canada), together with various provincial and municipal laws and regulations have now been in force for over five years, the impact of any potential future regulatory changes on Nova's business is unknown, and any proposed regulatory changes may not be implemented at all. See "Risk Factors" in the Nova Annual MD&A, incorporated by reference in this Annual Information Form and filed on SEDAR+ at www.sedarplus.ca.

D. CHANGES TO CANNABIS REGULATIONS IN 2023

Each province and territory has a different regulatory environment for the retail sale of cannabis. Set forth below is a summary of material changes to the regulatory regime for the sale of recreational cannabis at the federal level, and in the Company's principal markets, in 2023.

Federal

On September 22, 2022, Health Canada initiated the Cannabis Act legislative review which was required three years after legalization under section 151.1 of the *Cannabis Act* (Canada). An expert panel was appointed to undertake an evidence-based review of the *Cannabis Act* (Canada) and provide advice to the Minister of Health and the Minister of Mental Health and Addictions on progress towards achieving the Act's objectives. The panel's final report was published on March 22, 2024, and focused on progress made towards achieving the objectives of the *Cannabis Act* (Canada) and identifying priority areas for improving the functioning of the legislation.

On March 24, 2023, the Department of Health published a Notice of Intent — Consultation on potential amendments to the Cannabis Regulations. This consultation was open for a 60-day public comment period which closed on May 24, 2023. The proposed amendments are expected to be published through the Canada Gazette, Part I in spring 2024 with a 30-day public comment period.

On December 14, 2023, Health Canada released its Forward Regulatory Plan for 2023-2025, providing information on regulatory initiatives it plans to propose or finalize in the next two years, including proposed amendments to the regulations under the *Cannabis Act* (Canada). The proposed amendments would restrict the production, sale, promotion, packaging, or labelling of inhaled cannabis extracts with certain flavours, other than the flavour of cannabis. The proposed amendments would align with recent amendments affecting flavoured tobacco and vaping products.

Alberta

On March 23, 2023, the AGLC revised the Retail Cannabis Store Handbook (the "**Retail Handbook**") to permit cannabis representatives the ability to provide cannabis retailers up to 3.5 grams of dried cannabis (or equivalency) as sample product for marketing purposes and licensee use only.

On October 13, 2023, the Retail Handbook was amended to enable retailers to use self-attestation as a sufficient age gating procedure for their websites and social media content.

On November 14, 2023, the Retail Handbook was amended to allow retailers to open at 9 a.m.

On December 6, 2023, the AGLC announced that the sale/purchase of retail sales data is permitted.

On January 31, 2024, amendments to the Retail Handbook and the Cannabis Representative Handbook were made to: (a) remove requirements to return cannabis to the storage room/vault after hours if locked in a showcase; (b) permit temporary retail sales at minors-prohibited events or cannabis industry trade shows; (c) remove restrictions prohibiting product sales and transfers between stores owned by the same legal entity; and (d) clarify requirements around cannabis sampling.

Ontario

Effective November 30, 2023, Ontario Regulation 468/18 under the *Cannabis Licence Act*, 2018 was amended to increase the maximum number of stores that licensed retail operators and their affiliates can operate from 75 to 150.

On November 29, 2023, The AGCO announced that all cannabis retailers in Ontario will be subject to new standards related to regulatory reporting requirements, which includes using a compatible point of sale system and fully transitioning to the new platform by April 1, 2024.

British Columbia

On September 25, 2023, the LCRB amended the Cannabis Retail Store Licensee Handbook to allow for federal cannabis license holders to promote their cannabis products by providing cannabis store licensees with product samples for a nominal fee. Samples are expected to be of a reasonable size and quantity and should have little retail value.

On February 14, 2024, the LCRB amended the *Cannabis Control Regulation* permitting licensees to promote a place to consume cannabis or to spend time after consuming cannabis and also to permit smoking and vaping of cannabis on public patios where smoking and vaping tobacco are already allowed. This announcement also included a commitment to make gradual changes to improve hospitality and tourism opportunities for the cannabis industry.

8. RISK FACTORS

For a review of the risks pertaining to Nova, please refer to the Nova Annual MD&A incorporated by reference in this Annual Information Form and filed on the Company's SEDAR+ profile at www.sedarplus.ca.

9. DIVIDENDS AND DISTRIBUTIONS

The Company's Articles and other constating documents permit the Company to issue dividends to Nova Shareholders, as and when declared by the Nova Board. Notwithstanding the foregoing, the Company has not paid any dividends to date, and is not presently considering paying any dividends in the immediate future. The Nova Board may determine, in its sole discretion, if and when dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's financial position at the time.

10. DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of Nova consists of an unlimited number of Nova Shares and an unlimited number of first preferred shares, issuable in series. The following is a summary of the rights, privileges, restrictions and conditions attaching to the share capital of Nova.

A. COMMON SHARES

Each Nova Share entitles the holder to receive notice of, to attend, and to one vote at, all meetings of Nova Shareholders, except meetings of holders of another class of shares. The Nova Shareholders will be, at the discretion of the Nova Board and subject to the preferences accorded to any class of shares of Nova ranking senior to the Nova Shares from time to time with respect to the payment of dividends, entitled to receive any dividends declared by the Nova Board on the Nova Shares. The Nova Shareholders will also be entitled, subject to the preferences accorded to holders of any class of shares of Nova ranking senior to the Nova Shares from time to time, to share equally, share for share, in any distribution of the assets of Nova upon the liquidation, dissolution, bankruptcy or winding-up of Nova or other distribution of its assets among the Nova Shareholders for the purpose of winding-up its affairs.

B. FIRST PREFERRED SHARES

Each series of first preferred shares of Nova shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Nova Board prior to the issuance thereof. With respect to priority in payment of dividends and in the distribution of assets of the Company in the event of liquidation, dissolution or winding up of the Company, or other distribution of assets of the Company among Nova Shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, each series of first preferred shares will rank on a parity with the first preferred shares of every other series, and are entitled to priority over the Nova Shares and any other shares ranking junior to the first preferred shares from time to time.

The first preferred shares of Nova are intended to provide future financing flexibility. There are currently no first preferred shares issued and outstanding.

C. OTHER PROVISIONS AFFECTING THE RIGHTS OF NOVA SHAREHOLDERS

Pursuant to the articles of incorporation of Nova, the Directors may, between annual and general meetings, appoint one or more additional directors of the Company to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed one-third of the number of directors who held office at the expiration of the last annual meeting.

See "*Interests of Management and Others in Material Transactions*" for a description of the rights held by SNDL pursuant to the Investor Rights Agreement.

D. MATERIAL DEBT

In connection with the Reverse Takeover, Alcanna entered into the Credit Agreement with Nova, which included an uncommitted revolving credit facility with an aggregate principal amount not to exceed \$10.0 million, unless increased to a maximum revolving facility amount of \$15.0 million upon prior written notice to, and approval from, Alcanna. Under the Credit Agreement, Alcanna was granted a security interest in all present and after acquired personal property of the Company as of the effective date of the Credit Agreement, with interest accruing at the Canadian prime rate of interest, plus 2.75%, calculated and compounded monthly from the date of such advance on the principal sum remaining unpaid and outstanding. The principal and any accrued and unpaid interest payable balance outstanding was originally due and payable on October 31, 2022, or earlier upon demand, as permitted under the Credit Agreement; however, on June 16, 2022, Nova and SNDL agreed to amend and restate the Credit Agreement, increasing the aggregate principal amount of the credit facility to \$15.0 million. On October 31, 2022, the Credit Agreement was amended further to extend the maturity date to April 30, 2023. On November 17, 2023, the Credit Agreement was amended further to extend the maturity date to March 31, 2024. Management of the Company is in discussions with the lender regarding an extension of the maturity date of the Credit Agreement.

The Credit Agreement was designed to provide access to capital for the Company's investment strategy which is focused on expanding the network of cannabis retail locations in Alberta, Ontario and British Columbia, and for general corporate and working capital purposes. As at March 25, 2024, the revolving credit facility made available in connection with the Credit Agreement is considered to be fully drawn.

11. MARKET FOR SECURITIES

A. TRADING PRICE AND VOLUME

Common Shares

The following table sets forth certain trading information for the Nova Shares from January 1, 2023, until December 31, 2023, as reported by the TSX.

Period	High (\$)	Low (\$)	Volume
2023			
January	1.28	0.65	1,301,474
February	0.91	0.73	467,474
March	0.82	0.69	469,687
April	0.75	0.65	269,819
May	0.78	0.58	783,384
June	0.66	0.49	555,374
July	0.60	0.45	146,485
August	0.56	0.39	1,177,354
September	1.13	0.49	701,747
October	0.83	0.55	286,536
November	0.85	0.64	1,683,828
December	1.00	0.72	1,393,966

B. PRIOR SALES

The following table describes the outstanding securities of the Company, which are not listed or quoted on a marketplace, that were issued by Nova during the last completed financial year ended December 31, 2023:

Date of Grant	Number and Type of Security	Issue Price per Security (\$) (on a 5-day volume weighted average trading price)
June 2, 2023	44,500 RSUs ⁽¹⁾	0.65
June 30, 2023	204,138 DSUs ⁽²⁾⁽³⁾	0.73

Notes:

- (1) Restricted Share Units ("RSUs") were issued pursuant to the Company's 2021 Equity Incentive Plan.
- (2) Certain members of the Nova Board received Deferred Share Units ("DSUs") as additional compensation for serving on a special committee in connection with the consideration of the SNDL Transaction. DSUs are issued to members of the Nova Board in accordance with the 2021 Equity Incentive Plan.
- (3) Between January 1, 2023, and December 31, 2023, the DSUs to be issued to directors as partial compensation for services provided during the year ended December 31, 2023, were accrued, but not yet granted, due to reserve limitations in the 2021 Equity Incentive Plan. The accrued DSUs are to be granted to the directors in 2024 as awards to be settled solely in cash, in accordance with the 2021 Equity Incentive Plan.

12. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Pursuant to the SNDL-Alcanna Arrangement, SNDL acquired 100% of the securities of Alcanna, which included ownership of 35,750,000 Nova Shares. The Nova Shares were subject to a two-year contractual restriction on transfer pursuant to the Investor Rights Agreement, which restriction on transfer commenced on March 22, 2021, and expired on March 22, 2023. As of the date hereof, none of the securities of the Company are subject to escrow or subject to a contractual restriction on transfer.

13. DIRECTORS AND EXECUTIVE OFFICERS

A. NAMES, OCCUPATION AND SECURITY HOLDING

Directors

The following table sets forth the name, province or state and country of residence, and the positions and offices held, for each of the directors of Nova as at the date hereof, together with their principal occupations for the five preceding years. Biographies for each of the directors follow the table below. The term of office of the directors expires at the next annual general meeting of the Company.

Name and Jurisdiction of Residence	Position with Nova	Date Appointed as a Director	Principal Occupations in the Last 5 Years
Zach George Connecticut, United States	Chair and Director	March 30, 2022	Chief Executive Officer, SNDL; Former Co-Founder and Portfolio Manager, FrontFour Capital Group LLC.
Marcie Kiziak Alberta, Canada	Director and Chief Executive Officer	March 30, 2022	President, Cannabis Retail, SNDL; Former Chief Operating Officer, Nova, Former President, Cannabis, Alcanna; Former Senior Vice President, Human Resources, Alcanna.
Jeffrey Dean Ontario, Canada	Director	March 30, 2022	Managing Partner, Maven Capital; Former Director, NexLiving Communities Inc.

Name and Jurisdiction of Residence	Position with Nova	Date Appointed as a Director	Principal Occupations in the Last 5 Years
Anne Fitzgerald Ontario, Canada	Lead Independent Director	March 30, 2022	Director, Lifespeak Inc.; Director, Primaris REIT; Former Chief Legal Officer, Cineplex Inc.
Ron Hozjan Alberta, Canada	Director	June 28, 2018	Vice President, Finance and Chief Financial Officer of Aureus Energy Services Inc.; Director, Target Capital Inc.; Director, Tenth Avenue Petroleum Corp.; Director, Carbeeza Inc.; Former Vice President, Finance and Chief Financial Officer of Tamarack Valley Energy Ltd.
Shari Mogk-Edwards Ontario, Canada	Director	March 30, 2022	Founder, Shari's Picks Consulting; Former Director, Eve & Co.; Former Vice President, Products Sales and Merchandising for the Liquor Control Board of Ontario.
Christopher Pelyk British Columbia, Canada	Director	March 30, 2022	Vice President, Store Development, Arc'teryx; Former Senior Director of Store Development in Asia, Lululemon.

The following are brief profiles of the directors of Nova:

Zach George, Chair, Director

Mr. Zach George has served as the Chief Executive Officer of SNDL (Nasdaq: SNDL) since January 2020. Prior thereto, he co-founded the alternative investment platform FrontFour Capital Group LLC where he has served as co-founder and portfolio manager since 2006. Mr. George also previously served as chairman of the boards of FAM Real Estate Investment Trust and Huntingdon Capital Corp., as the lead independent director of both Cornell Companies Inc. and PW Eagle Inc., and on the board of COMINAR REIT, Trez Capital Junior Mortgage Investment Company, Allied Defense Group Inc., and IAT Air Cargo Facilities Income Fund. He has worked in a management capacity and with numerous corporate boards to turnaround operations, effect corporate action, and implement governance policies aimed at maximizing shareholder value. He holds a Bachelor of Arts degree from Simon Fraser University and a Juris Doctor degree from Brooklyn Law School.

Marcie Kiziak, Director and Chief Executive Officer

Ms. Marcie Kiziak has served as Chief Executive Officer of the Company, and President, Cannabis Retail of SNDL, since March 2022. Prior thereto, Ms. Kiziak served as Chief Operating Officer of Nova commencing March 2021, and was President of Alcanna's cannabis division, from July 2018 until March 2021, while Nova was a wholly-owned subsidiary of Alcanna. Prior thereto, Ms. Kiziak held the position of Senior Vice President, Human Resources, with Alcanna, commencing February 2018. Prior to joining Alcanna, Ms. Kiziak was the 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. Ms. Kiziak also spent 15 years in the oil & gas and construction sectors focused on senior HR leadership, M&A and integration. Ms. Kiziak holds a Bachelor of Management Degree and is a Chartered Professional in Human Resources.

Jeffrey Dean, Director

Mr. Jeffrey Dean is a Managing Partner at Maven Capital, an advisory and private equity firm based in Toronto, where he has worked since July 2012. Prior to co-founding Maven Capital, Mr. Dean held various senior positions at RBC Capital Markets in RBC's Real Estate Group. Mr. Dean has significant experience in real estate, mergers and acquisitions, valuations, corporate governance, equity and debt financing for both public and private companies and property portfolio advisory. Over the last 20 years, Mr. Dean has advised on over \$13 billion of public M&A transactions, \$15 billion of debt and equity financings and more recently has been focused on corporate and shareholders governance. Mr. Dean is also a trusted advisor to a number of senior management teams and public/private boards of directors in the real estate space. Mr. Dean has a Bachelor of Commerce (High Distinction) from the University of Toronto.

Anne Fitzgerald, Lead Independent Director

Ms. Anne Fitzgerald is a member of the board of directors of Lifespeak Inc. (TSX: LSPK), where she serves as chair of the governance and compensation committee, and Primaris REIT (TSX: PMZ.UN), where she serves on the investment committee and the governance committee. Ms. Fitzgerald is also the chair of Outward Bound Canada, a not-for-profit board, and has previously served on the following not-for-profit boards: National Association of Theater Owners, the Movie Theatre Association of Canada (Vice Chair), the Global Cinema Federation (Executive Committee), and the Academy of Canadian Cinema and Television (Governance and Audit Committees). Ms. Fitzgerald previously served as Chief Legal Officer of Cineplex Inc., from 2005 until February 2022, where she was responsible for overseeing all legal, corporate affairs, and insurance matters relating to Cineplex and its subsidiaries. Ms. Fitzgerald has practiced law in both Canada and the United States, primarily in litigation roles in areas of corporate-commercial, securities, criminal, tax, and entertainment. Ms. Fitzgerald was inducted as a Fellow of the Royal Canadian Geographic Society in 2012 and was honoured in 2014 as a National Post/ZSA General Counsel of the Year. In 2019, Ms. Fitzgerald was named by WXX as one of Canada's 100 Most Powerful Women. She holds a BA in Public Policy as well as a Juris Doctor, both from Duke University.

Ron Hozjan, Director

Mr. Hozjan has served as a director of the Company since June 2018 and is currently the chair of the Company's Audit Committee. Mr. Hozjan became a director of Tenth Avenue Petroleum Corp. (TSXV: TPC) in December 2021, a director of Carbeeza Inc. (TSXV: AUTO) in June 2020, and became a director of Target Capital Inc. (NEX: TCI.H) in September 2020. Since January 2020, Mr. Hozjan has held the role of Vice President, Finance and Chief Financial Officer of Aureus Energy Services Inc. Prior thereto, he served as Vice President, Finance and Chief Financial Officer of Tamarack Valley Energy Ltd. (TSX: TVE) from June 2010 until January 2020. Mr. Hozjan is a Chartered Professional Accountant with over 30 years of oil and gas experience and over 25 years of experience as a senior financial officer.

Shari Mogk-Edwards, Director

Ms. Shari Mogk-Edwards is an accomplished sales and merchandising executive with 40 years of progressive experience in the beverage alcohol industry. Ms. Mogk-Edwards was a member of the board of directors of Eve & Co. (TSXV: EVE.V) from January 2019 to April 2020, where she served on the compensation committee and the governance committee. Ms. Mogk-Edwards founded Shari's Picks Consulting in 2019, providing her clients with strategies for effective product marketing and development, including the packaging of alcoholic beverages for the Ontario market. Ms. Mogk-Edwards also developed and trademarked Shari's Picks specifically to demystify wine for the mainstream consumer. Ms. Mogk-Edwards volunteers on the following not-for-profit boards: Independent Wine Education Guild and Les Dames d'Escoffier, Ontario. Ms. Mogk-Edwards has completed the Ivey Executive Program from the Richard Ivey School of Business at the University of Western Ontario, as well as the Not-For-Profit Board Governance Essentials Program at the Rotman School of Business.

Christopher Pelyk, Director

Mr. Pelyk is an experienced professional with more than 20 years of experience in retail store expansion, operations, and development. Mr. Pelyk has served as the Vice President, Store Development, for Arc'teryx since October 2021. Prior thereto, Mr. Pelyk served as Senior Director of Store Development in Asia at Lululemon, from February 2014, overseeing the development, design, and strategic planning of retail concepts throughout the region. Mr. Pelyk holds a BA in Applied Geo Statistics from Ryerson University and an EMBA from the Richard Ivey School of Business at the University of Western Ontario.

Nova Board Committees

The following table sets forth the membership of the Nova Board committees as of the date hereof. An "M" indicates that a director is a member of a committee, while a "C" indicates that the director is the chair of the committee.

Director	Independent	Audit	Compensation and Governance
Zach George			
Marcie Kiziak			
Jeffrey Dean	✓	M	
Anne Fitzgerald	✓	M	C
Ron Hozjan	✓	C	

Shari Mogk-Edwards	✓		M
Christopher Pelyk	✓		M

As of the date hereof, Nova's Compensation & Governance Committee is comprised of Ms. Fitzgerald (Chair), Ms. Mogk-Edwards and Mr. Pelyk. National Instrument 58-101F1 *Corporate Governance Disclosure* ("**NI 58-101F1**") requires issuers to disclose whether the board has a nominating committee composed entirely of independent directors or, if not, to describe what steps the board takes to encourage an objective nomination process. Nova does not have a nominating committee, instead designating the responsibility for identifying new candidates for board nomination to its Compensation & Governance Committee. National Policy 58-201 *Corporate Governance Guidelines* ("**NP 58-201**") says an issuer's governance committee should have a majority of independent directors, with the remaining members being "non-management" directors. Nova's Compensation & Governance Committee complies with NP 58-201, as all of the directors serving on the Compensation & Governance Committee are independent directors.

As of the date hereof, Nova's Audit Committee is comprised of Mr. Hozjan (Chair), Mr. Dean and Ms. Fitzgerald. For more information on the Company's Audit Committee, see "*Audit Committee*" in this Annual Information Form.

Executive Officers

The following table sets forth the name, province or state and country of residence, and the positions and offices held, for each of the executive officers of Nova as at the date hereof, together with their principal occupations for the five preceding years.

Name and Jurisdiction of Residence	Position with Nova	Executive Since	Principal Occupations in the Last 5 Years
Marcie Kiziak Alberta, Canada	Director and Chief Executive Officer	March 30, 2022	President, Cannabis Retail, SNDL; Former Chief Operating Officer, Nova, Former President, Cannabis, Alcanna; Former Senior Vice President, Human Resources, Alcanna.
Cameron Sebastian Alberta, Canada	Chief Financial Officer	March 30, 2022	Senior Vice President, Finance, Accounting and External Reporting, SNDL; Former Vice President, Finance, SNDL.
Grant Sanderson Alberta, Canada	Chief Operating Officer	February 27, 2022	Former Vice President, Operations, Nova; Former Director of Operations, Nova; Former Regional Operations Manager; Nova; Former Managing Director, Century Hospitality Group and Century Catering and Events Planning.

Common Share Ownership

As at the date hereof, the directors and executive officers of Nova, as a group, own beneficially, or control or direct, directly or indirectly, an aggregate of 143,010 Nova Shares, representing approximately 0.25% of the issued and outstanding Nova Shares.

B. CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of Nova, except as disclosed below, no director or executive officer of Nova (nor any personal holding company of any of such persons) is, as of the date of this Annual Information Form, or was within ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including Nova), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (each, an "**Order**") that was issued while that director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Hozjan was appointed as a director of Target Capital Inc. on September 16, 2020. On September 15, 2020, the Alberta Securities Commission ("**ASC**"), as principal regulator, issued a management cease trade order against Target Capital Inc.'s Chief Executive Officer and Chief Financial Officer for failure to file the required period disclosure, being annual filings for the financial year ended March 31, 2020. On November 5, 2020, due to the continued delay in respect of such filings, the ASC issued a cease trade order against Target Capital Inc., replacing the management cease trade order. On April 16, 2021, Target Capital Inc.'s Chief Executive Officer and Chief Financial Officer resigned and were replaced with new interim officers and a refreshed board of directors, which includes Mr. Hozjan, appointed to restore public reporting. On April 18, 2022, Target Capital Inc. filed the outstanding period disclosure and submitted an application to the ASC to revoke the cease trade order. On May 8, 2023, Target Capital Inc. announced that its application to remove the cease trade order was successful and that the company was then in compliance with its continuous disclosure obligations.

To the knowledge of Nova, no director or executive officer of Nova (nor any personal holding company of any of such persons), or a shareholder holding a sufficient number of securities of Nova to affect materially the control of Nova:

- (a) is, as of the date of this Annual Information Form, or has been within the 10 year period before the date of this Annual Information Form, a director or executive officer of any company (including Nova) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten (10) years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or Nova Shareholder.

To the knowledge of Nova, no director or executive officer of Nova (nor any personal holding company of any of such persons), or a shareholder holding a sufficient number of securities of Nova to affect materially the control of Nova, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

C. CONFLICTS OF INTEREST

In accordance with Nova's corporate policies and the ABCA, directors who have a material interest in a material contract or material transaction, whether made or proposed with Nova are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract or transaction. In addition, the directors are required to act honestly and in good faith with a view to the best interests of Nova.

As of the date of this Annual Information Form, two of the Company's directors, Zach George and Marcie Kiziak, are not independent as a result of their employment with SNDL. The Company is aware that potential conflicts of interest may arise between their duties as officers and directors of Nova and as officers and directors of SNDL; however, the Company does not consider there to be any material risk as of the date hereof. In order to mitigate risks relating to perceived and actual conflicts of interest, the Company's independent directors meet on a regular basis to discuss matters of interest, independent of any influence from management; whether at standalone meetings or "in camera" at regularly scheduled meetings.

14. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that Nova is or was a party to, or that any of Nova's property is or was the subject of, during the most recently completed financial year, that were or are material to Nova, and there are no such material legal proceedings that Nova knows to be contemplated. For the purposes of the foregoing, a legal proceeding is not considered to be "material" if it involves a claim for damages and the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of Nova's current assets, provided that if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, Nova has included the amount involved in the other proceedings in computing the percentage.

There were no: (i) penalties or sanctions imposed against Nova by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (ii) other penalties or sanctions imposed by a court or regulatory body against Nova that would likely be considered important to a reasonable investor in making an investment decision; and (iii) settlement agreements Nova entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

15. INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Nova is not aware of any material interest, direct or indirect, of any director or executive officer of Nova, or person or company that beneficially owns, or controls, or directs, directly or indirectly, more than 10% of the voting rights attached to all outstanding voting securities of Nova, or any of their respective associates or affiliates, in any transaction since the commencement of Nova's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect Nova, except for the following:

- Pursuant to the SNDL-Alcanna Arrangement, SNDL indirectly acquired 35,750,000 Nova Shares, representing approximately 63% of the Nova Shares, as well as Alcanna's rights under the Investor Rights Agreement, which include: (i) the right to nominate four SNDL nominees to the Nova Board, at least two of which must be independent; (ii) anti-dilution rights allowing it to maintain its shareholdings at a ratio equal to the percentage of Nova Shares it held before Nova undertakes any share issuance; (iii) demand qualification rights allowing SNDL to demand that Nova file a prospectus allowing SNDL to distribute a portion of its Nova Shares for a price not exceeding \$15 million; and (iv) piggy-back rights entitling SNDL to distribute its Nova Shares where Nova proposes to file a preliminary prospectus or prospectus supplement under applicable securities laws in connection with a distribution by way of a public offering, or where SNDL undergoes a change of control through which an acquiror would control a majority of SNDL's voting shares. At its current level of ownership in Nova Shares, SNDL has the right to designate four director nominees. SNDL exercised this right in part, by nominating Mr. Zach George, and Ms. Marcie Kiziak to the Nova Board. In the event that SNDL holds less than 10% of the Nova Shares, SNDL is disentitled of all of the above rights. The Investor Rights Agreement is available on Nova's SEDAR+ profile at www.sedarplus.ca.
- Zachary George, who serves as Chair of the Company, is also the Chief Executive Officer of SNDL;
- Marcie Kiziak, who serves as Chief Executive Officer of the Company, is also the President, Cannabis Retail of SNDL;
- Cameron Sebastian, who serves as Chief Financial Officer of the Company, is also the Senior Vice President, Finance, Accounting and External Reporting of SNDL; and
- Cannell Capital, LLC, a Wyoming limited liability company, in its capacity as general partner and investment adviser to Tonga Partners, L.P. and Tristan Partners, L.P., and investment adviser to Tristan Offshore Fund, Ltd., announced the acquisition of an aggregate of 500,000 Nova Shares on January 22, 2024, resulting in Cannell Capital, LLC, through the aforementioned funds, exercising control or direction over an aggregate of 6,100,289 Nova Shares, representing approximately 10.6638% of the issued and outstanding Nova Shares as of January 22, 2024.

16. TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar of the Nova Shares is Odyssey Trust Company at its principal offices in Calgary, Alberta.

17. MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts that are material to Nova and that were entered into by Nova or one of its subsidiaries within the most recently completed financial year or before the most recently completed financial year, but which are still material and are still in effect, are the following:

- the Credit Agreement with SNDL, described under "*General Development of the Business - Three Year History*";
- the SLO Agreements, described under "*General Development of the Business - Three Year History*";

- the Investor Rights Agreement with SNDL, described under "*General Development of the Business – Three Year History*" and "*Interests of Management and Others in Material Transactions*"; and
- the Management and Administrative Services Agreement with SNDL, described under "*General Development of the Business – Three Year History*".

18. INTERESTS OF EXPERTS

Other than as set forth below, there is no person or company who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 *Continuous Disclosure Obligations* by Nova during, or related to, its most recently completed financial year and whose profession or business gives authority to such report, valuation, statement or opinion made by such person or company.

PricewaterhouseCoopers LLP, Nova's auditor for the year ended December 31, 2023, was appointed auditor of the Company on April 28, 2021 in connection with the Reverse Takeover and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants, Alberta.

Eight Capital provided a fairness opinion to Nova in connection with the SNDL Transaction. As of the date hereof, Eight Capital does not beneficially own, or exercise control or direction over, directly or indirectly, more than 1% of the outstanding Nova Shares.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

19. AUDIT COMMITTEE

Audit Committee Charter

Nova's Audit Committee Charter is attached as Schedule "A" hereto.

Composition of the Audit Committee

Members of the Audit Committee are Ron Hozjan (Chair), Jeffrey Dean and Anne Fitzgerald. All members of the Audit Committee are "financially literate" and all are "independent" within the meaning of National Instrument 52-110 *Audit Committees* ("**NI 52-110**").

RELEVANT EDUCATION AND EXPERIENCE

Members	Independent	Financially Literate	Relevant Education and Experience
Ron Hozjan	Y	Y	Mr. Hozjan has been the Vice President, Finance, and Chief Financial Officer at Aureus Energy Services since January 2020, a director of Carbeeza Inc. since June 2021, a director of Target Capital Inc. since September 2020, a director of Aloha Brands Inc. since April 2019, and a director of Aither Ingredient Corp. since February 2020. Mr. Hozjan was the Vice President, Finance, and Chief Financial Officer of Tamarack Valley Energy Ltd. from June 2010 until January 2020. Mr. Hozjan is a chartered professional accountant with over 25 years of experience as a senior financial officer.
Jeffrey Dean	Y	Y	Mr. Jeffrey Dean is a Managing Partner at Maven Capital, an advisory and private equity firm based in Toronto, where he has worked since July 2012. Prior to co-founding Maven Capital, Mr. Dean held various senior positions at RBC Capital Markets in RBC's Real Estate Group. Mr. Dean has significant experience in real estate, mergers and acquisitions, valuations, corporate governance, equity and debt financing for both public and private companies and property portfolio advisory. Mr. Dean has a Bachelor of Commerce (High Distinction) from the University of Toronto.
Anne Fitzgerald	Y	Y	Ms. Anne Fitzgerald is a member of the board of directors of Lifespeak Inc. (TSX: LSPK), where she serves as chair of the governance and compensation committee, and Primaris REIT (TSX: PMZ.UN), where she serves on the investment committee and the governance committee. Ms. Fitzgerald previously served as Chief Legal Officer of Cineplex Inc., from 2005 until February 2022, where she was responsible for overseeing all legal, corporate affairs, and insurance matters relating to Cineplex and its subsidiaries. Ms. Fitzgerald holds a BA in Public Policy as well as a Juris Doctor, both from Duke University

Reliance on Exemptions

At no time since the commencement of Nova's most recently completed financial year has Nova relied on any of the exemptions contained in Sections 2.4, 3.2, 3.3(2), 3.4, 3.5, 3.6 or 3.8 of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 thereof.

Audit Committee Oversight

At no time since the commencement of Nova's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Nova Board.

Pre-approval Policies and Procedures

The Audit Committee Charter requires that the Audit Committee approves in advance all permitted non-audit services to be provided to Nova or any of its affiliates by the external auditors or any of their affiliates, subject to any *de minimus* exception allowed by applicable law. The Audit Committee is permitted to delegate approval of non-audit services provided by external auditors for individual engagements with estimated fees of \$25,000 and under to the Chair of the Audit Committee.

External Auditor Service Fees

The following table summarizes the fees paid by the Company to its external auditors for external audit and other services during the periods indicated.

Fee Description	2023 (\$)	2022 (\$)
Audit Fees ⁽¹⁾	621,776	482,783
Audit-related Fees ⁽²⁾	—	—
Tax Fees ⁽³⁾	9,924	51,405
All Other Fees ⁽⁴⁾	2,200	2,138
Total	633,900	536,326

Notes:

- (1) "Audit fees" means the aggregate fees billed for audit services, including the annual audit and quarterly reviews of the Company's financial statements.
- (2) "Audit-related fees" means the aggregate fees billed for assurance and related services that were reasonably related to the performance of the audit or review of the Company's financial statements and were not reported under "Audit Fees" in the table above.
- (3) "Tax fees" means the aggregate fees billed for professional services related to tax compliance, tax advice and tax planning, including the preparation of corporate tax returns for the Company's reporting entities.
- (4) "All other fees" means the aggregate fees billed, other than the services reported under "Audit fees", "Audit-related fees" and "Tax fees" in the table above.

20. ADDITIONAL INFORMATION

Additional information relating to Nova may be found on Nova's SEDAR+ profile at www.sedarplus.ca. Information relating to the remuneration and indebtedness of Nova's directors and officers, principal holders of Nova's securities, and securities authorized for issuance under equity compensation plans, is contained in Nova's management information circular for its most recently held annual meeting of Nova Shareholders that involved the election of directors, which may be found on Nova's SEDAR+ profile at www.sedarplus.ca and on Nova's website at www.novacannabis.ca.

Additional financial information is provided in Nova's audited financial statements and Nova's Annual MD&A for its most recently completed financial year, which documents may be found on Nova's SEDAR+ profile at www.sedarplus.ca and on Nova's website at www.novacannabis.ca.

SCHEDULE "A"

NOVA CANNABIS INC. – AUDIT COMMITTEE CHARTER

Effective as and from May 17, 2021

ROLE AND OBJECTIVE

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Nova Cannabis Inc. (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiaries, are as follows:

- to assist directors to meet their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
- to provide better communication between the Board and external auditors;
- to ensure the external auditors' independence;
- to review management's implementation and maintenance of an effective system of internal control over financial reporting and disclosure control over financial reporting;
- to increase the credibility and objectivity of financial reports; and
- to facilitate in-depth discussions between directors on the Committee, the officers of the corporation ("**management**"), and external auditors.

The primary responsibility for the financial reporting, information systems, risk management and internal and disclosure controls of the Corporation is vested in management and overseen by the Board. At each meeting, the Committee may meet separately with management and will meet in separate, closed sessions with the external auditors and then with the independent directors in attendance.

MANDATE AND RESPONSIBILITIES OF COMMITTEE

Financial Reporting and Related Public Disclosure

1. It is a primary responsibility of the Committee to review and recommend for approval to the Board the annual and quarterly financial statements of the Corporation. The Committee is also to review and recommend to the Board for approval the financial statements and related information included in prospectuses, management discussion and analysis, financial press releases, information circular-proxy statements and annual information forms, including financial outlooks and future-oriented financial information included therein. The process should include but not be limited to:
 - a. reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
 - b. reviewing significant management judgments and estimates that may be material to financial reporting including alternative treatments and their impacts;

- c. reviewing the presentation and impact of any significant risks and uncertainties that may be material to financial reporting including alternative treatments and their impacts;
 - d. reviewing accounting treatment of significant, unusual or non-recurring transactions;
 - e. reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - f. reviewing unresolved differences between management and the external auditors;
 - g. determining through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed; and
 - h. reviewing all financial reporting relating to risk exposure including the identification, monitoring and mitigation of business risk and its disclosure.
2. The Committee shall satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial statements and periodically assess the adequacy of those procedures.

Internal Controls Over Financial Reporting and Information Systems

1. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the Corporation's internal control over financial reporting and information systems. The process should include but not be limited to:
 - a. inquiring as to the adequacy and effectiveness of the Corporation's system of internal controls over financial reporting and review the evaluation of internal controls over financial reporting by external auditors;
 - b. establishing procedures for the confidential, anonymous submission by employees of the Corporation of concerns relating to accounting, internal control over financial reporting, auditing or Code of Business Conduct and Ethics matters and periodically review a summary of complaints and their related resolution; and
 - c. establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.

External Auditors

1. With respect to the appointment of external auditors by the Board, the Committee shall:
 - a. be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;
 - b. review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;
 - c. review and evaluate annually the external auditors' performance, and periodically (at least every five years) conduct a comprehensive review of the external auditors;
 - d. recommend to the Board appointment of external auditors and the compensation of the external auditors;
 - e. when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;

- f. review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors; between scheduled meetings, the Chair of the Committee (the "**Committee Chair**") is authorized to approve all audit related services and non-audit services provided by the external auditors for individual engagements with estimated fees of \$25,000 and under; and shall report all such approvals to the Committee at its next scheduled meeting;
 - g. inquire as to the independence of the external auditors and obtain, at least annually, a formal written statement delineating all relationships between the external auditors and the Corporation as contemplated by Independence Standards Board Standard No. 1 – Independence Discussions with Audit Committees;
 - h. review the Annual Report of the Canadian Public Accountability Board ("**CPAB**") concerning audit quality in Canada and discuss implications for the Corporation;
 - i. review any reports issued by CPAB regarding the audit of the Corporation; and
 - j. discuss with the external auditors, without management being present, the quality of the Corporation's financial and accounting personnel, the completeness and accuracy of the Corporation's financial statements and elicit comments of senior management regarding the responsiveness of the external auditors to the Corporation's needs.
2. The Committee shall review with the external auditors (and the internal auditor if one is appointed by the Corporation) their assessment of the internal control over financial reporting of the Corporation, their written reports containing recommendations for improvement of internal control over financial reporting and other suggestions as appropriate, and management's response and follow-up to any identified weaknesses.
 3. The Committee shall also review and approve annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.

Compliance

1. It is the responsibility of the Committee to review management's process for the certification of annual and interim financial reports in accordance with required securities legislation.
2. It is the responsibility of the Committee to ascertain compliance with covenants under loan agreements.
3. The Committee shall review the Corporation's compliance with all legal and regulatory requirements as it pertains to financial reporting, taxation, internal control over financial reporting and any other area the Committee considers to be appropriate relative to its mandate or as may be requested by the Board.

Other Matters

1. It is the responsibility of the Committee to review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and external auditors of the Corporation.
2. The Committee may also review any other matters that the Committee feels are important to its mandate or that the Board chooses to delegate to it.
3. The Committee shall undertake annually a review of this mandate and make recommendations to the Chair of the Board, or to any special governance committee established by the Board, as to any proposed changes.

COMPOSITION

1. This Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of whom shall be independent (within the meaning of section 1.4 and 1.5 of National Instrument 52-110 *Audit Committees* ("**NI 52-110**") unless the Board determines to rely on an exemption in NI 52-110.
2. The Committee Chair shall be appointed by the Board.
3. A quorum shall be a majority of the members of the Committee.
4. All of the members must be financially literate (within the meaning of section 1.6 of NI 52-110) unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

MEETINGS

1. The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair.
2. The Committee shall meet not less than quarterly with the auditors, independent of the presence of management.
3. Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.
4. The chief executive officer and the chief financial officer of the Corporation or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.
5. Other staff shall attend meetings upon invitation by the Committee should the Committee deem them necessary for the provision of information.

REPORTING / AUTHORITY

1. Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).
2. Supporting schedules and information reviewed by the Committee shall be available for examination by any director.
3. The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.
4. The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.
5. The Committee shall annually review this mandate and make recommendations to the Corporate Governance and Compensation Committee as to proposal changes.