

Ascend Wellness Holdings

Investor Presentation
January 2022



CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This presentation includes forward-looking information and statements, which may include, but are not limited to, the plans, intentions, expectations, estimates, and beliefs of the Company. Words such as “expects”, “continue”, “will”, “anticipates” and “intends” or similar expressions are intended to identify forward-looking statements. Without limiting the generality of the preceding statement, all statements in this presentation relating to estimated and projected revenue, expectations regarding production capacity, anticipated capital expenditures, proceeds from sale leasebacks, expansion, profit, product demand, margins, costs, cash flows, sources of capital, growth rates and future financial and operating results are forward-looking statements. We caution investors that any such forward-looking statements are based on the Company’s current projections and expectations about future events and financial trends, the receipt of all required regulatory approvals, and on certain assumptions and analysis made by the Company in light of the experience of the Company and perception of historical trends, current conditions and expected future developments and other factors management believes are appropriate.

Forward-looking information and statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking information and statements herein. Such factors include, among other, the risks and uncertainties identified in the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, and in the Company’s other reports and filings with the applicable Canadian securities regulators on its profile on SEDAR www.sedar.com at and the U.S. Securities and Exchange Commission and with the SEC at www.sec.gov. Although the Company believes that any forward-looking information and statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such information and statements, there can be no assurance that any such forward-looking information and statements will prove to be accurate, and accordingly readers are advised to rely on their own evaluation of such risks and uncertainties and should not place undue reliance upon such forward-looking information and statements. Any forward-looking information and statements herein are made as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking information and statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward looking information and statements herein, whether as a result of new information, future events or results, or otherwise, except as required by applicable laws. The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this presentation.

OVERVIEW



AWH (CSE: AAWH.U; OTCQX: AAWH) is a vertically integrated operator with assets in Illinois, Michigan, Ohio, Massachusetts, and New Jersey. AWH owns and operates state-of-the-art cultivation facilities, growing award-winning strains and producing a curated selection of products. AWH produces and distributes Ozone branded products.

Year Founded	2018
Headquarters	New York
# of Employees	~1,500
States of Operation	NJ, MI, OH, IL, MA
# Dispensaries	20 open
# Cultivation	5 open with planned expansions

EV ⁽¹⁾	\$1.16B
Market Cap ⁽¹⁾	\$1.11B
Revenue / YoY Growth	2020- \$144M / +1100% 2021E ⁽²⁾ - \$332M / +130% 2022E ⁽²⁾ - \$540M / +63%
Adj. EBITDA / Margin	2020- \$31M / 21.5% 2021E ⁽²⁾ - \$81 / 24.3% 2022E ⁽²⁾ - \$159M / 29.4%
EV / 2022E Revenue ⁽²⁾	2.1x
EV / 2022E Adj. EBITDA ⁽¹⁾	7.3x
Total Debt / Cash	\$264M / \$205M

1. EV= 180M of fully diluted shares outstanding times \$6.18 share price on 1/4/22 equals \$1.11B market cap. Market cap plus \$51 of net debt as of Q3 2021 reporting equals \$1.16B enterprise value

2. 2021 Estimates based on Factset Consensus as of 1/5/22.

ASCEND INVESTMENT THESIS

FOCUS EXCLUSIVELY ON ACHIEVING SCALE IN SELECT LIMITED LICENSE MARKETS

PORTFOLIO OF KEY FLAGSHIP LOCATIONS WITH HIGH BARRIERS TO ENTRY

DISCIPLINED ALLOCATION OF CAPITAL AND SUCCESSFUL EXECUTION OF M&A

MANAGEMENT TEAM WITH PROVEN TRACK RECORD OF EXECUTION IN ILLINOIS

ROOM FOR CONTINUED MARGIN IMPROVEMENT WITH ONLY A FRACTION OF ASSETS "TURNED ON"

STRONG FINANCIALS AND REVENUE GROWTH

FOOTPRINT

5 states 20 dispensaries

ILLINOIS

8 retail
1 cultivation / processing

MICHIGAN

6 retail
2 planned retail
1 cultivation / processing

OHIO

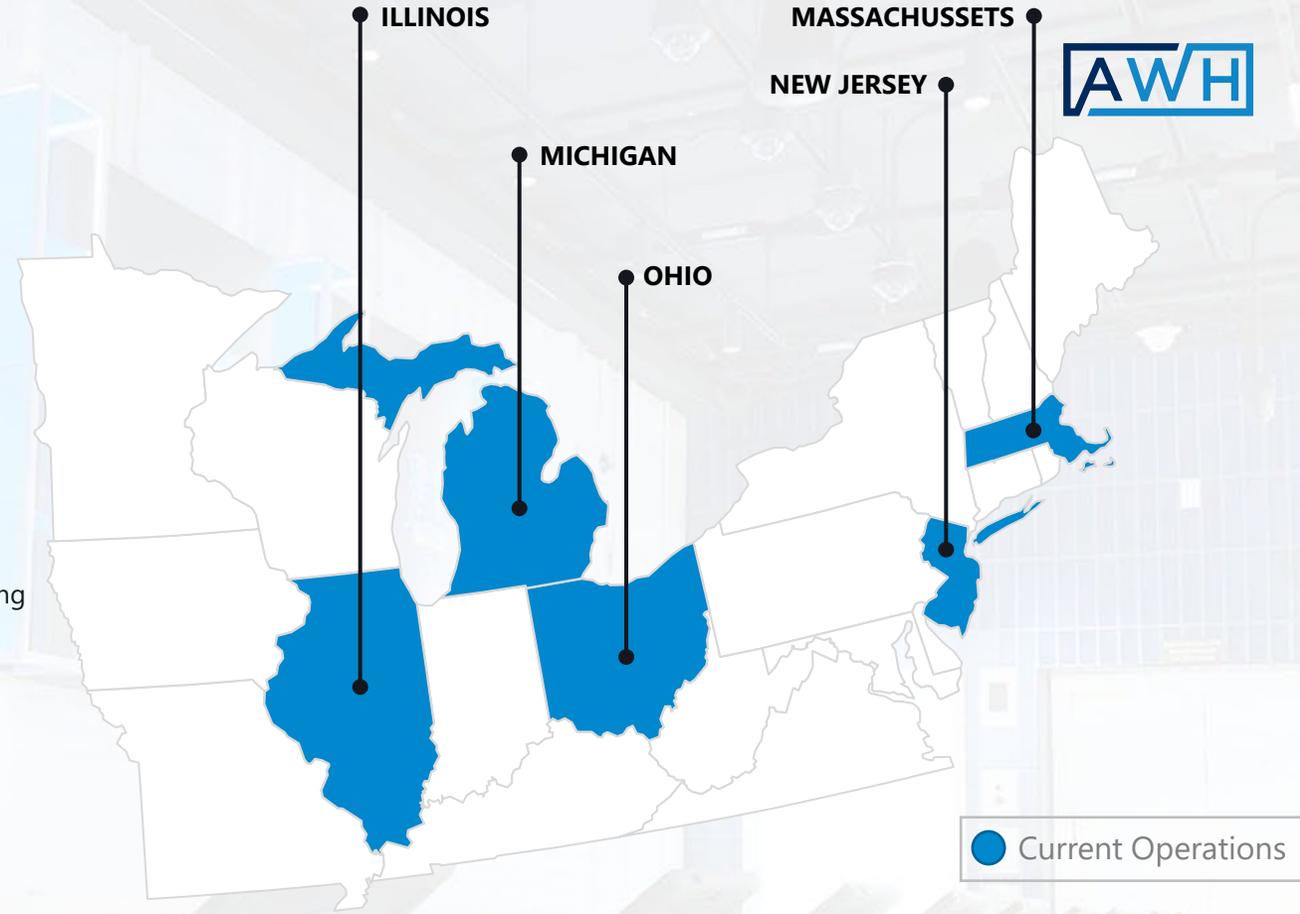
2 medical retail
1 cultivation / processing

MASSACHUSETTS

2 retail
1 planned retail
1 cultivation / processing

NEW JERSEY

2 retail
1 planned retail
1 cultivation / processing



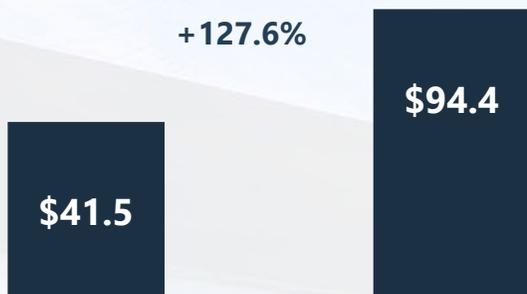
Q3 FINANCIAL HIGHLIGHTS

Q3'20 VS. Q3'21

Net Revenue Growth

US\$ Millions

+127.6%



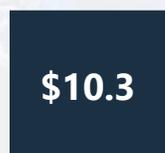
Q3 '20

Q3 '21

Adj. EBITDA / Margin¹

US\$ Millions

24.8%



Q3 '20

Profit:
+129%

Margin:
+16 bps

24.9%



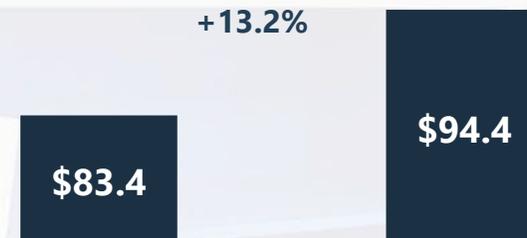
Q3 '21

Q2'21 VS. Q3'21

Net Revenue Growth

US\$ Millions

+13.2%



Q2 '21

Q3 '21

Adj. EBITDA / Margin¹

US\$ Millions

24.4%



Q2 '21

Profit:
+15.9%

Margin:
+58 bps

24.9%



Q3 '21

- Y/Y growth driven by new store openings and canopy expansions
- Q/Q growth driven by increase in retail number of transactions and 3rd party wholesale

(1) Adjusted Gross Profit / Margin and Adjusted EBITDA / Margin are non-GAAP financial measures. Please see the "GAAP Reconciliations" at the end of this presentation for a reconciliation of non-GAAP to GAAP measures.

TOP 5/9 REC MARKETS AND 1/3 MEDICAL MARKETS



State	Population (2020 in Millions) ⁽¹⁾	Number of Dispensaries (2021) ⁽²⁾	Population Per Dispensary	State Rank ⁽³⁾	2020E Legal plus Illicit Sales (\$U.S. Billions) ⁽³⁾
RECREATIONAL					
Illinois	12.8	111	115,000	4	\$3.2
Michigan	10.1	586	17,000	5	\$2.8
New Jersey	9.3	23	404,000	7	\$2.2
Massachusetts	7.0	180	39,000	9	\$1.9
MEDICAL					
Ohio	11.8	64	184,000	3	\$2.7

1. Source: 2020 Census. State rank based on population size.

2. Source: State regulatory agencies.

3. Source: "Initiate on US Cannabis: Generational Wealth Opportunity, Avg. Upside >100%", Jefferies, July 7, 2021. Rank based on 2020E legal and illicit sales by state.

HIGHLY DESIRABLE FLAGSHIP LOCATIONS



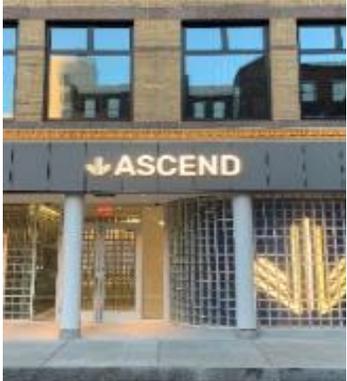
ST. LOUIS AREA COLLINSVILLE

Strategically located in the retail corridor near St. Louis



CHICAGO RIVER NORTH

Located just outside Chicago Loop, the central shopping and business district



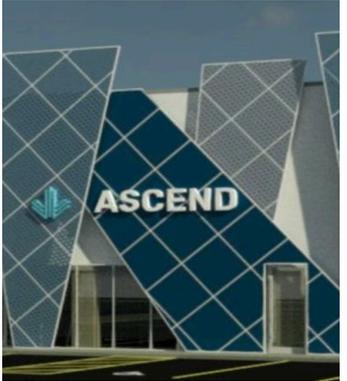
BOSTON BOSTON GARDEN / FANEUIL HALL

Downtown Boston located between TD Garden and Faneuil Hall



NEW JERSEY PARAMUS AREA

On Rt. 17 and a mile from Garden State Plaza in Northern NJ



NEW JERSEY FORT LEE

Minutes to the George Washington Bridge, NJ Turnpike, and NJ Rt. 46

OZONE BRAND GAINING MOMENTUM

#1

PRE-ROLLS IN
IL⁽¹⁾

#2

BRAND OVERALL
IN IL⁽²⁾



#2

PRE-ROLL
BRAND IN MA⁽³⁾

4 OF 5

TOP PRE-ROLLS
PRODUCTS IN IL⁽⁴⁾



OZONE
RESERVE

OZONE

(1) Number 1 pre-roll brand YTD in Illinois by sales.
(2) Number 2 brand overall YTD in Illinois by sales.
(3) Number 2 pre-roll brand in Massachusetts by sales for the month.
(4) 4 of top 5 pre-roll products YTD in Illinois by sales.
All data according to most recent month of BDSA (August).

PIPELINE OF ASSETS

Significant upside from assets "turning on" in 2021 and continuing to scale in 2022



New Bedford, MA



East Lansing, MI



Franklin, NJ
Phase 2



Century, MI



Fort Lee, NJ



Hemma, Ohio

2022 1H

2022 2H

KEY

	Dispensary		Complete
	Cultivation		Pending

CANOPY UPDATE

State	Active Canopy (ft ²)	Canopy at YE21 (ft ²)	Canopy at YE22 (ft ²)
IL	55,000	113,000	113,000
MI	28,000	28,000	28,000
MA	17,000	17,000	54,000
NJ	16,000	16,000	42,000
OH	2,000	2,000	37,000
Total	118,000	176,000	274,000

- Completed & Planted MI
- IL greenhouse construction near complete; planting pending regulatory approval
- Planted Phase 1 NJ; pushing remaining NJ 2021 expansion into 2022; adding incremental canopy in 2023 to total 150k



REVENUE MIX GOAL



Pursuing goal to have: 50% business from wholesale, 50% of business from retail, with 50% of product sold in our retail dispensaries being our in-house Ozone, Ozone Reserve, and Partner brands

NEW JERSEY UPDATE



- **CONSTRUCTION**

- Montclair expansion to start in Q4 2021
- Fort Lee expected to be complete by spring 2022

- **REGULATORY**

- Estimated adult use sales to commence by spring 2022

TODAY

28

POINTS OF SALE

Q2 2022

68

POINTS OF SALE

~9,000

SQ.FT

~25,000

SQ.FT

BALANCE SHEET AND CASH FLOW



(\$ in millions)



(in millions)

9/30/21

Fully Diluted Shares Outstanding Basic & Diluted⁽¹⁾

180

Cash & Equivalents

\$205

Total Debt

\$264

Net Debt⁽²⁾

\$51

- \$210M Term Loan; \$76M used to repay debt
- \$15M net Capex in Q3; \$71M net Capex YTD
- \$125M net proceeds from debt raise in Q3, net of fees, debt repayments, and debt issuance costs; eligible for \$65M expansion

(1) Includes 171M Class A Common Shares, 7.3M unvested Restricted Stock Units, and 2.0M warrants. There are 3.5M warrants outstanding at an exercise price of \$4. Dilution calculated using the treasury stock method and a 9/30/31 share price of \$9.44.

(2) Net debt is equal to Total Debt less Cash & Equivalents less unamortized deferred financing costs. Note: waterfall may not foot due to rounding.

2021 FY NET REVENUE GUIDANCE RANGE

Expect to more than double FY 2020 Net Revenue actuals and meet low-end of previously stated FY 2021 Net Revenue guidance range of \$330 to \$350M

(\$ in millions)



ACCELERATED EXPANSION THROUGH DISCIPLINED M&A



Two-prong M&A approach

1

Maximize scale in existing footprint

Prioritize continued expansion to optimize scale in existing footprint where permits allow



- 8 dispensaries
- 10 dispensary cap



- 2 dispensaries
- 5 dispensary cap



- 54k planned Canopy SQFT cultivation
- Expand cultivation manufacturing and distribution

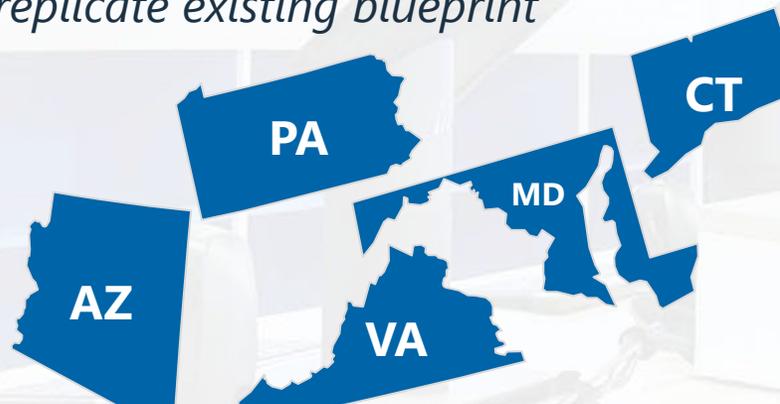
2

Expand into other limited license, recreational or near-recreational markets

Identify opportunities to grow and replicate existing blueprint

Focus:

- Limited license
- Rec or near-rec
- Populous
- East of the rockies, with certain exceptions (AZ)





APPENDIX

USE OF NON-GAAP FINANCIAL METRICS AND ADDITIONAL INFORMATION

This presentation includes certain non-GAAP financial measures as defined by the SEC. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included in the appendix. This information should be considered as supplemental in nature and not as a substitute for, or superior to, any measure of performance prepared in accordance with GAAP.

We define "Adjusted Gross Profit" as gross profit excluding non-cash inventory costs. We define "Adjusted Gross Margin" as Adjusted Gross Profit as a percentage of net revenue. Our "Adjusted EBITDA" is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. We define "Adjusted EBITDA Margin" as Adjusted EBITDA as a percentage of net revenue. Management calculates Adjusted EBITDA as the reported net loss, adjusted to exclude: income tax expense; other (income) expense; interest expense; depreciation and amortization; depreciation and amortization included in cost of goods sold; non-cash inventory adjustments; equity based compensation; start-up costs; transaction-related and other legal expenses; litigation settlement; and loss on sale of assets. Accordingly, management believes that Adjusted EBITDA provides meaningful and useful financial information, as this measure demonstrates the operating performance of the business. Non-GAAP financial measures may be considered in addition to the results prepared in accordance with U.S. GAAP, but they should not be considered a substitute for, or superior to, U.S. GAAP results.

GAAP RECONCILIATIONS

\$ in thousands



	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	YTD 2021
Adjusted Gross Profit										
Gross Profit	\$ 3,287	\$ 7,492	\$ 12,178	\$ 18,352	\$ 22,892	\$ 60,914	\$ 29,667	\$ 34,516	\$ 40,954	\$ 105,137
<i>Gross Margin</i>	27.3%	33.2%	48.0%	44.3%	42.2%	42.4%	44.9%	41.4%	43.4%	43.1%
Depreciation and amortization included in cost of goods sold	323	1,069	627	941	1,059	3,696	2,162	2,387	2,063	6,612
Equity-based compensation included in cost of goods sold						-			349	349
Non-cash inventory adjustments	(589)	-	-	146	-	146	750	2,714	335	3,799
Adjusted Gross Profit	\$ 3,021	\$ 8,561	\$ 12,805	\$ 19,439	\$ 23,951	\$ 64,756	\$ 32,579	\$ 39,617	\$ 43,701	\$ 115,897
Adjusted Gross Margin	25.1%	37.9%	50.4%	46.9%	44.1%	45.1%	49.3%	47.5%	46.3%	47.5%

	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	YTD 2021
Adjusted EBITDA										
Net Income / (Loss)	\$ (33,241)	\$ (7,118)	\$ (4,305)	\$ (4,915)	\$ (7,503)	\$ (23,841)	\$ (48,223)	\$ (44,897)	\$ (13,026)	\$ (106,146)
Income tax expense	667	2,437	3,632	5,643	6,990	18,702	8,976	11,995	12,307	33,278
Other (income) expense	(24)	(6)	3	(3)	(1)	(7)	(80)	(82)	(44)	(206)
Interest expense	6,477	2,530	2,873	2,627	4,963	12,993	7,337	36,888	12,376	56,601
Depreciation and amortization	2,989	1,951	1,969	2,299	1,695	7,914	2,419	2,470	2,520	7,409
Depreciation and amortization included in cost of goods sold	323	1,069	627	941	1,059	3,696	2,162	2,387	2,063	6,612
Non-cash inventory adjustments	(589)	-	-	146	-	146	750	2,714	335	3,799
Equity-based compensation	312	185	85	71	339	680	2,487	1,711	2,587	6,785
Equity-based compensation included in cost of goods sold	-	-	-	-	-	-	-	-	349	349
Start-up costs ⁽¹⁾	10,096	1,419	1,845	2,729	2,114	8,107	1,311	1,716	1,227	4,254
Transaction-related and other non-recurring expenses ⁽²⁾	-	103	164	737	1,160	2,164	2,178	5,406	2,191	9,775
Litigation settlement	-	-	-	-	-	-	36,511	-	-	36,511
Loss on the sale of assets	-	-	286	-	-	286	-	-	649	649
Adjusted EBITDA	\$ (12,990)	\$ 2,570	\$ 7,179	\$ 10,275	\$ 10,816	\$ 30,840	\$ 15,828	\$ 20,308	\$ 23,534	\$ 59,670
Adjusted EBITDA Margin	(108.0%)	11.4%	28.3%	24.8%	19.9%	21.5%	23.9%	24.4%	24.9%	24.5%

1) One-time costs associated with acquiring real estate, obtaining licenses and permits, and other costs incurred before commencement of operations at certain locations.

2) Legal and professional fees associated with the Company's go-public transaction and other non-recurring expenses.

Note: Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA, and Adjusted EBITDA Margin are a non-GAAP financial measures.



ASCEND WELLNESS HOLDINGS

<https://awholdings.com/investors>

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