Ascend Wellness Holdings

Q1 2023 Earnings Presentation

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This presentation includes forward-looking information and statements (together, “forward-looking statements”), which may include, but are not limited to, the plans, intentions, expectations, estimates, and beliefs of Ascend Wellness Holdings, Inc (“AWH” or 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, expansion, profit, product demand, margins, costs, cash flows, sources of capital, growth rates, potential acquisitions, closing dates for transactions, regulatory approvals, future facility openings, 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, run rates, or 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 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 statements herein. Such factors include, among other, the risks and uncertainties identified in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, and in the Company’s other reports and filings with the applicable Canadian securities administrators on its profile on SEDAR at www.sedar.com and United States Securities and Exchange Commission (“SEC”) on its profile on EDGAR at www.sec.gov. Although the Company believes that any forward-looking statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such statements, there can be no assurance that any such forward-looking 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 statements. Any forward-looking 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 statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward looking statements herein, whether as a result of new information, future events or results, or otherwise, except as required by applicable laws. No securities regulator nor the Canadian Securities Exchange have reviewed, approved or disapproved the content of this presentation.

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ABNER KURTIN
EXECUTIVE CHAIRMAN

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LEADERSHIP TRANSITION UPDATE

Announces CEO Appointment Effective May 15th

- Transitioning from founder-led management team to professional management to lead Company through next phase of growth
- Appointing John Hartmann as Permanent Chief Executive Officer effective 5/15
  - President of BuyBuy Baby, $1B retail segment with 140 stores; led transformation and delivered double digit growth of the segment
  - CEO of True Value, $12B wholesaler with 4,500 retail stores; led transformation resulting in sale to private equity
  - Significant governance expertise with public and private board experience

GROWTH AHEAD DESPITE CHALLENGING MARKETS

AWH

Remain focused on growing and deleveraging the business

CASH FOCUSED

- Generated Positive Cash from Operations in Q1 2023
- Remain laser focused on generating Cash from Operations for FY 2023
- Strong liquidity position

OPPORTUNISTIC M&A

- Opportunities to grow selectively via disciplined M&A of distressed assets
- Accretive acquisitions with focus on deleveraging
- Closed acquisition of 4 MD dispensaries on 4/27 anticipate adult-use July 2023

Xx DISCOUNTED VALUATIONS

- MSO[1] valuations significantly discounted; MSOs prices down 90%[1] over past two years while valuations at all time low; AWH at additional discount to many peers
- Custody challenges continue to plague industry

REGULATORY CATALYSTS

- Multiple pathways remain in play: 1- SAFE reintroduced in House and Senate, 2- speculation about executive action, 3- rescheduling discussions
- Potential uplisting of peers

1. MSO is defined as Multi State Operator.
2. Price of MSOS ETF on 5/5/23 vs 5/3/21.

FRANK PERULLO

PRESIDENT AND INTERIM CO-CEO

Tinley Park, IL Grand Opening

RETAIL UPDATE

- 49% of retail revenue generated from products AWH produces
- Outlet model resonating with consumers; 5 AWH dispensaries now leverage outlet model
  - Opened New Bedford, MA dispensary 2/6 to great success
  - Opened 8th dispensary in MI on 3/24
  - Opened 9th dispensary[1] in IL in Tinley Park on 4/17; first outlet in the state; MO impact on Southern IL consistent with previously reported
- Closed on acquisition of 4 MD dispensary assets from Devi Holdings; now operate 31 dispensaries total

1. Signed definitive agreement for two Illinois dispensary licenses and three medical dispensaries in Ohio.

WHOLESALE UPDATE

- **PA-** First harvest at Smithfield, PA cultivation and first sale of AWH product, under Simply Herb brand, at AWH's Scranton and Wayne dispensaries
- **IL-** Selling into 100% of the 17 new operational social equity licenses in Illinois
- **MI-** Cultivation turnaround proven successful, AWH product back on shelves
- **MA-** Meaningfully increased intercompany and third-party sales
- **NJ-** Significant revenue growth but yield challenges impacting margins; plan in place to course correct but will impact '23 margins (details on next slide)

AWH

NEW JERSEY CULTIVATION PRODUCTION CHALLENGES

AWH

Facing production challenges as we start-up New Jersey cultivation; impacting margins in near-term

PROBLEM

- Variety of environmental challenges impacting product quality and yield
- Current NJ yield 48% below average of rest of the network
- Cost per pound harvested up materially, due to lower output and quality
- **IMPACT*:** $1M monthly gross profit

PLAN

- End-to-end cultivation streamlining with focus on environmentals
- NJ margins will improve once fixes run through the system and harvest cycles catch up
- Have reset facilities with worse conditions before (Lansing, MI; Athol, MA) to great success

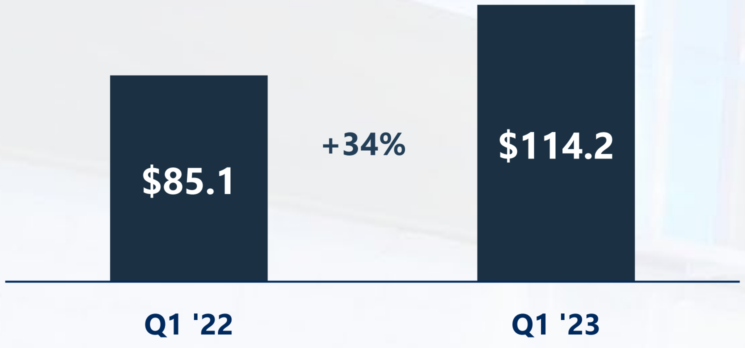
*Illustrative


DANIEL NEVILLE
CHIEF FINANCIAL OFFICER AND INTERIM CO-CEO
New Bedford, MA Grand Opening

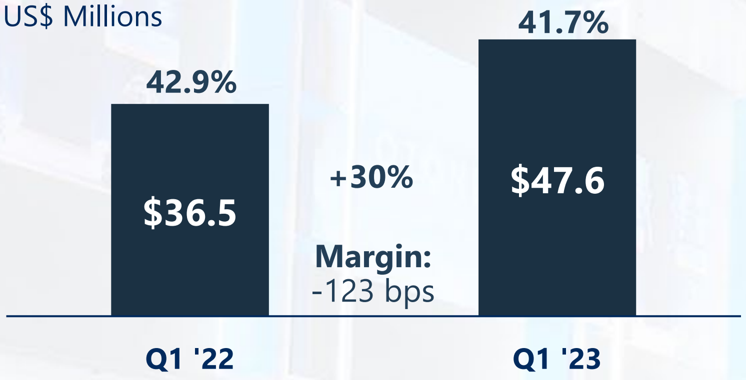
Q1 FINANCIAL HIGHLIGHTS

Y/Y: Q1’22 VS. Q1’23

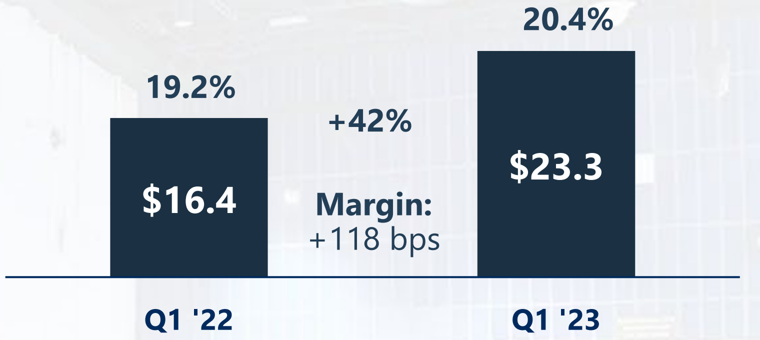
Net Revenue[1]
US$ Millions



Adj. Gross Profit / Margin[2]
US$ Millions



Adj. EBITDA / Margin[2]
US$ Millions

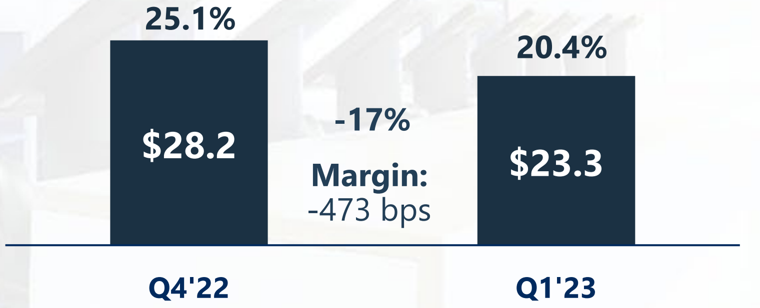


Q/Q: Q4’22 VS. Q1’23

Net Revenue[1]
US$ Millions

Adj. Gross Profit / Margin[2]
US$ Millions

Adj. EBITDA / Margin[2]
US$ Millions



(1) Net revenue excludes revenue from intercompany sales.
(2) 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.

Q1 2023 BALANCE SHEET AND CASH FLOW

AWH

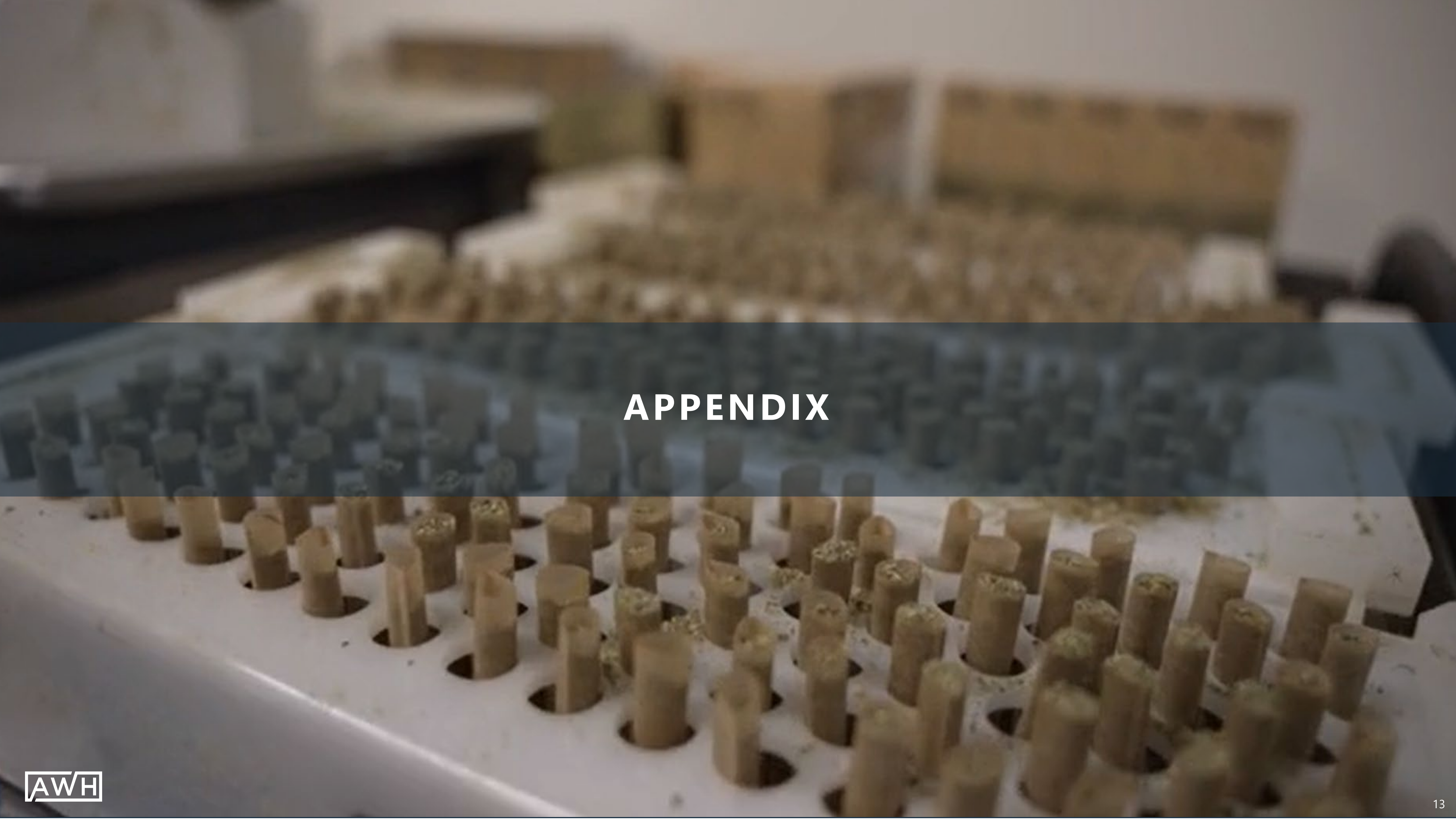
($ in millions)	3/31/23
Cash & Equivalents	73.3
Fully Diluted Shares Outstanding Basic & Diluted[1]	196.9
Total Debt, net[2]	$324.0
Net Debt[3]	$250.8
Enterprise Value[4]	$438.0

Q1 Cash & Equivalents

- $5.8M net cash generated from operations
- $5.7M net cash used for investing, driven by $8M final payment related to Midway (IL) acquisition and CapEx investment, partially offset by $13M SLB proceeds from lease amendment with IIPR
- $0.9M net cash used for financing

(1) Includes 189.5M Class A Common Shares, 65k Class B shares, 7.3M of unvested Restricted Stock Units and/or Restricted Stock Awards. There are 5.7M warrants outstanding, none of which were in the money at quarter-end; 2.4M have an exercise price of $4.00/sh; 3.1M have an exercise price of $3.10/sh; and 0.2M have an exercise price of $2.64/sh. Dilution was calculated using the treasury stock method and a 3/31/23 share price of US$0.95 on the CSE.
(2) Total Debt, net is equal to Total debt less unamortized deferred financing costs.
(3) Net debt is equal to Total Debt net less Cash & Equivalents.
(4) Market cap equals $187M or 196.9 million FDSO times 3/31/23 share price of US$0.95 on the CSE. Enterprise value is calculated by adding net debt of $250.8M to this market value

Note: waterfall may not foot due to rounding.



APPENDIX

USE OF NON-GAAP FINANCIAL METRICS AND ADDITIONAL INFORMATION

This presentation includes certain non-GAAP financial measures as defined by the SEC including Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA, and Adjusted EBITDA Margin. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included in this 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, which include depreciation and amortization included in cost of goods sold, equity-based compensation included in cost of goods sold, start-up costs included in cost of goods sold, and other non-cash inventory adjustments. 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; equity-based compensation included in cost of goods sold; start-up costs; start-up costs included in cost of goods sold; transaction-related and other non-recurring expenses; litigation settlement; and gain or 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.

Investors should be cautioned that Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA and Adjusted EBITDA Margin should not be construed as alternatives to earnings, cash flow from operating activities or other measures of financial results determined in accordance with GAAP as an indicator of the Company's performance and may not be comparable to issuers with similar calculations.

EXPANDING FOOTPRINT

AWH

7 States

31 operating dispensaries

ILLINOIS
9 retail[2]
1 retail pending close[2]
1 cultivation / processing

NEW JERSEY
3 retail
1 cultivation / processing

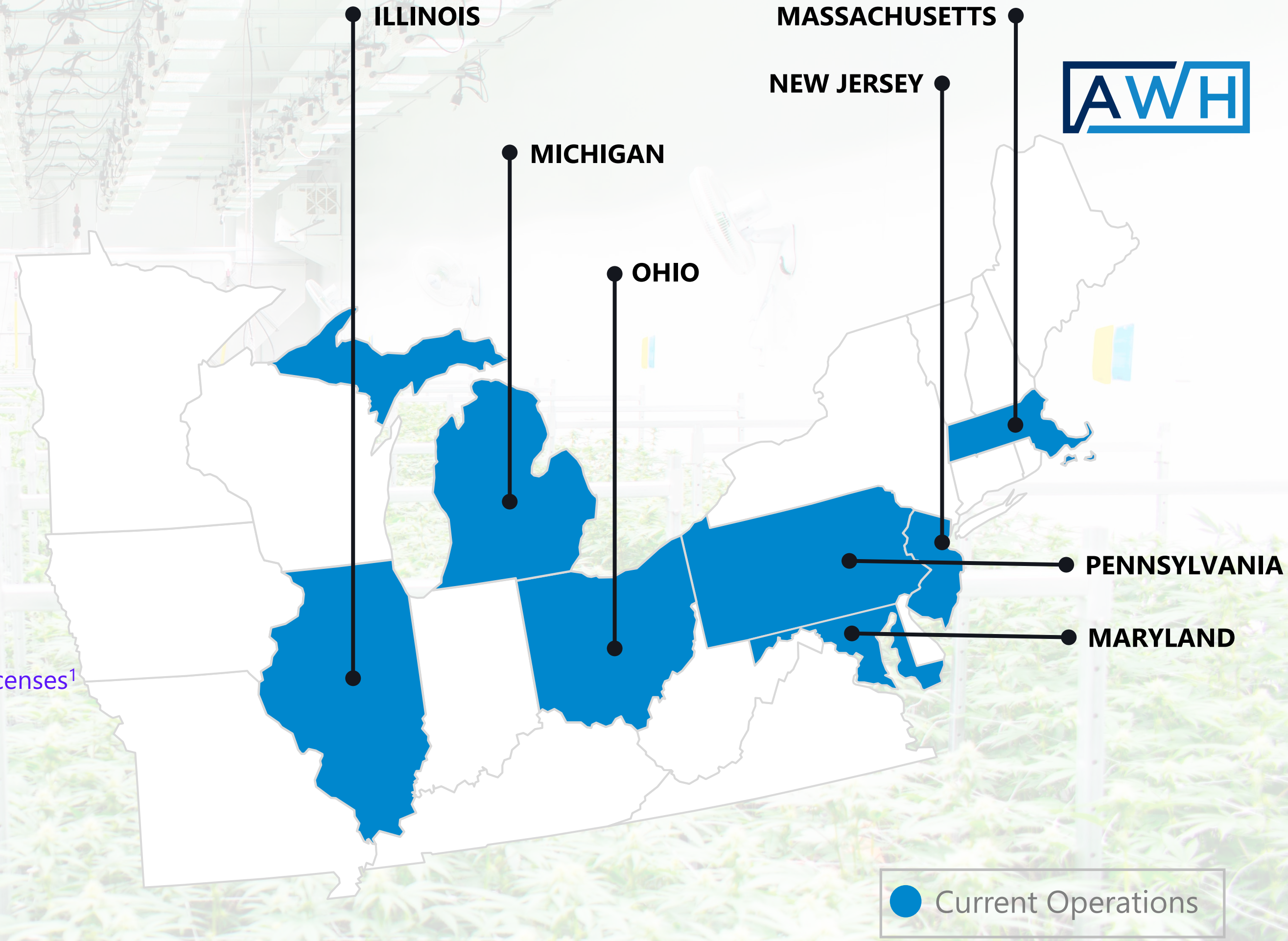
MICHIGAN
8 retail
1 cultivation / processing

MASSACHUSETTS
3 retail
1 cultivation / processing

OHIO
2 medical retail
3 medical retail pending close[2]
1 cultivation / processing

PENNSYLVANIA
2 retail
4 planned medical retail licenses[1]
1 cultivation / processing

MARYLAND
4 medical retail



2020 YE
12 Dispensaries
74,000 ft² Canopy

2021 YE
20 Dispensaries
175,000 ft² Canopy

CURRENT
31 Operating Dispensaries
8 Additional Dispensary Licenses[1,2]
245,000 ft² Canopy

PIPELINE
39 Operating Dispensaries[1,2]

1. License is owned by AWH, but the site is not yet operational and/or under construction. Includes 4 Pennsylvania dispensaries.
2. Includes pending acquisition of Ohio Patient Access LLC (3 OH dispensaries under construction) and/or InLabs IL dispensary license (to be sited in Lansing, IL), and/or Homecoming (open in Tinley Park, IL).

Note: Timeline illustrative; does not necessarily reflect scale. Canopy includes total canopy (vegetation, flower, and propagation).

PIPELINE OF ASSETS

AWH

Significant upside from assets "turning on"

Q4 '22

- Smithfield, PA Cultivation Phase 1
- Franklin, NJ Cultivation Phase 2
- Scranton, PA Dispensary
- Wayne, PA Dispensary

Q1 '23

- New Bedford, MA Dispensary
- Grand Rapids*, MI Dispensary

Q2 '23

- Tinley Park, IL Dispensary

Q3 '23

- Cincinnati, OH Dispensary*
- Sandusky, OH Dispensary*
- Piqua, OH Dispensary*

Q4 '23

- Pittsburgh, PA Dispensary

2024

- Philadelphia, PA Dispensary
- 5^{th} PA Dispensary - location TBD
- 6^{th} PA Dispensary - location TBD
- 10^{th} IL Dispensary- location TBD

*Towards the end of the quarter so do not anticipate revenue throughout the entire quarter.

OVERVIEW

AWH

Vertically integrated operator with assets in Illinois, Michigan, Ohio, Massachusetts, New Jersey, and Pennsylvania.

Owns and operates state-of-the-art cultivation facilities; grows award-winning strains and produces a curated selection of products.

Tickers	CSE: AAWH.U; OTCQX: AAWH
Founded	2018
Headquarters	New York
Employees (as of current)	~2,000
States of Operation	NJ, MI, OH, IL, MA, PA, MD
Dispensaries	31 operating
Cultivation	6 operating

EV[1]		$438M
Market Cap[1]		$187M
Revenue[(2)] / YoY Growth	2020 2021 2022	$144M / +1100% $332M / +131% $406M / + 22%
Adj. EBITDA[(2)] / Margin	2020 2021 2022	$31M / 21.4% $79M / 23.9% $93M / 23.0%
EV / 2023E Revenue[(2)]		0.9x
EV / 2023E Adj. EBITDA[(2)]		4.0x
Total Debt, net[(3)] / Cash	$324.0M / $250.8M	

(1) Market cap equals $187M or 196.9 million FDSO times 3/31/23 share price of US$0.95 on the CSE. Enterprise value is calculated by adding net debt of $250.8M to this market value.
(2) $438M Enterprise Value divided by 2023 estimates based on consensus as of 5/1/23; 2023 Revenue Estimate of $496M and Adj EBITDA Estimate of 109M.
(3) Total Debt, net is equal to Total debt less unamortized deferred financing costs.

GAAP RECONCILIATIONS ($000S)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY2022	Q1 2023
Adjusted Gross Profit						
Gross Profit	**$ 23,447**	**$ 32,968**	**$ 36,636**	**$ 41,512**	**$ 134,563**	**$ 35,704**
Gross Margin	*27.6%*	*33.8%*	*32.9%*	*37.0%*	*33.1%*	*31.3%*
Depreciation and amortization included in cost of goods sold	2,943	3,953	4,722	3,742	15,360	6,327
ased compensation included in cost of goods sold	3,995	3,167	2,629	1,836	11,627	50
costs included in cost of goods sold[1]	3,923	4,248	2,610	2,263	13,044	1,570
ı inventory adjustments[2]	2,204	112	4,049	4,113	10,478	3,942
Adjusted Gross Profit	**$ 36,513**	**$ 44,448**	**$ 50,646**	**$ 53,466**	**$ 185,072**	**$ 47,593**
Adjusted Gross Margin	***42.9%***	***45.6%***	***45.5%***	***47.7%***	***45.6%***	***41.7%***

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY2022	Q1 2023
Adjusted EBITDA						
Net Income / (Loss)	**$ (27,815)**	**$ (21,172)**	**$ (16,862)**	**$ (15,050)**	**$ (80,899)**	**$ (18,472)**
Income tax expense	7,107	11,472	11,178	11,936	41,693	10,017
Other income, net	(103)	(151)	(273)	(229)	(756)	(265)
Interest expense	6,031	9,246	8,434	8,725	32,436	8,975
Depreciation and amortization	5,675	7,010	7,994	8,776	29,455	13,719
sh inventory adjustments [2]	2,204	112	4,049	4,113	10,478	3,942
Equity-based compensation	6,499	7,055	6,382	3,059	22,995	3,005
p costs[3]	4,760	5,364	6,563	6,903	23,590	2,527
Transaction-related and other non-recurring expenses[4]	6,194	2,027	601	63	8,885	302
/ Loss on sale of assets	818	(72)	(296)	(105)	345	(442)
ɔn settlement	5,000				5,000	-
Adjusted EBITDA	**$ 16,370**	**$ 20,891**	**$ 27,770**	**$ 28,191**	**$ 93,222**	**$ 23,308**
Adjusted EBITDA Margin	***19.2%***	***21.4%***	***25.0%***	***25.1%***	***23.0%***	***20.4%***

(1) Incremental expenses associated with the expansion of activities at our cultivation facilities that are not yet operating at scale, including excess overhead expenses resulting in delays from regulatory approvals at certain cultivation facilities."
(2) Consists of write-offs of expired products, obsolete packaging, and net realizable value adjustments related to certain inventory items.
(3) One-time costs associated with acquiring real estate, obtaining licenses and permits, and other costs incurred before commencement of operations at certain locations, as well as incremental expenses associated with the expansion of activities at our cultivation facilities that are not yet operating at scale, including excess overhead expenses resulting from delays in regulatory approvals at certain cultivation facilities. Also includes other one-time expenses related to certain reserves, as well as fair value adjustments related to earn-outs, as applicable.
(4) Legal and professional fees associated with litigation matters, potential acquisitions, and other regulatory matters and other non-recurring expenses. "

ASCEND WELLNESS HOLDINGS

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