

Ascend Wellness Holdings

Q1 2022 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 the 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, 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 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, 2021, and in the Company's other reports and filings with the applicable Canadian securities regulators on its profile on SEDAR at www.sedar.com and the United States Securities and Exchange Commission ("SEC") 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. The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this presentation.



ABNER KURTIN
CHAIRMAN, FOUNDER AND CEO

EXPANDING FOOTPRINT

5 → 7 states^(1,2)

20 → 34 dispensaries^(1,2)



ILLINOIS

8 retail
1 cultivation / processing

MASSACHUSETTS

2 retail
1 planned retail¹
1 cultivation / processing

MICHIGAN

6 retail
2 planned retail¹
1 cultivation / processing

NEW JERSEY

2 retail
1 planned retail¹
1 cultivation / processing

OHIO

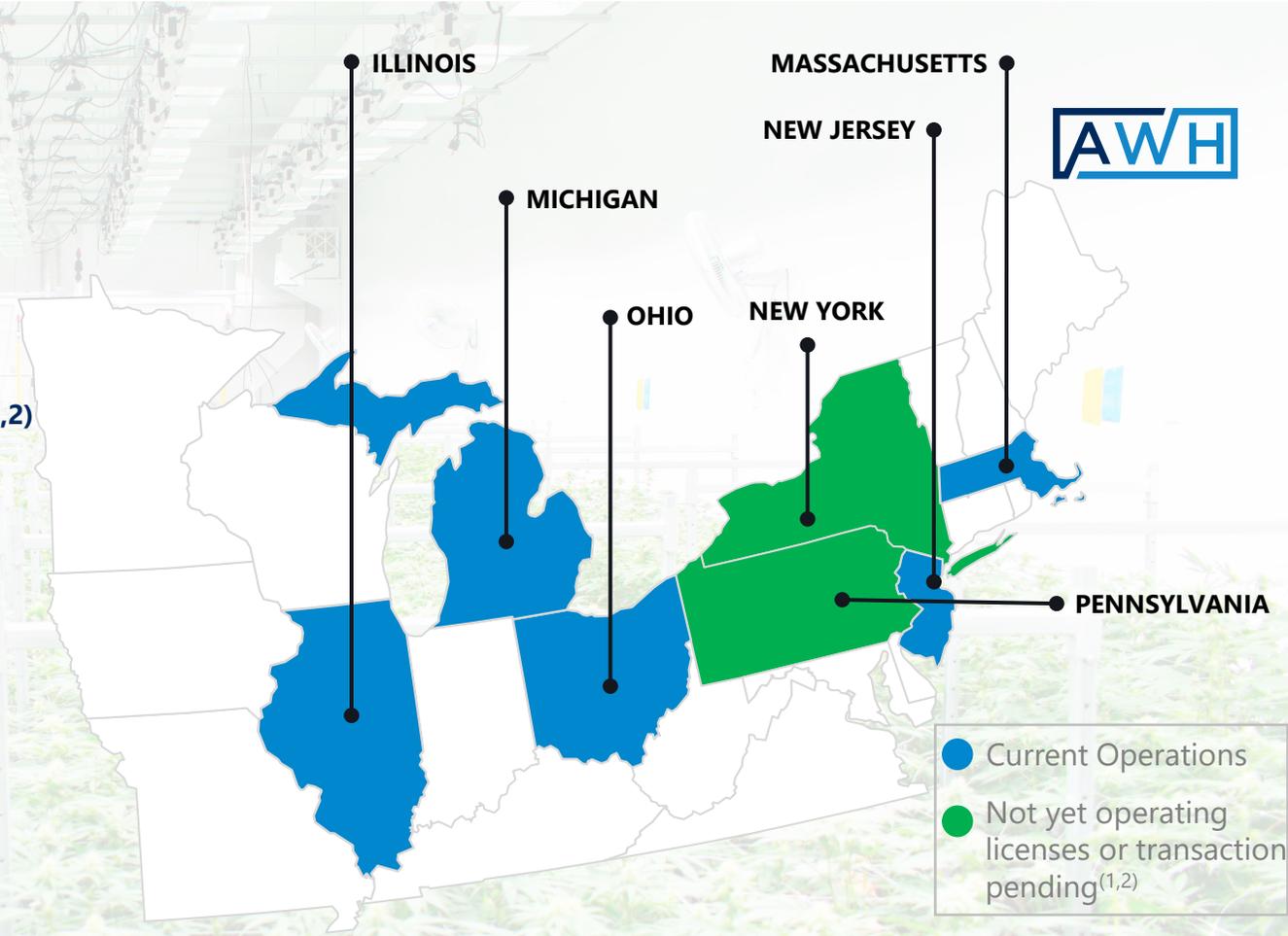
2 medical retail
1 cultivation / processing

PENNSYLVANIA¹

6 planned medical retail licenses
1 planned cultivation / processing

NEW YORK²

4 medical retail licenses
1 cultivation / processing



● Current Operations
● Not yet operating licenses or transaction pending^(1,2)



1. License is owned by AWH, but the site is not yet operational and/or under construction.

2. Includes NY transaction which is expected to close in the coming weeks. The transaction would include 4 operating dispensaries and 1 cultivation facility.

THE STORY OF STORY

Completed Roll-Up of Pennsylvania Clinical Registrant, "Story of PA CR, LLC"



• THESIS

- Consistent with AWH's limited license, near-recreational strategy
- Opportunity to site locations and position in prominent retail corridors, leveraging second-mover advantage
- Contiguous to existing footprint
- Vertically integrated

• DETAILS

- Structured as a roll-up of clinical registrant
- \$10.2M cash and 12.9M shares of Class A common stock; no earnouts
- Funding expansion of assets by drawing on the credit agreement and planned sale-leaseback for the cultivation facility

Pennsylvania

155

DISPENSARIES
STATEWIDE⁽¹⁾

~25

CULTIVATION
FACILITIES⁽²⁾

\$1.4B

MEDICAL
MARKET SIZE⁽³⁾

Ascend PA

6

DISPENSARY
LICENSES

1

CULTIVATION
LICENSE

25,000

CANOPY SQ. FT BY
END OF YEAR 1

(1) Pennsylvania DOH, Medical Marijuana Dispensaries in Pennsylvania, as of February 2022

(2) <https://mjbizdaily.com/pennsylvania-unveils-13-new-medical-marijuana-grower-processor-licenses/>

(3) BDSA Data

NEW YORK UPDATE



- **Lawsuit & Settlement**

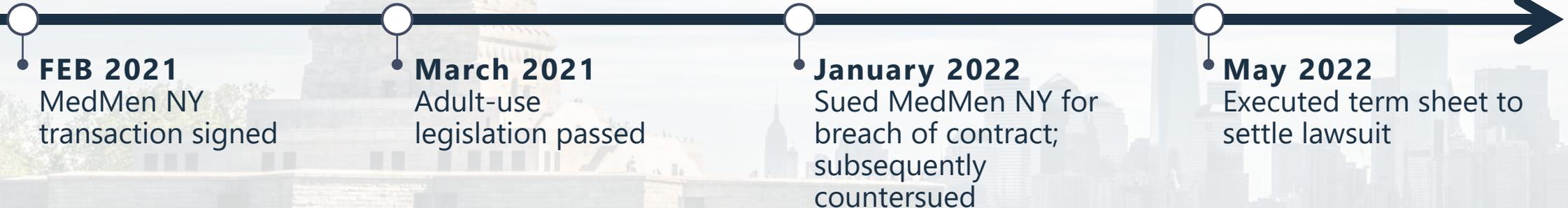
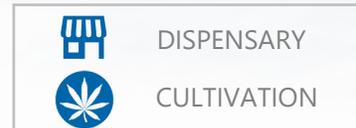
- Term-sheet to settle the lawsuit for \$15M incremental to the original transaction consideration
- \$11M due when the lawsuit is settled at closing; \$4M due at start of adult-use

- **Revised Transaction Terms**

- 99.995% controlling interest of MedMen NY for \$88M total
- \$74M at close and \$14M additional consideration due at start of adult-use, inclusive of settlement-related re-price
- No additional earn-outs and no assumption of debt

- **Market & Assets**

- Anticipate the start of adult-use sales mid-2023
- Market size⁽¹⁾ estimated to reach \$2.9Bn by 2025
- Includes 4 operating dispensaries and 1 grow



(1) Headset Data



FRANK PERULLO
PRESIDENT, CO-FOUNDER AND CHIEF STRATEGY OFFICER

NJ UPDATE

- **ROCHELLE PARK DISPENSARY**

- Started adult-use sales 4/21
- ~1,500 adult-use customers per day by appointment in the first week; ~\$135 avg basket size on first day

- **MONTCLAIR DISPENSARY**

- Received town resolution on 5/3; submitted complete application to the state on 5/4
- Expect to receive final approval for adult use in the coming weeks

- **FORT LEE DISPENSARY**

- On track to complete construction by late summer

- **FRANKLIN CULTIVATION**

- Lab completed 4/1; kitchen to come online by late summer
- Completed sale-leaseback for phase 1



BUSINESS UPDATE

43%

AWH OR PARTNER
PRODUCTS

\$12.7M

AVERAGE REVENUE
PER DISPENSARY



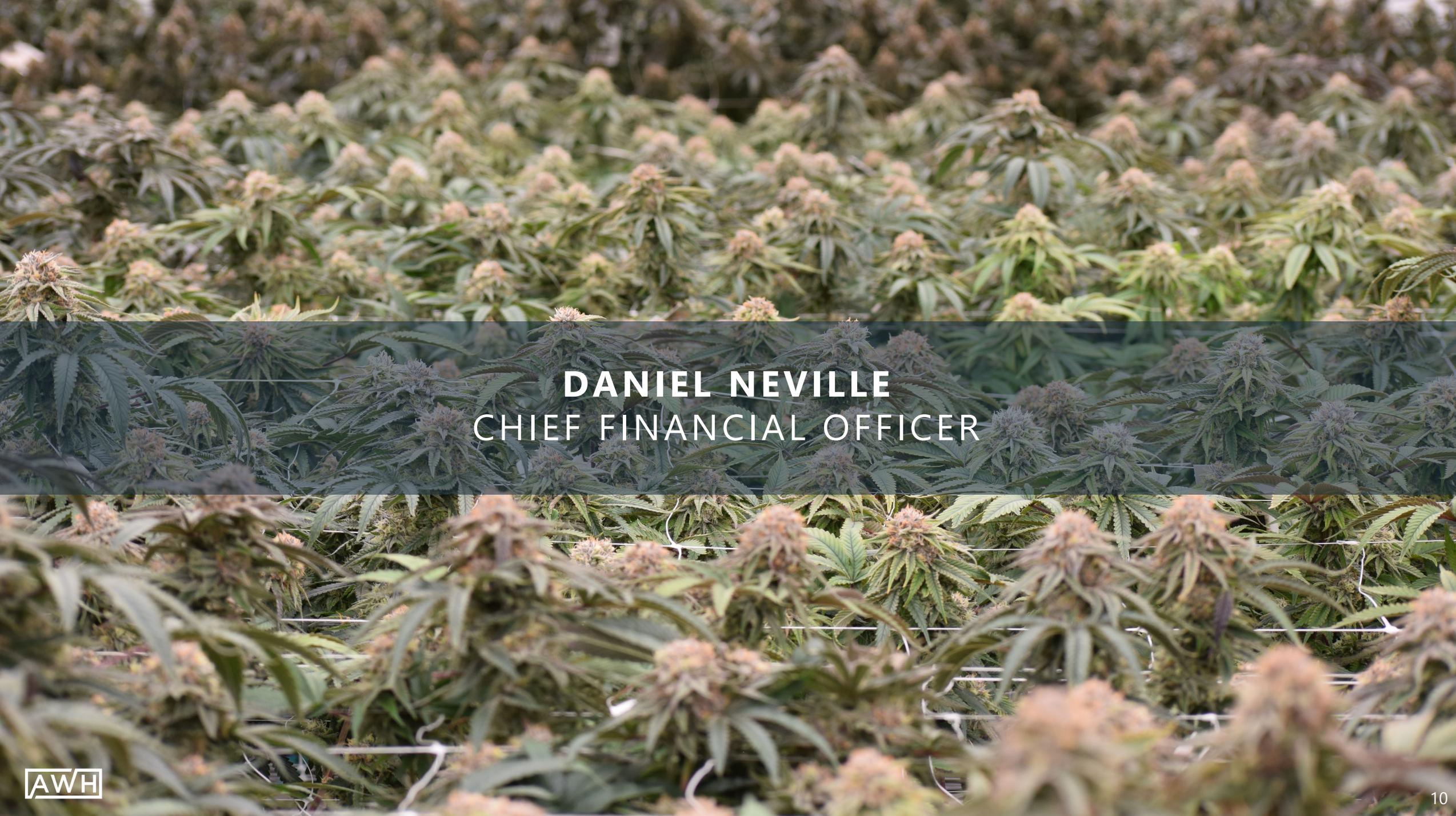
213k

SQ. FT CANOPY

5

GROWS





DANIEL NEVILLE
CHIEF FINANCIAL OFFICER

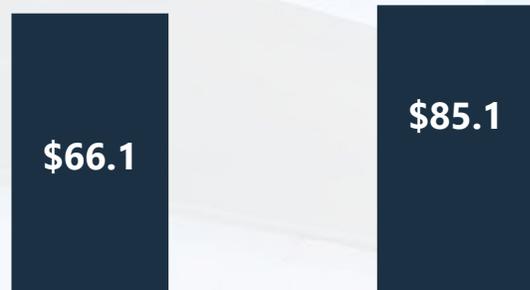
Q1 FINANCIAL HIGHLIGHTS



Q1'21 VS. Q1'22

Net Revenue Growth¹

US\$ Millions

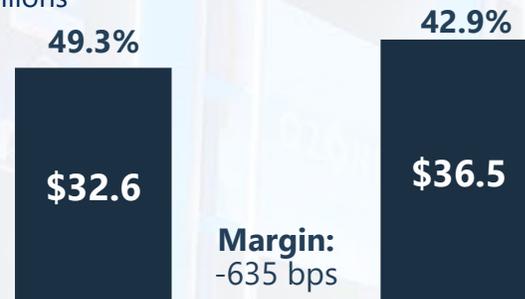


Q1 '21

Q1 '22

Adj. Gross Profit / Margin²

US\$ Millions

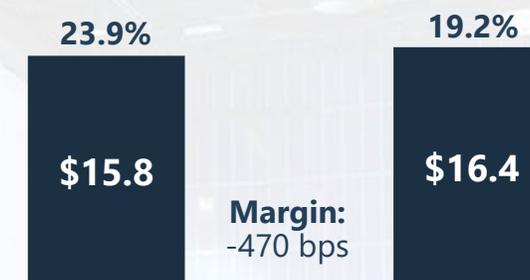


Q1 '21

Q1 '22

Adj. EBITDA / Margin²

US\$ Millions



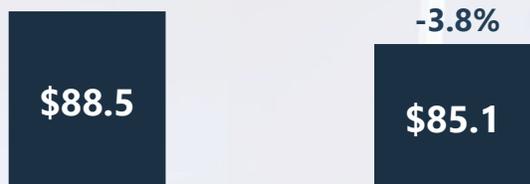
Q1 '21

Q1 '22

Q4'21 VS. Q1'22

Net Revenue Growth¹

US\$ Millions



Q4'21

Q1'22

Adj. Gross Profit / Margin²

US\$ Millions



Q4'21

Q1'22

Adj. EBITDA / Margin²

US\$ Millions



Q4'21

Q1'22

(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 2022 BALANCE SHEET AND CASH FLOW



(\$ in millions)

	3/31/22
Cash & Equivalents	143.8
Fully Diluted Shares Outstanding Basic & Diluted⁽¹⁾	181.1
Total Debt, net⁽²⁾	233.7
Net Debt⁽³⁾	89.9



- \$10M cash used for operations
- \$1M cash used for investing (proceeds from NJ sale-leaseback nearly offsetting payments made for acquisitions in prior quarters and capital investments)
- \$1M cash used for debt payment

(1) Includes 174.4M Class A Common Shares, 65k Class B shares, 6.6M of unvested Restricted Stock Units or Restricted Stock Awards, and 17.6k in the money warrants. There are 3.5M warrants outstanding at an exercise price of \$4. Dilution was calculated using the treasury stock method and a 3/31/21 share price of US\$4.02 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.

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 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, 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 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 (\$000S)

	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022
Adjusted Gross Profit							
Gross Profit	\$ 60,914	\$ 29,667	\$ 34,516	\$ 40,954	\$ 30,835	\$ 135,972	\$ 23,447
<i>Gross Margin</i>	42.4%	44.9%	41.4%	43.4%	34.8%	40.9%	27.6%
Depreciation and amortization included in cost of goods sold	3,696	2,162	2,387	2,063	3,000	9,612	2,943
Equity-based compensation included in cost of goods sold	-	-	-	349	2,580	2,929	3,995
Start-up costs ⁽¹⁾ included in cost of goods sold	-	-	-	-	-	-	3,923
Non-cash inventory adjustments ⁽²⁾	146	750	2,714	335	1,115	4,914	2,204
Adjusted Gross Profit	\$ 64,756	\$ 32,579	\$ 39,617	\$ 43,701	\$ 37,530	\$ 153,427	\$ 36,512
Adjusted Gross Margin	45.1%	49.3%	47.5%	46.3%	42.4%	46.2%	42.9%

	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022
Adjusted EBITDA							
Net Income / (Loss)	\$ (23,841)	\$ (48,223)	\$ (44,897)	\$ (13,026)	\$ (16,511)	\$ (122,657)	\$ (27,815)
Income tax expense	18,702	8,976	11,995	12,307	8,442	41,720	7,107
Other (income) expense	(7)	(80)	(82)	(44)	(50)	(256)	(103)
Interest expense	12,993	7,337	36,888	12,376	7,388	63,989	6,031
Depreciation and amortization	7,914	2,419	2,470	2,520	2,628	10,037	2,732
Depreciation and amortization included in cost of goods sold	3,696	2,162	2,387	2,063	3,000	9,612	2,943
Non-cash inventory adjustments	146	750	2,714	335	1,115	4,914	2,204
Equity-based compensation	680	2,487	1,711	2,587	8,565	15,350	2,504
Equity-based compensation included in cost of goods sold	-	-	-	349	2,580	2,929	3,995
Start-up costs ⁽³⁾	8,097	1,311	1,716	1,227	1,211	5,465	837
Start-up costs ⁽¹⁾ included in cost of goods sold	-	-	-	-	-	-	3,923
Transaction-related and other non-recurring expenses ⁽⁴⁾	2,164	2,178	5,406	2,191	1,434	11,209	6,194
(Gain) / Loss on the sale of assets	286	-	-	649	(44)	605	818
Litigation settlement	-	36,511	-	-	-	36,511	5,000
Adjusted EBITDA	\$ 30,830	\$ 15,828	\$ 20,308	\$ 23,534	\$ 19,758	\$ 79,428	\$ 16,370
Adjusted EBITDA Margin	21.4%	23.9%	24.4%	24.9%	22.3%	23.9%	19.2%

(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) Primarily consists of write-offs of expired products and obsolete packaging.

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

(4) Legal and professional fees associated with litigation matters, potential acquisitions, and other regulatory matters and other non-recurring expenses. The prior year includes expenses related to the Company's Initial Public Offering.



**ASCEND
WELLNESS
HOLDINGS**

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