Ascend Wellness Holdings

Q2 2024 Investor Overview Presentation

CSE: AAWH-U.CN; OTCQX: AAWH

WWW.AWHOLDINGS.COM/INVESTORS

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”, “Ascend” 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, 2023, and in the Company’s other reports and filings with the applicable Canadian securities administrators on its profile on SEDAR+ at https://www.sedarplus.ca/ and the 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 has reviewed, approved or disapproved the content of this presentation.

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CANNABIS MARKET BY THE NUMBERS

AWH

Unprecedented growth across the emerging industry with room for continued expansion

SALES

$30Bn

US LEGAL SALES[1]
IN 2023

$58Bn

US LEGAL SALES
BY 2028[1]

420k

EMPLOYED BY SECTOR[2]

STATES

21

STATES PLUS DC ACTIVE
RECREATIONAL PROGRAMS[3]

38

STATES HAVE
MEDICAL PROGRAMS

70%

US STATES LEGAL
MEDICAL OR RECREATIONAL

SUPPORT

68%

US CITIZENS
SUPPORT LEGALIZATION[4]

>92%

SCHEDULE 3
RULE MAKING SUPPORT[4]

>50%

CONGRESS
SUPPORTS LEGALIZATION[5]

1) BDSA.
2) 2023 MJ Biz Factbook.
3) 24 states have approved recreational programs but not all of the programs are active yet. Includes OH active program, but does not include VA, DE, and MN.
4) “Unprecedented Support for Cannabis Scheduling Reform Revealed by Data from the DEA Comment Period” Headset.
5) “Welcome to Cannabis High…” Wolfe Research.

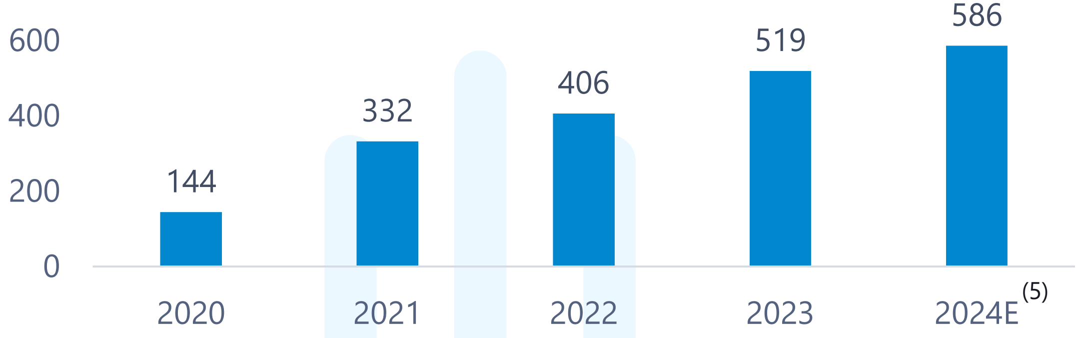
OVERVIEW

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

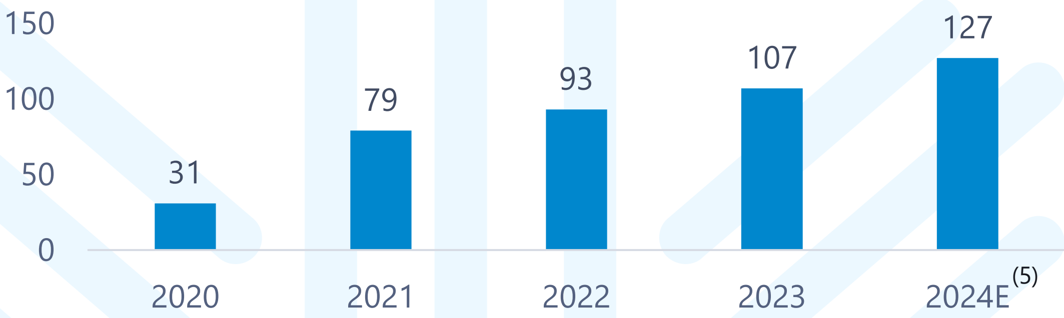
Owns and operates state-of-the-art cultivation facilities; grows award-winning strains and produces a curated selection of products.

Founded	2018
Headquarters	New Jersey
Employees	~2,300
States of Operation	IL, MA, MD, MI, NJ, OH, PA
Dispensaries / Cultivation	38 operating[1] / 7 operating
EV[2]	$443M
Market Cap[2]	$217M
EV / 2024 Revenue Estimates[4]	0.8x
EV / 2024 Adj. EBITDA Estimates[4,6]	3.5x
Total Debt, net[5] / Net Debt[5]	$309M / $226M

Revenue ($M)



Adj. EBITDA(3,6) ($M)



(1) Includes 2 partner dispensaries.
(2) Includes 213.7M Class A Common Shares, 65k Class B shares, 16.8M of unvested Restricted Stock Units and/or Restricted Stock Awards, and 0.3M dilutive options that are in the money at quarter end. Dilution was calculated using the treasury stock method and a 6/30/24 share price of US$0.94 on the CSE. There are also 4.6M warrants outstanding, none of which were in the money at quarter-end: 1.3M 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. A total of 3.8M options are outstanding at quarter-end, of which a total of 2.5M are exercisable.
(3) Total debt is net of unamortized deferred financing costs. Net debt is equal to Total Debt net less Cash & Equivalents.
(4) Based on consensus estimates as of 7/23/24. See discussion of forward-looking statements on slide 2.
(5) Market cap equals $217M or 230.7 million FDSO times 6/30/24 share price of US$0.94 on the CSE. Enterprise value is calculated by adding net debt of $225.6M to this market value.
(6) See appendix of this presentation for reconciliation of "non-GAAP" to "GAAP" measures.

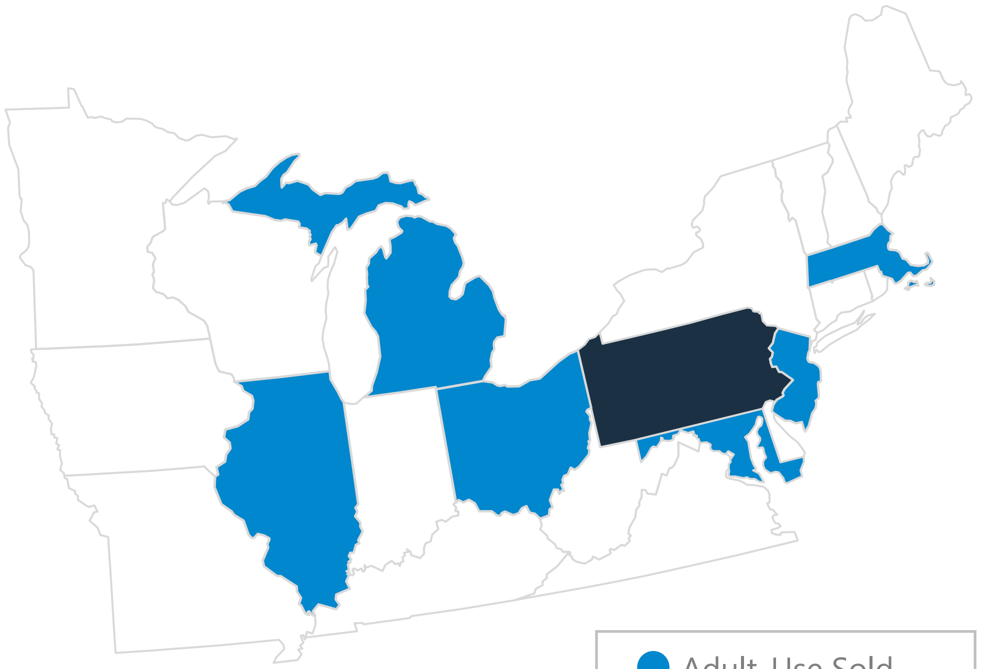
SOLID INVESTMENT THESIS

Bullish on the investment thesis and prospects for the Company

STRONG BALANCE SHEET	• Completed first full year of positive Cash from Operations (CFO) and Positive Free Cash Flow (FCF) • Expect to generate positive CFO and FCF for 2024 FY[1] • Recently refinanced term loan; providing 5 years until maturity on new Senior Secured Note
BUSINESS UPSIDE	• Continued upside in existing business as medical markets switch to adult-use • Ability to continue leveraging core infrastructure as assets and adult use markets are ‘turned on’
DISCIPLINED CAPITAL ALLOCATION	• Track record of disciplined capital allocation and successful execution of accretive M&A • Primarily deploying capital in high ROI, limited license markets
REGULATORY CATALYSTS	• Federal rulemaking process overwhelmingly positive and remains underway to reschedule from Schedule 1 to Schedule 3 • Multiple legislative pathways remain in play
VALUATION OPPORTUNITY	• Trade at a meaningful discount to peer group • Peer group trades at discount relative to CPG, Alcohol, Retail, and other industries

(1) See discussion of forward-looking statements on slide 2.

DENSIFYING EXISTING FOOTPRINT[6]



STATE	OPERATING DISPENSARIES	PLANNED DISPENSARIES	OPERATING CULTIVATION & PROCESSING (C&P)
ILLINOIS	12 recreational (includes 2 partners[1])		1 C&P 108,000 sq. ft canopy[2]
MASSACHUSETTS	3 recreational		2 C&P 67,000 sq. ft canopy[2]
NEW JERSEY	3 recreational	1 partnership under definitive agreement[3]	1 C&P 42,000 sq. ft canopy[2]
MICHIGAN	7 recreational	1 re-opening 3Q24	1 C&P 30,000 sq. ft canopy[2]
MARYLAND	4 recreational		Third-Party Contracted
OHIO	5 dispensaries[4]		1 C & 1 P 2,000 sq. ft canopy[2]
PENNSYLVANIA	4 medical	2 under construction[5]	1 C&P 6,000 sq. ft canopy[2]
TOTAL	**38 (Including 2 partners[1])**	**4 dispensaries[3,5] (Including 1 partner[3])**	**255,000 sq. ft 8 facilities**

Adult-Use Sold

Medical Only Today

(1) 2 operating partner stores branded Dutchess and consolidated as a Variable Interest Entity (VIE) through Rubino Ventures, LLC. The stores are located in Oak Park, IL and Morton Grove, IL, respectively.
(2) Canopy defined as table square footage within the vegetation, propagation, and flower rooms.
(3) 1 partner dispensary under definitive agreement and consolidated as a VIE through Mr. Jones, LLC. Store not yet operational, but Company plans for it to be located in Little Falls, NJ.
(4) Includes pending acquisition of Ohio Patient Access LLC. Five dispensaries operated by AWH have been approved by the state to sell to non-medical customers.
(5) License is owned by AWH, but the site is not yet operational and/or under construction. Includes 2 Pennsylvania dispensaries.
(6) See discussion of forward-looking statements on slide 2.

FLAGSHIP LOCATIONS

Flagship locations driving highest annualized revenue per dispensary[1] in the industry

- ✓ Prioritize high-traffic locations
- ✓ Significant parking
- ✓ Optimized retail footprint

AWH

1) Source: ATB Capital Markets, Inc.,

UPSIDE IN TODAY'S PORTFOLIO[1]

Upside from assets "turning on", markets flipping to adult-use, and addition of partner stores

1Q24
- Cincinnati, OH Dispensary
- Monaca, PA Dispensary

2Q24
- IL Partner Dispensary 1
- IL Partner Dispensary 2
- Cranberry, PA Dispensary
- Wharton, NJ Dispensary Re-Location

3Q24
- OH Non-Medical Commence[2]

4Q24
- Whitehall, PA Dispensary

2025
- NJ Partner Dispensary
- 6th PA Dispensary
- PA Adult-Use Commence[3]

(1) See discussion of forward-looking statements on slide 2.
(2) Five dispensaries operated by AWH have been approved by the state to sell to non-medical customers.
(3) PA has not yet legalized adult-use. The Company anticipates adult-use to commence in 2025.

STRENGTHENING IN-HOUSE PRODUCT BENCH

Completing the good-better-best spectrum; continue to complement with partner brands

Common Goods	I Simply Herb	Ozone	Ozone Reserve	Royale curated fire phenos
	#1 in MA[1]	**#3 in IL[1]** **#3 in NJ[1]**		
Grab n' Go, Ready to Rip	*The easy way up*	*The smoke you smoke when you wanna great smoke*	*Cannabis without compromise.*	*Curated fire phenos*
IL, MA, NJ, OH, PA	**IL, MA, MI, NJ, OH, PA**	**IL, MA, MI, NJ, OH, PA, MD**	**IL, MI, NJ, PA**	**IL, MA**
**$**$$$$	**$$**$$$	**$$$**$$	**$$$$**$	**$$$$$**
Flower, Pre-rolls	Flower, Pre-rolls, Vapes	Flower, Pre-rolls, Concentrates, Vapes and Gummies	Premium flower, Infused Pre-rolls, Concentrates, Vapes	Super-premium flower, Pre-rolls

GOOD ⟷ BETTER ⟷ BEST

(1) According to BDSA

COMPLETED RAISE OF SENIOR SECURED NOTES

Successfully refinanced term loan over a year prior to maturity at attractive terms relative to industry

$235M	**5.25%**
RAISED IN SENIOR SECURED NOTES	ORIGINAL ISSUANCE DISCOUNT
12.75%	**5 year**
INTEREST PER ANNUM	MATURITY

- ✓ Refinanced **$215M** of current August 2025 Term Loan
- ✓ **$60M** stub piece at previous interest rate **~9.5%**
- ✓ **0%** pre-payment penalty for first 2 years
- ✓ Customary high yield covenants
- ✓ **100%** non-dilutive

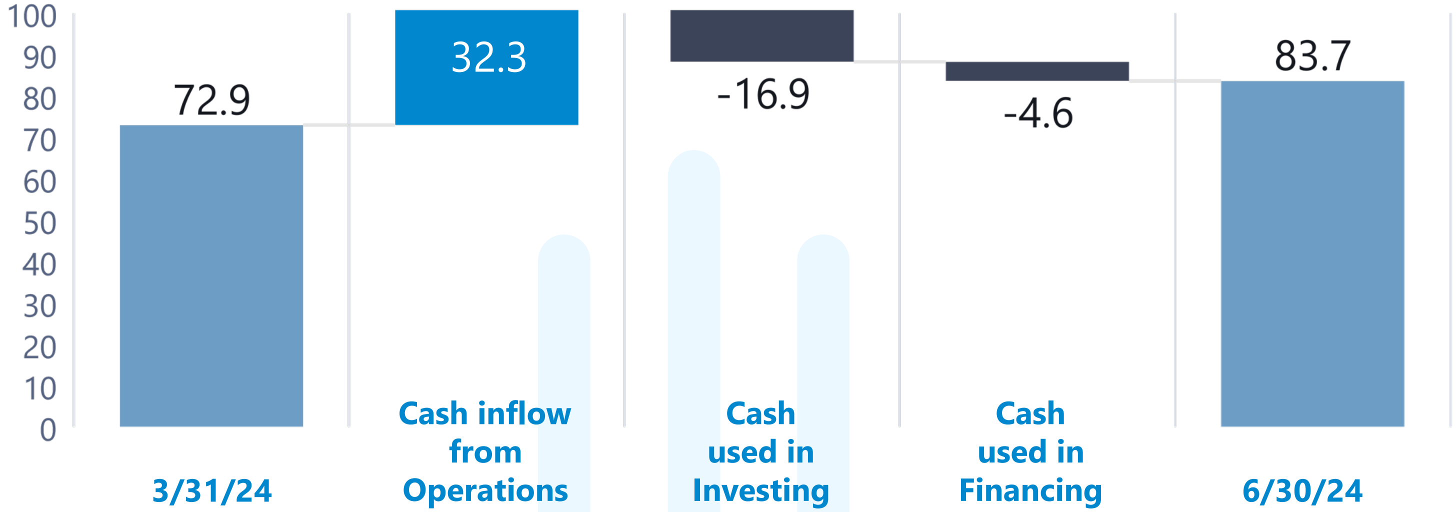
Refinanced Term Loan with new Senior Secured Notes at relatively attractive terms in a way that maximizes the balance sheet and preserves optionality

Q2 2024 BALANCE SHEET AND CASH FLOW

(in millions)	6/30/24
Cash & Equivalents	$83.7
Fully Diluted Shares Outstanding Basic & Diluted (1)	230.9
Total Debt, net (2)	$309.3
Net Debt (3)	$225.6
Enterprise Value (4)	$442.6

(1) Includes 213.7M Class A Common Shares, 65k Class B shares, 16.8M of unvested Restricted Stock Units and/or Restricted Stock Awards, and 0.3M dilutive options that are in the money at quarter end. Dilution was calculated using the treasury stock method and a 6/30/24 share price of US$0.94 on the CSE. There are also 4.6M warrants outstanding, none of which were in the money at quarter-end: 1.3M 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. A total of 3.8M options are outstanding at quarter-end, of which a total of 2.5M are exercisable.
(2) Total debt is net of unamortized deferred financing costs. Net debt is equal to Total Debt net less Cash & Equivalents.
(3) Market cap equals $217M or 230.7 million FDSO times 6/30/24 share price of US$0.94 on the CSE.
(4) Enterprise value is calculated by adding net debt of $225.6M to this market value.
Note: waterfall may not foot due to rounding.

Q2 Cash & Equivalents *($ in millions)*



- Sixth consecutive quarter of generating cash from operations. ~$14M cash generated, excluding ~$18M State and Federal tax refunds. $9M Free Cash Flow, excluding tax refunds, but inclusive of $5M in Capital Expenditures.
- $17M cash used for investing, inclusive of $10 million in capital invested to support the partnership dispensary licenses and $5 million in Capital Expenditures for dispensary builds and improvements to cultivation facilities.
- $5M cash used for financing, primarily related to taxes withheld for equity-based compensation plans.

APPENDIX

GAAP RECONCILIATIONS

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Adjusted Gross Profit							
Gross Profit	**$ 35,704**	**$ 28,319**	**$ 43,556**	**$ 47,541**	**$ 155,120**	**$ 52,037**	**$ 41,573**
Gross Margin	*31.3%*	*23.0%*	*30.8%*	*33.9%*	*29.9%*	*36.5%*	*29.4%*
Depreciation and amortization included in cost of goods sold	6,327	8,503	7,435	7,184	29,449	7,662	7,105
Equity-based compensation included in cost of goods sold	50	1,931	2,476	2,054	6,511	2,211	4,336
Start-up costs included in cost of goods sold(1)	1,570	-	-	-	1,570	-	-
Non-cash inventory adjustments(2)	3,942	6,172	2,938	3,298	16,351	474	-
Adjusted Gross Profit	**$ 47,593**	**$ 44,925**	**$ 56,405**	**$ 60,077**	**$ 209,001**	**$ 62,384**	**$ 53,014**
Adjusted Gross Margin	***41.7%***	***36.5%***	***39.9%***	***42.9%***	***40.3%***	***43.8%***	***37.5%***

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Adjusted EBITDA							
Net Income / (Loss)	**$ (18,472)**	**$ 841**	**$ (11,240)**	**$ (19,343)**	**$ (48,214)**	**$ (18,163)**	**$ (21,784)**
Income tax expense	10,017	4,737	6,726	11,974	33,454	12,510	12,106
Other, net	(265)	(24,044)	(902)	(632)	(25,843)	(310)	(379)
Interest expense	8,975	10,481	8,963	8,565	36,984	8,538	8,535
Depreciation and amortization	13,719	15,543	14,930	14,791	58,983	16,380	15,681
Non-cash inventory adjustments (2)	3,942	6,172	2,938	3,298	16,351	474	-
Equity-based compensation	3,005	4,129	5,610	5,600	18,344	8,681	7,515
Start-up costs(3)	2,036	278	504	579	3,397	494	951
Transaction-related and other non-recurring expenses(4)	793	2,971	1,996	7,519	13,280	3,883	5,721
(Gain) / loss on sale of assets	(442)	216	-	-	(226)	(11)	-
Litigation settlement	-	-	-	-	-	-	-
Adjusted EBITDA	**$ 23,308**	**$ 21,325**	**$ 29,525**	**$ 32,351**	**$ 106,510**	**$ 32,476**	**$ 28,346**
Adjusted EBITDA Margin	***20.4%***	***17.3%***	***20.9%***	***23.1%***	***20.5%***	***22.8%***	***20.0%***

(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, as applicable.
(4) Legal and professional fees associated with litigation matters, potential acquisitions, and other regulatory matters and other non-recurring expenses. Also includes fair value adjustments related to earn-outs and certain reserves, as applicable.

USE OF NON-GAAP FINANCIAL METRICS

And Additional Information

Financial results are reported in accordance with U.S. generally accepted accounting principles ("GAAP") and all currency is in U.S. dollars. 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. We present these non-GAAP financial measures because we believe they assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. 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. We have not presented a quantitative reconciliation of the forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures because it is impracticable to forecast certain items without unreasonable efforts due to the uncertainty and inherent difficulty of predicting the occurrence and financial impact of and the periods in which such items may be recognized.

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. 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, 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.

Investors should be cautioned that Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA and Adjusted EBITDA Margin should not be construed as alternatives for, or superior to, earnings, cash flow from operating activities or other measures of financial results determined in accordance with GAAP and may not be comparable to similar non-GAAP measures presented by other companies.

ASCEND WELLNESS HOLDINGS

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