

Ascend Wellness Holdings

Q4 & FY 2021 Earnings Presentation



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 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 U.S. Securities and Exchange Commission 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.



ABNER KURTIN
CHAIRMAN, FOUNDER AND CEO

2021 FY HIGHLIGHTS

Record year centered on expansion of footprint in key geographies

BUSINESS

100,000+

SQUARE FEET
CANOPY ADDED

6

OPENED 6 NEW
DISPENSARIES



ENTERED
OHIO
MARKET

FINANCIAL

131%

FY NET REVENUE
GROWTH Y/Y

245 BPS

FY ADJUSTED
EBITDA MARGIN
EXPANSION Y/Y

\$155M

CASH &
EQUIVALENTS
AT YEAR-END

Completed our Initial Public Offering, making AWH the first U.S. multi-state operator to go public by filing an S-1; 100% of stock released from lock-ups

2022 OUTLOOK



Continue to scale our asset base of premier retail locations and state-of-the art cultivation facilities

MEET IMPENDING RECREATIONAL DEMAND IN NJ, SOLIDIFY POSITION AS TOP PLAYER IN THE STATE

DRAMATIC INCREASES IN PRODUCTION IN IL, MA, & NJ

CONTINUE EXPANSION INTO EXISTING MARKETS, PARTICULARLY ILLINOIS & MASSACHUSETTS

IMPROVE BOTH RETAIL & WHOLESALE OPERATIONAL EXCELLENCE

EXPAND & ELEVATE CURRENT BRAND PORTFOLIO

FOOTPRINT

5 states 20 dispensaries



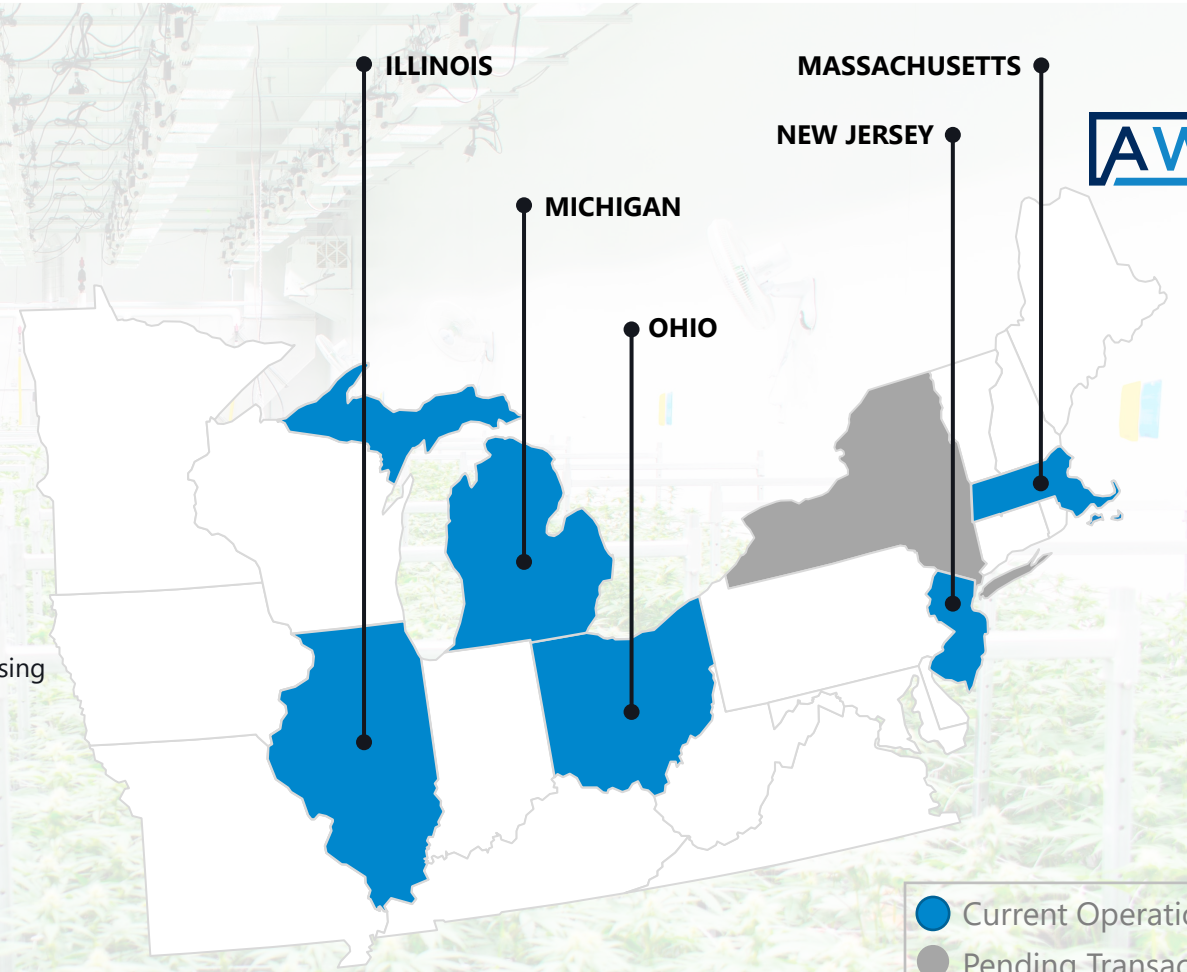
ILLINOIS
8 retail
1 cultivation / processing

MASSACHUSETTS
2 retail
1 planned retail
1 cultivation / processing

MICHIGAN
6 retail
2 planned retail
1 cultivation / processing

NEW JERSEY
2 retail
1 planned retail
1 cultivation / processing

OHIO
2 medical retail
1 cultivation / processing



1. Close pending the resolution of ongoing litigation with the seller. The transaction would include 4 dispensaries and 1 cultivation facility, which are not included in these numbers.

NJ UPDATE

- **CULTIVATION**

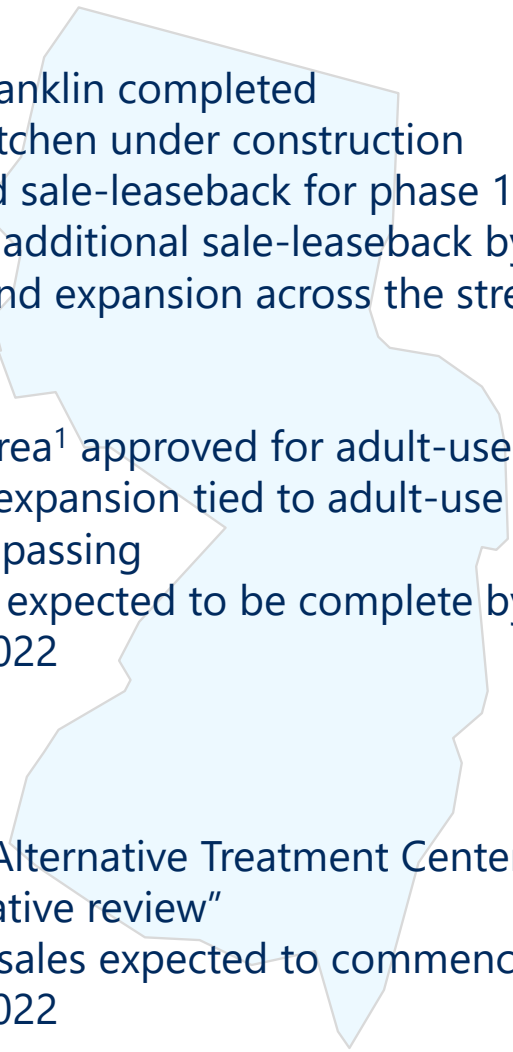
- Phase 1 Franklin completed
- Lab and kitchen under construction
- Completed sale-leaseback for phase 1
- Anticipate additional sale-leaseback by 2H 2022 to fund expansion across the street

- **DISPENSARIES**

- Paramus area¹ approved for adult-use
- Montclair expansion tied to adult-use resolution passing
- Fort Lee is expected to be complete by early summer 2022

- **REGULATORY**

- Among 5 Alternative Treatment Centers in "substantiative review"
- Adult-use sales expected to commence by summer 2022



TODAY

28

POINTS OF SALE

~9,000

RETAIL SQ.FT

16,000

CANOPY SQ.FT

YE 2022

68

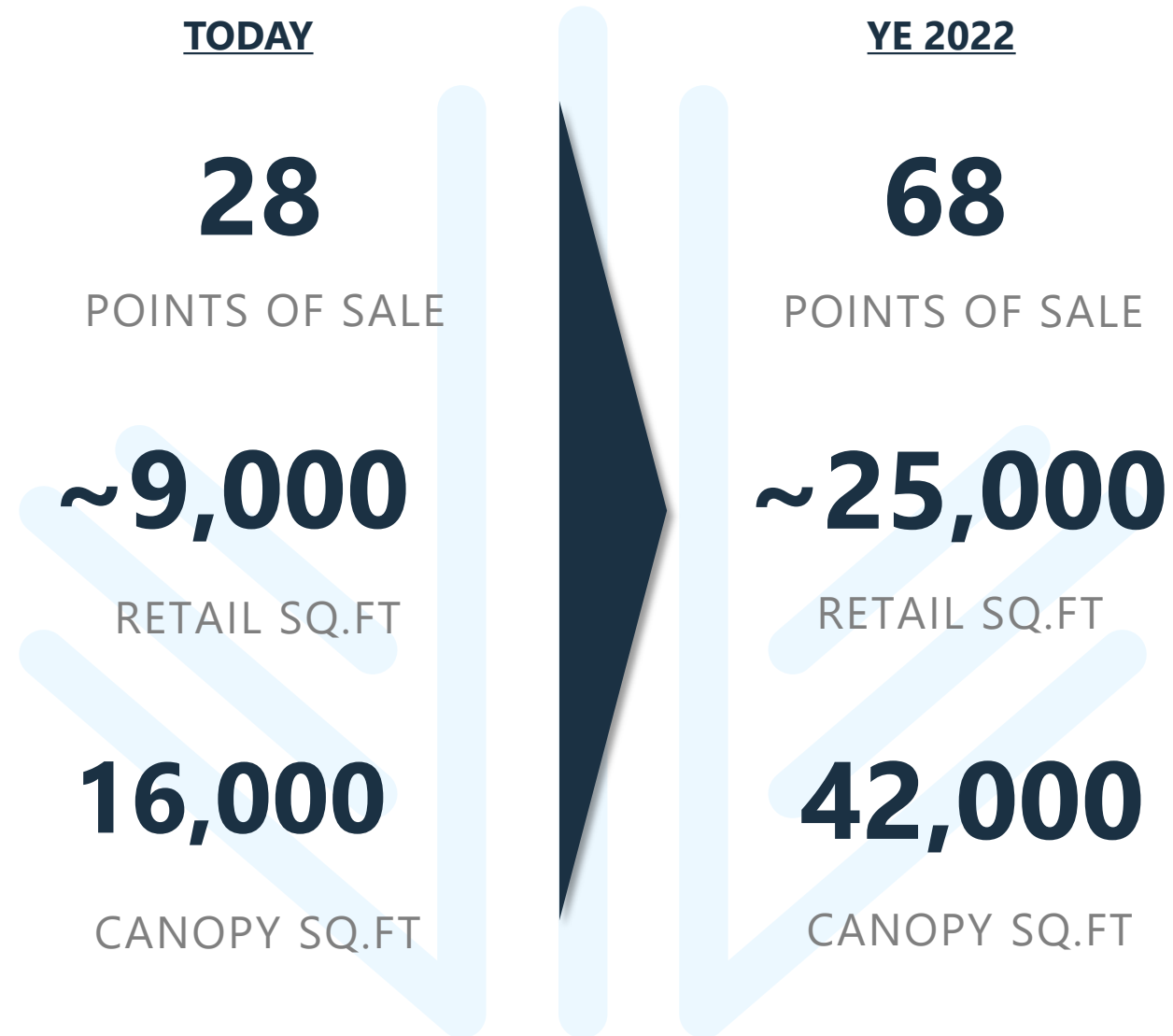
POINTS OF SALE

~25,000

RETAIL SQ.FT

42,000

CANOPY SQ.FT



1. On Rt 17 in Rochelle Park



FRANK PERULLO
PRESIDENT, CO-FOUNDER AND CSO

CANOPY UPDATE

State	Canopy at YE21 (ft ²)	Current March 2022	Canopy est. at YE22 (ft ²)
IL	113,000	113,000	113,000
MI	28,000	28,000	28,000
MA	17,000	54,000	54,000
NJ	16,000	16,000	42,000
OH	2,000	2,000	18,000
Total	176,000	213,000	255,000

- Completed construction on 100,000 sq.ft in 2021
- Began planting of the IL greenhouse in January
- Began planting incremental 37,000 sq. ft of canopy in MA in March



Barry, IL
Vegetation Room - Greenhouse



Franklin, NJ
Construction of Phase 2



Athol, MA
Phase 2 Planting



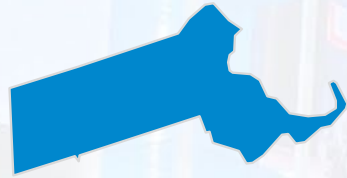
Lansing, MI
Drying Rack - Harvest 19

RETAIL UPDATE



ILLINOIS

- Collinsville customers per week up 8% Y/Y and 4% Q/Q
- Illinois consolidated customers per week up 3% Q/Q
- Gained market share in Illinois despite state market declines



MASSACHUSSETTS

- Boston second floor opening in the coming weeks
- Newton delivery program growing; accounts for over 20% of newton sales



NEW JERSEY

- Montclair store average traffic per week up 90%+ Y/Y
- Stores preparing for adult-use
- State basket sizes >\$150



OHIO

- Rebrand to Ascend complete
- Integrating acquisitions



MICHIGAN

- Rebrand to Ascend complete
- Launched delivery

SIMPLY HERB IS GREAT WEED FOR THE BEST PRICE

Launched in IL, MI, MA

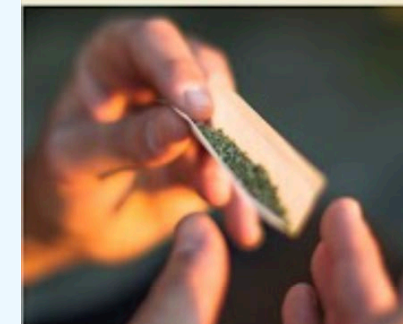


- 25% of industry sales¹ in the markets in which we operate are value SKUs
- Launched value brand to target the price-conscious everyday consumer
- Offering includes flower, popcorn, shake, and pre-rolls
- Fills a void in 'good' – 'better' – 'best' offering

1. According to company estimates, based on leveraging data from BDSA.



Let's keep it simple. Good weed at a great price.



Not for the special occasion. For every occasion.

PIPELINE OF ASSETS IN 2022



Significant upside from assets "turning on" in 2022



East Lansing, MI
Dispensary



New Bedford, MA
Dispensary



Fort Lee, NJ
Dispensary



Franklin, NJ
Phase 2
Cultivation



Athol, MA
Lab & Kitchen



Franklin, NJ
Lab & Kitchen



Montclair, NJ
Dispensary Expansion



Century, MI
Dispensary



Boston, MA
Dispensary 2nd Floor

DISPENSARY

CULTIVATION



DANIEL NEVILLE
CHIEF FINANCIAL OFFICER

Q4 FINANCIAL HIGHLIGHTS



Q4'20 VS. Q4'21

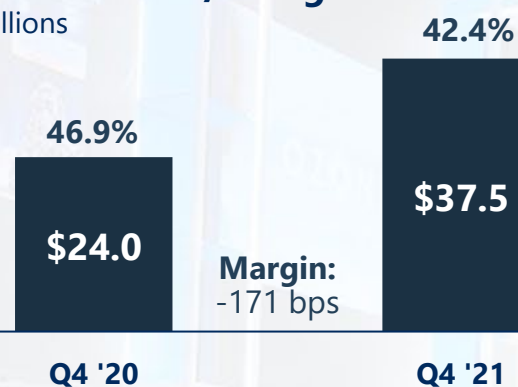
Net Revenue¹ Growth

US\$ Millions



Adj. Gross Profit / Margin²

US\$ Millions



Adj. EBITDA / Margin²

US\$ Millions



Q3'21 VS. Q4'21

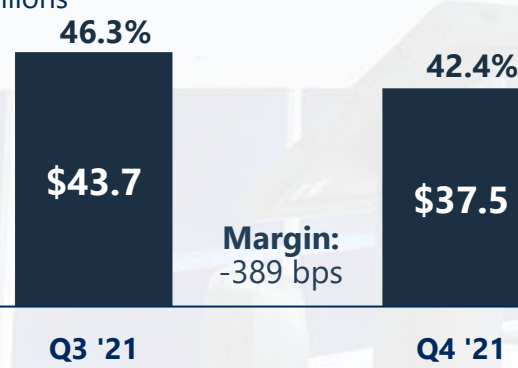
Net Revenue Growth¹

US\$ Millions



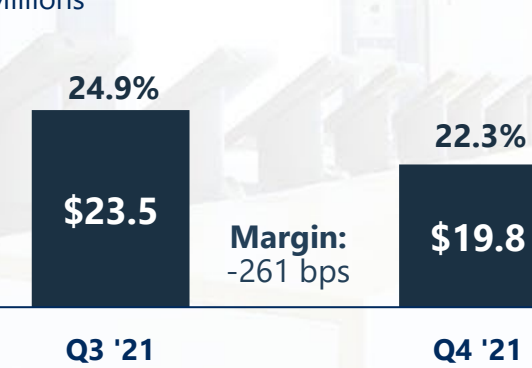
Adj. Gross Profit / Margin²

US\$ Millions



Adj. EBITDA / Margin²

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.

ASCEND 2022 COST INITIATIVE

Implementing cost savings initiative to offset competitive market dynamics



\$10M

COST CUTTING GOAL

Areas of Opportunity

HR Related:

- Reduced recruiting expenses
- Synergized benefits costs

Professional Services

- Reducing scope and bringing certain 3rd party work in-house

Procurement

- Ordering efficiencies
- Smarter packaging decisions

IT

- Optimization of software licenses
- Revised vendor selection

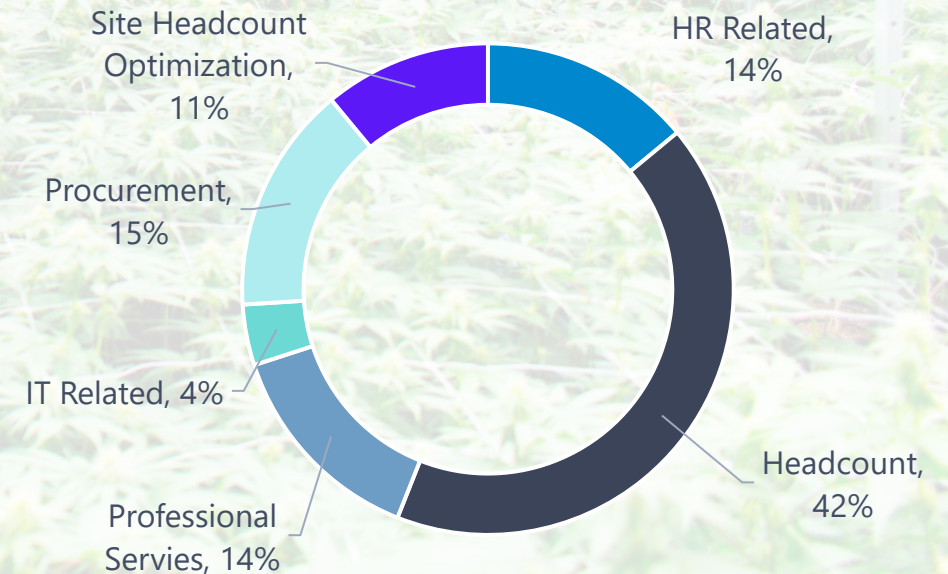
Site Headcount

- Tighter management of overtime hours
- Better utilization of site security

Corporate Headcount Restructuring:

- Organizational structure optimization

SAVINGS



Q4 KEY OPERATING METRICS



\$15M

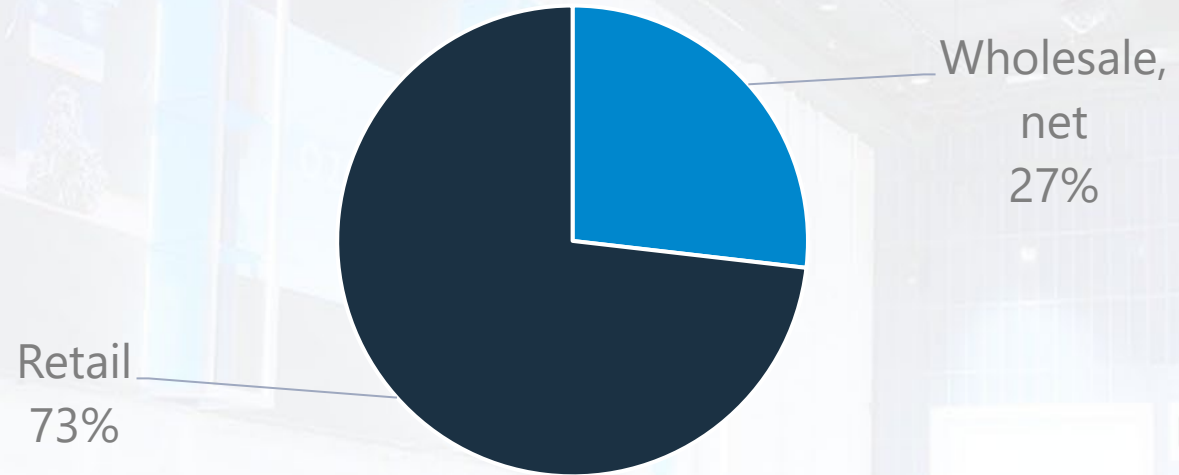
ANNUALIZED RETAIL
REVENUE PER DISPENSARY



213K

TOTAL CANOPY
CONSTRUCTION COMPLETE

Q4 REVENUE, NET (\$M)



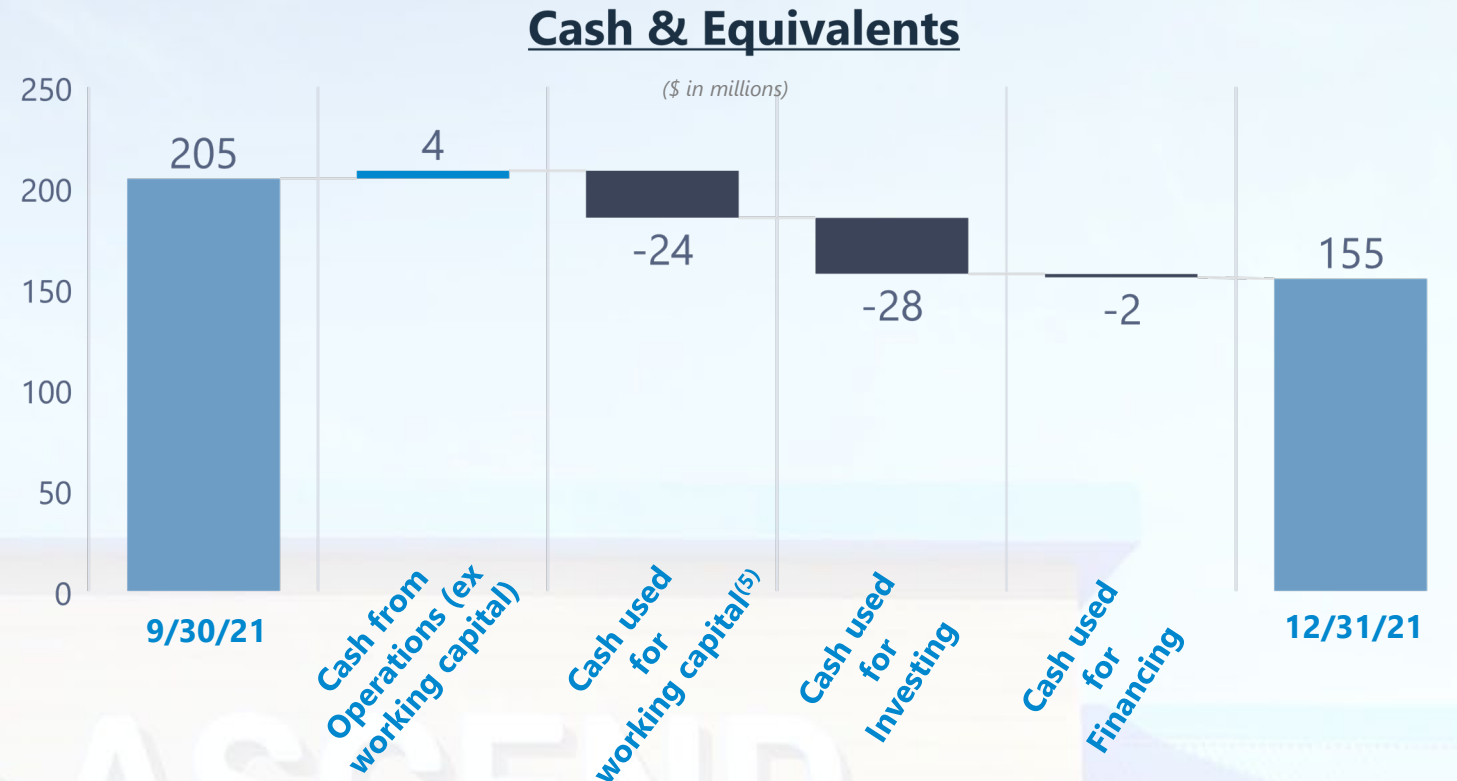
- Total retail revenue increased to \$64.9 million for the quarter, representing an increase of ~2.1% quarter-over-quarter
- Net wholesale revenue, excluding intercompany sales, decreased to \$23.6 million, representing a decrease of ~23.4% quarter-over-quarter

FY BALANCE SHEET AND CASH FLOW



(\$ in millions)

	12/31/21
Cash & Equivalents ⁽¹⁾	\$155.5
Fully Diluted Shares Outstanding Basic & Diluted ⁽²⁾	181.0
Total Debt, net ⁽³⁾	\$258.7
Net Debt ⁽⁴⁾	\$103.3



- (1) Does not include inflows from 24 Munsonhurst Rd Franklin, NJ sale-leaseback which was executed subsequent to quarter-end.
- (2) Includes 171.6M Class A Common Shares, 8.0M of unvested Restricted Stock Units, Restricted Stock Awards, or options, and 1.4M 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 12/31/31 share price of \$6.61 on the CSE.
- (3) Total Debt, net is equal to Total debt less unamortized deferred financing costs.
- (4) Net debt is equal to Total Debt less Cash & Equivalents
- (5) Cash used for working capital includes changes in operating assets and liabilities net of effects of acquisitions. These include changes in accounts receivable, inventory, other assets, accounts payable, accrued liabilities, other current liabilities, lease liabilities, and income taxes payable.

Note: waterfall may not foot due to rounding.

- \$4M cash inflow from operations (excluding changes in working capital); \$24M cash used for changes in working capital, driven by income cash tax payments
- \$28M cash for investing including \$9M for acquisitions, and \$18M of net Capex, driven by IL greenhouse, MA and MI cultivation expansions, and IL, MA, and NJ dispensary investments



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	Q4 2021	FY 2021
Adjusted Gross Profit											
Gross Profit	\$ 3,287	\$ 7,492	\$ 12,178	\$ 18,352	\$ 22,892	\$ 60,914	\$ 29,667	\$ 34,516	\$ 40,954	\$ 30,835	\$ 135,972
<i>Gross Margin</i>	27.3%	33.2%	48.0%	44.3%	42.2%	42.4%	44.9%	41.4%	43.4%	34.8%	40.9%
Depreciation and amortization included in cost of goods sold	323	1,069	627	941	1,059	3,696	2,162	2,387	2,063	3,000	9,612
Equity-based compensation included in cost of goods sold						-			349	2,580	2,929
Non-cash inventory adjustments	(589)	-	-	146	-	146	750	2,714	335	1,115	4,914
Adjusted Gross Profit	\$ 3,021	\$ 8,561	\$ 12,805	\$ 19,439	\$ 23,951	\$ 64,756	\$ 32,579	\$ 39,617	\$ 43,701	\$ 37,530	\$ 153,427
Adjusted Gross Margin	25.1%	37.9%	50.4%	46.9%	44.1%	45.1%	49.3%	47.5%	46.3%	42.4%	46.2%

	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Adjusted EBITDA											
Net Income / (Loss)	\$ (33,241)	\$ (7,118)	\$ (4,305)	\$ (4,915)	\$ (7,503)	\$ (23,841)	\$ (48,223)	\$ (44,897)	\$ (13,026)	\$ (16,511)	\$ (122,657)
Income tax expense	667	2,437	3,632	5,643	6,990	18,702	8,976	11,995	12,307	8,442	41,720
Other (income) expense	(24)	(6)	3	(3)	(1)	(7)	(80)	(82)	(44)	(50)	(256)
Interest expense	6,477	2,530	2,873	2,627	4,963	12,993	7,337	36,888	12,376	7,388	63,989
Depreciation and amortization	2,989	1,951	1,969	2,299	1,695	7,914	2,419	2,470	2,520	2,628	10,037
Depreciation and amortization included in cost of goods sold	323	1,069	627	941	1,059	3,696	2,162	2,387	2,063	3,000	9,612
Non-cash inventory adjustments	(589)	-	-	146	-	146	750	2,714	335	1,115	4,914
Equity-based compensation	312	185	85	71	339	680	2,487	1,711	2,587	8,565	15,350
Equity-based compensation included in cost of goods sold	-	-	-	-	-	-	-	-	349	2,580	2,929
Start-up costs ⁽¹⁾	10,096	1,419	1,845	2,729	2,104	8,097	1,311	1,716	1,227	1,211	5,465
Transaction-related and other non-recurring expenses ⁽²⁾	-	103	164	737	1,160	2,164	2,178	5,406	2,191	1,434	11,209
Litigation settlement	-	-	-	-	-	-	36,511	-	-	-	36,511
Loss on the sale of assets	-	-	286	-	-	286	-	-	649	(44)	605
Adjusted EBITDA	\$ (12,990)	\$ 2,570	\$ 7,179	\$ 10,275	\$ 10,806	\$ 30,830	\$ 15,828	\$ 20,308	\$ 23,534	\$ 19,758	\$ 79,428
Adjusted EBITDA Margin	(108.0%)	11.4%	28.3%	24.8%	19.9%	21.4%	23.9%	24.4%	24.9%	22.3%	23.9%

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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