UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____ to_____
Commission File Number: 333-254800

ASCEND WELLNESS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**83-0602006**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1411 Broadway
16th Floor
New York, NY 10018
(Address of principal executive offices)

(646) 661-7600
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 9, 2022, there were 188,090,158 shares of the registrant’s Class A common stock, par value $0.001, and 65,000 shares of the registrant’s Class B common stock, par value $0.001, outstanding.

ASCEND WELLNESS HOLDINGS, INC

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" regarding Ascend Wellness Holdings, Inc. and its subsidiaries (collectively referred to as "AWH," "we," "us," "our," or the "Company"). We make forward-looking statements related to future expectations, estimates, and projections that are uncertain and often contain words such as, but not limited to, "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "likely," "may," "outlook," "plan," "predict," "should," "target," or other similar words or phrases. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and assumptions that are difficult to predict. Particular risks and uncertainties that could cause our actual results to be materially different from those expressed in our forward-looking statements include those listed below:

- the effect of the volatility of the market price and liquidity risks on shares of our Class A common stock;
- the effect of the voting control exercised by holders of Class B common stock;
- our ability to attract and maintain key personnel;
- our ability to continue to open new dispensaries and cultivation facilities as anticipated;
- the illegality of cannabis under federal law;
- our ability to comply with state and federal regulations;
- the uncertainty regarding enforcement of cannabis laws;
- the effect of restricted access to banking and other financial services;
- the effect of constraints on marketing and risks related to our products;
- the effect of unfavorable tax treatment for cannabis businesses;
- the effect of security risks;
- the effect of infringement or misappropriation claims by third parties;
- our ability to comply with potential future U.S. Food and Drug Administration regulations;
- our ability to enforce our contracts;
- the effect of unfavorable publicity or consumer perception;
- the effect of risks related to material acquisitions, dispositions and other strategic transactions;
- the effect of agricultural and environmental risks;
- the effect of risks related to information technology systems;
- the effect of product liability claims and other litigation to which we may be subjected;
- the effect of risks related to the results of future clinical research;
- the effect of intense competition in the industry;
- the effect of adverse changes in the wholesale and retail prices;
- the effect of outbreaks of pandemic diseases, fear of such outbreaks or economic disturbances due to such outbreaks, particularly the impact of the COVID-19 pandemic; and
- the effect of general economic risks, such as the unemployment level, interest rates and inflation, and challenging global economic conditions.

The list of factors above is illustrative and by no means exhaustive. Additional information regarding these risks and other risks and uncertainties we face is contained in our Annual Report on Form 10-K for the year ended December 31, 2021 and in other reports we may file from time to time with the United States Securities and Exchange Commission and the applicable Canadian securities regulatory authorities (including all amendments to those reports). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended.

We urge readers to consider these risks and uncertainties in evaluating our forward-looking statements. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASCEND WELLNESS HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in thousands, except per share amounts)	March 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 143,797	$ 155,481
Accounts receivable, net	10,371	7,612
Inventory	78,233	65,588
Notes receivable	5,500	4,500
Other current assets	22,651	24,831
Total current assets	260,552	258,012
Property and equipment, net	226,129	239,656
Operating lease right-of-use assets	107,279	103,958
Intangible assets, net	57,301	59,271
Goodwill	43,018	42,967
Other noncurrent assets	19,925	19,572
TOTAL ASSETS	$ 714,204	$ 723,436
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 46,771	$ 45,454
Current portion of debt, net	11,107	27,940
Operating lease liabilities, current	3,606	2,665
Income taxes payable	43,791	36,184
Other current liabilities	4,053	5,152
Total current liabilities	109,328	117,395
Long-term debt, net	222,593	230,846
Operating lease liabilities, noncurrent	223,981	197,295
Deferred tax liabilities, net	276	1,423
Total liabilities	556,178	546,959
Commitments and contingencies (Note 15)		
Stockholders' Equity		
Preferred stock, $0.001 par value per share; 10,000 shares authorized, none issued and outstanding as of March 31, 2022 and December 31, 2021 (Note 12)	—	—
Class A common stock, $0.001 par value per share; 750,000 shares authorized; 174,392 and 171,521 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively (Note 12)	174	171
Class B common stock, $0.001 par value per share, 100 shares authorized; 65 issued and outstanding at March 31, 2022 and December 31, 2021 (Note 12)	—	—
Additional paid-in capital	371,916	362,555
Accumulated deficit	(214,064)	(186,249)
Total stockholders' equity	158,026	176,477
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 714,204	$ 723,436

The accompanying notes are an integral part of the condensed consolidated financial statements.

ASCEND WELLNESS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(in thousands, except per share amounts)	Three Months Ended March 31, 2022	2021
Revenue, net	$ 85,090	$ 66,137
Cost of goods sold	(61,643)	(36,470)
Gross profit	23,447	29,667
Operating expenses		
General and administrative expenses	33,227	25,146
Settlement expense	5,000	36,511
Total operating expenses	38,227	61,657
Operating loss	(14,780)	(31,990)
Other (expense) income		
Interest expense	(6,031)	(7,337)
Other, net	103	80
Total other expense	(5,928)	(7,257)
Loss before income taxes	(20,708)	(39,247)
Income tax expense	(7,107)	(8,976)
Net loss	$ (27,815)	$ (48,223)
Net loss per share attributable to Class A and Class B common stockholders — basic and diluted (Note 12)	$ (0.16)	$ (0.45)
Weighted-average common shares outstanding — basic and diluted	172,494	106,443

The accompanying notes are an integral part of the condensed consolidated financial statements.

ASCEND WELLNESS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Three Months Ended March 31, 2022				
	Class A and Class B Common Stock				
(in thousands)	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
December 31, 2021	171,586	$ 171	$ 362,555	$ (186,249)	$ 176,477
Vesting of equity-based payment awards	4,131	4	(4)	—	—
Equity-based compensation expense	—	—	14,306	—	14,306
Taxes withheld under equity-based compensation plans, net	(1,260)	(1)	(4,941)	—	(4,942)
Net loss	—	—	—	(27,815)	(27,815)
March 31, 2022	174,457	$ 174	$ 371,916	$ (214,064)	$ 158,026

	Three Months Ended March 31, 2021					
		Class A and Class B Common Stock				
(in thousands)	Historical LLC Units	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
December 31, 2020	106,082	—	$ —	$ 67,378	$ (63,592)	$ 3,786
Vesting of equity-based payment awards	1,033	—	—	—	—	—
Equity-based compensation expense	50	—	—	2,487	—	2,487
Reserve for equity issued in litigation settlement	—	—	—	27,431	—	27,431
Net loss	—	—	—	—	(48,223)	(48,223)
March 31, 2021	107,165	—	$ —	$ 97,296	$ (111,815)	$ (14,519)

The accompanying notes are an integral part of the condensed consolidated financial statements.

ASCEND WELLNESS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)	Three Months Ended March 31, 2022	2021
Cash flows from operating activities		
Net loss	$ (27,815)	$ (48,223)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	9,918	6,254
Amortization of operating lease assets	291	352
Non-cash interest expense	571	3,255
Equity-based compensation expense	5,715	2,487
Equity issued in litigation settlement	—	27,431
Deferred income taxes	(1,147)	(796)
Loss on sale of assets	818	—
Changes in operating assets and liabilities, net of effects of acquisitions		
Accounts receivable	(2,759)	(888)
Inventory	(15,217)	(11,320)
Other current assets	3,031	(563)
Other noncurrent assets	(353)	(6,914)
Accounts payable and accrued liabilities	9,950	16,903
Other current liabilities	(1,099)	(446)
Lease liabilities	244	414
Income taxes payable	7,607	4,225
Net cash used in operating activities	(10,245)	(7,829)
Cash flows from investing activities		
Additions to capital assets	(10,214)	(23,351)
Investments in notes receivable	(1,000)	(760)
Collection of notes receivable	82	82
Proceeds from sale of assets	35,400	—
Acquisition of businesses, net of cash acquired	(24,890)	(11,174)
Net cash used in investing activities	(622)	(35,203)
Cash flows from financing activities		
Proceeds from issuance of debt	—	49,500
Repayments of debt	(786)	(1,286)
Debt issuance costs	(31)	—
Net cash (used in) provided by financing activities	(817)	48,214
Net (decrease) increase in cash, cash equivalents, and restricted cash	(11,684)	5,182
Cash, cash equivalents, and restricted cash at beginning of period	155,481	58,097
Cash, cash equivalents, and restricted cash at end of period	$ 143,797	$ 63,279

The accompanying notes are an integral part of the condensed consolidated financial statements.

ASCEND WELLNESS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED, UNAUDITED)

(in thousands)	Three Months Ended March 31, 2022	2021
Supplemental Cash Flow Information		
Interest paid	$ 5,133	$ 3,426
Income taxes paid	650	5,562
Non-cash investing and financing activities		
Capital expenditures incurred but not yet paid	10,695	10,583
Taxes withheld under equity-based compensation plans, net	4,942	—

The accompanying notes are an integral part of the condensed consolidated financial statements.

1. THE COMPANY AND NATURE OF OPERATIONS

Ascend Wellness Holdings, Inc., which operates through its subsidiaries (collectively referred to as "AWH," "Ascend," "we," "us," "our," or the "Company"), is a multi-state operator in the United States cannabis industry. AWH owns, manages, and operates cannabis cultivation facilities and dispensaries in several states across the United States, including Illinois, Michigan, Ohio, Massachusetts, New Jersey, and Pennsylvania. AWH is headquartered in New York, New York.

The Company was originally formed on May 15, 2018 as Ascend Group Partners, LLC, and changed its name to "Ascend Wellness Holdings, LLC" on September 10, 2018. On April 22, 2021, Ascend Wellness Holdings, LLC converted into a Delaware corporation and changed its name to "Ascend Wellness Holdings, Inc." and effected a 2-for-1 reverse stock split (the "Reverse Split"), which is retrospectively presented for all periods in these financial statements. We refer to this conversion throughout this filing as the "Conversion." As a result of the Conversion, the members of Ascend Wellness Holdings, LLC became holders of shares of stock of Ascend Wellness Holdings, Inc. The historical consolidated financial statements prior to the Conversion date are those of Ascend Wellness Holdings, LLC and its subsidiaries.

Following the Conversion, the Company has authorized 750,000 shares of Class A common stock with a par value of $0.001 per share, 100 shares of Class B common stock with a par value of $0.001 per share and 10,000 shares of preferred stock with a par value of $0.001 per share. The rights of the holders of Class A common stock and Class B common stock are identical, except for voting and conversion rights. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 1,000 votes per share and is convertible at any time into one share of Class A common stock at the option of the holder. On May 4, 2021, the Company completed an Initial Public Offering ("IPO") of its Class A common stock. See Note 12, "Stockholders' Equity," for additional details.

Shares of the Company's Class A common stock are listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "AAWH.U" and are quoted on the OTCQX® Best Market (the "OTCQX") under the symbol "AAWH." We are an emerging growth company under federal securities laws and as such we are able to elect to follow scaled disclosure requirements for this filing.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with (i) United States generally accepted accounting principles ("U.S. GAAP") for interim financial information, and (ii) the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of our management, our unaudited condensed consolidated financial statements and accompanying notes (the "Financial Statements") include all normal recurring adjustments that are necessary for the fair statement of the interim periods presented. Interim results of operations are not necessarily indicative of results for the full year, or any other period. The Financial Statements should be read in conjunction with our audited consolidated financial statements (and notes thereto) in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "Annual Report"), as filed with the United States Securities and Exchange Commission ("SEC") and with the relevant Canadian securities regulatory authorities under its profile on the System for Electronic Document Analysis and Retrieval ("SEDAR"). Except as noted below, there have been no material changes to the Company's significant accounting policies and estimates during the three months ended March 31, 2022.

The Financial Statements include the accounts of Ascend Wellness Holdings, Inc. and its subsidiaries. Refer to Note 8, "Variable Interest Entities," for additional information regarding certain entities that are not wholly-owned by the Company. We include the results of acquired businesses in the consolidated statements of operations from their respective acquisition dates. All intercompany accounts and transactions have been eliminated in consolidation.

We round amounts in the Financial Statements to thousands, except per unit or per share amounts or as otherwise stated. We calculate all percentages, per-unit, and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding. Unless otherwise indicated, all references to years are to our fiscal year, which ends on December 31.

Use of Estimates

The preparation of condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts. We base our estimates on historical experience, known or expected trends, independent valuations, and various other measurements that we believe to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

Liquidity

As reflected in the Financial Statements, the Company had an accumulated deficit as of March 31, 2022 and December 31, 2021, as well as a net loss for the three months ended March 31, 2022 and 2021, and negative cash flows from operating activities during the three months ended March 31, 2022 and 2021, which are indicators that raise substantial doubt of our ability to continue as a going concern. Management believes that substantial doubt of our ability to continue as a going concern for at least one year from the issuance of these Financial Statements has been alleviated due to: (i) cash on hand and (ii) continued growth of sales and gross profit from our consolidated operations. Management plans to continue to access capital markets for additional funding through debt and/or equity financings to supplement future cash needs, as may be required. However, management cannot provide any assurances that the Company will be successful in accomplishing its business plans. If the Company is unable to raise additional capital whenever necessary, it may be forced to decelerate or curtail certain of its operations until such time as additional capital becomes available.

Cash and Cash Equivalents and Restricted Cash

As of March 31, 2022 and December 31, 2021, we did not hold significant restricted cash or cash equivalents.

Fair Value of Financial Instruments

During the three months ended March 31, 2022 and 2021, we had no transfers of assets or liabilities between any of the hierarchy levels.

In addition to assets and liabilities that are measured at fair value on a recurring basis, we are also required to measure certain assets at fair value on a non-recurring basis that are subject to fair value adjustments in specific circumstances. These assets can include: goodwill; intangible assets; property and equipment; and lease related right-of use assets. We estimate the fair value of these assets using primarily unobservable Level 3 inputs.

Basic and Diluted Loss per Share

The Company computes earnings (loss) per share (“EPS”) using the two-class method required for multiple classes of common stock. The rights, including the liquidation and dividend rights, of the Class A common stock and Class B common stock are substantially identical, except for voting and conversion rights. As the liquidation and dividend rights are identical, undistributed earnings are allocated on a proportionate basis to each class of common stock and the resulting basic and diluted net loss per share attributable to common stockholders are, therefore, the same for both Class A and Class B common stock on both an individual and combined basis. EPS and weighted-average shares outstanding for the three months ended March 31, 2022 and 2021 have been computed on the basis of treating the historical common unit equivalents previously outstanding as shares of Class A common stock, as such historical units converted into shares of Class A common stock in the Conversion.

Basic EPS is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted EPS reflects potential dilution and is computed by dividing net loss by the weighted average number of common shares outstanding during the period increased by the number of additional common

shares that would have been outstanding if all potential common shares had been issued and were dilutive. However, potentially dilutive securities are excluded from the computation of diluted EPS to the extent that their effect is anti-dilutive. Potential dilutive securities in the current year include incremental shares of common stock issuable upon the exercise of warrants, unvested restricted stock awards, unvested restricted stock units, and outstanding stock options. Potential dilutive securities in the prior year include incremental shares of common stock issuable upon the exercise of warrants, unvested restricted stock awards, and the conversion of convertible notes. At March 31, 2022 and 2021, 11,447 and 47,187 shares of common stock equivalents, respectively, were excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive.

Shares of restricted stock granted by us are considered to be legally issued and outstanding as of the date of grant, notwithstanding that the shares remain subject to the risk of forfeiture if the vesting conditions for such shares are not met, and are included in the number of shares of Class A common stock outstanding disclosed on the cover page of this Quarterly Report on Form 10-Q. Weighted-average common shares outstanding excludes time-based and performance-based unvested shares of restricted Class A common stock, as restricted shares are treated as issued and outstanding for financial statement presentation purposes only after such shares have vested and, therefore, have ceased to be subject to a risk of forfeiture.

Recently Adopted Accounting Standards

Debt

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. ASU 2020-06 became effective for us on January 1, 2022 and did not have a significant impact on our consolidated financial statements.

Modification or Exchanges of Freestanding Equity-Classified Written Call Options

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt – Modifications and Extinguishments (Subtopic 470-50), Compensation – Stock Compensation (Topic 718), and Derivatives and Hedging – Contracts in an Entity's Own Equity (Subtopic 815-40): Issuer's Accounting For Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options,* ("ASU 2021-04"). ASU 2021-04 provides clarification and reduces diversity in an issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call options, such as warrants, that remain equity classified after modification or exchange. ASU 2021-04 became effective for us on January 1, 2022 and did not have a significant impact on our consolidated financial statements

Recently Issued Accounting Pronouncements

The following standards have been recently issued by the FASB. Pronouncements that are not applicable to the Company or where it has been determined do not have a significant impact on us have been excluded herein.

Financial Instruments

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, ("ASU 2016-13"). ASU 2016-13 replaces the existing guidance surrounding measurement and recognition of credit losses on financial assets measured at amortized cost, including trade receivables and investments in certain debt securities, by requiring recognition of an allowance for credit losses expected to be incurred over an asset's life based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectability. This current expected credit losses ("CECL") model will result in earlier recognition of credit losses than the current "as incurred" model, under which losses are recognized only upon the occurrence of an event that gives rise to the incurrence of a probable loss.

ASU 2019-05, *Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief*, was issued in May 2019 to provide target transition relief allowing entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets previously measured at amortized cost (except held-to-maturity securities) using the fair value option.

ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*, was issued in November 2019 to clarify, improve, and amend certain aspects of ASU 2016-13, such as disclosures related to accrued interest receivables and the estimation of credit losses associated with financial assets secured by collateral.

ASU 2020-03, *Codification Improvements to Financial Instruments*, was issued in March 2020 to improve and clarify various financial instruments topics, including the CECL standard issued in 2016. The ASU includes seven different issues that describe the areas of improvement and the related amendments to U.S. GAAP, intended to make the standards easier to understand and apply by eliminating inconsistencies and providing clarifications. Certain amendments contained within this update were effective upon issuance and had no material impact on our Financial Statements.

The amendments related to ASU 2019-05 and ASU 2016-13 will be adopted in conjunction with ASU 2016-13. ASU 2016-13 and its related ASUs are effective for us beginning January 1, 2023. We are currently evaluating the impact of this guidance on our consolidated financial statements.

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This guidance was effective upon issuance as of March 12, 2020 and may be adopted as reference rate reform activities occur through December 31, 2022. We have not yet applied any of the expedients and exceptions and do not expect this guidance to have a material impact on our consolidated financial statements.

3. REPORTABLE SEGMENTS AND REVENUE

The Company operates under one operating segment, which is its only reportable segment: the production and sale of cannabis products. The Company prepares its segment reporting on the same basis that its Chief Operating Decision Maker manages the business and makes operating decisions. The Company's measure of segment performance is net income and derives its revenue primarily from the sale of cannabis products. All of the Company's operations are located in the United States.

Disaggregation of Revenue

The Company disaggregates its revenue from the direct sale of cannabis to customers as retail revenue and wholesale revenue. We have determined that disaggregating revenue into these categories best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

	Three Months Ended March 31,	
(in thousands)	**2022**	**2021**
Retail revenue	$ 63,290	$ 45,521
Wholesale revenue	37,933	30,342
	101,223	75,863
Elimination of inter-company revenue	(16,133)	(9,726)
Total revenue, net	$ 85,090	$ 66,137

Sales discounts were not material during the three months ended March 31, 2022 and 2021. The liability related to the loyalty program we offer dispensary customers at certain locations was $460 and $518 at March 31, 2022 and December 31, 2021, respectively, and is included in "Other current liabilities" on the accompanying unaudited Condensed Consolidated Balance Sheets. As of March 31, 2022 and December 31, 2021, the Company recorded $625 and $374, respectively, in allowance for doubtful accounts. Write-offs were not significant during the three months ended March 31, 2022 and 2021.

4. ACQUISITIONS

The Company has determined that the acquisitions discussed below are considered business combinations under ASC Topic 805, *Business Combinations*, ("ASC Topic 805") and are accounted for by applying the acquisition method, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results are included in the Financial Statements from the date of the acquisition.

The Company allocates the purchase price of each of its acquisitions to the assets acquired and liabilities assumed at fair value. The preliminary purchase price allocation for each acquisition reflects various preliminary fair value estimates and analyses, including certain tangible assets acquired and liabilities assumed, the valuation of intangible assets acquired, and goodwill, which are subject to change within the measurement period as preliminary valuations are finalized (generally one year from the acquisition date). Measurement period adjustments are recorded in the reporting period in which the estimates are finalized and adjustment amounts are determined.

2021 Acquisitions

Effective May 5, 2021 the Company completed the acquisition of the parent company of Hemma, LLC ("Hemma"), the owner of a medical cultivation site in Ohio. Effective October 1, 2021, the Company completed the acquisition of BCCO, LLC ("BCCO"), a medical dispensary license holder in Ohio. Additionally, effective December 22, 2021, the Company completed the acquisition of Ohio Cannabis Clinic, LLC ("OCC"), a medical dispensary license holder in Ohio.

During the three months ended March 31, 2022, we recorded a measurement period purchase accounting adjustment of $51 related to the OCC acquisition for the final working capital adjustment, with a related impact to goodwill.

Financial and Pro Forma Information

The following table summarizes the revenue and net (loss) income related to Hemma, BCCO, and OCC that is included in our consolidated results for the three months ended March 31, 2022.

	Three Months Ended March 31, 2022		
(in thousands)	**Hemma**	**BCCO**	**OCC**
Revenue, net	$ 144	$ 1,779	$ 1,374
Net (loss) income	(290)	338	204

Pro forma financial information is not presented for Hemma, BCCO, or OCC as such results are immaterial, individually and in aggregate, to both the current and prior period.

5. INVENTORY

The components of inventory are as follows:

(in thousands)	March 31, 2022	December 31, 2021
Materials and supplies	$ 14,488	$ 8,899
Work in process	38,874	28,235
Finished goods	24,871	28,454
Total	$ 78,233	$ 65,588

Total compensation expense capitalized to inventory was $13,134 and $6,363 during the three months ended March 31, 2022 and 2021, respectively. At March 31, 2022 and December 31, 2021, $12,723 and $8,571, respectively, of compensation expense remained capitalized as part of inventory.

6. NOTES RECEIVABLE

(in thousands)	March 31, 2022	December 31, 2021
MMNY - working capital loan[(1)]	$ 2,422	$ 2,422
Marichron - note receivable[(2)]	1,500	1,500
Marichron - working capital loan[(2)]	229	78
Other[(3)]	1,349	500
Total	$ 5,500	$ 4,500

(1) On February 25, 2021, the Company entered into a working capital advance agreement with MedMen NY, Inc. (“MMNY”), an unrelated third party, in conjunction with an Investment Agreement (as defined in Note 15, “Commitments and Contingencies”). The working capital advance agreement allows for initial maximum borrowings of up to $10,000, which may be increased to $17,500, and was issued to provide MMNY with additional funding for operations in conjunction with the Investment Agreement. Borrowings do not bear interest, but may be subject to a financing fee. The outstanding balance is due and payable at the earlier of the initial closing of the Investment Agreement or, if the Investment Agreement is terminated, three business days following such termination. Additional borrowing requests are at the Company’s discretion.

(2) In April 2019, the Company issued a $1,500 promissory note to Marichron Pharma LLC (“Marichron”), an unrelated third party, with a stated interest rate of 12% per year. The Company also entered into a working capital line of credit with Marichron, allowing for maximum borrowings of $1,000. The promissory note and working capital line of credit were issued in conjunction with a unit purchase option agreement that the parties entered into during 2019 and were issued to provide Marichron with additional funding for operations. The note, as amended, matures at the earlier of the definitive closing of the unit purchase option agreement or December 31, 2022. The Company expects to submit a license transfer application to the state during 2022 and may settle the outstanding balances as part of the purchase price at closing following state approval.

(3) In November 2021, the Company issued a bridge loan to an unrelated third party that provides for maximum borrowings of up to $16,000 with an interest rate of 9% per annum. Repayment is due at maturity in November 2023 or upon an event of default (as defined in the bridge loan agreement). The Company has full discretion to approve additional borrowing requests under the agreement.

Additionally, a total of $4,299 is outstanding at March 31, 2022 related to a promissory note issued to the owner of a property the Company is leasing, of which $158 and $4,141 is included in “Other current assets” and “Other noncurrent assets,” respectively, on the unaudited Condensed Consolidated Balance Sheet. At December 31, 2021, $4,337 was outstanding, of which $156 and $4,181 is included in “Other current assets” and “Other noncurrent assets,” respectively, on the unaudited Condensed Consolidated Balance Sheet.

The Company has not identified any collectability concerns as of March 31, 2022 for the amounts due under notes receivable. No impairment losses on notes receivable were recognized during the three months ended March 31, 2022 or 2021.

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

(in thousands)	March 31, 2022	December 31, 2021
Leasehold improvements	$ 138,923	$ 103,976
Furniture, fixtures, and equipment	50,746	49,058
Buildings	45,249	45,663
Construction in progress	15,731	60,986
Land	1,802	1,302
Property and equipment, gross	252,451	260,985
Less: accumulated depreciation	26,322	21,329
Property and equipment, net	$ 226,129	$ 239,656

Total depreciation expense was $5,378 and $2,951 during the three months ended March 31, 2022 and 2021, respectively. Total depreciation expense capitalized to inventory was $4,208 and $1,956 during the three months ended March 31, 2022 and 2021, respectively. At March 31, 2022 and December 31, 2021, $3,541 and $2,070, respectively, of depreciation expense remained capitalized as part of inventory.

During the three months ended March 31, 2022, we recognized a loss of $946 related to the sale of a property, which is included in “General and administrative expenses” on the unaudited Condensed Consolidated Statement of Operations, and wrote-off $385 of accumulated depreciation.

8. VARIABLE INTEREST ENTITIES

A variable interest entity (“VIE”) is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured that such equity investors lack the ability to make significant decisions relating to the entity’s operations through voting rights or do not substantively participate in the gains or losses of the entity. The primary beneficiary has both the power to direct the activities of the VIE that most significantly impact the entity’s economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

We assess all variable interests in the entity and use our judgment when determining if we are the primary beneficiary. Other qualitative factors that are considered include decision-making responsibilities, the VIE capital structure, risk and rewards sharing, contractual agreements with the VIE, voting rights, and level of involvement of other parties. We assess the primary beneficiary determination for a VIE on an ongoing basis if there are any changes in the facts and circumstances related to a VIE.

Where we determine we are the primary beneficiary of a VIE, we consolidate the accounts of that VIE. The equity owned by other stockholders is shown as non-controlling interests in the accompanying unaudited Condensed Consolidated Balance Sheets, Statements of Operations, and Statements of Changes in Stockholders’ Equity. The assets of the VIE can only be used to settle obligations of that entity, and any creditors of that entity generally have no recourse to the assets of other entities or the Company unless the Company separately agrees to be subject to such claims.

The following tables present the summarized financial information about the Company’s consolidated VIE that is included in the unaudited Condensed Consolidated Balance Sheets as of March 31, 2022 and December 31, 2021 and in the unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2022 and 2021. This entity was determined to be a VIE since the Company possesses the power to direct the significant activities of the VIE and has the obligation to absorb losses or the right to receive benefits from the VIE.

	Ascend Illinois	
(in thousands)	March 31, 2022	December 31, 2021
Current assets	$ 112,537	$ 111,118
Other noncurrent assets	171,585	171,566
Current liabilities	69,127	71,264
Noncurrent liabilities	116,798	126,397
Equity	49,180	41,873

	Ascend Illinois	
	Three Months Ended March 31,	
(in thousands)	2022	2021
Revenue, net	$ 63,892	$ 54,738
Net income	7,298	7,094

9. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

(in thousands)	March 31, 2022	December 31, 2021
Finite-lived intangible assets		
Licenses and permits	$ 55,281	$ 55,281
In-place leases	19,963	19,963
Trade names	380	380
	75,624	75,624
Accumulated amortization:		
Licenses and permits	(6,836)	(5,415)
In-place leases	(11,107)	(10,558)
Trade names	(380)	(380)
	(18,323)	(16,353)
Total intangible assets, net	$ 57,301	$ 59,271

Amortization expense was $1,970 and $1,685 during the three months ended March 31, 2022 and 2021, respectively. Total amortization expense capitalized to inventory was $408 and $261 during three months ended March 31, 2022 and 2021, respectively. At March 31, 2022 and December 31, 2021, $702 and $502, respectively, of amortization expense remained capitalized as part of inventory.

No impairment indicators were noted during the three months ended March 31, 2022 or 2021 and, as such, we did not record any impairment charges during either period.

Goodwill

(in thousands)	
Balance, December 31, 2021	$ 42,967
Adjustments to purchase price allocation[(1)]	51
Balance, March 31, 2022	$ 43,018

(1) During the three months ended March 31, 2022, we recorded measurement period purchase accounting adjustments related to one of our 2021 acquisitions. See Note 4, “Acquisitions,” for additional information.

10. LEASES

The Company leases land, buildings, equipment, and other capital assets which it uses for corporate purposes and the production and sale of cannabis products. We determine if an arrangement is a lease at inception and begin recording lease activity at the commencement date, which is generally the date in which we take possession of or control the physical use of the asset. Right-of-use ("ROU") assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis. We use our incremental borrowing rate to determine the present value of future lease payments unless the implicit rate is readily determinable. Our incremental borrowing rate is the rate of interest we would have to pay to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment. This incremental borrowing rate is applied to the minimum lease payments within each lease agreement to determine the amounts of our ROU assets and lease liabilities.

Our lease terms range from 1 to 20 years. Some leases include one or more options to renew, with renewal terms that can extend the lease terms. We typically exclude options to extend the lease in a lease term unless it is reasonably certain that we will exercise the option and when doing so is at our sole discretion. The depreciable lives of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. Typically, if we decide to cancel or terminate a lease before the end of its term, we would owe the lessor the remaining lease payments under the term of such lease. Our lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. We may rent or sublease to third parties certain real property assets that we no longer use.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. ROU assets include amounts for scheduled rent increases and are reduced by lease incentive amounts. Certain of our lease agreements include variable rent payments, consisting primarily of rental payments adjusted periodically for inflation and amounts paid to the lessor based on cost or consumption, such as maintenance and utilities. Variable rent lease components are not included in the lease liability.

The components of lease assets and lease liabilities and their classification on our unaudited Condensed Consolidated Balance Sheets were as follows:

(in thousands)	Classification	March 31, 2022	December 31, 2021
Lease assets			
Operating leases	Operating lease right-of-use assets	$ 107,279	$ 103,958
Lease liabilities			
Current liabilities			
Operating leases	Operating lease liabilities, current	$ 3,606	$ 2,665
Noncurrent liabilities			
Operating leases	Operating lease liabilities, noncurrent	223,981	197,295
Total lease liabilities		$ 227,587	$ 199,960

The components of lease costs and classification within the unaudited Condensed Consolidated Statements of Operations were as follows:

	Three Months Ended March 31,	
(in thousands)	2022	2021
Operating lease costs		
Capitalized to inventory	$ 7,058	$ 4,494
General and administrative expenses	332	1,280
Total operating lease costs	$ 7,390	$ 5,774

At March 31, 2022 and December 31, 2021, $6,699 and $4,393, respectively, of lease costs remained capitalized in inventory. We recognized a gain of $128 during the three months ended March 31, 2022 related to the termination of two of our leases, which is included in "General and administrative expenses" on the unaudited Condensed Consolidated Statement of Operations.

The following table presents information on short-term and variable lease costs:

	Three Months Ended March 31,	
(in thousands)	**2022**	**2021**
Total short-term and variable lease costs	$ 1,206	$ 652

Sublease income generated during the three months ended March 31, 2022 and 2021 was immaterial.

The following table includes supplemental cash and non-cash information related to our leases:

	Three Months Ended March 31,	
(in thousands)	**2022**	**2021**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 6,829	$ 5,069
ROU assets obtained in exchange for new lease obligations		
Operating leases	$ 30,746	$ 11,442

The weighted-average remaining lease term for our real estate leases is 16.6 years and 15.8 years at March 31, 2022 and December 31, 2021, respectively, and the weighted-average discount rate is 14.8% and 12.7% at March 31, 2022 and December 31, 2021, respectively.

The amounts of future undiscounted cash flows related to the lease payments over the lease terms and the reconciliation to the present value of the lease liabilities as recorded on our unaudited Condensed Consolidated Balance Sheet as of March 31, 2022 are as follows:

(in thousands)	**Operating Lease Liabilities**
Remainder of 2022	$ 24,060
2023	33,028
2024	33,952
2025	34,903
2026	35,488
Thereafter	472,009
Total lease payments	633,440
Less: imputed interest	405,853
Present value of lease liabilities	$ 227,587

Lease Amendments

In March 2022, we amended the leases related to our Athol, Massachusetts and Lansing, Michigan cultivation facilities to increase the tenant improvement allowance for each, which resulted in increased rent amounts. We accounted for the amendments as lease modifications and remeasured each ROU asset and lease liability as of the amendment dates. The modifications resulted in a total additional tenant improvement allowance of $19,300, a reduction of $22,483 to total ROU assets, and a reduction of $3,183 to total lease liabilities.

Sale Leaseback Transactions

In February 2022, the Company sold and subsequently leased back one of its capital assets in Franklin, New Jersey for total proceeds of $35,400, excluding transaction costs. The transaction met the criteria for sale leaseback treatment. The lease was recorded as an operating lease and resulted in a lease liability of $33,707 and an ROU asset of $29,107, which was recorded net of a $4,600 tenant improvement allowance.

On June 29, 2021, a wholly owned subsidiary of the Company entered into a definitive agreement for the sale of certain real estate and related assets of a commercial property located in New Bedford, Massachusetts to a third-party for a total purchase price of $350, subject to certain adjustments. The closing is subject to certain conditions, including entering into an operating lease with the third-party. The Company anticipates this transaction will be accounted for either as a sale leaseback transaction or a finance liability, depending on the final lease terms.

The following table presents cash payments due under transactions that did not qualify for sale-leaseback treatment. The cash payments are allocated between interest and liability reduction, as applicable. The "sold" assets remain within land, buildings, and leasehold improvements, as appropriate, for the duration of the lease and a financing liability equal to the amount of proceeds received is recorded within "Long-term debt, net" on the accompanying unaudited Condensed Consolidated Balance Sheets.

(in thousands)	Remainder of 2022	2023	2024	2025	2026	Thereafter	Total
Cash payments due under financing liabilities	$ 1,567	$ 2,143	$ 2,206	$ 2,271	$ 2,338	$ 6,811	$ 17,336

11. DEBT

(in thousands)	March 31, 2022	December 31, 2021
2021 Credit Facility[1]	$ 210,000	$ 210,000
Sellers' Notes[2]	13,493	39,116
Finance liabilities	17,750	17,750
Total debt	$ 241,243	$ 266,866
Current portion of debt	$ 11,140	$ 27,980
Less: unamortized deferred financing costs	33	40
Current portion of debt, net	$ 11,107	$ 27,940
Long-term debt	$ 230,103	$ 238,886
Less: unamortized deferred financing costs	7,510	8,040
Long-term debt, net	$ 222,593	$ 230,846

(1) On August 27, 2021, the Company entered into a credit agreement with a group of lenders (the "2021 Credit Agreement") that provides for a term loan of $210,000 (the "2021 Credit Facility"), which was borrowed in full. The 2021 Credit Facility matures on August 27, 2025 and does not require scheduled principal amortization payments. Borrowings under the 2021 Credit Facility bear interest at a rate of 9.5% per annum, payable quarterly and, as to any portion of the term loan that is prepaid, on the date of prepayment. We incurred total financing costs of $8,806, that are being amortized to interest expense over the term of 2021 Credit Facility using the straight-line method which approximates the interest rate method.

Mandatory prepayments are required from proceeds of certain events, including the proceeds of indebtedness that is not permitted under the agreement and asset sales and casualty events, subject to customary reinvestment rights. The Company may prepay the 2021 Credit Facility at any time, subject to a customary make-whole payment or prepayment penalty, as applicable. Once repaid, amounts borrowed under the 2021 Credit Facility may not be re-borrowed. The 2021 Credit Agreement permits the company to request an extension of the maturity date for 364 days, in the lenders' discretion, and to

increase the 2021 Credit Facility up to $275,000 if the then-existing lenders (or other lenders) agree to provide such additional term loans.

The Company is required to comply with two financial covenants under the 2021 Credit Agreement. The Company may not permit its liquidity (defined as unrestricted cash and cash equivalents pledged under the 2021 Credit Facility plus any future revolving credit availability) to be below $20,000 as of the last day of any fiscal quarter. Additionally, the Company may not permit the ratio of Consolidated EBITDA (as defined in the 2021 Credit Agreement) to consolidated cash interest expense for any period of four consecutive fiscal quarters to be less than 2.25:1.00 for the period ending March 31, 2022, and less than 2.50:1.00 for the period ending June 30, 2022 and thereafter. The Company has a customary equity cure right for each of these financial covenants. The Company is in compliance with these covenants as of March 31, 2022.

The 2021 Credit Agreement requires the Company to make certain representations and warranties and to comply with customary covenants, including restrictions on the payment of dividends, repurchase of stock, incurrence of indebtedness, dispositions, and acquisitions. The 2021 Credit Agreement also contains customary events of default including: non-payment of principal or interest; violations of covenants; bankruptcy; change of control; cross defaults to other debt; and material judgments. The 2021 Credit Facility is guaranteed by all of the Company's subsidiaries and is secured by substantially all of the assets of the Company and its subsidiaries.

(2) Sellers' Notes consist of amounts owed for acquisitions or other purchases. During the three months ended March 31, 2022, we repaid $24,839 to the former owners of two entities that we previously acquired, which is included in "Current portion of debt, net" on the unaudited Condensed Consolidated Balance Sheet at December 31, 2021. A total of $8,000 remains due to the former owners of one entity that we previously acquired, which is included on the unaudited Condensed Consolidated Balance Sheets under the caption "Current portion of debt, net" at March 31, 2022 and Long-term debt, net" at December 31, 2021.

Additionally, at March 31, 2022, $5,493 remains due under the purchase of a non-controlling interest, of which $3,140 and $2,353 is included in "Current portion of debt, net" and "Long-term debt, net" respectively on the unaudited Condensed Consolidated Balance Sheet. At December 31, 2021, $3,140 and $3,136 is included in "Current portion of debt, net" and "Long-term debt, net" respectively.

Debt Maturities

During the three months ended March 31, 2022, we repaid $24,839 of sellers' notes related to two previous acquisitions and $786 of sellers' notes related to the former owners of a previous non-controlling interest.

At March 31, 2022, the following cash payments are required under our debt arrangements:

(in thousands)	Remainder of 2022	2023	2024	2025	2026	Total
Sellers' notes[1]	$ 2,357	$ 11,143	$ —	$ —	$ —	$ 13,500
Term note maturities	—	—	—	210,000	—	210,000

(1) Certain cash payments include an interest accretion component.

Interest Expense

Interest expense during 2022 and 2021 consisted of the following:

	Three Months Ended March 31,	
(in thousands)	2022	2021
Cash interest	$ 4,943	$ 3,426
Accretion	573	3,412
Interest on financing liability[1]	515	499
Total	$ 6,031	$ 7,337

(1) Interest on financing liability related to failed sale leaseback transactions. See Note 10, "Leases," for additional details.

12. STOCKHOLDERS' EQUITY

Following the Conversion, the Company has authorized 750,000 shares of Class A common stock with a par value of $0.001 per share, 100 shares of Class B common stock with a par value of $0.001 per share, and 10,000 shares of preferred stock with a par value of $0.001 per share.

Holders of each share of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to 1,000 votes per share. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law or our certificate of incorporation. Each share of Class B common stock is convertible at any time into one share of Class A common stock at the option of the holder. In addition, each share of Class B common stock will automatically convert into one share of Class A common stock on May 4, 2026, the final conversion date. Each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers described in our certificate of incorporation, including, without limitation, transfers for tax and estate planning purposes, so long as the transferring holder of Class B common stock continues to hold exclusive voting and dispositive power with respect to any such transferred shares. Once converted into a share of Class A common stock, a converted share of Class B common stock will not be reissued, and following the conversion of all outstanding shares of Class B common stock, no further shares of Class B common stock will be issued.

Subject to preferences that may apply to any shares of preferred stock outstanding at the time and any contractual limitations, such as our credit agreements, the holders of our common stock will be entitled to receive dividends out of funds then legally available, if any, if our board of directors (the "Board"), in its discretion, determines to issue dividends and then only at the times and in the amounts that our Board may determine. If a dividend is paid in the form of a Class A common stock or Class B common stock, then holders of Class A common stock shall receive Class A common stock and holders of Class B common stock shall receive Class B common stock.

In the event of a liquidation, dissolution, or winding up, holders of Class A common stock and Class B common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

In the event of any change of control transaction in respect of the Company, shares of our Class A common stock and Class B common stock shall be treated equally, ratably, and identically, on a per share basis, with respect to any consideration into which such shares are converted or any consideration paid or otherwise distributed to stockholders of the Company, unless different treatment of the shares of each class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A common stock and Class B common stock, each voting separately as a class.

Immediately prior to the Conversion, the Company was authorized to issue Common Units, Preferred Units, and Restricted Common Units (see Note 13, "Equity-Based Compensation Expense"), all with no par value. Preferred Units collectively included Series Seed Preferred Units, Series Seed+ Preferred Units, and Real Estate Preferred Units, unless otherwise specified. These share classes are included within "Additional Paid-In Capital" in the unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity on an as-converted to historical common units basis. In conjunction with the Conversion, each historical common unit then-outstanding converted into one share of Class A common stock, except 65 units that were allocated to shares of Class B common stock.

On May 4, 2021, the Company completed an IPO of its Class A common stock, in which it issued and sold 10,000 shares of Class A common stock at a price of $8.00 per share. On May 7, 2021, the underwriters exercised their over-allotment option in full and we issued and sold an additional 1,500 shares of Class A common stock. We received total net proceeds of approximately $86,065 after deducting underwriting discounts and commissions and certain other direct offering expenses paid by us. In conjunction with the IPO, each Real Estate Preferred Unit converted into Class A common stock at a rate of one plus 1.5x, divided by the IPO price of $8.00 per share, for a total of 26,221 shares of Class A common stock. The additional 3,420 shares issued per the conversion feature was considered a contingent beneficial conversion feature and was recognized when the conversion event occurred and the contingency was resolved, for a total non-cash interest charge of $27,361. Each Series Seed Preferred Unit and Series Seed+ Preferred Unit converted into shares of Class A common stock on a one-for-one basis. Additionally, the then-outstanding convertible promissory notes, plus accrued interest, converted into a total of 37,388 shares of Class A common stock.

The following table summarizes the total shares of Class A common stock and Class B common stock outstanding as of March 31, 2022 and December 31, 2021:

(in thousands)	March 31, 2022	December 31, 2021
Shares of Class A common stock	174,392	171,521
Shares of Class B common stock	65	65
Total	174,457	171,586

Warrants

The following table summarizes the warrants activity during the quarter ended March 31, 2022:

	Number of Warrants *(in thousands)*[1]	Weighted-Average Exercise Price	Weighted-Average Remaining Exercise Period *(years)*	Aggregate Intrinsic Value *(in thousands)*[2]
Outstanding, December 31, 2021	3,531	$ 4.00	2.0	$ 9,216
Outstanding, March 31, 2022	3,531	$ 4.00	1.8	$ 71

(1) In conjunction with the Conversion, the holders of warrants to acquire 3,531 common units at an exercise price of $4.00 received warrants to acquire an equal number of shares of Class A common stock.

(2) Based on the amount by which the closing market price of our Class A common stock exceeds the exercise price on each date indicated.

The warrants outstanding as of March 31, 2022 are equity-classified instruments, are subject to customary anti-dilution adjustments, are stand-alone instruments, and are not part of the terms of the notes to which they were originally issued. The warrants had an estimated total fair value of $237 at issuance, which was calculated using a Black-Scholes model. The fair value per warrant ranged from $0.02 to $0.10 and significant assumptions used in the calculation included volatility ranging from 69.2% to 108.4% and risk-free rates ranging from 0.17% to 2.17%.

13. EQUITY-BASED COMPENSATION EXPENSE

Equity Incentive Plans

The Company adopted an incentive plan in November 2020 (the "2020 Plan") which authorized the issuance of incentive common unit options and restricted common units (collectively, "Awards"). The maximum number of Awards to be issued under the 2020 Plan is 10,031 and any Awards that expire or are forfeited may be re-issued. A total of 9,994 Awards had been issued under the plan as of March 31, 2022. The Awards generally vest over two or three years. The estimated fair value of the Awards at issuance is recognized as compensation expense over the related vesting period.

In conjunction with the Conversion, the holders of the restricted common units issued under the 2020 Plan received one restricted share of Class A common stock (a "Restricted Common Share") for each restricted common unit held immediately prior to the Conversion.

The following table summarizes the restricted common shares activity during the three months ended March 31, 2022:

	Restricted Common Shares
Unvested, December 31, 2021	1,653
Vested	(866)
Forfeited	(12)
Unvested, March 31, 2022	775

As of March 31, 2022, total unrecognized compensation cost related to the restricted common shares was $206, which is expected to be recognized over a weighted-average remaining vesting period of 0.5 years.

In July 2021, the Company adopted a new stock incentive plan (the "2021 Plan"), pursuant to which 17,000 shares of Class A common stock are reserved for issuance thereunder, subject to certain adjustments and other terms. Following the adoption of the 2021 Plan, no additional awards are expected to be issued under the 2020 Plan. The 2021 Plan authorized the issuance of stock options, stock appreciation rights ("SAR Awards"), restricted stock awards ("RSAs"), restricted stock units ("RSUs"), and other stock-based awards (collectively the "2021 Plan Awards"). Any 2021 Plan Awards that expire or are forfeited may be re-issued. The estimated fair value of the 2021 Plan Awards at issuance is recognized as compensation expense over the related vesting, exercise, or service periods, as applicable. As of March 31, 2022, there were 6,546 shares of Class A common stock available for grant for future equity-based compensation awards under the 2021 Plan. Activity related to awards issued under the 2021 Plan is further described below. As of March 31, 2022, no SAR Awards and no RSAs have been granted under the 2021 Plan.

Stock Options

The following table summarizes stock option activity during the three months ended March 31, 2022:

	Options Outstanding			
(in thousands, except per share amounts)	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value[(1)]
Outstanding, December 31, 2021	—	$ —	—	$ —
Granted	1,331	$ 4.10		
Outstanding, March 31, 2022	1,331	$ 4.10	5.0	$ —
Exercisable at March 31, 2022	—	$ 4.10	5.0	$ —

(1) Based on the amount by which the closing market price of our Class A common stock exceeds the exercise price on each date indicated.

No options were exercised during the three months ended March 31, 2022. As of March 31, 2022, total unrecognized stock-based compensation expense related to unvested options was $2,590, which is expected to be recognized over a weighted-average remaining vesting period of 2.5 years.

We determine the fair value of stock options on the grant date using a Black-Scholes option pricing model. The fair value of stock options granted during the three months ended March 31, 2022 was calculated on the date of grant using the following weighted-average assumptions:

	Three Months Ended March 31, 2022
Risk-free interest rate	2.6 %
Expected term (years)	3.75
Dividend yield	0 %
Expected volatility	70.0 %

Using the Black-Scholes option pricing model, the weighted-average fair value of stock options granted during the three months ended March 31, 2022 was $1.97 per share.

Restricted Stock Units

The following table summarizes the RSU activity during the three months ended March 31, 2022:

	Number of Shares *(in thousands)*	Weighted-Average Grant Date Fair Value per Share
Unvested, December 31, 2021	6,329	$ 10.48
Granted	3,238	3.87
Vested[(1)]	(3,265)	6.28
Forfeited	(498)	6.09
Unvested, March 31, 2022	5,804	$ 9.36

(1) Includes 1,260 vested shares that were withheld to cover tax obligations and were subsequently canceled.

As of March 31, 2022, total unrecognized compensation cost related to the RSUs was $51,392, which is expected to be recognized over a weighted-average remaining vesting period of 2.0 years.

Compensation Expense by Type of Award

The following table details the equity-based compensation expense by type of award for the periods presented:

	Three Months Ended March 31,	
(in thousands)	**2022**	**2021**
RSUs[(1)]	$ 5,533	$ —
Restricted Common Shares	155	2,487
Stock Options	27	—
Total equity-based compensation expense	$ 5,715	$ 2,487

(1) Includes RSUs issued for the 2021 annual performance bonus, which is included in “Accounts payable and accrued liabilities” on the unaudited Condensed Consolidated Balance Sheet at December 31, 2021. These RSUs vested at issuance with a value of $7,959, which reflects a change in estimate of $632 that is included as a reduction to equity-based compensation expense and is included within “General and administrative expenses” on the unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2022.

Of the total equity-based compensation expense, $3,211 was capitalized to inventory during the three months ended March 31, 2022 and $4,030 and $4,814 remains capitalized as of March 31, 2022 and December 31, 2021, respectively. No equity-based compensation expense was capitalized during the three months ended March 31, 2021. During the three months ended March 31, 2022 and 2021, we recognized $2,504 and $2,487, respectively, within "General and administrative expenses" and $3,995 and none, respectively, within "Cost of goods sold" on the unaudited Condensed Consolidated Statements of Operations.

Employee Stock Purchase Plan

In July 2021, the Company also adopted an employee stock purchase plan (the "2021 ESPP"), pursuant to which 4,000 shares of Class A common stock are reserved for issuance thereunder, subject to certain adjustments and other terms. No shares have been issued under the 2021 ESPP as of March 31, 2022.

14. INCOME TAXES

	Three Months Ended March 31,	
($ in thousands)	**2022**	**2021**
Loss before income taxes	$ (20,708)	$ (39,247)
Income tax expense	7,107	8,976
Effective tax rate	(34.3)%	(22.9)%
Gross profit	$ 23,447	$ 29,667
Effective tax rate on gross profit	30.3 %	30.3 %

Since the Company operates in the cannabis industry, it is subject to the limitations of Internal Revenue Code ("IRC") Section 280E, which prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting ordinary and necessary business expenses from gross profit. Cannabis businesses operating in states that align their tax codes with IRC Section 280E are also unable to deduct ordinary and necessary business expenses for state tax purposes. Ordinary and necessary business expenses deemed non-deductible under IRC Section 280E are treated as permanent book-to-tax differences. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss. As such, the effective tax rate for the three months ended March 31, 2022 varies from the effective tax rate for the three months ended March 31, 2021 due to the tax-effected change in nondeductible expenses under IRC Section 280E as a proportion of pre-tax loss during the period.

The Company's quarterly tax provision is calculated under the discrete method which treats the interim period as if it were the annual period and determines the income tax expense or benefit on that basis. The discrete method is applied when application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The Company believes, at this time, the use of this discrete method is more appropriate than the annual effective tax rate method due to the high degree of uncertainty in estimating annual pre-tax income due to the early growth stage of the business.

15. COMMITMENTS AND CONTINGENCIES

Commitments

The Company does not have significant future annual commitments, other than related to leases and debt, which are disclosed in Notes 10 and 11, respectively.

As of March 31, 2022, we entered into agreements to purchase one property in New York and one property in New Jersey for a combined total purchase price of $18,100, subject to closing adjustments. The closing of each property is expected during 2022, but each is dependent on certain conditions, including inspection.

In conjunction with the OCC acquisition (see Note 4, "Acquisitions") in December 2021, the Company entered into a supply agreement with a producer and supplier of medical marijuana products in Ohio (the "Ohio Supply Agreement") with an initial expiration date of August 2028. Under the Ohio Supply Agreement, the Company will purchase products from the supplier that results in 7.5% of the Company's monthly gross sales of all products in its Ohio dispensaries for the first five years, and 5% for the remaining term. The Company can establish the selling price of the products and the purchases are made at the lowest then-prevailing wholesale market price of products sold by the supplier to other dispensaries in Ohio.

Legal and Other Matters

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in compliance with applicable local and state regulations as of March 31, 2022, cannabis regulations continue to evolve and are subject to differing interpretations, and accordingly, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

State laws that permit and regulate the production, distribution, and use of cannabis for adult use or medical purposes are in direct conflict with the Controlled Substances Act (21 U.S.C. § 811) (the "CSA"), which makes cannabis use and possession federally illegal. Although certain states and territories of the United States authorize medical and/or adult use cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under the CSA. Although the Company's activities are believed to be compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

The Company may be, from time to time, subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. Contingent liabilities associated with legal proceedings are recorded when a liability is probable and the contingent liability can be estimated. We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. At March 31, 2022 there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on our consolidated results of operations, other than as disclosed below.

Stockholder Dispute

On May 28, 2021, Senvest Management, LLC, Hadron Capital (Cayman) LTD., and Measure8 Venture Partners, LLC (collectively, the "Claimants"), as former holders of convertible notes issued and sold by the Company (the "AWH Convertible Promissory Notes") pursuant to the Company's convertible note purchase agreement dated as of June 12, 2019 (the "2019 Convertible Note Purchase Agreement"), filed an arbitration demand, which was subsequently amended on July 28, 2021 (the "Arbitration Demand"), against the Company and its Chief Executive Officer, Abner Kurtin, before the American Arbitration Association. In their Arbitration Demand, the Claimants take issue with the April 22, 2021 amendment of the terms of the 2019 Convertible Note Purchase Agreement (the "Amended Notes Consent"), which was approved by holders of approximately 66% of the principal amount of the AWH Convertible Promissory Notes, in excess of the simple majority required to amend the AWH Convertible Promissory Notes. The Amended Notes Consent set the conversion price of the AWH Convertible Promissory Notes at $2.96 per share. The Claimants alleged that the Amended Notes Consent was obtained improperly and is void. The Company disputed the Claimants' allegations and contended that the Amended Notes Consent was properly obtained in accordance with the terms of the AWH Convertible Promissory Notes and 2019 Convertible Note Purchase Agreement and the Amended Notes Consent was binding on all holders of the AWH Convertible Promissory Notes.

The Company, Mr. Kurtin, and the Claimants entered into a settlement agreement, dated April 29, 2022, whereby the Company agreed to pay the Claimants a total of $5,000. This amount is included within "Settlement expense" on the unaudited Condensed Consolidated Statements of Operations in the Financial Statements for the three months ended March 31, 2022 and within "Accounts payable and accrued liabilities" on the unaudited Condensed Consolidated Balance Sheet at March 31, 2022. The settlement was subsequently paid in May 2022.

MedMen NY Litigation

On February 25, 2021, the Company entered into a definitive investment agreement (the "Investment Agreement") with subsidiaries of MedMen Enterprises Inc. ("MedMen"), under which we would have, subject to regulatory approval, completed an investment (the "Investment") of approximately $73,000 in MedMenNY, Inc. ("MMNY"), a licensed medical cannabis operator in the State of New York. Following the completion of the transactions contemplated by the Investment Agreement, we were expected to hold all the outstanding equity of MMNY. Specifically, the Investment Agreement provides that at closing, the Company was going to pay to MedMen's senior lenders $35,000, less certain transaction costs and a prepaid deposit of $4,000, and AWH New York, LLC was going to issue a senior secured promissory note in favor of MMNY's senior secured lender in the principal amount of $28,000, guaranteed by AWH, which cash investment and note would be used to reduce the amounts owed to MMNY's senior secured lender. Following its investment, AWH would hold a controlling interest in MMNY equal to approximately 86.7% of the equity in MMNY, and be provided with an option to acquire MedMen's remaining interest in MMNY in the future for a nominal additional payment, which option the Company intended to exercise. The Investment Agreement also required AWH to make an additional investment of $10,000 in MMNY, which investment would also be used to repay MMNY's senior secured lender, if adult-use cannabis sales commenced in MMNY's dispensaries.

The Company contends that, in December 2021, the parties to the Investment Agreement received the required approvals from the State of New York to close the transactions contemplated by the Investment Agreement, but MedMen has disputed the adequacy of the approvals provided by the State of New York. The Company delivered notice to MedMen in December 2021 that it wished to close the transactions promptly as required by the Investment Agreement. Nevertheless, MedMen, on January 2, 2022, gave notice to the Company that MedMen purported to terminate the Investment Agreement.

Following receipt of such notice, on January 13, 2022, the Company filed a complaint against MedMen and others in the Commercial Division of the Supreme Court of the State of New York, requesting specific performance that the transactions contemplated by the Investment Agreement must move forward, and such other relief as the court may deem appropriate. On January 24, 2022, MedMen filed an answer and counterclaims against the Company (the "Counterclaims"). On February 14, 2022, the Company filed an amended complaint, not only seeking specific performance but also damages related to MedMen's breaches of the Investment Agreement. On that same day, the Company also filed a motion to dismiss the Counterclaims. On March 7, 2022, MedMen filed an amended answer and counterclaims against the Company. On March 28, 2022, the Company moved to dismiss MedMen's amended counterclaims.

On May 10, 2022, the Company and MedMen signed a term sheet to settle the matter. The parties agreed to amend certain terms in the Investment Agreement, the Company agreed to pay MedMen $15,000 in additional transaction consideration, and MedMen agreed to withdraw its counterclaims against the Company. Per the amended transaction terms, upon closing, the Company will receive a 99.99% controlling interest of MMNY and the Company will pay MedMen $74,000, which reflects the original transaction consideration plus an additional $11,000 per the parties' term sheet. The Company has already paid $4,000 as a deposit. The Company will make a subsequent payment of $14,000 upon the first sale of recreational cannabis in a MMNY dispensary, which reflects the initial transaction earn-out of $10,000 plus an additional $4,000. MedMen will be responsible for a $35,000 break fee if the parties do not close within thirty (30) days of the execution of the settlement agreement and amended Investment Agreement. The break fee shall be in addition to all other applicable equitable and legal remedies, including specific performance. There will be no additional earn-outs and no assumption of debt.

16. RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the three months ended March 31, 2022.

17. SUPPLEMENTAL INFORMATION

The following table presents supplemental information regarding our other current assets:

(in thousands)	March 31, 2022	December 31, 2021
Prepaid expenses	$ 6,616	$ 7,508
Deposits and other receivables	4,741	5,177
Tenant improvement allowance	3,439	2,507
Construction deposits	2,132	3,263
Other	5,723	6,376
Total	$ 22,651	$ 24,831

The following table presents supplemental information regarding our accounts payable and accrued liabilities:

(in thousands)	March 31, 2022	December 31, 2021
Accounts payable	$ 18,041	$ 5,536
Fixed asset purchases	10,695	15,682
Accrued payroll and related expenses	6,604	11,760
Litigation settlement	5,000	5,480
Other	6,431	6,809
Accrued interest	—	187
Total	$ 46,771	$ 45,454

The following table presents supplemental information regarding our general and administrative expenses:

	Three Months Ended March 31,	
(in thousands)	2022	2021
Compensation	$ 14,500	$ 10,052
Rent and utilities	5,986	5,433
Professional services	5,864	3,917
Depreciation and amortization	2,732	2,419
Insurance	1,339	861
Marketing	675	534
Loss on sale of assets	818	—
Other	1,313	1,930
Total	$ 33,227	$ 25,146

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events to determine if events or transactions occurring through the filing date of this Quarterly Report on Form 10-Q require adjustment to or disclosure in the Company's Financial Statements. There were no events that require adjustment to or disclosure in the Financial Statements, except as disclosed.

Effective April 19, 2022, the Company acquired Story of PA CR, LLC ("Story"). Total consideration for the acquisition of the outstanding equity interests in Story was approximately $53,100, consisting of 12,900 shares of Class A common stock with a fair value of approximately $42,900 and cash consideration of approximately $10,200. Story received a clinical registrant permit from the Pennsylvania Department of Health on March 1, 2022. Through a research collaboration agreement with the Geisinger Commonwealth School of Medicine ("Geisinger"), a Pennsylvania Department of Health-Certified Medical Marijuana Academic Clinical Research Center, Story intends to open a cultivation and processing facility and up to six medical dispensaries throughout the Commonwealth of Pennsylvania. The Company will help fund clinical research to benefit the patients of Pennsylvania by contributing $30,000 to Geisinger over the next two years (of which $15,000 was funded in April 2022), and up to an additional $10,000 over the next ten years. The Company is evaluating the accounting impact of the transaction, but expects the transaction will be accounted for as an asset purchase.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following management discussion and analysis, which we refer to as the "MD&A", of the financial condition and results of operations of Ascend Wellness Holdings, Inc. (the "Company," "AWH," or "Ascend") is for the three months ended March 31, 2022 and 2021. It is supplemental to, and should be read in conjunction with, the unaudited condensed consolidated financial statements, and the accompanying notes thereto, (the "Financial Statements") appearing elsewhere in this Quarterly Report on Form 10-Q (the "Quarterly Report" or "Form 10-Q") and our Annual Report on Form 10-K for the year ended December 31, 2021 (the "Annual Report"), which has been filed with the United States Securities and Exchange Commission ("SEC") and with the relevant Canadian securities regulatory authorities under its profile on the System for Electronic Document Analysis and Retrieval ("SEDAR"). The Financial Statements and Annual Report were prepared in accordance with accounting principles generally accepted in the United States of America, which we refer to as "GAAP."

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Financial Statements. In addition to historical information, the discussion in this section contains forward-looking statements and forward-looking information (collectively, "forward-looking information") that involve risks and uncertainties. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans," "expects," "does not expect," "proposed," "is expected," "budgets," "scheduled," "estimates," "forecasts," "intends," "anticipates," "does not anticipate," "believes," or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events, or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. Forward-looking information is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those or implied by such forward-looking information. See "Forward-Looking Statements" for more information. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions, or expectations upon which they are placed will occur. Forward-looking information in this MD&A is expressly qualified by this cautionary statement.

Financial information and unit or share figures, except per-unit or per-share amounts, presented in this MD&A are presented in thousands of United States dollars ("$"), unless otherwise indicated. We round amounts in this MD&A to the thousands and calculate all percentages, per-unit, and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding.

The Company's shares of Class A common stock are listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "AAWH.U" and are quoted on the OTCQX under the symbol "AAWH." We are an emerging growth company under federal securities laws and as such we are able to elect to follow scaled disclosure requirements for this filing.

BUSINESS OVERVIEW

Established in 2018 and headquartered in New York, New York, AWH is a vertically integrated multi-state operator focused on adult-use or near-term adult-use cannabis states in limited license markets. Our core business is the cultivation, manufacturing, and distribution of cannabis consumer packaged goods, which we sell through our company-owned retail stores and to third-party licensed retail cannabis stores. We believe in bettering lives through cannabis. Our mission is to improve the lives of our employees, patients, customers, and the communities we serve through the use of the cannabis plant. We are committed to providing safe, reliable, and high-quality products and providing consumers options and education to ensure they are able to identify and obtain the products that fit their personal needs.

The Company was originally formed on May 15, 2018 as Ascend Group Partners, LLC, and changed its name to "Ascend Wellness Holdings, LLC" on September 10, 2018. On April 22, 2021, Ascend Wellness Holdings, LLC converted into a Delaware corporation and changed its name to "Ascend Wellness Holdings, Inc." and effected

a 2-for-1 reverse stock split (the "Reverse Split"), which is retrospectively presented for all periods in this filing. We refer to this conversion throughout this filing as the "Conversion." As a result of the Conversion, the members of Ascend Wellness Holdings, LLC became holders of shares of stock of Ascend Wellness Holdings, Inc.

In May 2021, the Company completed an Initial Public Offering ("IPO") of its Class A common stock, in which it issued and sold a total of 11,500 shares of Class A common stock, including the underwriters' over-allotment option, at a price of $8.00 per share with net proceeds of approximately $86,065, after deducting underwriting discounts and commissions and certain expenses paid by us. In connection with the IPO, the historical common units, Series Seed Preferred Units, Series Seed+ Preferred Units, and Real Estate Preferred Units then-outstanding automatically converted into a total of 113,301 shares of Class A common stock and 65 historical common units were allocated as shares of Class B common stock. Additionally, 3,420 shares of Class A common stock were issued for a beneficial conversion feature associated with the conversion of certain historical preferred units and the Company's convertible notes, plus accrued interest, converted into 37,388 shares of Class A Common Stock. See Note 12, "Stockholders' Equity," in the Financial Statements for additional details.

Since our formation, we have expanded our operational footprint, primarily through acquisitions, and currently have direct or indirect operations or financial interests in six United States geographic markets: Illinois, Michigan, Ohio, Massachusetts, New Jersey, and Pennsylvania. We currently employ approximately 1,600 people.

We are committed to being vertically integrated in every state we operate in, which entails controlling the entire supply chain from seed to sale. We are currently vertically integrated in five out of the six states in which we operate with expansion plans underway to achieve vertical integration in all six states. While we have been successful in opening facilities and dispensaries, we expect continued growth to be driven by opening new operational facilities and dispensaries under our current licenses, expansion of our current facilities, and increased consumer demand.

Our consumer products portfolio is generated primarily from plant material that we grow and process ourselves. As of March 31, 2022, we produce our consumer packaged goods in five manufacturing facilities with 213,000 square feet of current operational canopy and total current capacity of approximately 107,000 pounds annually. We are undergoing expansions which we hope to complete by the end of 2022, which will increase our cumulative canopy to approximately 238,000 square feet with an estimated total annual production capacity of approximately 119,000 pounds post build-out. As of March 31, 2022, our product portfolio consists of 285 stock keeping units ("SKUs"), across a range of cannabis product categories, including flower, pre-rolls, concentrates, vapes, edibles, and other cannabis-related products. As of March 31, 2022, we have 20 open and operating retail locations with expectations to have 23 retail locations by the end of 2022. Our new store opening plans are flexible and will ultimately depend on market conditions, local licensing, construction, and other regulatory permissions. All of our expansion plans are subject to capital allocations decisions, the evolving regulatory environment, and the COVID-19 pandemic.

Recent Developments

Business Developments

AWH continues to make meaningful progress and continue its development during 2022. During and subsequent to the quarter, the Company:

- launched the "Simply Herb" cannabis brand in March 2022 in Illinois, Massachusetts, and Michigan, which is targeted to value-oriented consumers;
- entered the Pennsylvania market in April 2022 by acquiring Story of PA CR, LLC, which acquisition permits the Company to add six dispensaries and one cultivation facility in Pennsylvania; and
- received approval and commenced adult-use sales at its Rochelle Park, New Jersey dispensary in April 2022.

Operational and Regulation Overview

We believe our operations are in material compliance with all applicable state and local laws, regulations, and licensing requirements in the states in which we operate. However, cannabis is illegal under United States federal law. Substantially all of our revenue is derived from United States cannabis operations. For information about risks related to United States cannabis operations, refer to Item 1A., "*Risk Factors*," of the Annual Report.

COVID-19 Pandemic

COVID-19 has resulted in a worldwide health pandemic (the "Pandemic") since it being declared as such in March 2020. COVID-19 and its variants continue to spread throughout the United States and other countries across the world, and the duration and severity of the Pandemic is currently unknown. We continue to implement and evaluate actions to strengthen our financial position and support the continuity of our business and operations in the face of this Pandemic and other events. Although our operations have not been materially affected to date, the ultimate severity of the Pandemic and its impact on the economic environment remains uncertain. We continue to generate operating cash flows to meet our short-term liquidity needs. The uncertain nature of the spread of COVID-19 may impact our business operations for reasons including the potential quarantine of our employees or those of our supply chain partners or a change in our designation as "essential" in states where we do business that currently or in the future impose restrictions on business operations.

While the Pandemic has not had a material impact on our results of operations to date, given the uncertainties associated with the Pandemic, including those related to the use of our products by consumers, disruptions to the global and local economies due to related stay-at-home orders, quarantine policies, restrictions on travel, trade, and business operations, and a reduction in discretionary consumer spending, we are unable to estimate the future impact of the Pandemic on our business, financial condition, results of operations, and/or cash flows in future periods. We believe we have sufficient liquidity available from cash and cash equivalents on hand of $143,797 as of March 31, 2022 to enable us to meet our working capital and other operating requirements, fund growth initiatives and capital expenditures, settle our liabilities, and repay scheduled interest payments on debt. Refer to "*Liquidity and Capital Resources*" for further information.

Key Financial Highlights

- Revenue increased by $18,953, or 29%, during Q1 2022, as compared to Q1 2021, primarily driven by growth from our existing business as well as new site openings and acquisitions.
- Operating loss of $14,780 during Q1 2022, as compared to $31,990 during Q1 2021, primarily due to a decrease in settlement expense, partially offset by a lower gross profit margin.
- Net decrease in cash and cash equivalents of $11,684 during Q1 2022, primarily driven by lower proceeds from financing activities during the current year.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2022 Compared with the Three Months Ended March 31, 2021

	Three Months Ended March 31,			
($ in thousands)	**2022**	**2021**	**Increase / (Decrease)**	
Revenue, net	$ 85,090	$ 66,137	$ 18,953	29%
Cost of goods sold	(61,643)	(36,470)	25,173	69%
Gross profit	23,447	29,667	(6,220)	(21)%
Gross profit %	*27.6 %*	*44.9 %*		
Operating expenses				
General and administrative expenses	33,227	25,146	8,081	32%
Settlement expense	5,000	36,511	(31,511)	(86)%
Total operating expenses	38,227	61,657	(23,430)	(38)%
Operating loss	(14,780)	(31,990)	(17,210)	(54)%
Other (expense) income				
Interest expense	(6,031)	(7,337)	(1,306)	(18)%
Other, net	103	80	23	29%
Total other expense	(5,928)	(7,257)	(1,329)	(18)%
Loss before income taxes	(20,708)	(39,247)	(18,539)	(47)%
Income tax expense	(7,107)	(8,976)	(1,869)	(21)%
Net loss	$ (27,815)	$ (48,223)	$ (20,408)	(42)%

Revenue

Revenue increased by $18,953, or 29%, during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, primarily driven by growth from our existing business, new site openings, and acquisitions. The current period also benefited from an increase in wholesale volume sold in Illinois, Massachusetts, and Michigan, partially offset by pricing pressure across the markets in which we operate. During the three months ended March 31, 2022, we recognized incremental revenue from acquisitions of $3,297, including $144 related to the Ohio cultivation site acquired during the second quarter of 2021. New dispensaries opened during 2021 contributed $18,726 to our revenue growth, which was partially offset by a decrease of revenue from existing dispensaries of $4,110. Additionally, increased production and sales from our cultivation and manufacturing sites contributed $1,040. As of March 31, 2022, we had 285 SKUs for our cultivation products, compared to 106 SKUs as of March 31, 2021.

Cost of Goods Sold and Gross Profit

Cost of goods sold increased by $25,173, or 69%, during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. Cost of goods sold represent direct and indirect expenses attributable to the production of wholesale products as well as direct expenses incurred in purchasing products from other wholesalers. The increase in cost of goods sold in the three months ended March 31, 2022 was driven by expansion of our operations, including $2,102 of incremental costs from acquisitions. Gross profit for the three months ended March 31, 2022 was $23,447, representing a gross margin of 27.6%, compared to gross profit of $29,667 and gross margin of 44.9% for the three months ended March 31, 2021. The decrease in gross margin was primarily driven by lower margins at our Massachusetts and Illinois cultivation facilities as staffing increased ahead of canopy expansions which resulted in higher production expenses, as well as pricing pressure across the markets in which we operate and a shift in product mix. Additionally, non-cash inventory adjustments were $1,454 higher than the prior year period due to write-offs of expired products and obsolete packaging materials.

General and Administrative Expenses

General and administrative expenses increased by $8,081, or 32%, during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. The increase was primarily related to:

- a $4,448 increase in compensation expense resulting from an increase in headcount from approximately 1,000 as of March 31, 2021 to approximately 1,600 as of March 31, 2022 to support our expanded operations;
- a $1,947 increase in professional services, driven by higher legal expenses for ongoing litigation matters, partially offset by lower consulting, accounting, and tax services;
- an $818 loss on sale of assets related to the disposal of a property that was partially offset by a gain on termination of two operating leases;
- a $553 increase in rent and utilities to support the expansion of our operations; and
- a $313 increase in depreciation and amortization expense due to $175 of incremental depreciation expense due to a larger average balance of fixed assets in service and $167 of incremental amortization of licenses that were acquired primarily in late 2020, partially offset by $29 of lower amortization from in-place leases.

Settlement Expense

During the three months ended March 31, 2022, we recognized an expense of $5,000 related to the settlement of a stockholder dispute (refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Legal Matters - Stockholder Dispute*" for additional information). During the three months ended March 31, 2021, we recognized a settlement expense of $36,511 for a matter related to two property purchase agreements.

Interest Expense

Interest expense decreased by $1,306, or 18%, during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, primarily driven by a lower average outstanding debt balance. During the three months ended March 31, 2022, the Company had a weighted-average outstanding debt balance of $241,649 with a weighted-average interest rate of 9.6%, compared to an average debt balance of $252,809 during three months ended March 31, 2021 with a weighted-average interest rate of 10.8%.

Income Tax Expense

The Company's quarterly tax provision is calculated under the discrete method which treats the interim period as if it were the annual period and determines the income tax expense or benefit on that basis. The discrete method is applied when application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The Company believes, at this time, the use of this discrete method is more appropriate than the annual effective tax rate method due to the high degree of uncertainty in estimating annual pre-tax income due to the early growth stage of the business.

Since the Company operates in the cannabis industry, it is subject to the limitations of Internal Revenue Code ("IRC") Section 280E, which prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting ordinary and necessary business expenses from gross profit. Cannabis businesses operating in states that align their tax codes with IRC Section 280E are also unable to deduct ordinary and necessary business expenses for state tax purposes. Ordinary and necessary business expenses deemed non-deductible under IRC Section 280E are treated as permanent book-to-tax differences. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

The statutory federal tax rate was 21% during both periods. During the three months ended March 31, 2022 and 2021, the Company had operations in five U.S. geographic markets: Illinois, Michigan, Ohio, Massachusetts, and New Jersey, which have state tax rates ranging from 6% to 11.5%. Certain states, including Michigan, do not align with IRC Section 280E for state tax purposes and permit the deduction of ordinary and necessary business expenses from gross profit in the calculation of state taxable income.

Income tax expense was $7,107, or 30.3% of gross profit, during the three months ended March 31, 2022, as compared to $8,976, or 30.3% of gross profit, during the three months ended March 31, 2021. There have been no material changes to income tax matters in connection with the normal course of operations during the three months ended March 31, 2022.

NON-GAAP FINANCIAL MEASURES

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.

The following table presents Adjusted Gross Profit for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
($ in thousands)	**2022**	**2021**
Gross Profit	$ 23,447	$ 29,667
Depreciation and amortization included in cost of goods sold	2,943	2,162
Equity-based compensation included in cost of goods sold	3,995	—
Start-up costs included in cost of goods sold[(1)]	3,923	—
Non-cash inventory adjustments[(2)]	2,204	750
Adjusted Gross Profit	$ 36,512	$ 32,579
Adjusted Gross Margin	*42.9 %*	*49.3 %*

(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 from delays in regulatory approvals at certain cultivation facilities.

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

The following table presents Adjusted EBITDA for the three months ended March 31, 2022 and 2021:

(in thousands)	Three Months Ended March 31, 2022	2021
Net loss	$ (27,815)	$ (48,223)
Income tax expense	7,107	8,976
Other (income) expense	(103)	(80)
Interest expense	6,031	7,337
Depreciation and amortization	2,732	2,419
Depreciation and amortization included in cost of goods sold	2,943	2,162
Non-cash inventory adjustments[(1)]	2,204	750
Equity-based compensation	2,504	2,487
Equity-based compensation included in cost of goods sold	3,995	—
Start-up costs[(2)]	837	1,311
Start-up costs included in cost of goods sold[(3)]	3,923	—
Transaction-related and other non-recurring expenses[(4)]	6,194	2,178
Loss on sale of assets	818	—
Litigation settlement	5,000	36,511
Adjusted EBITDA	$ 16,370	$ 15,828
Adjusted EBITDA Margin	*19.2 %*	*23.9 %*

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

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

(3) 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.

(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 IPO.

LIQUIDITY AND CAPITAL RESOURCES

We are an emerging growth company and our primary sources of liquidity are operating cash flows, borrowings through the issuance of debt, and funds raised through the issuance of equity securities. We are generating cash from sales and deploying our capital reserves to acquire and develop assets capable of producing additional revenue and earnings over both the immediate and long term. Capital reserves are being utilized for acquisitions in the medical and adult use cannabis markets, for capital expenditures and improvements in existing facilities, product development and marketing, as well as customer, supplier, and investor and industry relations.

Financing History and Future Capital Requirements

Historically, we have used private financing as a source of liquidity for short-term working capital needs and general corporate purposes. In May 2021, we completed an IPO of shares of our Class A common stock through which we raised aggregate net proceeds of approximately $86,065, after deducting underwriting discounts and commissions and certain direct offering expenses paid by us, and in August 2021 we entered into a credit facility under which we borrowed a $210,000 term loan, as further described below.

Our future ability to fund operations, to make planned capital expenditures, to acquire other entities or investments, to make scheduled debt payments, and to repay or refinance indebtedness depends on our future operating performance, cash flows, and ability to obtain equity or debt financing, which are subject to prevailing economic conditions, as well as financial, business, and other factors, some of which are beyond our control.

As of March 31, 2022 and December 31, 2021, we had total current liabilities of $109,328 and $117,395, respectively, and total current assets of $260,552 and $258,012, respectively, which includes cash and cash equivalents of $143,797 and $155,481, respectively, to meet our current obligations. As of March 31, 2022, we had working capital of $151,224, compared to $140,617 as of December 31, 2021.

Approximately 98% and 97% of our cash and cash equivalents balance as of March 31, 2022 and December 31, 2021, respectively, is on deposit with banks, credit unions, or other financial institutions. We have not experienced any material impacts related to banking restrictions applicable to cannabis businesses. Our cash and cash equivalents balance is not restricted for use by variable interest entities.

As reflected in the Financial Statements, we had an accumulated deficit as of March 31, 2022 and December 31, 2021, as well as a net loss for the three months ended March 31, 2022 and 2021, and negative cash flows from operating activities during the three months ended March 31, 2022 and 2021, which are indicators that raise substantial doubt of our ability to continue as a going concern. Management believes that substantial doubt of our ability to continue as a going concern for at least one year from the issuance of our Financial Statements has been alleviated due to: (i) cash on hand and (ii) continued growth of sales and gross profit from our consolidated operations. Management plans to continue to access capital markets for additional funding through debt and/or equity financings to supplement future cash needs, as may be required. However, management cannot provide any assurances that the Company will be successful in accomplishing its business plans. If we are unable to raise additional capital on favorable terms, if at all, whenever necessary, we may be forced to decelerate or curtail certain of our operations until such time as additional capital becomes available.

Credit Facility

In August 2021, we entered into a credit facility (the “2021 Credit Facility”) which provides for a $210,000 term loan that bears interest at a rate of 9.5% per annum, due quarterly. The term loan matures on August 27, 2025 and does not require amortization payments. Proceeds from the 2021 Credit Facility were used, in part, to prepay certain then-outstanding debt obligations. Mandatory prepayments are required following certain events, including the proceeds of indebtedness that is not permitted under the agreement, asset sales, and casualty events, subject to customary reinvestment rights. We may prepay the 2021 Credit Facility at any time, subject to a customary make-whole payment or prepayment penalty, as applicable. Once repaid, amounts borrowed under the 2021 Credit Facility may not be re-borrowed. We may request an extension of the maturity date for 364 days, which the lenders’ may grant in their discretion, and we may request to increase the 2021 Credit Facility up to $275,000 if the then-existing lenders (or other lenders) agree to provide such additional term loans.

We are required to comply with two financial covenants under the 2021 Credit Agreement. Liquidity (defined as unrestricted cash and cash equivalents pledged under the 2021 Credit Facility plus any future revolving credit availability) may not be below $20,000 as of the last day of any fiscal quarter, and we may not permit the ratio of Consolidated EBITDA (as defined in the 2021 Credit Agreement) to consolidated cash interest expense for any period of four consecutive fiscal quarters to be less than 2.25:1.00 for the period ending March 31, 2022, and less than 2.50:1.00 for the period ending June 30, 2022 and thereafter. The Company has a customary equity cure right for each of these financial covenants. The Company is in compliance with these covenants as of March 31, 2022. Refer to Note 11, “Debt,” in the Financial Statements for additional information.

Cash Flows

	Three Months Ended March 31,	
(in thousands)	**2022**	**2021**
Net cash used in operating activities	$ (10,245)	$ (7,829)
Net cash used in investing activities	(622)	(35,203)
Net cash (used in) provided by financing activities	(817)	48,214

Operating Activities

Net cash used in operating activities increased by $2,416 during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. The increase was primarily driven by the timing of payments to suppliers and vendors, the timing and amount of income tax payments, and the timing of other working capital payments.

Investing Activities

Net cash used in investing activities decreased by $34,581 during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. The decrease was primarily due to lower cash investments in capital assets, partially offset by proceeds from the sale of assets during the current year and higher repayments of sellers’ notes related to prior year acquisitions.

Financing Activities

Net cash used in financing activities was $817 during the three months ended March 31, 2022, as compared to net cash provided by financing activities of $48,214 during the three months ended March 31, 2021. The change was primarily driven by higher proceeds from the issuances of debt in the prior year.

Contractual Obligations and Other Commitments and Contingencies

Material contractual obligations arising in the normal course of business primarily consist of long-term fixed rate debt and related interest payments, sellers’ notes, finance arrangements, and operating leases. We believe that cash flows from operations will be sufficient to satisfy our capital expenditures, debt services, working capital needs, and other contractual obligations for the next twelve months. In addition, we have the ability to request to borrow up to an additional $65,000 under the 2021 Credit Facility, subject to approval from the lenders.

The following table summarizes the Company's material future contractual obligations as of March 31, 2022:

(in thousands)	Commitments Due by Period				
Contractual Obligations	**Total**	**Remainder of 2022**	**2023 - 2024**	**2025 - 2026**	**Thereafter**
Term note[1]	$ 210,000	$ —	$ —	$ 210,000	$ —
Fixed interest related to term notes[2]	67,994	15,031	39,900	13,063	—
Sellers' Notes[3]	13,500	2,357	11,143	—	—
Finance arrangements[4]	17,336	1,567	4,349	4,609	6,811
Operating leases[5]	633,440	24,060	66,980	70,391	472,009
Other obligations[6]	18,100	18,100	—	—	—
Total	$ 960,370	$ 61,115	$ 122,372	$ 298,063	$ 478,820

(1) Principal payments due under our term notes payable. Refer to Note 11, "Debt", in the Financial Statements for additional information.

(2) Represents fixed interest rate payments on borrowings under the 2021 Credit Facility based on the principal outstanding at March 31, 2022. Such amounts could fluctuate based on prepayments or additional amounts borrowed.

(3) Consists of amounts owed for acquisitions or other purchases. Certain cash payments include an interest accretion component. Refer to Note 11, "Debt", in the Financial Statements for additional information.

(4) Reflects our contractual obligations to make future payments under non-cancelable operating leases that did not meet the criteria to qualify for sale-leaseback treatment. Refer to Note 10, "Leases", in the Financial Statements for additional information.

(5) Reflects our contractual obligations to make future payments under non-cancelable operating leases. Refer to Note 10, "Leases", in the Financial Statements for additional information.

(6) As of March 31, 2022, we entered into agreements to purchase one property in New York and one property in New Jersey for a combined total purchase price of $18,100, subject to closing adjustments. The closing of the properties is expected during 2022, but each is dependent on certain conditions, including inspection.

Additionally, in conjunction with the OCC acquisition (see Note 4, "Acquisitions," in the Financial Statements) in December 2021, the Company entered into a supply agreement with a producer and supplier of medical marijuana products in Ohio (the "Ohio Supply Agreement") with an initial expiration date of August 2028. Under the Ohio Supply Agreement, the Company will purchase products from the supplier that results in 7.5% of the Company's monthly gross sales of all products in our Ohio dispensaries for the first five years, and 5% for the remaining term. The Company can establish the selling price of the products and the purchases are made at the lowest then-prevailing wholesale market price of products sold by the supplier to other dispensaries in Ohio. Such purchases have been excluded from the table above, as purchases are variable based on gross sales of the respective dispensary.

As of the date of this filing, we do not have any off-balance sheet arrangements, as defined by applicable regulations of the United States Securities and Exchange Commission, that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

Capital Expenditures

We anticipate capital expenditures, net of tenant improvement allowances, of approximately $40,000 during the remainder of 2022. Changes to this estimate could result from the timing of various project start dates, which are subject to local and regulatory approvals. Cultivation-related spending includes ongoing maintenance and equipment for operational sites, as well as costs to complete the build outs of the facilities in Athol, Massachusetts and Lansing, Michigan, and the greenhouse at Barry, Illinois, all of which were substantially in progress during 2021. In 2022, we anticipate completing a second phase of cultivation expansion at our Franklin, New Jersey facility and further expanding to a third neighboring site. Spending at our cultivation and processing facilities includes: construction; purchase of capital equipment such as extraction equipment, heating, ventilation, and air conditioning

equipment, and other manufacturing equipment; general maintenance; and information technology capital expenditures. Dispensary-related capital expenditures includes general maintenance costs and upgrades to existing locations. In 2022, we anticipate the completion and opening of dispensaries in Fort Lee, New Jersey, New Bedford, Massachusetts, and East Lansing, Michigan. Total anticipated capital expenditures also includes estimated costs to build-out our Pennsylvania operations. Management expects to fund capital expenditures by utilizing cash flows from operations and reimbursements under tenant improvement allowances from sale leaseback transactions.

As of March 31, 2022, our construction in progress ("CIP") balance was $15,731 and relates to capital spending on projects that were not yet complete. This balance includes: $3,605, $2,596, and $1,579 related to the expansion of our Ohio, New Jersey, and Michigan cultivation facilities, respectively; $1,412 related to certain projects at our Illinois cultivation facility; $554 related to the kitchen and lab expansion at our Massachusetts cultivation facility, and $5,985 related to other projects, including the build-out of dispensaries that were not yet open as of March 31, 2022.

Other Matters

Equity Incentive Plans

As of March 31, 2022, a total of 9,994 restricted common shares had been issued under the equity incentive plan approved in 2020 (the "2020 Plan"), of which 775 were unvested as of March 31, 2022. Total unrecognized compensation cost related to the restricted common shares was $206 as of March 31, 2022, which is expected to be recognized over the weighted-average remaining vesting period of 0.5 years.

In July 2021, the Company adopted a new stock incentive plan (the "2021 Plan"), pursuant to which 17,000 shares of Class A common stock are reserved for issuance thereunder, subject to certain adjustments and other terms. Following the adoption of the 2021 Plan, no additional awards are expected to be issued under the 2020 Plan. The 2021 Plan authorized the issuance of options, stock appreciation rights, restricted stock awards, restricted stock units ("RSUs"), and other stock-based awards (collectively the "2021 Plan Awards"). As of March 31, 2022, there were 6,546 shares of Class A common stock available for grant for future equity-based compensation awards under the 2021 Plan.

During the three months ended March 31, 2022, the Company granted a total of 3,238 RSUs under the 2021 Plan. As of March 31, 2022, a total of 9,668 RSUs have been granted under the 2021 Plan, of which 5,804 are unvested as of March 31, 2022. Total unrecognized compensation cost related to the RSUs was $51,392 as of March 31, 2022, which is expected to be recognized over the weighted-average remaining vesting period of 2.0 years. Additionally, the Company granted a total of 1,331 options under the 2021 Plan, all of which are outstanding as of March 31, 2022 and none of which are exercisable. The outstanding options have a remaining weighted-average contractual life of 5.0 years as of March 31, 2022, and total unrecognized stock-based compensation expense related to unvested options was $2,590, which is expected to be recognized over a weighted-average remaining vesting period of 2.5 years.

Total equity-based compensation expense was $5,715 and $2,487 during the three months ended March 31, 2022 and 2021, respectively. Of the total equity-based compensation expense, $3,211 was capitalized to inventory during the three months ended March 31, 2022 and $4,030 and $4,814 remains capitalized as of March 31, 2022 and December 31, 2021, respectively. No equity-based compensation expense was capitalized during the three months ended March 31, 2021. During the three months ended March 31, 2022 and 2021, we recognized $2,504 and $2,487, respectively, within "General and administrative expenses" and $3,995 and none, respectively, within "Cost of goods sold" on the unaudited Condensed Consolidated Statements of Operations in the Financial Statements. Refer to Note 13, "Equity-Based Compensation Expense," in the Financial Statements for additional information.

In July 2021, the Company adopted an employee stock purchase plan (the "2021 ESPP"), pursuant to which 4,000 shares of Class A common stock are reserved for issuance thereunder, subject to certain adjustments and other terms. As of March 31, 2022, no shares have been issued under the 2021 ESPP.

Sale Leaseback Transactions

On June 29, 2021, a wholly owned subsidiary of the Company entered into a definitive agreement for the sale of certain real estate and related assets of a commercial property located in New Bedford, Massachusetts to a third-party for a total purchase price is $350, subject to certain adjustments. The closing is subject to certain conditions, including entering into an operating lease with the third-party. The Company anticipates this transaction will be accounted for either a sale leaseback transaction or a finance liability, depending on the final lease terms.

In February 2022, the Company sold and subsequently leased back one of its capital assets in Franklin, New Jersey for total proceeds of $35,400, excluding transaction costs. The transaction met the criteria for sale leaseback treatment. As such, the lease will be recorded as an operating lease and resulted in a lease liability of approximately $33,707 and an ROU asset of approximately $29,107, which was recorded net of a $4,600 tenant improvement allowance.

Legal Matters

Stockholder Dispute

On May 28, 2021, Senvest Management, LLC, Hadron Capital (Cayman) LTD., and Measure8 Venture Partners, LLC (collectively, the "Claimants"), as former holders of convertible notes issued and sold by the Company (the "AWH Convertible Promissory Notes") pursuant to the Company's Convertible Note Purchase Agreement, dated as of June 12, 2019 (the "2019 Convertible Note Purchase Agreement"), filed an arbitration demand, which was subsequently amended on July 28, 2021 (the "Arbitration Demand"), against the Company and its Chief Executive Officer, Abner Kurtin, before the American Arbitration Association. In their Arbitration Demand, the Claimants take issue with the April 22, 2021 amendment of the terms of the 2019 Convertible Note Purchase Agreement (the "Amended Notes Consent"), which was approved by holders of approximately 66% of the principal amount of the AWH Convertible Promissory Notes, in excess of the simple majority required to amend the AWH Convertible Promissory Notes. The Amended Notes Consent set the conversion price of the AWH Convertible Promissory Notes at $2.96 per share. The Claimants alleged that the Amended Notes Consent was obtained improperly and is void. The Company disputed the Claimants' allegations and contended that the Amended Notes Consent was properly obtained in accordance with the terms of the AWH Convertible Promissory Notes and 2019 Convertible Note Purchase Agreement and the Amended Notes Consent was binding on all holders of the AWH Convertible Promissory Notes.

The Company, Mr. Kurtin, and the Claimants entered into a settlement agreement, dated April 29, 2022, whereby the Company agreed to pay the Claimants a total of $5,000. This amount is reflected in the Financial Statements within "Settlement expense" on the unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2022 and within "Accounts payable and accrued liabilities" on the unaudited Condensed Consolidated Balance Sheet at March 31, 2022. The settlement was subsequently paid in May 2022.

MedMen NY Litigation

On February 25, 2021, the Company entered into a definitive investment agreement (the "Investment Agreement") with subsidiaries of MedMen Enterprises Inc. ("MedMen"), under which we would have, subject to regulatory approval, completed an investment (the "Investment") of approximately $73,000 in MedMenNY, Inc. ("MMNY"), a licensed medical cannabis operator in the State of New York. Following the completion of the transactions contemplated by the Investment Agreement, we were expected to hold all the outstanding equity of MMNY. Specifically, the Investment Agreement provides that at closing, the Company was going to pay to MedMen's senior lenders $35,000, less certain transaction costs and a prepaid deposit of $4,000, and AWH New York, LLC was going to issue a senior secured promissory note in favor of MMNY's senior secured lender in the principal amount of $28,000, guaranteed by AWH, which cash investment and note would be used to reduce the amounts owed to MMNY's senior secured lender. Following its investment, AWH would hold a controlling interest in MMNY equal to approximately 86.7% of the equity in MMNY, and be provided with an option to acquire MedMen's remaining interest in MMNY in the future for a nominal additional payment, which option the Company intended to exercise. The Investment Agreement also required AWH to make an additional investment of $10,000 in

MMNY, which investment would also be used to repay MMNY's senior secured lender, if adult-use cannabis sales commenced in MMNY's dispensaries.

The Company contends that, in December 2021, the parties to the Investment Agreement received the required approvals from the State of New York to close the transactions contemplated by the Investment Agreement, but MedMen has disputed the adequacy of the approvals provided by the State of New York. The Company delivered notice to MedMen in December 2021 that it wished to close the transactions promptly as required by the Investment Agreement. Nevertheless, MedMen, on January 2, 2022, gave notice to the Company that MedMen purported to terminate the Investment Agreement.

Following receipt of such notice, on January 13, 2022, the Company filed a complaint against MedMen and others in the Commercial Division of the Supreme Court of the State of New York, requesting specific performance that the transactions contemplated by the Investment Agreement must move forward, and such other relief as the court may deem appropriate. On January 24, 2022, MedMen filed an answer and counterclaims against the Company (the "Counterclaims"). On February 14, 2022, the Company filed an amended complaint, not only seeking specific performance but also damages related to MedMen's breaches of the Investment Agreement. On that same day, the Company also filed a motion to dismiss the Counterclaims. On March 7, 2022, MedMen filed an amended answer and counterclaims against the Company. On March 28, 2022, the Company moved to dismiss MedMen's amended counterclaims.

On May 10, 2022, the Company and MedMen signed a term sheet to settle the matter. The parties agreed to amend certain terms in the Investment Agreement, the Company agreed to pay MedMen $15,000 in additional transaction consideration, and MedMen agreed to withdraw its counterclaims against the Company. Per the amended transaction terms, upon closing, the Company will receive a 99.99% controlling interest of MMNY and the Company will pay MedMen $74,000, which reflects the original transaction consideration plus an additional $11,000 per the parties' term sheet. The Company has already paid $4,000 as a deposit. The Company will make a subsequent payment of $14,000 upon the first sale of recreational cannabis in a MMNY dispensary, which reflects the initial transaction earn-out of $10,000 plus an additional $4,000. MedMen will be responsible for a $35,000 break fee if the parties do not close within thirty (30) days of the execution of the settlement agreement and amended Investment Agreement. The break fee shall be in addition to all other applicable equitable and legal remedies, including specific performance. There will be no additional earn-outs and no assumption of debt.

Subsequent Transactions

Effective April 19, 2022, the Company acquired Story of PA CR, LLC ("Story"). Total consideration for the acquisition of the outstanding equity interests in Story was approximately $53,100, consisting of 12,900 shares of Class A common stock with a fair value of approximately $42,900 and cash consideration of approximately $10,200. Story received a clinical registrant permit from the Pennsylvania Department of Health on March 1, 2022. Through a research collaboration agreement with the Geisinger Commonwealth School of Medicine ("Geisinger"), a Pennsylvania Department of Health-Certified Medical Marijuana Academic Clinical Research Center, Story intends to open a cultivation and processing facility and up to six medical dispensaries throughout the Commonwealth of Pennsylvania. The Company will help fund clinical research to benefit the patients of Pennsylvania by contributing $30,000 to Geisinger over the next two years (of which $15,000 was funded in April 2022), and up to an additional $10,000 over the next ten years. The Company is evaluating the accounting impact of the transaction, but expects the transaction will be accounted for as an asset purchase.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our accompanying Financial Statements are prepared in accordance with GAAP, which requires us to make certain estimates in the application of our accounting policies based on the best assumptions, judgments, and opinions of our management. The Company's significant accounting policies are described in Note 2, "Basis of Presentation and Significant Accounting Policies," in the Financial Statements. There have been no significant changes to our critical accounting policies and estimates. For a description of our critical accounting policies, see Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report.

Recently Adopted Accounting Standards and Recently Issued Accounting Pronouncements

For information about our recently adopted accounting standards and recently issued accounting standards not yet adopted, see Note 2, "Basis of Presentation and Significant Accounting Policies," to the Financial Statements.

The Company is an emerging growth company under federal securities laws and as such we are able to elect to follow scaled disclosure requirements for this filing, including an extended transition period for complying with new or revised accounting standards applicable to public companies.

REGULATORY ENVIRONMENT: ISSUERS WITH UNITED STATES CANNABIS-RELATED ASSETS

In accordance with the Canadian Securities Administration Staff Notice 51-352, information regarding the current federal and state-level United States regulatory regimes in those jurisdictions where we are currently directly and indirectly involved in the cannabis industry, through our subsidiaries and investments, is incorporated by reference from subsections "Overview of Government Regulation," "Compliance with Applicable State Laws in the United States," and "State Regulation of Cannabis," under Item 1., "Business," of the Company's Annual Report, as filed with the Securities and Exchange Commission and with the relevant Canadian securities regulatory authorities under its profile on SEDAR.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed in varying degrees to various market risks, including changes in interest rates, prices of raw materials, and other financial instrument related risks. There have been no significant changes related to market risk, including those relating to the COVID-19 pandemic, from the disclosures in our Annual Report.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations associated with financial liabilities. We manage liquidity risk through the effective management of our capital structure. Our approach to managing liquidity is to ensure that we will have sufficient liquidity at all times to settle obligations and liabilities when due.

As reflected in the Financial Statements, the Company had an accumulated deficit as of March 31, 2022 and December 31, 2021, as well as a net loss for the three months ended March 31, 2022 and 2021, and negative cash flows from operating activities during the three months ended March 31, 2022 and 2021, which are indicators that raise substantial doubt of our ability to continue as a going concern. Management believes that substantial doubt of our ability to continue as a going concern for at least one year from the issuance of our Financial Statements has been alleviated due to: (i) cash on hand and (ii) continued growth of sales and gross profit from our consolidated operations. Management plans to continue to access capital markets for additional funding through debt and/or equity financings to supplement future cash needs, as may be required. However, management cannot provide any assurances that we will be successful in accomplishing our business plans. If we are unable to raise additional capital on favorable terms, if at all, whenever necessary, we may be forced to decelerate or curtail certain of our operations until such time as additional capital becomes available.

ITEM 4. CONTROLS AND PROCEDURES.

a. Disclosure Controls and Procedures.

As of the end of the period covered by this report, our Principal Executive Officer and Principal Financial Officer evaluated our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the United States Securities and Exchange Commission and (2) accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosure.

b. Changes in Internal Control Over Financial Reporting.

There have been no changes in our internal control over financial reporting identified in connection with the evaluation described above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

A discussion of our litigation matters occurring in the period covered by this report is found in Note 15, “Commitments and Contingencies,” to the Financial Statements in this Form 10-Q.

ITEM 1A. RISK FACTORS.

As of the date of this filing, there have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021, in response to Item 1A., “Risk Factors,” of Part I of the Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

(a) EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Certificate of Incorporation	S-1	333-254800	3.4	April 23, 2021
3.2	Bylaws	S-1	333-254800	3.5	April 23, 2021
4.1†	Ascend Wellness Holdings, Inc. 2021 Stock Incentive Plan	S-8	333-257780	4.2	July 9, 2021
4.2†	Ascend Wellness Holdings, Inc. 2021 Employee Stock Purchase Plan	S-8	333-257780	4.3	July 9, 2021
4.3	Specimen Stock Certificate evidencing the shares of common stock	S-1	333-254800	4.1	April 15, 2021
4.4	Form of Registration Rights Agreement	S-1	333-254800	4.2	April 23, 2021
10.1†#*	Employment Agreement between Ascend Wellness Holdings, Inc. and Francis Perullo, dated as of February 11, 2022				
10.2†#*	Employment Agreement between Ascend Wellness Holdings, Inc. and Robin Debiase, dated as of March 1, 2022				
10.3+#	Agreement and Plan of Merger among Ascend Wellness Holdings, Inc., AWH Pennsylvania, LLC, Ascend PA Merger Sub, LLC, Story of PA CR, LLC, the Members named therein and KGF PACR HoldCo, LLC, dated April 19, 2022	8-K	333-254800	10.1	April 25, 2022
31.1*	Certification of Periodic Report by Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Periodic Report by Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.				
32‡	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Label Linkbase Document				
101.PRE*	Inline XBRL Presentation Linkbase Document				
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

* Filed herewith.

† Indicates management contract or compensatory plan, contract or arrangement.

‡ Document has been furnished, is not deemed filed and is not to be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in any such filing.

\+ Portions of this exhibit have been redacted in compliance with Regulations S-K Item 601(b)(2). The omitted information is not material and would likely cause competitive harm to the Company if publicly disclosed. The Company agrees to furnish an unredacted copy to the SEC upon its request.

\# Certain schedules and exhibits have been omitted in compliance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of any omitted schedule or exhibit to the SEC upon its request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Ascend Wellness Holdings, Inc.

May 12, 2022

/s/ Daniel Neville
Daniel Neville
Chief Financial Officer
(Principal Financial Officer)

May 12, 2022

/s/ Roman Nemchenko
Roman Nemchenko
Senior Vice President,
Chief Accounting Officer
(Principal Accounting Officer)

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (this "Agreement") dated as of February 11, 2022 (the "Effective Date") is made and entered into by and between Ascend Wellness Holdings, Inc., a Delaware corporation with a principal place of business at 1411 Broadway, 16th Floor, New York, NY 10018 (the "Company"), and Francis Perullo, an individual whose principal business address is in care of the Company at 1411 Broadway, 16th Floor, New York, NY 10018 (the "Executive").

RECITALS

WHEREAS, the Executive and the Company previously entered into that certain Employment Agreement, dated March 23, 2021 (the "Original Employment Agreement");

WHEREAS, the Executive and the Company have agreed that the Executive will serve as the President of the Company as of the date hereof and, in connection with the Executive's election as President, the Executive and the Company desire to amend, restate and supersede the Original Employment Agreement; and

WHEREAS, the parties desire to memorialize the terms of the Executive's employment as President, on the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree:

1. Employment. Subject to the terms and conditions set forth in this Agreement, the Company hereby offers, and the Executive hereby accepts, continued employment as President of the Company.

2. Term. Subject to earlier termination as hereinafter provided, the Executive's employment hereunder shall commence on the Effective Date with an initial term ending on March 22, 2024. This Agreement shall be automatically extended for successive terms of one (1) year thereafter, unless either the Company or the Executive provides notice (a "Non-Renewal Notice") to the other at least 90 days prior to expiration of the initial or any extension term that the Executive's employment hereunder is not to be so extended. The term of this Agreement, as from time to time extended or renewed, is hereafter referred to as "the term of this Agreement" or "the term hereof."

3. Capacity and Performance.

(a) During the term hereof, the Executive shall serve the Company as President, reporting directly to the Board of Directors of the Company (the "Board").

(b) During the term hereof, the Executive shall be employed by the Company on a full-time and diligent basis and shall perform such duties and responsibilities on behalf of the Company as are customarily performed by a President of a company of comparable size and as may be reasonably designated from time to time by the Board.

(c) During the term hereof, for so long as the Executive is employed as the Company's President, the Company will nominate the Executive for re-election to the Board and the Executive shall serve in such other officer and/or director positions with any affiliate of the Company (for no additional compensation) as may be determined by the Board (excluding the Executive) from time to time. For purposes of this Agreement, an "affiliate" of the Company shall mean any person or entity that that directly or indirectly controls, or is under common control with, or is controlled by, the Company, and as used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting equity interests, by contract or otherwise).

(d) During the term hereof, the Executive shall not, directly or indirectly, render any services of a business, commercial or professional nature to any person or entity other than the Company (or any affiliate thereof), whether for compensation or otherwise, without the prior written consent of the Board (excluding the Executive), which shall not be unreasonably withheld. For the avoidance of doubt, notwithstanding the foregoing, the Executive may (i) engage in the activities set forth on Exhibit A hereto so long as such activities do not (A) individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement and (B) materially change in nature or scope of the Executive's engagement after the Effective Date, in which case the Executive shall not be permitted to continue such engagement without the prior written consent of the Board (excluding the Executive) and (ii) engage in educational, charitable and civic activities and manage the Executive's personal investments and affairs, in each case, so long as such activities (A) do not, individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement and (B) are not contrary to the interests of the Company or any of its affiliates or competitive in any way with the Company or any of its affiliates.

4. Compensation and Benefits. As compensation for all services performed by the Executive under this Agreement and during the term hereof and subject to performance of the Executive's duties and obligations to the Company pursuant to this Agreement:

(a) Base Salary. The Company shall pay the Executive a base salary at the rate of $750,000 per annum. The Executive's base salary shall be payable in accordance with the payroll practices of the Company for its executives and subject to increase from time to time by the Board (excluding the Executive), in its sole discretion. The base salary set forth in this Section 4(a), as from time to time increased, is hereafter referred to as the "Base Salary."

(b) Annual Bonus Compensation. For each fiscal year that ends during the term hereof, the Executive shall be eligible to earn an annual bonus (the "Annual Bonus"). The Executive's annual target bonus opportunity for each such fiscal year shall be equal to 100% of Base Salary (the "Target Bonus"), based on the achievement of target performance goals established by the Compensation Committee of the Board (the "Compensation Committee"). If the Company and/or the Executive achieves superior performance goals established by the Compensation Committee for any fiscal year, then the Executive shall be eligible to earn an

additional 100% of Base Salary as part of his Annual Bonus for such fiscal year, for total Annual Bonus eligibility of 200% of Base Salary (the "Maximum Annual Bonus"). If threshold performance goals are not achieved for any fiscal year, then the Executive shall not receive an Annual Bonus for such fiscal year. The Annual Bonus, if any, will be paid within thirty (30) days after the Board's approval of the Company's and its subsidiaries' consolidated audited financial statements for the fiscal year to which such Annual Bonus relates (and in all events in the fiscal year immediately following the fiscal year to which such Annual Bonus relates).

(c) Bonus upon Change of Control Event. Upon the consummation of a change of control (as defined in the 2021 Incentive Plan), and concurrent with the payment of any consideration to any other holders of capital stock of the Company in connection with such change of control, the Executive shall be deemed to have earned the Maximum Annual Bonus (the "Change in Control Bonus") for each fiscal year during the remainder of the Term (inclusive of partial fiscal years). Notwithstanding anything to the contrary contained herein, the obligations of the Company to pay the Change of Control Bonus to Executive shall survive any termination of this Agreement by reason of death, disability or termination of employment of Executive without limitation, except that the Company's obligation to pay the Change of Control Bonus shall terminate concurrently with any termination of Executive's employment for Cause (as defined in Section 5(c) below).

(d) Equity Incentives. Subject to the approval of the Board (excluding the Executive), on or as soon as reasonably practicable after the Effective Date, the Executive will be granted 375,000 Restricted Stock Units pursuant to and as defined in the Company's 2021 Equity Incentive Plan (the "2021 Incentive Plan") and subject to the terms and conditions of the applicable award agreement. During the term hereof, the Executive shall be eligible to receive additional equity grants under the 2021 Incentive Plan, or any successor plan for the issuance of stock options, restricted stock, or other equity incentives hereafter maintained by the Company and in which other senior executives of the Company participate. Any and all additional grants to the Executive under the 2021 Incentive Plan or any such successor plan shall be made at the sole discretion of the Board (excluding the Executive) and shall be subject to the terms and conditions of the applicable award agreement.

(e) Vacations. During the term hereof, the Executive shall be entitled to vacation, personal days, sick time and similar paid time off benefits in accordance with the applicable policies of the Company, as in effect from time to time.

(f) Insurance Benefits. During the term hereof and subject to any contribution therefor generally required of employees of the Company, the Executive shall be eligible to participate in any medical, dental and disability insurance plans maintained by the Company from time to time (collectively, the "Insurance Benefits"). The Executive's participation in such Insurance Benefits shall be subject to applicable law, the terms of the applicable plan documents and generally applicable Company policies. Notwithstanding anything herein to the contrary, the Company may amend, modify or terminate any Insurance Benefits at any time in its discretion.

(g) Business Expenses. During the term hereof, the Company shall promptly pay or reimburse the Executive for all reasonable, customary and necessary business expenses incurred or paid by the Executive in the performance of his duties and responsibilities hereunder, subject to any reasonable maximum annual limit and other restrictions on such expenses set by the Board (excluding the Executive) and otherwise in accordance with the Company's then-prevailing policies and procedures for expense reimbursement (including such reasonable substantiation and documentation as may be specified by the Company from time to time).

5. Termination of Employment and Severance Benefits. Notwithstanding the provisions of Section 2 hereof, the Executive's employment hereunder shall terminate prior to the expiration of the term under the following circumstances:

(a) Death. In the event of the Executive's death during the term hereof, the Executive's employment hereunder shall immediately and automatically terminate. In such event, the Company shall pay to the Executive's designated beneficiary or, if no beneficiary has been designated by the Executive, to his estate, (i) the Base Salary earned but not paid through the date of termination (to be paid in accordance with the Company's normal payroll policies or at such earlier time as required by applicable law), (ii) the value of any vacation time earned but not used through the date of termination (to be paid in accordance with the Company's policies and applicable law), (iii) any Annual Bonus earned under Section 4(b) with respect to the fiscal year immediately preceding the fiscal year in which such termination occurs, but only to the extent unpaid as of the date of termination (with any such earned Annual Bonus to be paid at the same time as if no such termination had occurred), and (iv) any business expenses incurred by the Executive but unreimbursed as of the date of termination, provided that such expenses are reimbursable under Company policy (with such expenses to be reimbursed in accordance with the Company's expense reimbursement policies as in effect from time to time) (all of the foregoing, "Final Compensation"). In addition to Final Compensation, if the Executive's employment terminates due to his death during the term hereof, the Executive will be entitled to (x) a prorated portion of any Annual Bonus earned for the fiscal year in which such termination occurs (calculated as the Annual Bonus that would have been paid for such fiscal year, multiplied by a fraction, the numerator of which is equal to the number of days the Executive worked for the Company in such fiscal year, and the denominator of which is equal to the total number of days in such fiscal year), with any such prorated Annual Bonus to be paid at the same time as if no such termination had occurred (the "Prorated Bonus") and (y) the Benefit Continuation he would have been entitled to receive under clause (iii) of Section 5(d) below had the Executive been terminated by the Company other than for Cause in accordance with such Section 5(d). The Company shall have no further obligation to the Executive or his estate hereunder.

(b) Disability.

(i) The Company may terminate the Executive's employment hereunder, upon notice to the Executive, in the event that the Executive becomes disabled during his employment hereunder through any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform substantially all of

his duties and responsibilities hereunder, with or without reasonable accommodation, for any period of ninety (90) consecutive days or more, or one hundred eighty (180) days (whether or not consecutive) during any period of three hundred and sixty-five (365) consecutive calendar days. In the event of such termination, the Company shall pay to the Executive the Final Compensation and shall otherwise comply with the provisions of this Section 5(b). In addition to such Final Compensation, the Executive will be entitled to (x) the Prorated Bonus and (y) the Benefit Continuation he would have been entitled to receive under clause (iii) of Section 5(d) below had the Executive been terminated by the Company other than for Cause in accordance with such Section 5(d). The Company shall have no further obligation to the Executive hereunder.

(ii) In lieu of terminating the Executive's employment hereunder, the Board may designate another employee to act in the Executive's place during any period of the Executive's disability. Notwithstanding any such designation, the Executive shall continue to receive the Base Salary in accordance with Section 4(a) and Insurance Benefits in accordance with Section 4(e), to the extent permitted by the then-current terms of the applicable benefit plans, until the Executive becomes eligible for long-term disability income benefits under the Company's disability income plan (or any disability insurance policy of the Company).

(iii) If the Executive becomes eligible to receive disability income payments under the Company's disability income plan (or any disability insurance policy of the Company), the Executive shall be entitled to receive Base Salary under Section 4(a) hereof less the amount of such disability income payments being made to the Executive, and shall continue to participate in Company benefit plans in accordance with Section 4(e) and as permitted by the terms of such plans, in each case, until the termination of his employment.

(iv) Any determination as to whether during any period the Executive is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of his duties and responsibilities hereunder shall be made by a physician satisfactory to both the Executive (or his duly appointed guardian) and the Company, *provided* that if the Executive and the Company do not agree on a physician, the Executive and the Company shall each select a physician and these two together shall select a third physician, whose determination as to disability shall be binding on all parties. If the Executive shall fail to submit to such medical examination, the Company's determination of the issue shall be binding on the Executive.

(c) By the Company for Cause. The Company may terminate the Executive's employment hereunder for Cause at any time upon notice to the Executive setting forth in reasonable detail the nature of such Cause. The following shall constitute "Cause" for termination:

(i) Repeated or willful refusal, failure or neglect by the Executive to perform the material duties of his employment or to follow the directions of the Board (other than by reason of the Executive's physical or mental illness or impairment);

(ii) The Executive’s committing any act of fraud, embezzlement, or theft;

(iii) The Executive’s material violation of the Company’s policies;

(iv) The Executive’s behavior or engagement in any acts that may interfere with the ability of the Company or any of its affiliates to maintain a license to harvest, cultivate, process, or sell cannabis or otherwise continue to operate its business;

(v) The Executive’s breach of any non-disclosure, non-disparagement, non-competition, non-solicitation, assignment of inventions agreement or other restrictive covenants set forth herein, other than the Executive’s inadvertent and immaterial breach of any non-competition or non-disclosure obligation that is not otherwise detrimental to the Company or any of its affiliates, as determined by the Board (excluding the Executive);

(vi) The Executive’s conviction of a felony (including pleading guilty or nolo contendere to a felony) or commitment of other acts causing a material detriment to the reputation, the business or a business relationship of the Company or any of its affiliates; provided, however, that for the avoidance of doubt, no conviction or plea of nolo contendere of a felony or crime that occurs solely as a result of a violation of U.S. federal law concerning cannabis or the cannabis industry shall be deemed to constitute “Cause”, so long as (A) the acts, omissions, conduct or activity related to cannabis or the cannabis industry giving rise to any such conviction or plea of nolo contendere of a felony or crime could be reasonably believed to be in compliance with applicable state and local laws and (B) such conviction or plea of nolo contendere is not likely to interfere with the ability of the Company or any of its affiliates to maintain a license to harvest, cultivate, process, or sell cannabis or otherwise continue to operate its business;

(vii) The Executive’s willful engagement in dishonesty, illegal conduct (other than solely as a result of a violation of U.S. federal law concerning cannabis or the cannabis industry, so long as (A) the acts, omissions, conduct or activity related to cannabis or the cannabis industry giving rise to such illegal conduct could be reasonably believed to be in compliance with applicable state and local laws and (B) such illegal conduct is not likely to interfere with the ability of the Company or any of its affiliates to maintain a license to harvest, cultivate, process, or sell cannabis or otherwise continue to operate its business), or gross misconduct, which in each case is materially injurious (monetarily or otherwise) to the Company or its affiliates; or

(viii) The Executive’s material breach of the terms of this Agreement.

For purposes of this provision, no act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based on authority given pursuant to a resolution duly adopted by the Board or on the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

Termination of the Executive's employment shall not be deemed to be for Cause unless and until (I) the Company has given notice thereof to the Executive specifying in reasonable detail the conduct constituting "Cause," (II) solely with respect to the conduct described in clauses (i), (iii), (iv), (v) and (viii) above, the Executive fails to cure and correct his conduct (if capable of cure and correction) within thirty (30) days after such notice, and (III) the Company delivers to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3) of the Board (excluding the Executive) (after the Executive is given an opportunity, together with counsel, to be heard before the Board), finding in good faith that the Executive has engaged in the conduct described in any of (i)-(viii) above.

Upon the giving of notice of termination of the Executive's employment hereunder for Cause, the Company shall have no further obligation hereunder to the Executive, other than for Final Compensation.

(d) By the Company Other than for Cause or by Giving a Non-Renewal Notice. The Company may terminate the Executive's employment hereunder other than for Cause (and other than in connection with the Executive's death or disability) at any time upon ninety (90) days' written notice to the Executive; provided that, during such 90-day notice period (or any portion thereof), the Executive may be required to work remotely from his residence or the Company may place the Executive on garden leave, and in all events, the Company may prohibit the Executive from entering any premises of the Company or any of its affiliates, contacting any employee, customer, vendor or supplier of the Company or any of its affiliates or accessing any property of the Company or any of its affiliates. In the event of such termination, or in the event that the Executive's employment is terminated as a result of the Company's Non-Renewal Notice pursuant to Section 2 hereof, then (i) the Company shall pay to the Executive the Final Compensation, (ii) the Company shall pay the Executive an amount equal to two (2) times the sum of Base Salary and Annual Bonus earned by the Executive for the full fiscal year immediately preceding the fiscal year in which such termination occurs (the "Termination Compensation"), payable in substantially equal installments in accordance with the Company's normal payroll practices as in effect from time to time, over the twelve (12) month period immediately following the termination date (with the first payment to be made on the first payroll date following the effective date of the Employee Release (as defined below) and to include a catch-up to cover any payment that would have been made prior to such date had the Employee Release been effective on the termination date); provided that, if such termination date occurs prior to the conclusion of one full fiscal year of employment, it shall be assumed, for purposes of determining the Termination Compensation, that Executive earned one full fiscal year of his current Base Salary and achieved an Annual Bonus of 100% of his current Base Salary; provided, further, that, if (and only if) such termination date occurs within eighteen (18) months after a Change of Control Event (as defined below), then the Termination Compensation shall be payable to the Executive in a lump sum payment on the first payroll date following the effective date of the Employee Release (rather than in installments, as provided above in this clause (ii)), (iii) subject to any employee contribution applicable to the Executive as of immediately prior to the date of termination, the Company shall continue to pay the cost of the Executive's

participation in the Company's medical and dental insurance plans for a period of twelve (12) months, provided that if the Executive's continued participation in such plans would result in a violation of any non-discrimination rules or result in any fines, penalties or excise taxes to the Company or any of its affiliates or if the Executive is otherwise not eligible to continue participation in such plans under applicable law or plan terms, then, to the extent possible without resulting in such violation, fines, penalties or excise taxes, the Company shall instead make monthly cash payments to the Executive in an amount equal to the employer portion of the monthly insurance premiums that would have been applicable had the Executive been eligible to continue such participation (the benefit described in this clause (iii), collectively, the "Benefit Continuation"), (iv) the Prorated Bonus, and (v) notwithstanding the terms of any other agreement, instrument or document to the contrary (including without limitation any vesting terms, performance criteria or other conditions, and regardless of whether entered into before or after the date of this Agreement), upon such termination, Executive's right to purchase or otherwise acquire any equity securities of the Company under any stock option or other agreement, instrument, plan, program or arrangement outstanding or in effect on the effective date of such termination shall thereupon vest in full (subject only to the payment of the applicable exercise or purchase price, if any, and provided that any equity awards that are subject to the satisfaction of performance goals shall be deemed earned at target performance), and any right of the Company or any subsidiary to repurchase any equity securities of the Company from Executive, whether arising under any option, agreement, instrument, plan, program, arrangement or otherwise, shall thereupon terminate. For purposes of this Agreement, the term "Change of Control Event" shall mean the consummation, after the Effective Date, of (i) the sale of all or substantially all of the Company's assets or at least a majority of voting power of the capital stock of the Company, (ii) any liquidation, dissolution or winding up of the Company, or (iii) the merger or consolidation of the Company with or into another entity, except a merger or consolidation in which the holders of capital stock of the Company immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity, as applicable; provided, however, that no event described in the foregoing clauses (i), (ii) and (iii) shall constitute a Change of Control Event for purposes of this Agreement unless it satisfies the requirements of Treasury Regulation Section 1.409A-3(i)(5)(v) or (vii).

(e) Any obligation of the Company to make the payments and provide the benefits to the Executive under Section 5 (other than Final Compensation) is conditioned, however, upon the Executive (or his estate or legal representative, as applicable) signing a general release of claims and covenant not to sue in such form and substance as may be agreed to by the Company and the Executive (or his estate or legal representative, as applicable) (the "Employee Release") within twenty-one days (or such greater period as the Company may specify) (the "Release Period") following the date of termination of employment and upon the Executive (or his estate or legal representative, as applicable) not revoking the Employee Release during the 7-day revocation period following the execution of the Employee Release (the "Revocation Period"). Notwithstanding the foregoing, if payment of Termination Compensation and the Benefit Continuation could commence in more than one taxable year based on when the Employee Release could become effective, then to the extent required by

Section 409A of the Code, any such payments that would have been made during the calendar year in which the Executive's employment terminates shall instead be withheld and paid on the first payroll date in the calendar year immediately after the calendar year in which the Executive's employment terminates, with all remaining payments to be made as if no such delay had occurred.

(f) By the Executive for Good Reason. The Executive may terminate his employment hereunder for Good Reason, upon notice to the Company setting forth in reasonable detail the nature of such Good Reason. The following shall constitute "Good Reason", subject to the notice and cure periods set forth below, unless the Executive shall have consented in writing to any of the following:

(i) any reduction in the Executive's Base Salary other than in connection with a general reduction in base salaries that affects all similarly situated executives in substantially the same proportions;

(ii) any reduction in the Executive's Target Bonus or Maximum Annual Bonus opportunity (other than solely as a result of a reduction in Base Salary);

(iii) any failure by the Company to nominate the Executive for re-election to the Board and to use its best efforts to have the Executive re-elected (other than as a result of a Change of Control Event, which shall be governed by this Section 5(f)(v)), or any change in the Executive's title as President of the Company;

(iv) any diminution in the Executive's responsibilities or authority within the Company, or any alteration in the nature or status of Executive's position, title or responsibilities or the conditions of Executive's employment, including the requirement for the Executive to report to any person(s) other than the Board, in any case without his prior written consent, other than any of the foregoing that occurs as a result of a Change of Control Event (which shall be governed by this Section 5(f)(v));

(v) in the event of a Change of Control Event, any failure by the acquirer to (a) make an offer of employment to the Executive for a base salary, target bonus and maximum bonus opportunity amounts that are substantially comparable in the aggregate to the Executive's Base Salary and Annual Bonus (taking into consideration both the Target Bonus and the Maximum Annual Bonus) each as of immediately prior to such sale, (b) nominate the Executive for election to the Board of the acquirer, (c) offer the Executive a position with duties, responsibilities and authority that are materially comparable to the Executive's duties, responsibilities and authority as President of the Company (disregarding any duties, responsibilities and authority the Executive had as a member of the Board or as an officer or director of any affiliate of the Company) as of immediately prior to such sale;

(vi) any failure by the Company to comply with any material provision of this Agreement; and

(vii) any requirement that the Executive relocate the principal place of his work for the Company such that his existing commute is increased by more than 50 miles.

Notwithstanding the foregoing, Good Reason shall not be deemed to exist unless (x) the Executive gives the Company written notice within ninety (90) days after the Executive first has knowledge of the occurrence of the event which the Executive believes constitutes the basis for Good Reason, specifying the particular act or failure to act which the Executive believes constitutes the basis for Good Reason, (y) the Company fails to cure such act or failure to act within sixty (60) days after receipt of such notice and (z) the Executive terminates his employment within sixty (60) days after the end of the period specified in clause (y).

In the event of termination in accordance with this Section 5(f), then the Executive will be entitled to the same payments and benefits (i.e., the Final Compensation, the Termination Compensation, the Benefit Continuation, the Prorated Bonus and acceleration of equity vesting (or termination of Company repurchase rights, as applicable)) he would have been entitled to receive had the Executive been terminated by the Company other than for Cause (and not due to his death or disability) in accordance with Section 5(d) above (subject to the terms of Section 5(e) above).

(g) By the Executive Other than for Good Reason or by Giving a Non-Renewal Notice. The Executive may terminate his employment hereunder at any time upon ninety (90) days' prior written notice to the Company. In the event of termination of the Executive's employment pursuant to this Section 5(g), or if the Executive should give a Non-Renewal Notice pursuant to Section 2 hereof, the Board may elect to waive the period of notice, or any portion thereof, and, if the Board so elects, the Company will pay the Executive the Final Compensation and, to the extent permitted under (and subject to the terms of) the applicable plan documents, provide the Insurance Benefits for the notice period (or any portion thereof) so waived. Upon such employment termination, the Company shall have no further obligation hereunder to the Executive, other than for any Final Compensation and Prorated Bonus due to him.

(h) Post-Agreement Employment. In the event the Executive remains in the employ of the Company or any of its subsidiaries following termination of this Agreement, by the expiration of the term hereof or otherwise, then such employment shall be at will.

6. Effect of Termination. The provisions of this Section 6 shall apply to a termination of the Executive's employment with the Company hereunder, whether due to the expiration of the term hereof, pursuant to Section 5 or otherwise.

(a) Payment by the Company of any applicable Final Compensation, Termination Compensation, Benefit Continuation, acceleration of equity vesting (or termination of Company repurchase rights, as applicable) and/or any other amounts or benefits that may be due the Executive in each case under the applicable termination provision of Section 5 shall constitute the entire obligation of the Company to the Executive, and the Executive shall not be entitled to additional payments or benefits under any other severance agreement or executive severance plan of the Company. Upon request of the Company, the Executive shall promptly give the Company notice of all facts necessary for the Company to determine the amount and duration of its obligations in connection with any termination pursuant to Section 5 hereof.

(b) Except for the Benefit Continuation and equity-security related benefits pursuant to Section 5(d) or 5(f) hereof, all benefits shall terminate pursuant to the terms of the applicable benefit plans based on the date of termination of the Executive's employment without regard to any continuation of any applicable Termination Compensation or other payment to the Executive following such date of termination.

(c) Provisions of this Agreement shall survive any termination of Executive's employment hereunder if so provided herein or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation the Restrictive Covenants (as defined below). The obligation of the Company to make payments and provide benefits to or on behalf of the Executive under 5(b), 5(d), 5(f) or 5(g) hereof (other than the Final Compensation) is expressly conditioned upon the Executive's continued compliance with the Restrictive Covenants; provided that (i) the Company may not discontinue any such payments and benefits (or require repayment of any such payments or benefits already provided to the Executive) unless the Company has provided written notice to the Executive setting forth in reasonable detail the nature of such non-compliance and, if the nature of such non-compliance is such that it is capable of being remedied by the Executive without any damage to the Company, as determined by the Board (excluding the Executive), the Executive shall have failed to remedy such non-compliance within ten (10) days following receipt of such notice (it being understood that if the nature of such non-compliance is such that it is not capable of being remedied by the Executive without any damage to the Company, as determined by the Board (excluding the Executive), the Company may discontinue such payments and benefits at such time as it provides such written notice to the Executive) and (ii) to the extent curable, the Company may suspend or discontinue such payments or benefits thereafter only during such period as such non-compliance continues. The Executive recognizes that, except as expressly provided in Section 5, no compensation is earned after termination of employment.

7. Restrictive Covenants. As an inducement and as essential consideration for the Company to enter into this Agreement, and in exchange for other good and valuable consideration, the Executive hereby agrees to the restrictive covenants contained in this Section 7 (the "Restrictive Covenants"). The Company and the Executive agree that the Restrictive Covenants are essential and narrowly tailored to preserve the goodwill of the business of the Company and its affiliates, to maintain the confidential and trade secret information of the Company and its affiliates, and to protect other legitimate business interests of the Company and its affiliates in light of their niche businesses and the executive position held by the Executive. The Company and the Executive further agree that the Company would not have entered into this Agreement without the Executive's agreement to the Restrictive Covenants. For purposes of the Restrictive Covenants, each reference to "Company" and "affiliate" shall also refer to the predecessors and successors of the Company and any of its affiliates (as the case may be).

(a) Non-Competition. During the period commencing on the Effective Date and ending on the date that is twelve (12) months after the date on which the Executive's employment hereunder terminates (the "Termination Date"), regardless of the reason for the Executive's termination of employment and regardless of who initiates such termination (such period, the "Non-Competition Period"), the Executive shall not, anywhere in the

United States or in any other country or jurisdiction in which the Company or any of its affiliates conducts or conducted business during the Non-Competition Period, either directly or indirectly, as a proprietor, partner, stockholder, director, executive, employee, consultant, joint venturer, member, investor, lender or otherwise, engage or assist others to engage in, or own, manage, operate or control, or participate in the ownership, management, operation or control of, or become employed or engaged by any person or entity that (i) is engaged in the business of the cultivation, manufacture and/or sale of cannabis or (ii) is, or has taken steps to become, competitive with the current business, activities, products or services of the type conducted, authorized, offered, or provided by the Company or any of its affiliates, or with respect to prospective business, activities, products or services which the Company or any of its affiliates (with the Executive's knowledge or involvement) has spent significant time or resources analyzing for the purposes of assessing expansion opportunities by the Company or any of its affiliates during the twelve (12) month period immediately prior to the Termination Date, in each case except as set forth on Exhibit A or otherwise approved by the Board at any time prior to the Termination Date (the "Competitive Business"). Notwithstanding the foregoing, nothing in this Section 7(a) shall prevent the Executive from (i) participating in any or all of the engagements or activities set forth on Exhibit A hereto so long as such engagements or activities do not (A) individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement and (B) materially change in the nature or scope of the Executive's engagement after the Effective Date or (ii) owning, as a passive investor, up to two percent (2%) of the securities of any entity that are publicly traded on a national securities exchange.

(b) Customer Non-Solicitation. During the period commencing on the Effective Date and ending on the date that is twelve (12) months after the Termination Date, regardless of the reason for the Executive's termination of employment and regardless of who initiates such termination, the Executive shall not (except on the Company's behalf during the term hereof), for purposes of providing products or services that are competitive with those provided by the Company or any of its affiliates, directly or indirectly, on the Executive's own behalf or on behalf of any other person or entity, contact, solicit, divert, induce, call on, take away, or do business with (or attempt to do any of the foregoing) any customer or client of the Company or any of its affiliates (or any person or entity who, during the twelve (12) months prior to the Termination Date, was engaged in mutual contact, discussion or correspondence with the Company in respect of becoming a customer or client of the Company or any of its affiliates) with whom the Executive had contact within the twelve (12) months immediately prior to the Termination Date.

(c) Service Provider Non-Solicitation. During the period commencing on the Effective Date and ending on the date that is twelve (12) months after the Termination Date, regardless of the reason for the Executive's termination of employment and regardless of who initiates such termination, the Executive shall not (except on the Company's behalf during the term hereof), directly or indirectly, on the Executive's own behalf or on behalf of any other person or entity, solicit for employment or engagement, employ or engage, or interfere with the employment or engagement of (or attempt to do any of the foregoing) any individual who (A) is employed by, or an independent contractor of, the Company or any of

its affiliates at the time of such solicitation, interference or attempt thereof or (B) was employed by, or an independent contractor of, the Company or any of its affiliates within twelve (12) months prior to such solicitation, employment, engagement, interference or attempt thereof.

(d) Non-Disparagement. During the term hereof and at all times thereafter, (I) the Executive shall not, directly or through any other person or entity, make any public or private statements (whether orally, in writing, via electronic transmission, or otherwise) that disparage, denigrate or malign (i) the Company or any of its affiliates, (ii) any of the businesses, activities, operations, affairs, reputations or prospects of the Company or any of its affiliates, or (iii) any of the officers, employees, directors, managers, partners (general and limited), agents, members or shareholders of any of the persons or entities described in any of clauses (i) or (ii) and (II) none of the members of the Board shall, and the Company shall not instruct any of its employees or employees of any of its affiliates to, directly or through any other person or entity, make any public or private statements (whether orally, in writing, via electronic transmission, or otherwise) that disparage, denigrate or malign the Executive. For purposes of clarification, and not limitation, a statement shall be deemed to disparage, denigrate or malign a person or entity if such statement could be reasonably construed to adversely affect the opinion any other person or entity may have or form of such first person or entity. No obligation under this Section 7(d) shall be violated by truthful statements (x) made to any governmental authority, (y) which are in connection with legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or (z) made in performance reviews.

(e) Confidentiality; Return of Property. During the term hereof and at all times thereafter, the Executive shall not, without the prior express written consent of the Company, directly or indirectly, use on the Executive's behalf or on behalf of any other person or entity, or divulge, disclose or make available or accessible to any person or entity, any Confidential Information (as defined below), other than when required to do so in good faith to perform the Executive's duties and responsibilities hereunder while employed by the Company, or when required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power. Nothing in this Section 7(e) or in this Agreement prohibits the Executive from reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation. Further, in accordance with the Defend Trade Secrets Act of 2016, (I) the Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (II) if the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose a trade secret to his attorney and use the trade secret information in the court proceeding, if the Executive files

any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order. In the event that the Executive becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any Confidential Information, then prior to such disclosure, the Executive will provide the Board with prompt written notice so that the Company may seek (with the Executive's cooperation) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, then the Executive will furnish only that portion of the Confidential Information which is legally required (as may be advised by Executive's legal counsel), and will cooperate with the Company in the Company's efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information. In addition, the Executive shall not create any derivative work or other product based on or resulting from any Confidential Information (except in the good faith performance of the Executive's duties under this Agreement while employed by the Company). The Executive shall also proffer to the Board's designee, no later than the Termination Date (or upon the earlier request of the Company), and without retaining any copies, notes or excerpts thereof, all property of the Company and its affiliates in whatever form, including, without limitation, memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information, that are in the Executive's actual or constructive possession or which are subject to the Executive's control at such time. To the extent the Executive has retained any such property or Confidential Information on any electronic or computer equipment belonging to the Executive or under the Executive's control, the Executive agrees to so advise Company and to follow Company's instructions in permanently deleting all such property or Confidential Information and all copies. For purposes of this Agreement, "Confidential Information" shall mean all information of a sensitive, confidential or proprietary nature respecting the business and activities of the Company or any of its affiliates, including, without limitation, the terms and provisions of this Agreement (except for the terms and provisions of Section 7), and the clients, customers, suppliers, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, Inventions (as defined below), know-how, research, developments, processes, practices, approaches, projections, forecasts, formats, systems, data gathering methods and/or strategies of the Company or any of its affiliates. Confidential Information also includes all information received by the Company or any of its affiliates under an obligation of confidentiality to a third party of which the Executive has knowledge. Notwithstanding the foregoing, Confidential Information shall not include any information that is generally available, or is made generally available, to the public other than as a result of a direct or indirect unauthorized disclosure by the Executive or any other person or entity subject to a confidentiality obligation.

(f) Ownership of Inventions. The Executive acknowledges and agrees that all Company Inventions (as defined below) (including all intellectual property rights arising therein or thereto, all rights of priority relating to patents, and all claims for past, present and future infringement, misappropriation relating thereto), and all Confidential Information,

hereby are and shall be the sole and exclusive property of the Company (collectively, the "Company IP"). For consideration acknowledged and received, the Executive hereby irrevocably assigns, conveys and sets over to the Company all of the Executive's right, title and interest in and to all Company IP. The Executive acknowledges and agrees that the compensation received by the Executive for employment or services provided to the Company is adequate consideration for the foregoing assignment. The Executive further agrees to disclose in writing to the Board any Company Inventions promptly following their conception or reduction to practice. Such disclosure shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art of which the Company Invention pertains, a clear understanding of the nature, purpose, operations, and other characteristics of the Company Invention. The Executive agrees to execute and deliver such deeds of assignment or other documents of conveyance and transfer as the Company may request to confirm in the Company or its designee the ownership of the Company Inventions, without compensation beyond that provided in this Agreement. The Executive further agrees, upon the request of the Company and at its expense, that the Executive will execute any other instrument and document necessary or desirable in applying for and obtaining patents in the United States and in any foreign country with respect to any Company Invention. The Executive further agrees, whether or not the Executive is then an employee or other service provider of the Company or any of its affiliates, upon request of the Company, to provide reasonable assistance with respect to the perfection, recordation or other documentation of the assignment of Company IP hereunder, and the enforcement of the Company's rights in any Company IP, and to cooperate to the extent and in the manner reasonably requested by the Company in any litigation or other claim or proceeding (including, without limitation, the prosecution or defense of any claim involving a patent) involving any Company IP covered by this Agreement, without further compensation, but all reasonable out-of-pocket expenses incurred by the Executive in satisfying the requirements of this Section 7(f) shall be paid by the Company or its designee. The Executive shall not, on or after the Effective Date, directly or indirectly challenge the validity or enforceability of the Company's ownership of, or rights with respect to, any Company IP, including, without limitation, any patent issued on, or patent application filed in respect of, any Company Invention. For purposes of this Agreement, "Company Invention" shall mean any Invention that is made, conceived, invented, authored, or first actually reduced to practice, by the Executive (alone or jointly with others) (i) in the course of, in connection with, or as a result of the Executive's employment or other service with the Company or any of its affiliates (whether before, on, or after the Effective Date, but not before the commencement of Executive's employment with the Company or its predecessor), (ii) at the direction or request of the Company or any of its affiliates (whether before, on, or after the Effective Date), or (iii) through the use of, or that is related to, facilities, equipment, Confidential Information, other Company Inventions, intellectual property or other resources of the Company or any of its affiliates, whether or not during the Executive's work hours (and whether before, on, or after the Effective Date, but not before the commencement of Executive's employment with the Company or its predecessor). For purposes of this Agreement, "Invention" shall mean any invention, formula, therapy, diagnostic technique, discovery, improvement, idea, technique, design, method, art, process, methodology, algorithm, machine, development, product, service, technology, strategy, software, work of

authorship or other Works (as defined below), trade secret, innovation, trademark, data, database, or the like, whether or not patentable, together with all intellectual property rights therein.

(g) Works for Hire. The Executive also acknowledges and agrees that all works of authorship, in any format or medium, and whether published or unpublished, created wholly or in part by the Executive, whether alone or jointly with others, (i) in the course of, in connection with, or as a result of the Executive's employment or other service with the Company or any of its affiliates (whether before, on, or after the Effective Date), (ii) at the direction or request of the Company or any of its affiliates (whether before, on, or after the Effective Date), or (iii) through the use of, or that is related to, facilities, equipment, Confidential Information, other Company Inventions, intellectual property or other resources of the Company or any of its affiliates, whether or not during the Executive's work hours (and whether before, on, or after the Effective Date) ("Works"), are works made for hire as defined under United States copyright law, and that the Works (and all copyrights arising in the Works) are owned exclusively by the Company and all rights therein will automatically vest in the Company without the need for any further action by any party. To the extent any such Works are not deemed to be works made for hire, for consideration acknowledged and received, the Executive hereby waives any "moral rights" in such Works and the Executive hereby irrevocably assigns, transfers, conveys and sets over to the Company or its designee, without compensation beyond that provided in this Agreement, all right, title and interest in and to such Works, including without limitation all rights of copyright arising therein or thereto, and further agrees to execute such assignments or other deeds of conveyance and transfer as the Company may request to vest in the Company or its designee all right, title and interest in and to such Works, including all rights of copyright arising in or related to the Works.

(h) Cooperation. During and after the term hereof, the Executive agrees to cooperate with the Company and its affiliates in any internal investigation, any administrative, regulatory, or judicial proceeding or any dispute with a third party concerning issues about which the Executive has knowledge or that may relate to the Executive or the Executive's employment or service with the Company or any of its affiliates (or the termination thereof). The Executive's obligation to cooperate hereunder includes, without limitation, being available to the Company and its affiliates upon reasonable notice for interviews and factual investigations, appearing in any forum at the Company's or any of its affiliates' reasonable request to give testimony (without requiring service of a subpoena or other legal process), volunteering to the Company and its affiliates pertinent information, and turning over to the Company and its affiliates all relevant documents which are or may come into the Executive's possession. The Company shall promptly reimburse the Executive for the reasonable pre-approved out-of-pocket expenses incurred by the Executive in connection with such cooperation. For the avoidance of doubt, the immediately preceding sentence shall not require the Company to reimburse the Executive for any attorneys' fees or related costs the Executive may incur absent advance written approval by the Company, which shall not be unreasonably withheld.

(i) Notification Requirement. Until the expiration of the period or periods for Restrictive Covenants (as applicable), the Executive shall, upon a reasonable request by the Company, give notice to the Company of any new business activity in which he is engaged. Such notice shall state the name and address of the individual, corporation, limited liability company, association, partnership, estate, trust and other entity or organization, other than the Company or any of its affiliates (any such individual or entity being hereinafter referred to as a "Person") for whom such activity is undertaken and the nature of the Executive's business relationship(s) and position(s) with such Person. The Executive shall provide the Company with such other pertinent information concerning such business activity as the Company may reasonably request in order to determine the Executive's continued compliance with the Restrictive Covenants.

(j) Enforcement of Covenants. The Executive acknowledges that he has carefully read and considered all the terms and conditions of this Agreement, including the Restrictive Covenants. The Executive agrees that the Restrictive Covenants are necessary for the reasonable and proper protection of the Company and its affiliates and that each and every one of the Restrictive Covenants is reasonable in respect to subject matter, length of time and geographic area, and otherwise. The Executive further acknowledges that, were he to breach any of the Restrictive Covenants, the damage to the Company and its affiliates would be irreparable. The Executive therefore agrees that the Company and its affiliates, in addition to any other legal or equitable remedies available to them, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by the Executive of any of the Restrictive Covenants, without having to post bond, and to specific performance of each of the terms thereof, and shall be entitled to recover their reasonable costs and attorneys' fees in enforcing the Restrictive Covenants. The Executive further agrees that (i) any breach or claimed breach of the provisions of this Agreement by, or any other claim the Executive may have against, the Company or any of its affiliates will not be a defense to enforcement of any Restrictive Covenant and (ii) the circumstances of the Executive's termination of employment with the Company will have no impact on the Executive's obligations to comply with any Restrictive Covenant. The Restrictive Covenants are intended for the benefit of the Company and each of its affiliates. Each affiliate of the Company is an intended third party beneficiary of the Restrictive Covenants, and each affiliate of the Company, as well as any successor or assign of the Company or such affiliate, may enforce the Restrictive Covenants. The parties further agree that, in the event that any provision of the Restrictive Covenants shall be determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities or otherwise, such provision shall be deemed to be modified by the court to permit its enforcement to the maximum extent permitted by law.

(k) Notification of New Employer. In the event that the Executive is employed or otherwise engaged by any other person or entity following the Termination Date, the Executive agrees to notify, and consents to the notification by Company and its affiliates of, such person or entity of the Restrictive Covenants.

8. Excise Tax.

(a) Notwithstanding anything to the contrary contained in this Agreement or otherwise, to the extent that any payment, distribution or acceleration of vesting to or for the benefit of Executive by the Company (within the meaning of Section 280G of the Code and the regulations thereunder), whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments"), is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) to the Safe Harbor Amount (as defined below) if and to the extent that a reduction in the Total Payments would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income and employment taxes and the Excise Tax), than if Executive received the entire amount of such Total Payments in accordance with their existing terms (taking into account federal, state, and local income and employment taxes and the Excise Tax). For purposes of this Agreement, the term "Safe Harbor Amount" means the largest portion of the Total Payments that would result in no portion of the Total Payments being subject to the Excise Tax. To effectuate the foregoing, the Company shall reduce or eliminate the Total Payments by first reducing or eliminating the portion of the Total Payments which are payable in cash and then by reducing or eliminating non-cash payments, in each case, starting with the payments to be made farthest in time from the Determination (as defined below).

(b) The determination of whether the Total Payments shall be reduced as provided in Section 8(a) and the amount of such reduction shall be made at the Company's expense by an accounting firm selected by Company from among the 10 largest accounting firms in the United States or by qualified independent tax counsel (the "Determining Party"); *provided*, that Executive shall be given advance notice of the Determining Party selected by the Company, and shall have the opportunity to reject the selection, within two business days of being notified of the selection, on the basis of that Determining Party's having a conflict of interest or other reasonable basis, in which case the Company shall select an alternative firm among the 10 largest accounting firms in the United States or alternative independent qualified tax counsel, which shall become the Determining Party. Such Determining Party shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and Executive, within 10 business days of the termination of Executive's employment or at such other time mutually agreed by the Company and Executive. If the Determining Party determines that no Excise Tax is payable by Executive with respect to the Total Payments, it shall furnish Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to any such payments and, absent manifest error, such Determination shall be binding, final and conclusive upon the Company and Executive. If the Determining Party determines that an Excise Tax would be payable, the Company shall have the right to accept the Determination as to the extent of the reduction, if any, pursuant to Section 8(a), or to have such Determination reviewed by another accounting firm selected by the Company, at the Company's expense. If the two accounting firms do not agree, a third accounting firm shall be jointly chosen by Executive and the Company, in which case the determination of such

third accounting firm shall be binding, final and conclusive upon the Company and Executive.

(c) If, notwithstanding any reduction described in this Section 8, the Internal Revenue Service ("IRS") determines that Executive is liable for the Excise Tax as a result of the receipt of any of the Total Payments or otherwise, then Executive shall be obligated to pay back to the Company, within 30 calendar days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of the Total Payments equal to the "Repayment Amount". The "Repayment Amount" with respect to the payment of benefits shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to the Total Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Total Payments) shall be maximized. The Repayment Amount shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the Total Payments being maximized. If the Excise Tax is not eliminated pursuant to this Section 8, Executive shall pay the Excise Tax.

(d) Notwithstanding any other provision of this Section 8, if (i) there is a reduction in the Total Payments as described in this Section 8, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those payments or benefits which were reduced pursuant to this Section 8 as soon as administratively possible after Executive pays the Excise Tax (but not later than March 15 following the calendar year of the IRS determination) so that Executive's net after-tax proceeds with respect to the Total Payments are maximized.

(e) If, following a reduction of the Total Payments pursuant to Section 8(a), the Determining Party or a court of competent jurisdiction determines that the Total Payments were reduced to a greater extent than required under Section 8, then the Company shall as soon as administratively possible (but not later than by March 15 following the calendar year of such determination) pay the amount of such excess reduction to or for the benefit of Executive, together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code), from the date the amount would have otherwise been paid to Executive until the payment date.

(f) To the extent requested by Executive, the Company shall cooperate with Executive in good faith in valuing, and the Determining Party shall take into account the value of, services provided or to be provided by Executive (including, without limitation, Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under Section 280G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code and/or exempt from the definition of the term

"parachute payment" within the meaning of Q&A-2(a) of the final regulations under Section 280G of the Code in accordance with Q&A-5(a) of the final regulations under Section 280G of the Code.

9. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which the Executive is a party or is bound and that the Executive is not now subject to any covenants against competition or similar covenants or any court order or other legal obligation that would affect the performance of his obligations hereunder, any and all of which are superseded by this Agreement. The Executive will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

10. Indemnification. The Company shall indemnify the Executive to the maximum extent permitted by the General Corporation Law of the State of Delaware. At the request of the Executive, and subject to the approval of the Board (excluding the Executive), the Company shall enter into an indemnification agreement with the Executive on terms at least as favorable in each respect to the Executive as the terms of any other indemnification agreement between the Company and any other director or officer of the Company. The Executive agrees to promptly notify the Company of any actual or threatened claim arising out of or as a result of his employment or other service with the Company or any of its affiliates (or the termination thereof).

11. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

12. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without the consent of the Executive in the event that the Company shall hereafter effect a reorganization, consolidate with, or merge into, any person or entity, transfer a substantial majority of its properties or assets to any person or entity, or engage in a similar transaction with any person or entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, and their respective successors, executors, administrators, heirs and permitted assigns.

13. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14. Amendment and Waiver. This Agreement may be amended or modified only by a written instrument signed by the Executive and the Company. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either

party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time.

15. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, registered or certified, and addressed:

(a) if to the Executive, at his last known address on the books of the Company, with a copy to [***]; and

(b) if to the Company, at its principal place of business, attention, Secretary, with a copy to legal@awholdings.com; or

(c) to such other address as either party may specify by notice to the other actually received.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment and the subject matter hereof.

17. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement, by electronic mail in portable document format (.pdf) or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, has the same effect as delivery of an executed original of this Agreement.

19. Governing Law; Venue; WAIVER OF JURY TRIAL. This Agreement, the rights of the parties and all claims, actions, causes of action, suits, litigation, controversies, hearings, charges, complaints or proceedings arising in whole or in part under or in connection herewith, will be governed by and construed in accordance with the domestic substantive laws of the State of New York, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction. Both the Executive and the Company agree to appear before and submit exclusively to the jurisdiction of the United States District Court for the Southern District of New York with respect to any controversy, dispute, or claim arising out of or relating to this Agreement or the Executive's employment or service with the Company or any of its affiliates (or the termination thereof), or if such controversy, dispute or claim may not be brought in federal court, to the state courts located in New York, New York and, in each case, the applicable courts of appeals of such court. Both the Executive and the Company also agree to waive, to the fullest possible extent, the defense of an inconvenient forum or lack of

jurisdiction. The Executive further consents to service of process in the State of New York. **THE COMPANY AND THE EXECUTIVE HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT OR THE EXECUTIVE'S EMPLOYMENT OR SERVICE WITH THE COMPANY OR ANY OF ITS AFFILIATES (OR THE TERMINATION THEREOF), OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT OF THIS AGREEMENT (WHETHER ARISING IN CONTRACT, EQUITY, TORT OR OTHERWISE).**

20. Code Section 409A Compliance. This Agreement is intended to comply with Code Section 409A (to the extent applicable) and the parties hereto agree to interpret this Agreement in the least restrictive manner necessary to comply therewith and without resulting in any increase in the amounts owed hereunder by the Company. To the maximum extent possible, any severance owed under this Agreement shall be construed to fit within the "short-term deferral rule" under Code Section 409A and/or the "two times two year" involuntary separation pay exception under Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a "specified employee" within the meaning of Code Section 409A and the regulations issued thereunder, and a payment or benefit provided for in this Agreement would be subject to additional tax under Code Section 409A if such payment or benefit is paid within six (6) months after the Executive's "separation from service" (within the meaning of Code Section 409A), then such payment or benefit required under this Agreement (i) shall not be paid (or commence) during the six-month period immediately following the Executive's separation from service and (ii) shall instead be paid to the Executive in a lump-sum cash payment on the earlier of (A) the first regular payroll date of the seventh month following the Executive's separation from service or (B) the 10th business day following the Executive's death (but not earlier than such payment would have been made absent such death). If the Executive's termination of employment hereunder does not constitute a "separation from service" within the meaning of Code Section 409A, then any amounts payable hereunder on account of a termination of the Executive's employment and which are subject to Code Section 409A shall not be paid until the Executive has experienced a "separation from service" within the meaning of Code Section 409A. In addition, no reimbursement or in-kind benefit shall be subject to liquidation or exchange for another benefit and the amount available for reimbursement, or in-kind benefits provided, during any calendar year shall not affect the amount available for reimbursement, or in-kind benefits to be provided, in a subsequent calendar year. Any reimbursement to which the Executive is entitled hereunder shall be made no later than the last day of the calendar year following the calendar year in which such expenses were incurred. Notwithstanding anything herein to the contrary, neither the Company nor any of its affiliates shall have any liability to the Executive or to any other person or entity if this Agreement is, or if the payments and benefits provided in this Agreement that are intended to be exempt from or compliant with Code Section 409A are, not so exempt or compliant. Each payment payable hereunder shall be treated as a separate payment in a series of payments within the meaning of, and for purposes of, Code Section 409A.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first above written.

THE EXECUTIVE

/s/ Francis Perullo
Francis Perullo

ASCEND WELLNESS HOLDINGS, INC.

By: /s/ Abner Kurtin

Print Name and Title:
Abner Kurtin, Chief Executive Officer

Exhibit A

[***]

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") dated as of March 1, 2022 (the "Effective Date") is made and entered into by and between Ascend Wellness Holdings, Inc., a Delaware corporation with a principal place of business at 1411 Broadway, 16th Floor, New York, NY 10018 (the "Company"), and Robin Debiase, an individual whose principal business address is in care of the Company at 1411 Broadway, 16th Floor, New York, NY 10018 (the "Executive").

RECITALS

WHEREAS, the Executive has served and will continue to serve as the Chief People Officer of the Company; and

WHEREAS, the parties desire to memorialize the terms of the Executive's employment as Chief People Officer, on the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree:

1. Employment. Subject to the terms and conditions set forth in this Agreement, the Company hereby offers, and the Executive hereby accepts, continued employment as Chief People Officer of the Company.

2. At Will. The Executive is an employee at will and nothing in this Agreement is intended to change that status in any way. As a result, the Executive and/or the Company can terminate the employment relationship at any time. The parties agree, however, that if the Company terminates the employment relationship without Cause (as defined herein), then the executive shall be eligible to receive the benefits set forth below in Section 4. This agreement supersedes all previous offer letters of employment and agreements, including but not limited to that certain Employment Offer Letter dated January 15, 2022. This Agreement shall expire upon the one-year anniversary of the Effective Date.

3. Capacity and Performance.

(a) During the term hereof, the Executive shall serve the Company as Chief People Officer, reporting to the Chief Executive Officer of the Company or equivalent senior officer (the "CEO").

(b) During the term hereof, the Executive shall be employed by the Company on a full-time and diligent basis and shall perform such duties and responsibilities on behalf of the Company as are customarily performed by a Chief People Officer of a company of comparable size and as may be reasonably designated from time to time by the CEO.

(c) During the term hereof, the Executive shall not, directly or indirectly, render any services of a business, commercial or professional nature to any person or entity other than the Company (or any affiliate thereof), whether for compensation or otherwise, without the

prior written consent of the Board, which shall not be unreasonably withheld. For the avoidance of doubt, notwithstanding the foregoing, the Executive may (i) engage in the activities set forth on Exhibit A hereto so long as such activities do not (A) individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement and (B) materially change in nature or scope of the Executive's engagement after the Effective Date, in which case the Executive shall not be permitted to continue such engagement without the prior written consent of the Board and (ii) engage in educational, charitable and civic activities and manage the Executive's personal investments and affairs, in each case, so long as such activities (A) do not, individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement and (B) are not contrary to the interests of the Company or any of its affiliates or competitive in any way with the Company or any of its affiliates.

4. Compensation and Benefits. As compensation for all services performed by the Executive under this Agreement and during the term hereof and subject to performance of the Executive's duties and obligations to the Company pursuant to this Agreement:

(a) Base Salary. The Company shall pay the Executive a base salary at the rate of $375,000 per annum. The Executive's base salary shall be payable in accordance with the payroll practices of the Company for its executives and subject to increase from time to time by the Board, in its sole discretion. The base salary set forth in this Section 4(a), as from time to time increased, is hereafter referred to as the "Base Salary."

(b) Bonus upon Change of Control Event. Upon the consummation of a change of control (as defined in the 2021 Incentive Plan), and concurrent with the payment of any consideration to any other holders of capital stock of the Company in connection with such change of control, the Executive shall be deemed to have earned a bonus equal to 100% of the Executive's base salary (the "Change in Control Bonus") for each fiscal year during the remainder of the term (inclusive of partial fiscal years). Notwithstanding anything to the contrary contained herein, the obligations of the Company to pay the Change of Control Bonus to Executive shall survive any termination of this Agreement by reason of death, disability or termination of employment of Executive without limitation, except that the Company's obligation to pay the Change of Control Bonus shall terminate concurrently with any termination of Executive's employment for Cause (as defined in Section 5(c) below).

(c) Equity Incentives. During the term hereof, the Executive shall be eligible to receive equity grants under the 2021 Incentive Plan, or any successor plan for the issuance of stock options, restricted stock, or other equity incentives hereafter maintained by the Company and in which other senior executives of the Company participate. Any and all grants to the Executive under the 2021 Incentive Plan or any such successor plan shall be made at the sole discretion of the Board and shall be subject to the terms and conditions of the applicable award agreement.

(d) Vacations. During the term hereof, the Executive shall be entitled to vacation, personal days, sick time and similar paid time off benefits in accordance with the applicable policies of the Company, as in effect from time to time.

(e) Insurance Benefits. During the term hereof and subject to any contribution therefor generally required of employees of the Company, the Executive shall be eligible to participate in any medical, dental and disability insurance plans maintained by the Company from time to time (collectively, the "Insurance Benefits"). The Executive's participation in such Insurance Benefits shall be subject to applicable law, the terms of the applicable plan documents and generally applicable Company policies. Notwithstanding anything herein to the contrary, the Company may amend, modify or terminate any Insurance Benefits at any time in its discretion.

(f) Business Expenses. During the term hereof, the Company shall promptly pay or reimburse the Executive for all reasonable, customary and necessary business expenses incurred or paid by the Executive in the performance of her duties and responsibilities hereunder, subject to any reasonable maximum annual limit and other restrictions on such expenses set by the Board and otherwise in accordance with the Company's then-prevailing policies and procedures for expense reimbursement (including such reasonable substantiation and documentation as may be specified by the Company from time to time).

5. Termination of Employment and Severance Benefits. Notwithstanding the provisions of Section 2 hereof, the Executive's employment hereunder shall terminate prior to the expiration of the term under the following circumstances:

(a) Death. In the event of the Executive's death during the term hereof, the Executive's employment hereunder shall immediately and automatically terminate. In such event, the Company shall pay to the Executive's designated beneficiary or, if no beneficiary has been designated by the Executive, to her estate, (i) the Base Salary earned but not paid through the date of termination (to be paid in accordance with the Company's normal payroll policies or at such earlier time as required by applicable law), (ii) the value of any vacation time earned but not used through the date of termination (to be paid in accordance with the Company's policies and applicable law), (iii) any Annual Bonus earned under Section 4(b) with respect to the fiscal year immediately preceding the fiscal year in which such termination occurs, but only to the extent unpaid as of the date of termination (with any such earned Annual Bonus to be paid at the same time as if no such termination had occurred), and (iv) any business expenses incurred by the Executive but unreimbursed as of the date of termination, provided that such expenses are reimbursable under Company policy (with such expenses to be reimbursed in accordance with the Company's expense reimbursement policies as in effect from time to time) (all of the foregoing, "Final Compensation"). In addition to Final Compensation, if the Executive's employment terminates due to her death during the term hereof, the Executive will be entitled to (x) a prorated portion of any Annual Bonus earned for the fiscal year in which such termination occurs (calculated as the Annual Bonus that would have been paid for such fiscal year, multiplied by a fraction, the numerator of which is equal to the number of days the Executive worked for the Company in such fiscal year, and the denominator of which is equal to the total number of days in such fiscal year), with any such prorated Annual Bonus to be paid at the same time as if no such termination had occurred (the "Prorated Bonus") and (y) the Benefit Continuation he would have been entitled to receive under clause (iii) of Section 5(d) below had the Executive been terminated

by the Company other than for Cause in accordance with such Section 5(d). The Company shall have no further obligation to the Executive or her estate hereunder.

(b) Disability.

(i) The Company may terminate the Executive's employment hereunder, upon notice to the Executive, in the event that the Executive becomes disabled during her employment hereunder through any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform substantially all of her duties and responsibilities hereunder, with or without reasonable accommodation, for any period of ninety (90) consecutive days or more, or one hundred eighty (180) days (whether or not consecutive) during any period of three hundred and sixty-five (365) consecutive calendar days. In the event of such termination, the Company shall pay to the Executive the Final Compensation and shall otherwise comply with the provisions of this Section 5(b). In addition to such Final Compensation, the Executive will be entitled to (x) the Prorated Bonus and (y) the Benefit Continuation he would have been entitled to receive under clause (iii) of Section 5(d) below had the Executive been terminated by the Company other than for Cause in accordance with such Section 5(d). The Company shall have no further obligation to the Executive hereunder.

(ii) In lieu of terminating the Executive's employment hereunder, the Board may designate another employee to act in the Executive's place during any period of the Executive's disability. Notwithstanding any such designation, the Executive shall continue to receive the Base Salary in accordance with Section 4(a) and Insurance Benefits in accordance with Section 4(e), to the extent permitted by the then-current terms of the applicable benefit plans, until the Executive becomes eligible for long-term disability income benefits under the Company's disability income plan (or any disability insurance policy of the Company).

(iii) If the Executive becomes eligible to receive disability income payments under the Company's disability income plan (or any disability insurance policy of the Company), the Executive shall be entitled to receive Base Salary under Section 4(a) hereof less the amount of such disability income payments being made to the Executive, and shall continue to participate in Company benefit plans in accordance with Section 4(e) and as permitted by the terms of such plans, in each case, until the termination of her employment.

(iv) Any determination as to whether during any period the Executive is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of her duties and responsibilities hereunder shall be made by a physician satisfactory to both the Executive (or her duly appointed guardian) and the Company, *provided* that if the Executive and the Company do not agree on a physician, the Executive and the Company shall each select a physician and these two together shall select a third physician, whose determination as to disability shall be binding on all parties. If the Executive shall fail to submit to such medical examination, the Company's determination of the issue shall be binding on the Executive.

(c) By the Company for Cause. The Company may terminate the Executive's employment hereunder for Cause at any time upon notice to the Executive setting forth in reasonable detail the nature of such Cause. The following shall constitute "Cause" for termination:

(i) Repeated or willful refusal, failure or neglect by the Executive to perform the material duties of her employment or to follow the directions of the CEO or the Board (other than by reason of the Executive's physical or mental illness or impairment);

(ii) The Executive's committing any act of fraud, embezzlement, or theft;

(iii) The Executive's material violation of the Company's policies;

(iv) The Executive's behavior or engagement in any acts that may interfere with the ability of the Company or any of its affiliates to maintain a license to harvest, cultivate, process, or sell cannabis or otherwise continue to operate its business;

(v) The Executive's breach of any non-disclosure, non-disparagement, non-competition, non-solicitation, assignment of inventions agreement or other restrictive covenants set forth herein, other than the Executive's inadvertent and immaterial breach of any non-competition or non-disclosure obligation that is not otherwise detrimental to the Company or any of its affiliates, as determined by the Board;

(vi) The Executive's conviction of a felony (including pleading guilty or nolo contendere to a felony) or commitment of other acts causing a material detriment to the reputation, the business or a business relationship of the Company or any of its affiliates; provided, however, that for the avoidance of doubt, no conviction or plea of nolo contendere of a felony or crime that occurs solely as a result of a violation of U.S. federal law concerning cannabis or the cannabis industry shall be deemed to constitute "Cause", so long as (A) the acts, omissions, conduct or activity related to cannabis or the cannabis industry giving rise to any such conviction or plea of nolo contendere of a felony or crime could be reasonably believed to be in compliance with applicable state and local laws and (B) such conviction or plea of nolo contendere is not likely to interfere with the ability of the Company or any of its affiliates to maintain a license to harvest, cultivate, process, or sell cannabis or otherwise continue to operate its business;

(vii) The Executive's willful engagement in dishonesty, illegal conduct (other than solely as a result of a violation of U.S. federal law concerning cannabis or the cannabis industry, so long as (A) the acts, omissions, conduct or activity related to cannabis or the cannabis industry giving rise to such illegal conduct could be reasonably believed to be in compliance with applicable state and local laws and (B) such illegal conduct is not likely to interfere with the ability of the Company or any of its affiliates to maintain a license to harvest, cultivate, process, or sell cannabis or otherwise continue to operate its business), or gross misconduct, which in each case is materially injurious (monetarily or otherwise) to the Company or its affiliates; or

(viii) The Executive's material breach of the terms of this Agreement.

For purposes of this provision, no act or failure to act on the part of the Executive shall be considered “willful” unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based on authority given pursuant to a resolution duly adopted by the Board or on the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

Termination of the Executive’s employment shall not be deemed to be for Cause unless and until (I) the Company has given notice thereof to the Executive specifying in reasonable detail the conduct constituting “Cause,” (II) solely with respect to the conduct described in clauses (i), (iii), (iv), (v) and (viii) above, the Executive fails to cure and correct her conduct (if capable of cure and correction) within thirty (30) days after such notice, and (III) the Company delivers to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3) of the Board (after the Executive is given an opportunity, together with counsel, to be heard before the Board), finding in good faith that the Executive has engaged in the conduct described in any of (i)-(viii) above.

Upon the giving of notice of termination of the Executive’s employment hereunder for Cause, the Company shall have no further obligation hereunder to the Executive, other than for Final Compensation.

(d) By the Company Other than for Cause. The Company may terminate the Executive’s employment hereunder other than for Cause (and other than in connection with the Executive’s death or disability) at any time upon written notice to the Executive. In the event of such termination, then (i) the Company shall pay to the Executive the Final Compensation, (ii) the Company shall pay the Executive an amount equal to one and a half times the sum of Base Salary and Annual Bonus earned by the Executive for the full fiscal year immediately preceding the fiscal year in which such termination occurs (the “Termination Compensation”), payable in substantially equal installments in accordance with the Company’s normal payroll practices as in effect from time to time, over the twelve (12) month period immediately following the termination date (with the first payment to be made on the first payroll date following the effective date of the Employee Release (as defined below) and to include a catch-up to cover any payment that would have been made prior to such date had the Employee Release been effective on the termination date); provided that, if such termination date occurs prior to the conclusion of one full fiscal year of employment from the original hire date, it shall be assumed, for purposes of determining the Termination Compensation, that Executive earned one full fiscal year of her current Base Salary and achieved an Annual Bonus of 100% of her current Base Salary; provided, further, that, if (and only if) such termination date occurs within eighteen (18) months after a Change of Control Event (as defined below), then the Termination Compensation shall be payable to the Executive in a lump sum payment on the first payroll date following the effective date of the Employee Release (rather than in installments, as provided above in this clause (ii)), (iii) subject to any employee contribution applicable to the Executive as of immediately prior to the date of termination, the Company shall continue to pay the cost of the Executive’s participation in the Company’s medical and dental insurance plans for a period of twelve (12)

months, provided that if the Executive's continued participation in such plans would result in a violation of any non-discrimination rules or result in any fines, penalties or excise taxes to the Company or any of its affiliates or if the Executive is otherwise not eligible to continue participation in such plans under applicable law or plan terms, then, to the extent possible without resulting in such violation, fines, penalties or excise taxes, the Company shall instead make monthly cash payments to the Executive in an amount equal to the employer portion of the monthly insurance premiums that would have been applicable had the Executive been eligible to continue such participation (the benefit described in this clause (iii), collectively, the "Benefit Continuation"), (iv) the Prorated Bonus, and (v) notwithstanding the terms of any other agreement, instrument or document to the contrary (including without limitation any vesting terms, performance criteria or other conditions, and regardless of whether entered into before or after the date of this Agreement), upon such termination, Executive's right to purchase or otherwise acquire any equity securities of the Company under any stock option or other agreement, instrument, plan, program or arrangement outstanding or in effect on the effective date of such termination shall thereupon vest in full (subject only to the payment of the applicable exercise or purchase price, if any, and provided that any equity awards that are subject to the satisfaction of performance goals shall be deemed earned at target performance), and any right of the Company or any subsidiary to repurchase any equity securities of the Company from Executive, whether arising under any option, agreement, instrument, plan, program, arrangement or otherwise, shall thereupon terminate. For purposes of this Agreement, the term "Change of Control Event" shall mean the consummation, after the Effective Date, of (i) the sale of all or substantially all of the Company's assets or at least a majority of voting power of the capital stock of the Company, (ii) any liquidation, dissolution or winding up of the Company, or (iii) the merger or consolidation of the Company with or into another entity, except a merger or consolidation in which the holders of capital stock of the Company immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity, as applicable; provided, however, that no event described in the foregoing clauses (i), (ii) and (iii) shall constitute a Change of Control Event for purposes of this Agreement unless it satisfies the requirements of Treasury Regulation Section 1.409A-3(i)(5)(v) or (vii).

(e) Any obligation of the Company to make the payments and provide the benefits to the Executive under Section 5 (other than Final Compensation) is conditioned, however, upon the Executive (or her estate or legal representative, as applicable) signing a general release of claims and covenant not to sue in such form and substance as may be agreed to by the Company and the Executive (or her estate or legal representative, as applicable) (the "Employee Release") within twenty-one days (or such greater period as the Company may specify) (the "Release Period") following the date of termination of employment and upon the Executive (or her estate or legal representative, as applicable) not revoking the Employee Release during the 7-day revocation period following the execution of the Employee Release (the "Revocation Period"). Notwithstanding the foregoing, if payment of Termination Compensation and the Benefit Continuation could commence in more than one taxable year based on when the Employee Release could become effective, then to the extent required by Section 409A of the Code, any such payments that would have been made during the

calendar year in which the Executive's employment terminates shall instead be withheld and paid on the first payroll date in the calendar year immediately after the calendar year in which the Executive's employment terminates, with all remaining payments to be made as if no such delay had occurred.

6. Effect of Termination. The provisions of this Section 6 shall apply to a termination of the Executive's employment with the Company hereunder, whether due to the expiration of the term hereof, pursuant to Section 5 or otherwise.

(a) Payment by the Company of any applicable Final Compensation, Termination Compensation, Benefit Continuation, acceleration of equity vesting (or termination of Company repurchase rights, as applicable) and/or any other amounts or benefits that may be due the Executive in each case under the applicable termination provision of Section 5 shall constitute the entire obligation of the Company to the Executive, and the Executive shall not be entitled to additional payments or benefits under any other severance agreement or executive severance plan of the Company. Upon request of the Company, the Executive shall promptly give the Company notice of all facts necessary for the Company to determine the amount and duration of its obligations in connection with any termination pursuant to Section 5 hereof.

(b) Except for the Benefit Continuation and equity-security related benefits pursuant to Section 5(d) hereof, all benefits shall terminate pursuant to the terms of the applicable benefit plans based on the date of termination of the Executive's employment without regard to any continuation of any applicable Termination Compensation or other payment to the Executive following such date of termination.

(c) Provisions of this Agreement shall survive any termination of Executive's employment hereunder if so provided herein or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation the Restrictive Covenants (as defined below). The obligation of the Company to make payments and provide benefits to or on behalf of the Executive under 5(b) or 5(d) hereof (other than the Final Compensation) is expressly conditioned upon the Executive's continued compliance with the Restrictive Covenants; provided that (i) the Company may not discontinue any such payments and benefits (or require repayment of any such payments or benefits already provided to the Executive) unless the Company has provided written notice to the Executive setting forth in reasonable detail the nature of such non-compliance and, if the nature of such non-compliance is such that it is capable of being remedied by the Executive without any damage to the Company, as determined by the Board, the Executive shall have failed to remedy such non-compliance within ten (10) days following receipt of such notice (it being understood that if the nature of such non-compliance is such that it is not capable of being remedied by the Executive without any damage to the Company, as determined by the Board, the Company may discontinue such payments and benefits at such time as it provides such written notice to the Executive) and (ii) to the extent curable, the Company may suspend or discontinue such payments or benefits thereafter only during such period as such non-compliance continues. The Executive recognizes that, except as expressly provided in Section 5, no compensation is earned after termination of employment.

7. Restrictive Covenants. As an inducement and as essential consideration for the Company to enter into this Agreement, and in exchange for other good and valuable consideration, the Executive hereby agrees to the restrictive covenants contained in this Section 7 (the "Restrictive Covenants"). The Company and the Executive agree that the Restrictive Covenants are essential and narrowly tailored to preserve the goodwill of the business of the Company and its affiliates, to maintain the confidential and trade secret information of the Company and its affiliates, and to protect other legitimate business interests of the Company and its affiliates in light of their niche businesses and the executive position held by the Executive. The Company and the Executive further agree that the Company would not have entered into this Agreement without the Executive's agreement to the Restrictive Covenants. For purposes of the Restrictive Covenants, each reference to "Company" and "affiliate" shall also refer to the predecessors and successors of the Company and any of its affiliates (as the case may be).

(a) Non-Competition. During the period commencing on the Effective Date and ending on the date that is twelve (12) months after the date on which the Executive's employment hereunder terminates (the "Termination Date"), regardless of the reason for the Executive's termination of employment and regardless of who initiates such termination (such period, the "Non-Competition Period"), the Executive shall not, anywhere in the United States or in any other country or jurisdiction in which the Company or any of its affiliates conducts or conducted business during the Non-Competition Period, either directly or indirectly, as a proprietor, partner, stockholder, director, executive, employee, consultant, joint venturer, member, investor, lender or otherwise, engage or assist others to engage in, or own, manage, operate or control, or participate in the ownership, management, operation or control of, or become employed or engaged by any person or entity that (i) is engaged in the business of the cultivation, manufacture and/or sale of cannabis or (ii) is, or has taken steps to become, competitive with the current business, activities, products or services of the type conducted, authorized, offered, or provided by the Company or any of its affiliates, or with respect to prospective business, activities, products or services which the Company or any of its affiliates (with the Executive's knowledge or involvement) has spent significant time or resources analyzing for the purposes of assessing expansion opportunities by the Company or any of its affiliates during the twelve (12) month period immediately prior to the Termination Date, in each case except as set forth on Exhibit A or otherwise approved by the Board at any time prior to the Termination Date (the "Competitive Business"). Notwithstanding the foregoing, nothing in this Section 7(a) shall prevent the Executive from (i) participating in any or all of the engagements or activities set forth on Exhibit A hereto so long as such engagements or activities do not (A) individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement and (B) materially change in the nature or scope of the Executive's engagement after the Effective Date or (ii) owning, as a passive investor, up to two percent (2%) of the securities of any entity that are publicly traded on a national securities exchange.

(b) Customer Non-Solicitation. During the period commencing on the Effective Date and ending on the date that is twelve (12) months after the Termination Date, regardless of the reason for the Executive's termination of employment and regardless of who initiates such termination, the Executive shall not (except on the Company's behalf during the term

hereof), for purposes of providing products or services that are competitive with those provided by the Company or any of its affiliates, directly or indirectly, on the Executive's own behalf or on behalf of any other person or entity, contact, solicit, divert, induce, call on, take away, or do business with (or attempt to do any of the foregoing) any customer or client of the Company or any of its affiliates (or any person or entity who, during the twelve (12) months prior to the Termination Date, was engaged in mutual contact, discussion or correspondence with the Company in respect of becoming a customer or client of the Company or any of its affiliates) with whom the Executive had contact within the twelve (12) months immediately prior to the Termination Date.

(c) Service Provider Non-Solicitation. During the period commencing on the Effective Date and ending on the date that is twelve (12) months after the Termination Date, regardless of the reason for the Executive's termination of employment and regardless of who initiates such termination, the Executive shall not (except on the Company's behalf during the term hereof), directly or indirectly, on the Executive's own behalf or on behalf of any other person or entity, solicit for employment or engagement, employ or engage, or interfere with the employment or engagement of (or attempt to do any of the foregoing) any individual who (A) is employed by, or an independent contractor of, the Company or any of its affiliates at the time of such solicitation, interference or attempt thereof or (B) was employed by, or an independent contractor of, the Company or any of its affiliates within twelve (12) months prior to such solicitation, employment, engagement, interference or attempt thereof.

(d) Non-Disparagement. During the term hereof and at all times thereafter, (I) the Executive shall not, directly or through any other person or entity, make any public or private statements (whether orally, in writing, via electronic transmission, or otherwise) that disparage, denigrate or malign (i) the Company or any of its affiliates, (ii) any of the businesses, activities, operations, affairs, reputations or prospects of the Company or any of its affiliates, or (iii) any of the officers, employees, directors, managers, partners (general and limited), agents, members or shareholders of any of the persons or entities described in any of clauses (i) or (ii) and (II) none of the members of the Board shall, and the Company shall not instruct any of its employees or employees of any of its affiliates to, directly or through any other person or entity, make any public or private statements (whether orally, in writing, via electronic transmission, or otherwise) that disparage, denigrate or malign the Executive. For purposes of clarification, and not limitation, a statement shall be deemed to disparage, denigrate or malign a person or entity if such statement could be reasonably construed to adversely affect the opinion any other person or entity may have or form of such first person or entity. No obligation under this Section 7(d) shall be violated by truthful statements (x) made to any governmental authority, (y) which are in connection with legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or (z) made in performance reviews.

(e) Confidentiality; Return of Property. During the term hereof and at all times thereafter, the Executive shall not, without the prior express written consent of the Company, directly or indirectly, use on the Executive's behalf or on behalf of any other person or entity,

or divulge, disclose or make available or accessible to any person or entity, any Confidential Information (as defined below), other than when required to do so in good faith to perform the Executive's duties and responsibilities hereunder while employed by the Company, or when required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power. Nothing in this Section 7(e) or in this Agreement prohibits the Executive from reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation. Further, in accordance with the Defend Trade Secrets Act of 2016, (I) the Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (II) if the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose a trade secret to her attorney and use the trade secret information in the court proceeding, if the Executive files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order. In the event that the Executive becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any Confidential Information, then prior to such disclosure, the Executive will provide the Board with prompt written notice so that the Company may seek (with the Executive's cooperation) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, then the Executive will furnish only that portion of the Confidential Information which is legally required (as may be advised by Executive's legal counsel), and will cooperate with the Company in the Company's efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information. In addition, the Executive shall not create any derivative work or other product based on or resulting from any Confidential Information (except in the good faith performance of the Executive's duties under this Agreement while employed by the Company). The Executive shall also proffer to the Board's designee, no later than the Termination Date (or upon the earlier request of the Company), and without retaining any copies, notes or excerpts thereof, all property of the Company and its affiliates in whatever form, including, without limitation, memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information, that are in the Executive's actual or constructive possession or which are subject to the Executive's control at such time. To the extent the Executive has retained any such property or Confidential Information on any electronic or computer equipment belonging to the Executive or under the Executive's control, the Executive agrees to so advise Company and to follow Company's instructions in permanently deleting all such property or Confidential Information and all copies. For purposes of this Agreement, "Confidential Information" shall mean all information of a sensitive, confidential or proprietary nature respecting the business and activities of the Company or any of its affiliates, including, without limitation, the terms

and provisions of this Agreement (except for the terms and provisions of Section 7), and the clients, customers, suppliers, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, Inventions (as defined below), know-how, research, developments, processes, practices, approaches, projections, forecasts, formats, systems, data gathering methods and/or strategies of the Company or any of its affiliates. Confidential Information also includes all information received by the Company or any of its affiliates under an obligation of confidentiality to a third party of which the Executive has knowledge. Notwithstanding the foregoing, Confidential Information shall not include any information that is generally available, or is made generally available, to the public other than as a result of a direct or indirect unauthorized disclosure by the Executive or any other person or entity subject to a confidentiality obligation.

(f) Ownership of Inventions. The Executive acknowledges and agrees that all Company Inventions (as defined below) (including all intellectual property rights arising therein or thereto, all rights of priority relating to patents, and all claims for past, present and future infringement, misappropriation relating thereto), and all Confidential Information, hereby are and shall be the sole and exclusive property of the Company (collectively, the "Company IP"). For consideration acknowledged and received, the Executive hereby irrevocably assigns, conveys and sets over to the Company all of the Executive's right, title and interest in and to all Company IP. The Executive acknowledges and agrees that the compensation received by the Executive for employment or services provided to the Company is adequate consideration for the foregoing assignment. The Executive further agrees to disclose in writing to the Board any Company Inventions promptly following their conception or reduction to practice. Such disclosure shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art of which the Company Invention pertains, a clear understanding of the nature, purpose, operations, and other characteristics of the Company Invention. The Executive agrees to execute and deliver such deeds of assignment or other documents of conveyance and transfer as the Company may request to confirm in the Company or its designee the ownership of the Company Inventions, without compensation beyond that provided in this Agreement. The Executive further agrees, upon the request of the Company and at its expense, that the Executive will execute any other instrument and document necessary or desirable in applying for and obtaining patents in the United States and in any foreign country with respect to any Company Invention. The Executive further agrees, whether or not the Executive is then an employee or other service provider of the Company or any of its affiliates, upon request of the Company, to provide reasonable assistance with respect to the perfection, recordation or other documentation of the assignment of Company IP hereunder, and the enforcement of the Company's rights in any Company IP, and to cooperate to the extent and in the manner reasonably requested by the Company in any litigation or other claim or proceeding (including, without limitation, the prosecution or defense of any claim involving a patent) involving any Company IP covered by this Agreement, without further compensation, but all reasonable out-of-pocket expenses incurred by the Executive in satisfying the requirements of this Section 7(f) shall be paid by the Company or its designee. The Executive shall not, on or after the Effective Date, directly or indirectly challenge the

validity or enforceability of the Company's ownership of, or rights with respect to, any Company IP, including, without limitation, any patent issued on, or patent application filed in respect of, any Company Invention. For purposes of this Agreement, "Company Invention" shall mean any Invention that is made, conceived, invented, authored, or first actually reduced to practice, by the Executive (alone or jointly with others) (i) in the course of, in connection with, or as a result of the Executive's employment or other service with the Company or any of its affiliates (whether before, on, or after the Effective Date, but not before the commencement of Executive's employment with the Company or its predecessor), (ii) at the direction or request of the Company or any of its affiliates (whether before, on, or after the Effective Date), or (iii) through the use of, or that is related to, facilities, equipment, Confidential Information, other Company Inventions, intellectual property or other resources of the Company or any of its affiliates, whether or not during the Executive's work hours (and whether before, on, or after the Effective Date, but not before the commencement of Executive's employment with the Company or its predecessor). For purposes of this Agreement, "Invention" shall mean any invention, formula, therapy, diagnostic technique, discovery, improvement, idea, technique, design, method, art, process, methodology, algorithm, machine, development, product, service, technology, strategy, software, work of authorship or other Works (as defined below), trade secret, innovation, trademark, data, database, or the like, whether or not patentable, together with all intellectual property rights therein.

(g) Works for Hire. The Executive also acknowledges and agrees that all works of authorship, in any format or medium, and whether published or unpublished, created wholly or in part by the Executive, whether alone or jointly with others, (i) in the course of, in connection with, or as a result of the Executive's employment or other service with the Company or any of its affiliates (whether before, on, or after the Effective Date), (ii) at the direction or request of the Company or any of its affiliates (whether before, on, or after the Effective Date), or (iii) through the use of, or that is related to, facilities, equipment, Confidential Information, other Company Inventions, intellectual property or other resources of the Company or any of its affiliates, whether or not during the Executive's work hours (and whether before, on, or after the Effective Date) ("Works"), are works made for hire as defined under United States copyright law, and that the Works (and all copyrights arising in the Works) are owned exclusively by the Company and all rights therein will automatically vest in the Company without the need for any further action by any party. To the extent any such Works are not deemed to be works made for hire, for consideration acknowledged and received, the Executive hereby waives any "moral rights" in such Works and the Executive hereby irrevocably assigns, transfers, conveys and sets over to the Company or its designee, without compensation beyond that provided in this Agreement, all right, title and interest in and to such Works, including without limitation all rights of copyright arising therein or thereto, and further agrees to execute such assignments or other deeds of conveyance and transfer as the Company may request to vest in the Company or its designee all right, title and interest in and to such Works, including all rights of copyright arising in or related to the Works.

(h) Cooperation. During and after the term hereof, the Executive agrees to cooperate with the Company and its affiliates in any internal investigation, any administrative, regulatory, or judicial proceeding or any dispute with a third party concerning issues about which the Executive has knowledge or that may relate to the Executive or the Executive's employment or service with the Company or any of its affiliates (or the termination thereof). The Executive's obligation to cooperate hereunder includes, without limitation, being available to the Company and its affiliates upon reasonable notice for interviews and factual investigations, appearing in any forum at the Company's or any of its affiliates' reasonable request to give testimony (without requiring service of a subpoena or other legal process), volunteering to the Company and its affiliates pertinent information, and turning over to the Company and its affiliates all relevant documents which are or may come into the Executive's possession. The Company shall promptly reimburse the Executive for the reasonable pre-approved out-of-pocket expenses incurred by the Executive in connection with such cooperation. For the avoidance of doubt, the immediately preceding sentence shall not require the Company to reimburse the Executive for any attorneys' fees or related costs the Executive may incur absent advance written approval by the Company, which shall not be unreasonably withheld.

(i) Notification Requirement. Until the expiration of the period or periods for Restrictive Covenants (as applicable), the Executive shall, upon a reasonable request by the Company, give notice to the Company of any new business activity in which he is engaged. Such notice shall state the name and address of the individual, corporation, limited liability company, association, partnership, estate, trust and other entity or organization, other than the Company or any of its affiliates (any such individual or entity being hereinafter referred to as a "Person") for whom such activity is undertaken and the nature of the Executive's business relationship(s) and position(s) with such Person. The Executive shall provide the Company with such other pertinent information concerning such business activity as the Company may reasonably request in order to determine the Executive's continued compliance with the Restrictive Covenants.

(j) Enforcement of Covenants. The Executive acknowledges that he has carefully read and considered all the terms and conditions of this Agreement, including the Restrictive Covenants. The Executive agrees that the Restrictive Covenants are necessary for the reasonable and proper protection of the Company and its affiliates and that each and every one of the Restrictive Covenants is reasonable in respect to subject matter, length of time and geographic area, and otherwise. The Executive further acknowledges that, were he to breach any of the Restrictive Covenants, the damage to the Company and its affiliates would be irreparable. The Executive therefore agrees that the Company and its affiliates, in addition to any other legal or equitable remedies available to them, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by the Executive of any of the Restrictive Covenants, without having to post bond, and to specific performance of each of the terms thereof, and shall be entitled to recover their reasonable costs and attorneys' fees in enforcing the Restrictive Covenants. The Executive further agrees that (i) any breach or claimed breach of the provisions of this Agreement by, or any other claim the Executive may have against, the Company or any of its affiliates will not be a defense to

enforcement of any Restrictive Covenant and (ii) the circumstances of the Executive's termination of employment with the Company will have no impact on the Executive's obligations to comply with any Restrictive Covenant. The Restrictive Covenants are intended for the benefit of the Company and each of its affiliates. Each affiliate of the Company is an intended third party beneficiary of the Restrictive Covenants, and each affiliate of the Company, as well as any successor or assign of the Company or such affiliate, may enforce the Restrictive Covenants. The parties further agree that, in the event that any provision of the Restrictive Covenants shall be determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities or otherwise, such provision shall be deemed to be modified by the court to permit its enforcement to the maximum extent permitted by law.

(k) Notification of New Employer. In the event that the Executive is employed or otherwise engaged by any other person or entity following the Termination Date, the Executive agrees to notify, and consents to the notification by Company and its affiliates of, such person or entity of the Restrictive Covenants.

8. Excise Tax.

(a) Notwithstanding anything to the contrary contained in this Agreement or otherwise, to the extent that any payment, distribution or acceleration of vesting to or for the benefit of Executive by the Company (within the meaning of Section 280G of the Code and the regulations thereunder), whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments"), is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) to the Safe Harbor Amount (as defined below) if and to the extent that a reduction in the Total Payments would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income and employment taxes and the Excise Tax), than if Executive received the entire amount of such Total Payments in accordance with their existing terms (taking into account federal, state, and local income and employment taxes and the Excise Tax). For purposes of this Agreement, the term "Safe Harbor Amount" means the largest portion of the Total Payments that would result in no portion of the Total Payments being subject to the Excise Tax. To effectuate the foregoing, the Company shall reduce or eliminate the Total Payments by first reducing or eliminating the portion of the Total Payments which are payable in cash and then by reducing or eliminating non-cash payments, in each case, starting with the payments to be made farthest in time from the Determination (as defined below).

(b) The determination of whether the Total Payments shall be reduced as provided in Section 8(a) and the amount of such reduction shall be made at the Company's expense by an accounting firm selected by Company from among the 10 largest accounting firms in the United States or by qualified independent tax counsel (the "Determining Party"); *provided*, that Executive shall be given advance notice of the Determining Party selected by the Company, and shall have the opportunity to reject the selection, within two business days of being notified of the selection, on the basis of that Determining Party's having a conflict of

interest or other reasonable basis, in which case the Company shall select an alternative firm among the 10 largest accounting firms in the United States or alternative independent qualified tax counsel, which shall become the Determining Party. Such Determining Party shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and Executive, within 10 business days of the termination of Executive's employment or at such other time mutually agreed by the Company and Executive. If the Determining Party determines that no Excise Tax is payable by Executive with respect to the Total Payments, it shall furnish Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to any such payments and, absent manifest error, such Determination shall be binding, final and conclusive upon the Company and Executive. If the Determining Party determines that an Excise Tax would be payable, the Company shall have the right to accept the Determination as to the extent of the reduction, if any, pursuant to Section 8(a), or to have such Determination reviewed by another accounting firm selected by the Company, at the Company's expense. If the two accounting firms do not agree, a third accounting firm shall be jointly chosen by Executive and the Company, in which case the determination of such third accounting firm shall be binding, final and conclusive upon the Company and Executive.

(c) If, notwithstanding any reduction described in this Section 8, the Internal Revenue Service ("IRS") determines that Executive is liable for the Excise Tax as a result of the receipt of any of the Total Payments or otherwise, then Executive shall be obligated to pay back to the Company, within 30 calendar days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of the Total Payments equal to the "Repayment Amount". The "Repayment Amount" with respect to the payment of benefits shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to the Total Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Total Payments) shall be maximized. The Repayment Amount shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the Total Payments being maximized. If the Excise Tax is not eliminated pursuant to this Section 8, Executive shall pay the Excise Tax.

(d) Notwithstanding any other provision of this Section 8, if (i) there is a reduction in the Total Payments as described in this Section 8, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those payments or benefits which were reduced pursuant to this Section 8 as soon as administratively possible after Executive pays the Excise Tax (but not later than March 15 following the calendar year of the IRS determination) so that Executive's net after-tax proceeds with respect to the Total Payments are maximized.

(e) If, following a reduction of the Total Payments pursuant to Section 8(a), the Determining Party or a court of competent jurisdiction determines that the Total Payments

were reduced to a greater extent than required under Section 8, then the Company shall as soon as administratively possible (but not later than by March 15 following the calendar year of such determination) pay the amount of such excess reduction to or for the benefit of Executive, together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code), from the date the amount would have otherwise been paid to Executive until the payment date.

(f) To the extent requested by Executive, the Company shall cooperate with Executive in good faith in valuing, and the Determining Party shall take into account the value of, services provided or to be provided by Executive (including, without limitation, Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under Section 280G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of the final regulations under Section 280G of the Code in accordance with Q&A-5(a) of the final regulations under Section 280G of the Code.

9. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of her obligations hereunder will not breach or be in conflict with any other agreement to which the Executive is a party or is bound and that the Executive is not now subject to any covenants against competition or similar covenants or any court order or other legal obligation that would affect the performance of her obligations hereunder, any and all of which are superseded by this Agreement. The Executive will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

10. Indemnification. The Company shall indemnify the Executive to the maximum extent permitted by the General Corporation Law of the State of Delaware. At the request of the Executive, and subject to the approval of the Board, the Company shall enter into an indemnification agreement with the Executive on terms at least as favorable in each respect to the Executive as the terms of any other indemnification agreement between the Company and any other director or officer of the Company. The Executive agrees to promptly notify the Company of any actual or threatened claim arising out of or as a result of her employment or other service with the Company or any of its affiliates (or the termination thereof).

11. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

12. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without the consent of the Executive in the event that the Company shall hereafter effect a reorganization, consolidate with, or merge into, any person or entity, transfer a

substantial majority of its properties or assets to any person or entity, or engage in a similar transaction with any person or entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, and their respective successors, executors, administrators, heirs and permitted assigns.

13. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14. Amendment and Waiver. This Agreement may be amended or modified only by a written instrument signed by the Executive and the Company. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time.

15. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, registered or certified, and addressed:

(a) if to the Executive, at her last known address on the books of the Company, with a copy to [***]; and

(b) if to the Company, at its principal place of business, attention, Secretary, with a copy to legal@awholdings.com; or

(c) to such other address as either party may specify by notice to the other actually received.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive’s employment and the subject matter hereof.

17. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement, by electronic mail in portable document format (.pdf) or by any other electronic means intended to preserve the original graphic and

pictorial appearance of a document, has the same effect as delivery of an executed original of this Agreement.

19. Governing Law; Venue; WAIVER OF JURY TRIAL. This Agreement, the rights of the parties and all claims, actions, causes of action, suits, litigation, controversies, hearings, charges, complaints or proceedings arising in whole or in part under or in connection herewith, will be governed by and construed in accordance with the domestic substantive laws of the State of New York, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction. Both the Executive and the Company agree to appear before and submit exclusively to the jurisdiction of the United States District Court for the Southern District of New York with respect to any controversy, dispute, or claim arising out of or relating to this Agreement or the Executive's employment or service with the Company or any of its affiliates (or the termination thereof), or if such controversy, dispute or claim may not be brought in federal court, to the state courts located in New York, New York and, in each case, the applicable courts of appeals of such court. Both the Executive and the Company also agree to waive, to the fullest possible extent, the defense of an inconvenient forum or lack of jurisdiction. The Executive further consents to service of process in the State of New York. **THE COMPANY AND THE EXECUTIVE HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT OR THE EXECUTIVE'S EMPLOYMENT OR SERVICE WITH THE COMPANY OR ANY OF ITS AFFILIATES (OR THE TERMINATION THEREOF), OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT OF THIS AGREEMENT (WHETHER ARISING IN CONTRACT, EQUITY, TORT OR OTHERWISE).**

20. Code Section 409A Compliance. This Agreement is intended to comply with Code Section 409A (to the extent applicable) and the parties hereto agree to interpret this Agreement in the least restrictive manner necessary to comply therewith and without resulting in any increase in the amounts owed hereunder by the Company. To the maximum extent possible, any severance owed under this Agreement shall be construed to fit within the "short-term deferral rule" under Code Section 409A and/or the "two times two year" involuntary separation pay exception under Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a "specified employee" within the meaning of Code Section 409A and the regulations issued thereunder, and a payment or benefit provided for in this Agreement would be subject to additional tax under Code Section 409A if such payment or benefit is paid within six (6) months after the Executive's "separation from service" (within the meaning of Code Section 409A), then such payment or benefit required under this Agreement (i) shall not be paid (or commence) during the six-month period immediately following the Executive's separation from service and (ii) shall instead be paid to the Executive in a lump-sum cash payment on the earlier of (A) the first regular payroll date of the seventh month following the Executive's separation from service or (B) the 10th business day following the Executive's death (but not earlier than such payment would have been made absent such death). If the Executive's termination of employment hereunder does not constitute a "separation from service" within the meaning of Code Section 409A, then any amounts payable hereunder on

account of a termination of the Executive's employment and which are subject to Code Section 409A shall not be paid until the Executive has experienced a "separation from service" within the meaning of Code Section 409A. In addition, no reimbursement or in-kind benefit shall be subject to liquidation or exchange for another benefit and the amount available for reimbursement, or in-kind benefits provided, during any calendar year shall not affect the amount available for reimbursement, or in-kind benefits to be provided, in a subsequent calendar year. Any reimbursement to which the Executive is entitled hereunder shall be made no later than the last day of the calendar year following the calendar year in which such expenses were incurred. Notwithstanding anything herein to the contrary, neither the Company nor any of its affiliates shall have any liability to the Executive or to any other person or entity if this Agreement is, or if the payments and benefits provided in this Agreement that are intended to be exempt from or compliant with Code Section 409A are, not so exempt or compliant. Each payment payable hereunder shall be treated as a separate payment in a series of payments within the meaning of, and for purposes of, Code Section 409A.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first above written.

THE EXECUTIVE

/s/ Robin Debiase
Robin Debiase

ASCEND WELLNESS HOLDINGS, INC.

By: /s/ Abner Kurtin

Print Name and Title:
Abner Kurtin, Chief Executive Officer

Exhibit A

[***]

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(a) OR 15d-14(a)

I, Abner Kurtin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ascend Wellness Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 12, 2022

/s/ Abner Kurtin
Abner Kurtin
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(a) OR 15d-14(a)

I, Daniel Neville, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ascend Wellness Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 12, 2022

/s/ Daniel Neville
Daniel Neville
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32

CERTIFICATIONS PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(b) OR 15d-14(b) AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Ascend Wellness Holdings, Inc. (the "Company") for the quarter ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Abner Kurtin, Chief Executive Officer of the Company, and Daniel Neville, Chief Financial Officer of the Company, each certifies for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 12, 2022

/s/ Abner Kurtin
Abner Kurtin
Chief Executive Officer
(Principal Executive Officer)

May 12, 2022

/s/ Daniel Neville
Daniel Neville
Chief Financial Officer
(Principal Financial Officer)