

Ascend Wellness Holdings

Q2 2022 Company Presentation



CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This presentation includes forward-looking information and statements (together, "forward-looking statements"), which may include, but are not limited to, the plans, intentions, expectations, estimates, and beliefs of the Ascend Wellness Holdings, Inc ("AWH" or the "Company"). Words such as "expects", "continue", "will", "anticipates" and "intends" or similar expressions are intended to identify forward-looking statements. Without limiting the generality of the preceding statement, all statements in this presentation relating to estimated and projected revenue, expectations regarding production capacity, anticipated capital expenditures, expansion, profit, product demand, margins, costs, cash flows, sources of capital, growth rates, potential acquisitions, closing dates for transactions, regulatory approvals, future facility openings, and future financial and operating results are forward-looking statements. We caution investors that any such forward-looking statements are based on the Company's current projections and expectations about future events and financial trends, the receipt of all required regulatory approvals, and on certain assumptions and analysis made by the Company in light of the experience of the Company and perception of historical trends, current conditions and expected future developments and other factors management believes are appropriate. Forward-looking statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking statements herein. Such factors include, among other, the risks and uncertainties identified in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, and in the Company's other reports and filings with the applicable Canadian securities regulators on its profile on SEDAR at www.sedar.com and the United States Securities and Exchange Commission ("SEC") at www.sec.gov. Although the Company believes that any forward-looking statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such statements, there can be no assurance that any such forward-looking statements will prove to be accurate, and accordingly readers are advised to rely on their own evaluation of such risks and uncertainties and should not place undue reliance upon such forward-looking statements. Any forward-looking statements herein are made as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward looking statements herein, whether as a result of new information, future events or results, or otherwise, except as required by applicable laws. The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this presentation.

CANNABIS MARKET BY THE NUMBERS



Unprecedented growth across the emerging industry with room for continued expansion

SALES

\$25Bn

US LEGAL SALES¹
IN 2021

\$46Bn

US LEGAL SALES
BY 2026²

\$62Bn

GLOBAL LEGAL MEDICAL SALES
BY 2026⁴

STATES

18

STATES PLUS DC
RECREATIONAL PROGRAMS

38

STATES HAVE
MEDICAL PROGRAMS

70%

OF US STATES LEGAL
MEDICAL OR RECREATIONAL

SUPPORT

68%

US CITIZENS
SUPPORT LEGALIZATION³

Multiple

BILLS IN-PLAY

> 50%

CONGRESS
SUPPORTS LEGALIZATION³

1. "How Cannabis pricing differs from other consumer goods". Deloitte with HIFYRE and BDSA.
2. "US Cannabis Collective: Ahead of the Curve". Vivien Azer @ Cowen Research.
3. "Welcome to Cannabis High..." Wolfe Research.
4. <https://www.dlapiper.com/da/global/news/2020/02/dla-piper-launches-global-cannabis-practice/>

OVERVIEW



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

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

Tickers	CSE: AAWH.U; OTCQX: AAWH	EV¹	\$603M
Founded	2018	Market Cap¹	\$450M
Headquarters	New York	Revenue / YoY Growth	2020 \$144M / +1100% 2021 \$332M / +131%
Employees	~1,800	Adj. EBITDA / Margin	2020 \$31M / 21.4% 2021 \$79M / 23.9%
States of Operation	NJ, MI, OH, IL, MA, PA	EV / 2022E Revenue⁽²⁾	1.4x
Dispensaries	22 open	EV / 2022E Adj. EBITDA⁽²⁾	6.1x
Cultivation	5 open	Total Debt⁽³⁾ / Cash	\$293M / \$141M

1. Market Cap: 194M of fully diluted shares outstanding times \$2.32 share price on 8/8/22 equals \$450M market cap. Market cap plus \$153M of net debt equals \$603M enterprise value

2. 2022 estimates based on consensus and stock price as of 8/8/22

3. Total Debt, net is equal to Total debt less unamortized deferred financing costs/

ASCEND INVESTMENT THESIS



FOCUS: ACHIEVE SCALE IN SELECT LIMITED LICENSE MARKETS

KEY FLAGSHIP LOCATIONS WITH HIGH BARRIERS TO ENTRY

DISCIPLINED CAPITAL ALLOCATION; SUCCESSFUL EXECUTION OF M&A

MANAGEMENT WITH PROVEN TRACK RECORD OF EXECUTION IN IL

CONTINUED MARGIN IMPROVEMENT AS MORE ASSETS ARE "TURNED ON"

STRONG FINANCIALS AND REVENUE GROWTH

EXPANDING FOOTPRINT

6 states⁽¹⁾

22 operating dispensaries



ILLINOIS

8 retail
2 dispensary pending close²
1 cultivation / processing

NEW JERSEY

3 retail
1 cultivation / processing

MICHIGAN

7 retail
1 planned retail¹
1 cultivation / processing

MASSACHUSETTS

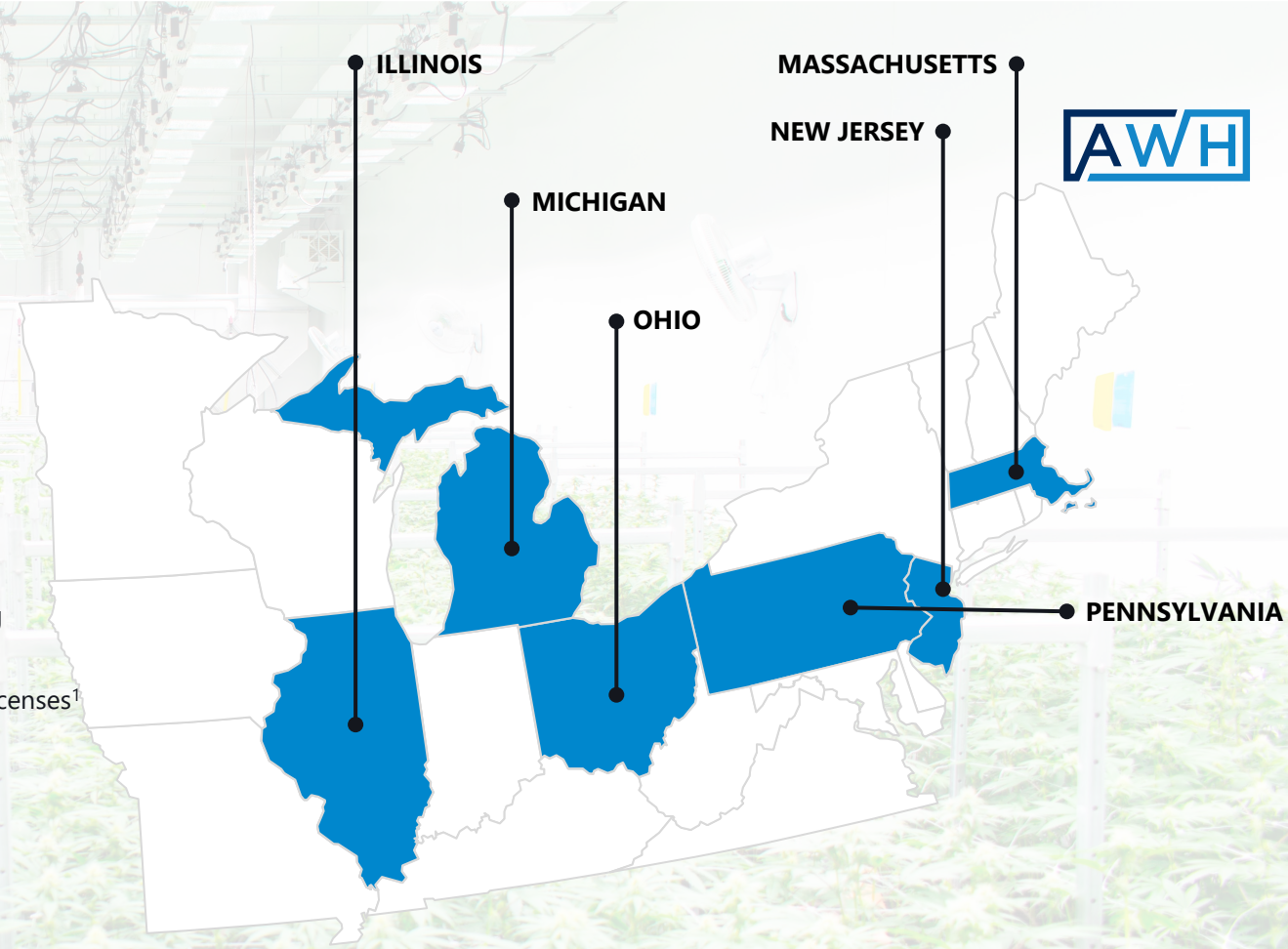
2 retail
1 planned retail¹
1 cultivation / processing

OHIO

2 medical retail
3 pending medical retail²
1 cultivation / processing

PENNSYLVANIA¹

6 planned medical retail licenses¹
1 planned cultivation / processing



1. License is owned by AWH, but the site is not yet operational and/or under construction. Includes Century, MI; New Bedford, MA; and 6 Pennsylvania dispensaries.
2. Includes pending acquisition of Ohio Patient Access LLC (3 OH dispensaries), Homecoming paper IL dispensary license (to be sited in Tinley Park, IL), and InLabs paper IL dispensary license.
Note: Timeline illustrative; does not necessarily reflect scale.

2022 OUTLOOK



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

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

SIGNIFICANT INCREASES IN PRODUCTION IN IL, MA, NJ, & PA

CONTINUE EXPANSION INTO EXISTING MARKETS, PARTICULARLY OH, IL, & MA

IMPROVE BOTH RETAIL & WHOLESALE OPERATIONAL EXCELLENCE

EXPAND & ELEVATE CURRENT BRAND PORTFOLIO

4 OF TOP REC MARKETS AND 2 OF TOP MEDICAL MARKETS



State	Population (2021 in Millions) ⁽¹⁾	Total Number of Dispensaries (2021) ^(2,3)	Population Per Dispensary	State Rank ⁽⁴⁾	2020E Legal plus Illicit Sales (\$U.S. Billions) ⁽⁴⁾
RECREATIONAL					
Illinois ⁽⁵⁾	12.7	296	43,000	4	\$3.2
Michigan	10.1	448	22,500	5	\$2.8
New Jersey	9.3	23	620,000	7	\$2.2
Massachusetts	7.0	130	54,000	9	\$1.9
MEDICAL					
Ohio ⁽⁶⁾	11.8	128	92,000	3	\$2.7
Pennsylvania	13.0	136	103,000	2	\$2.9

1. 2021 Census. U.S. Census Bureau's Vintage 2021 national and state population estimates.

2. Grown In Cannabis fact Sheet, January 2022; medical and recreational dispensaries.

3. Pennsylvania DOH, Medical Marijuana Dispensaries in Pennsylvania, as of February 2022.

4. "Initiate on US Cannabis: Generational Wealth Opportunity, Avg. Upside >100%", Jefferies, July 7, 2021. Rank based on 2020E legal and illicit sales by the state in each respective categories (medical vs recreational).

5. Includes 185 additional dispensary licenses were in litigation; release of these commenced July 2022.

6. Ohio Pharmacy Board recently approved an additional 70 provisional dispensary licenses, which are included in this number.

HIGHLY DESIRABLE FLAGSHIP LOCATIONS



ST. LOUIS AREA COLLINSVILLE

Strategically located in the retail corridor near St. Louis



CHICAGO RIVER NORTH

Located just outside Chicago Loop, the central shopping and business district



BOSTON BOSTON GARDEN / FANEUIL HALL

Downtown Boston located between TD Garden and Faneuil Hall



NEW JERSEY PARAMUS AREA

On Rt. 17 and a mile from Garden State Plaza in Northern NJ



NEW JERSEY FORT LEE

Minutes to the George Washington Bridge, NJ Turnpike, and NJ Rt. 46

GOOD – BETTER – BEST PRODUCT PORTFOLIO



I SIMPLY HERB



LAUNCHING NOW IL, MA, MI
FORM FACTORS Flower, pre-rolls
POTENCY Flower THC 18-22%
CONSUMER The price conscious consumer
PRICE \$\$\$\$\$

OZONE



AVAILABLE IL, MA, MI, NJ
FORM FACTORS Edibles, vapes, flower, glass joints, pre-rolls
POTENCY Flower THC 22-25%
CONSUMER Cannabis consumer looking for a quality, trusted, everyday brand
PRICE \$\$\$\$\$

OZONE RESERVE



AVAILABLE IL, MA, MI
FORM FACTORS Edibles, vape, flower, infused pre-rolls, concentrates
QUALITY Flower THC 25%+; broad terpene profiles, higher quality buds, etc
CONSUMER Provides the most exceptional cannabis experience to the 'canna-connoisseur'
PRICE \$\$\$\$\$

GOOD

BETTER

BEST

(1) BDSA bottom 25th percentile ARP in MA, IL, and MI Q3-Q4 2021

NEW JERSEY RETAIL¹

ROCHELLE PARK

- Now our #1 revenue generating dispensary, surpassing #1 store in Collinsville, IL
- Expanding SKU offering

FORT LEE

- Medical sales commenced 8/12/22
- Expect adult-use in fall

MONTCLAIR

- Signed agreement with town
- Expect to commence adult-use sales 8/19/22, pending final approval from the township



4/21/22
Commenced
Adult-Use Sales in
Rochelle Park

8/12/22
Commenced
Medical sales in
Fort-Lee

8/19/22
Expect to commence
Adult-Use sales in
Montclair, pending
township approval

Fall 2022
Expect to commence
Adult-Use sales in
Fort Lee

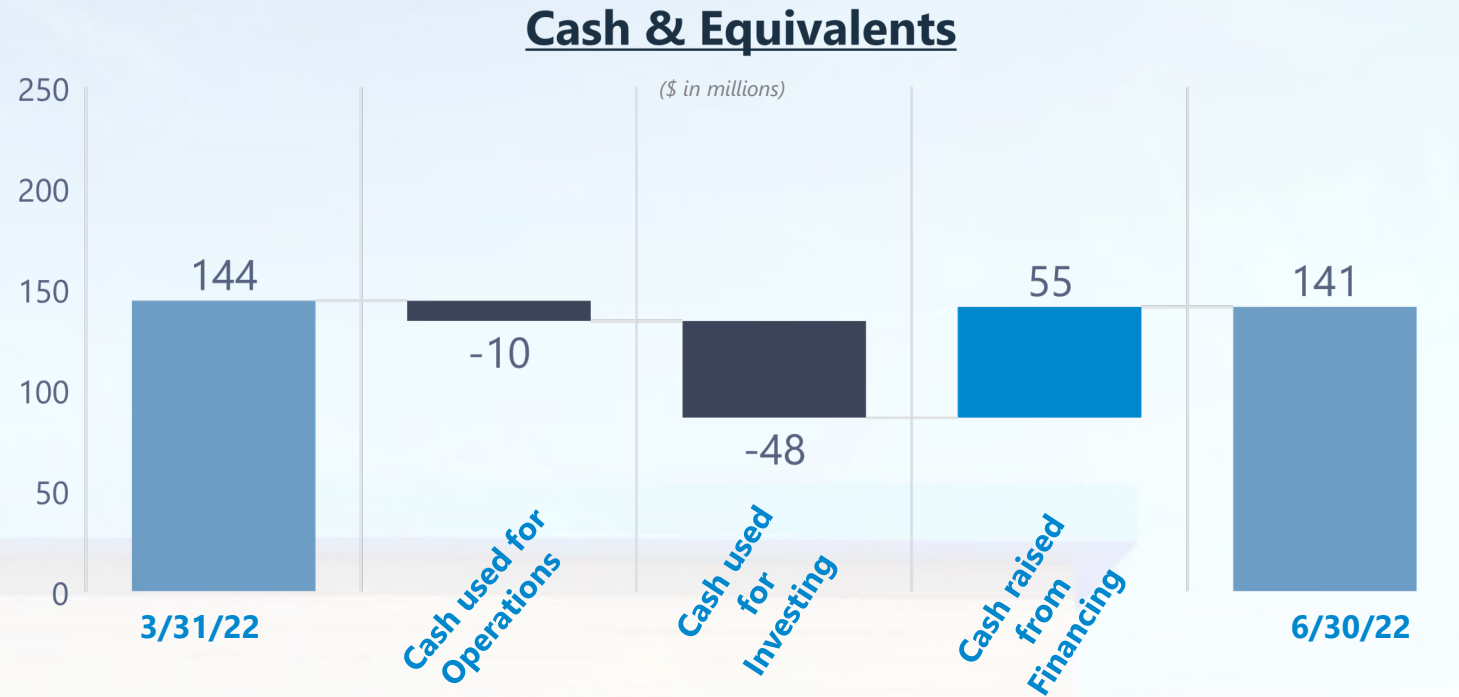


(1) Timeline on the bottom of the slide is illustrative; does not necessarily reflect scale.

Q2 2022 BALANCE SHEET AND CASH FLOW



	6/30/22
<i>(\$ in millions)</i>	
Cash & Equivalents	140.6
Fully Diluted Shares Outstanding Basic & Diluted⁽¹⁾	193.7
Total Debt, net⁽²⁾	293.3
Net Debt⁽³⁾	152.7



- \$10M net cash used for operations, which includes a \$12M cash tax payment
- \$48M net cash used for investing, which includes the purchase of Story of PA, LLC and related medical school payments
- \$55M net cash raised from financing

(1) Includes 187.4M Class A Common Shares, 65k Class B shares, 6.2M of unvested Restricted Stock Units or Restricted Stock Awards. There are 5.9M warrants outstanding, none of which were in the money at quarter-end; 2.8M have an exercise price of \$4.00/sh and 3.1M have an exercise price of \$3.10/sh. Dilution was calculated using the treasury stock method and a 6/30/22 share price of US\$1.95 on the CSE.

(2) Total Debt, net is equal to Total debt less unamortized deferred financing costs.

(3) Net debt is equal to Total Debt, net less Cash & Equivalents.

Note: waterfall may not foot due to rounding.

COMMITTED TO PEOPLE AND THE PLANET



Environmental, Social, and Governance (ESG) initiatives; AWH has pledged to several United Nations Sustainable Development Goals (several of which are highlighted below) and disclosed data aligned with the Sustainable Accounting Standards Board (SASB) in the Company's 2021 annual report

1 NO POVERTY



Job Creation

AWH has created strong jobs in areas with high unemployment e.g. AWH has created 400 jobs in Pike county, IL and is the county's largest employer.

Strong Wages

Depending on state, job position, and labor markets, all field employees are paid an average of \$4.70 to \$14.50 per hour more than minimum wage.

3 GOOD HEALTH AND WELL-BEING



Benefits

AWH provides employees with a 401k plan, FSA plan, Long-Term and Short-Term Incentive plan, and comprehensive core and voluntary benefits.

5 GENDER EQUALITY



Employee Resource Groups (ERGs)

AWH has over 100 employees participating in 3 ERGs (Women in Leadership, LGBTQIA+, and Black) to promote an inclusive culture and environment.

Data Example

37% of leadership positions (supervisor and up) are held by females; 26% of leadership positions held by ethnic minorities. Working to increase both stats to improve parity.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Expungement Clinics

AWH has contributed funds to the Continuing Legal Education (CLE) institute, which seeks to educate attorneys interested in learning the ins and outs of the expungement process.

Incubation Nonprofit

In 2022, AWH established the Ascend Foundation, a 501(c)(4) with a commitment to support individuals who qualify as social equity applicants.



APPENDIX

QUARTERLY HIGHLIGHTS



Strong Q2 driven by start of NJ adult-use; Management & Board alignment evidenced by recent Board stock purchases



NJ ADULT-USE

- Strong start to NJ adult-use on April 21st
- Rochelle Park is a top performing store in the state; store revenue up 17x since adult-use flip; Fort Lee opened for medical sales on 8/12
- Expect Montclair to sell adult-use by 8/19, pending final township approval



FINANCIAL GROWTH Q/Q

- 15% Q/Q net revenue¹ growth
- 19% Q/Q retail growth; 4% Q/Q same store⁴ retail growth
- 11% Q/Q gross wholesale growth; 1% Q/Q net wholesale growth
- ~220 basis point Q/Q Adjusted EBITDA² margin expansion



CASH FOCUSED

- \$141M cash & equivalents³
- Strong liquidity position with no near-term maturities
- Capital disciplined approach



OPPORTUNISTIC M&A⁵

- Focusing on value accretive deals in existing and target markets
- Signed definitive agreements to acquire 3 OH dispensary licenses and 2 IL dispensary licenses

(1) Net revenue excludes revenue from intercompany sales.

(2) Adjusted EBITDA is a non-GAAP financial measure. Please see the "GAAP Reconciliations" at the end of this presentation for a reconciliation of non-GAAP to GAAP measures.

(3) Cash and equivalents on hand as of 6/30/22.

(4) Revenue growth excluding East Lansing, Michigan (which opened in Q2 2022) and Rochelle Park, New Jersey (which commenced adult use sales in Q2 2022).

(5) All transactions remain subject to closing conditions and regulatory approvals.

Q2 FINANCIAL HIGHLIGHTS



Y/Y: Q2'21 VS. Q2'22

Net Revenue Growth¹

US\$ Millions



Adj. Gross Profit / Margin²

US\$ Millions



Adj. EBITDA / Margin²

US\$ Millions



Q/Q: Q1'22 VS. Q2'22

Net Revenue Growth¹

US\$ Millions



Adj. Gross Profit / Margin²

US\$ Millions



Adj. EBITDA / Margin²

US\$ Millions



(1) Net revenue excludes revenue from intercompany sales.

(2) Adjusted Gross Profit / Margin and Adjusted EBITDA / Margin are non-GAAP financial measures. Please see the "GAAP Reconciliations" at the end of this presentation for a reconciliation of non-GAAP to GAAP measures.

USE OF NON-GAAP FINANCIAL METRICS AND ADDITIONAL INFORMATION

This presentation includes certain non-GAAP financial measures as defined by the SEC including Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA, and Adjusted EBITDA margin. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included in the appendix. This information should be considered as supplemental in nature and not as a substitute for, or superior to, any measure of performance prepared in accordance with GAAP.

We define "Adjusted Gross Profit" as gross profit excluding non-cash inventory costs, which include depreciation and amortization included in cost of goods sold, equity-based compensation included in cost of goods sold, start-up costs included in cost of goods sold, and other non-cash inventory adjustments. We define "Adjusted Gross Margin" as Adjusted Gross Profit as a percentage of net revenue. Our "Adjusted EBITDA" is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. We define "Adjusted EBITDA Margin" as Adjusted EBITDA as a percentage of net revenue. Management calculates Adjusted EBITDA as the reported net loss, adjusted to exclude: income tax expense; other (income) expense; interest expense; depreciation and amortization; depreciation and amortization included in cost of goods sold; non-cash inventory adjustments; equity-based compensation; equity-based compensation included in cost of goods sold; start-up costs; start-up costs included in cost of goods sold; transaction-related and other non-recurring expenses; litigation settlement; and loss on sale of assets. Accordingly, management believes that Adjusted EBITDA provides meaningful and useful financial information, as this measure demonstrates the operating performance of the business. Non-GAAP financial measures may be considered in addition to the results prepared in accordance with U.S. GAAP, but they should not be considered a substitute for, or superior to, U.S. GAAP results.

GAAP RECONCILIATIONS (\$000S)



Non- GAAP Adjustments

\$ in thousands

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
Adjusted Gross Profit							
Gross Profit	\$ 29,667	\$ 34,516	\$ 40,954	\$ 30,835	\$ 135,972	\$ 23,447	\$ 32,968
<i>Gross Margin</i>	44.9%	41.4%	43.4%	34.8%	40.9%	27.6%	33.8%
Depreciation and amortization included in cost of goods sold	2,162	2,387	2,063	3,000	9,612	2,943	3,953
Equity-based compensation included in cost of goods sold			349	2,580	2,929	3,995	3,167
Start-up costs ⁽¹⁾ included in cost of goods sold						3,923	4,248
Non-cash inventory adjustments ⁽²⁾	750	2,714	335	1,115	4,914	2,204	112
Adjusted Gross Profit	\$ 32,579	\$ 39,617	\$ 43,701	\$ 37,530	\$ 153,427	\$ 36,512	\$ 44,448
Adjusted Gross Margin	49.3%	47.5%	46.3%	42.4%	46.2%	42.9%	45.6%

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
Adjusted EBITDA							
Net Income / (Loss)	\$ (48,223)	\$ (44,897)	\$ (13,026)	\$ (16,511)	\$ (122,657)	\$ (27,815)	\$ (21,172)
Income tax expense	8,976	11,995	12,307	8,442	41,720	7,107	11,472
Other (income) expense	(80)	(82)	(44)	(50)	(256)	(103)	(151)
Interest expense	7,337	36,888	12,376	7,388	63,989	6,031	9,246
Depreciation and amortization	4,581	4,857	4,583	5,628	19,649	5,675	7,010
Non-cash inventory adjustments	750	2,714	335	1,115	4,914	2,204	112
Equity-based compensation	2,487	1,711	2,936	11,145	18,279	6,499	7,055
Start-up costs ⁽³⁾	1,311	1,716	1,227	1,211	5,465	837	1,116
Start-up costs ⁽¹⁾ included in cost of goods sold						3,923	4,248
Transaction-related and other non-recurring expenses ⁽⁴⁾	2,178	5,406	2,191	1,434	11,209	6,194	2,027
(Gain) / Loss on the sale of assets			649	(44)	605	818	(72)
Litigation settlement	36,511				36,511	5,000	-
Adjusted EBITDA	\$ 15,828	\$ 20,308	\$ 23,534	\$ 19,758	\$ 79,428	\$ 16,370	\$ 20,891
Adjusted EBITDA Margin	23.9%	24.4%	24.9%	22.3%	23.9%	19.2%	21.4%

(1) Incremental expenses associated with the expansion of activities at our cultivation facilities that are not yet operating at scale, including excess overhead expenses resulting in delays from regulatory approvals at certain cultivation facilities.

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

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

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



**ASCEND
WELLNESS
HOLDINGS**

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