



Ascend Wellness Holdings
Q3 2022 Company Presentation

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OVERVIEW



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

Owens 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	\$573M
Founded	2018	Market Cap¹	\$355M
Headquarters	New York	Revenue⁽²⁾ / YoY Growth	2020 \$144M / +1100% 2021 \$332M / +131% 2022E \$402M / + 21%
Employees (as of current)	~2,000	Adj. EBITDA⁽²⁾ / Margin	2020 \$31M / 21.5% 2021 \$79M / 23.9% 2022E \$91M
States of Operation	NJ, MI, OH, IL, MA, PA	EV / 2022E Revenue⁽²⁾	1.4x
Dispensaries (as of 1/3/23)	24 open	EV / 2022E Adj. EBITDA⁽²⁾	6.3x
Cultivation (as of 1/3/23)	6 open	Total Debt, net⁽³⁾ / Cash	\$310M / \$91M

(1) Market cap equals 195.1 million Fully Diluted Shares Outstanding calculated per treasury share method times 9/30/22 share price of US\$1.82 on the CSE. Market cap plus ~\$219 net debt equals Enterprise Value.

(2) 2022 estimates based on consensus as of 11/3/22

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

EXPANDING FOOTPRINT

6 states → 7 states²

24 operating dispensaries



ILLINOIS

8 retail
2 retail 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

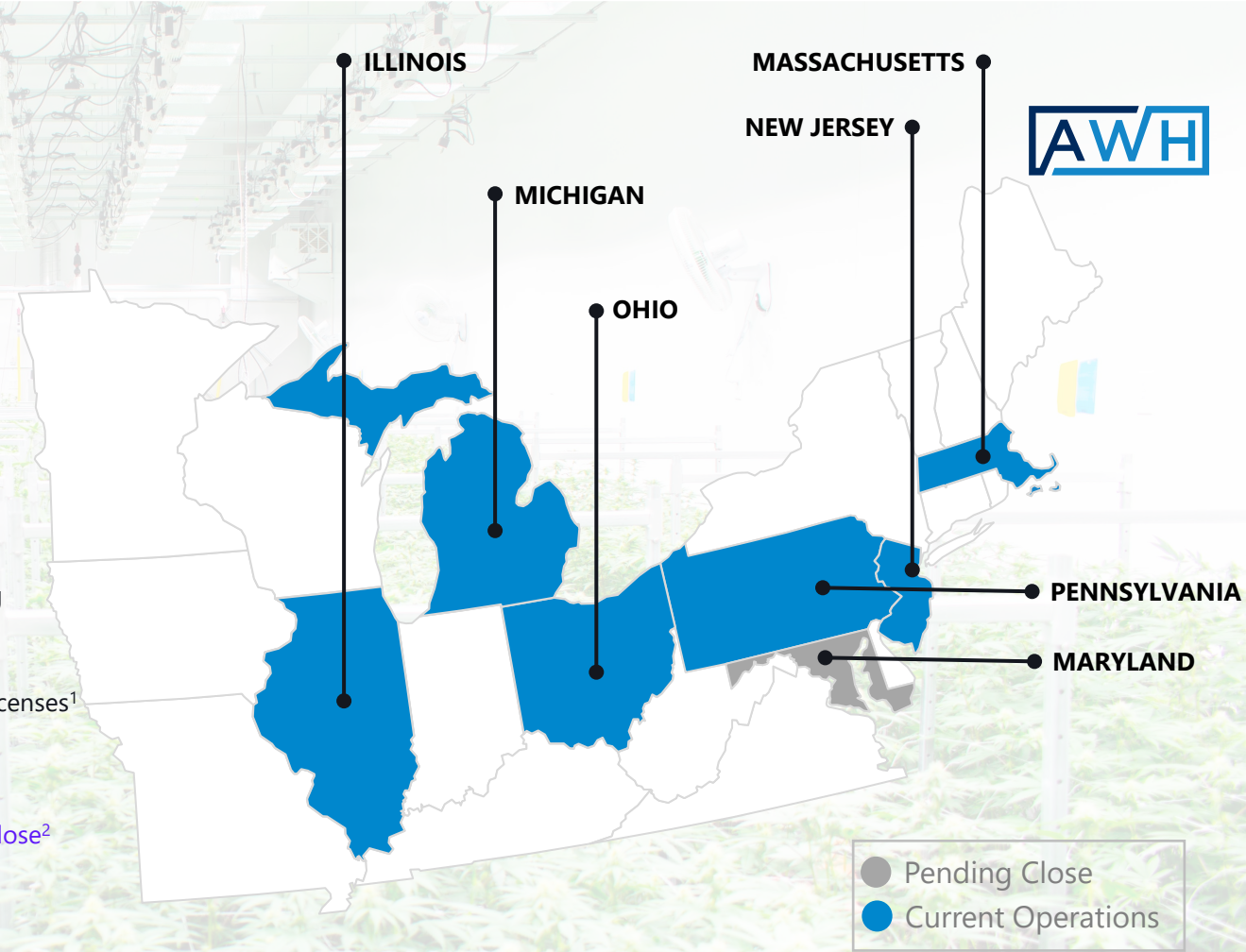
2 medical retail
3 medical retail pending close²
1 cultivation / processing

PENNSYLVANIA¹

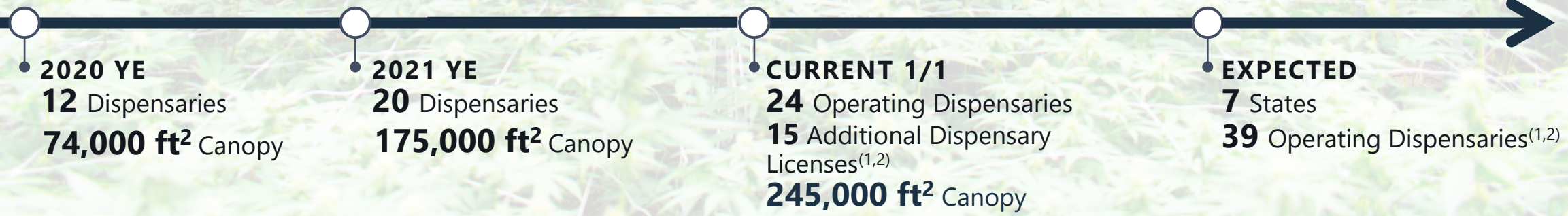
2 retail
4 planned medical retail licenses¹
1 cultivation / processing

MARYLAND²

4 medical retail pending close²



- Pending Close
- Current Operations



1. License is owned by AWH, but the site is not yet operational and/or under construction. Includes Century, MI; New Bedford, MA; and 4 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), InLabs IL dispensary license, and Devi Holdings Inc (4 dispensaries in MD).
Note: Timeline illustrative; does not necessarily reflect scale.

ASCEND INVESTMENT THESIS



FOCUS: ACHIEVE SCALE IN SELECT LIMITED LICENSE MARKETS

KEY FLAGSHIP LOCATIONS IN MARKETS 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

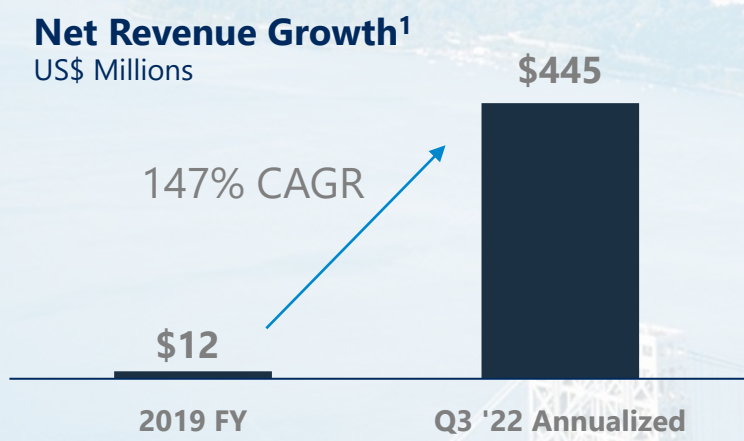
POISED FOR CONTINUED SUCCESS IN NEXT CHAPTER



Tremendous progress achieving original goals; prepared for success in next chapter with a new leader

ORIGINAL THESIS

TODAY



**Key flagship locations:
location, location, location**

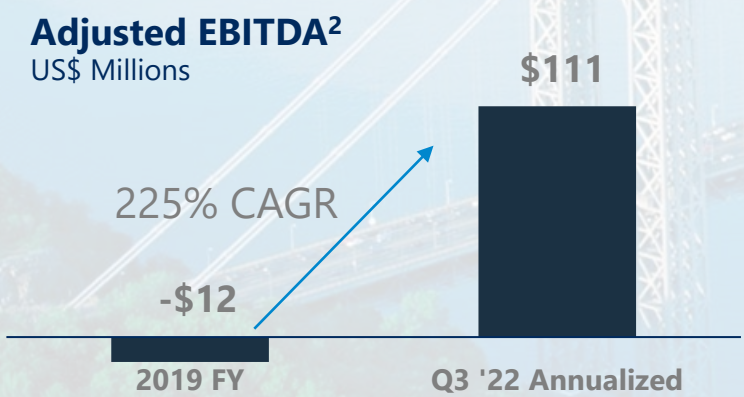


\$15.3 million
ANNUALIZED REVENUE
PER DISPENSARY

**Operate in limited-license states
with high-barriers to entry**



6 STATES WITH POPULATIONS
TOTALING OVER **50** MILLION



**Execute to become
top-tier operator**



TOP BRAND & RETAILER IN
ILLINOIS; **25%²** ADJUSTED
EBITDA MARGIN

**Disciplined capital allocation &
balance sheet focus**



\$91 million³
CASH ON HAND; NO
NEAR-TERM MATURITIES

(1) Revenue growth to Q3 2022 annualized (\$445M) over 4-year period (2019 to 2022). Revenue net of intercompany sales.

(2) Adjusted EBITDA growth to Q3 2022 annualized (\$113M) over 4-year period (2019 to 2022). 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 9/30/22 and no near-term maturities.

4 OF TOP 10 REC MARKETS AND 3 OF TOP 5 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	12.7	115	115,000	4	\$3.2
Michigan	10.1	448	22,500	5	\$2.8
New Jersey	9.3	28	620,000	7	\$2.2
Massachusetts	7.0	130	54,000	9	\$1.9
MEDICAL					
Ohio	11.8	53	223,000	3	\$2.7
Pennsylvania	13.0	136	103,000	2	\$2.9
Maryland	6.2	100	62,000	5	\$1.4

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).

HIGHLY DESIRABLE FLAGSHIP LOCATIONS

- Top locations in each state
- From strategically located in the retail corridor near St. Louis to minutes from the George Washington Bridge, NJ Turnpike, and NJ Rt. 46

CHICAGO
River North



BOSTON
Boston Garden



NEW JERSEY
Fort Lee



ST. LOUIS AREA
Collinsville



NEW JERSEY
Rochelle Park



GOOD-BETTER-BEST BRAND STRATEGY

3 in-house brands fill the good-better-best spectrum; coupled with partner brands to target additional demographics

I SIMPLY HERB



AVAILABLE IL, MA, MI, NJ

FORM FACTORS Flower, pre-rolls

POTENCY Flower THC 18-22%

CONSUMER The price conscious consumer

PRICE \$\$\$\$\$

OZONE



AVAILABLE IL, MA, MI, NJ, OH

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

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

Q3 FINANCIAL HIGHLIGHTS



Y/Y: Q3'21 VS. Q3'22

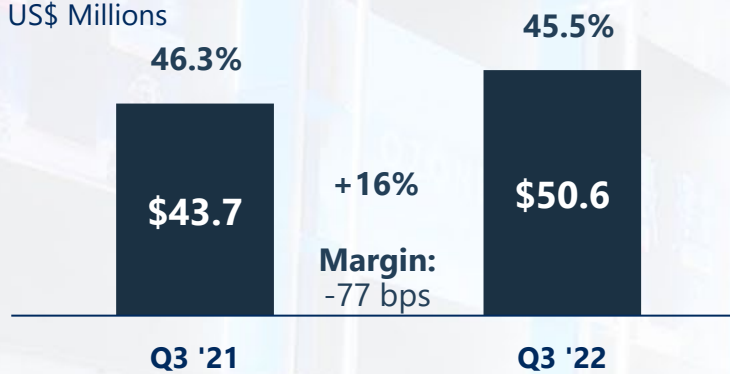
Net Revenue Growth¹

US\$ Millions



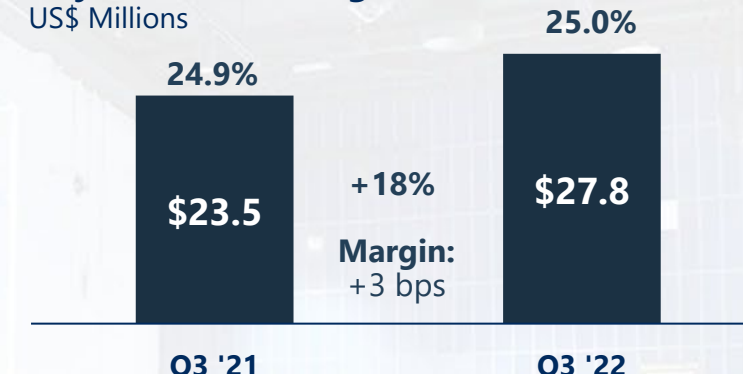
Adj. Gross Profit / Margin²

US\$ Millions



Adj. EBITDA / Margin²

US\$ Millions



Q/Q: Q2'22 VS. Q3'22

Net Revenue Growth¹

US\$ Millions



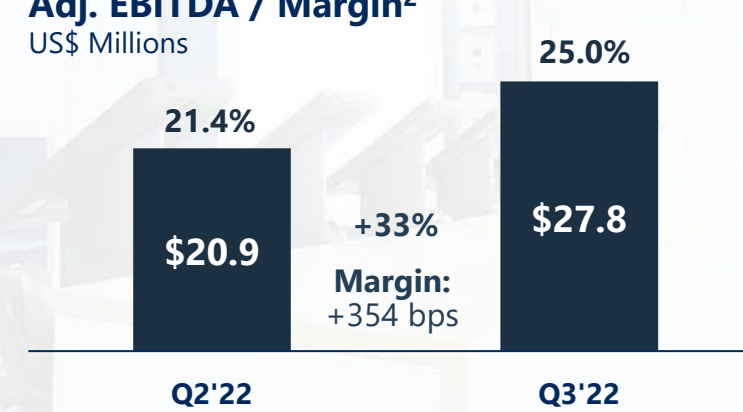
Adj. Gross Profit / Margin²

US\$ Millions



Adj. EBITDA / Margin²

US\$ Millions



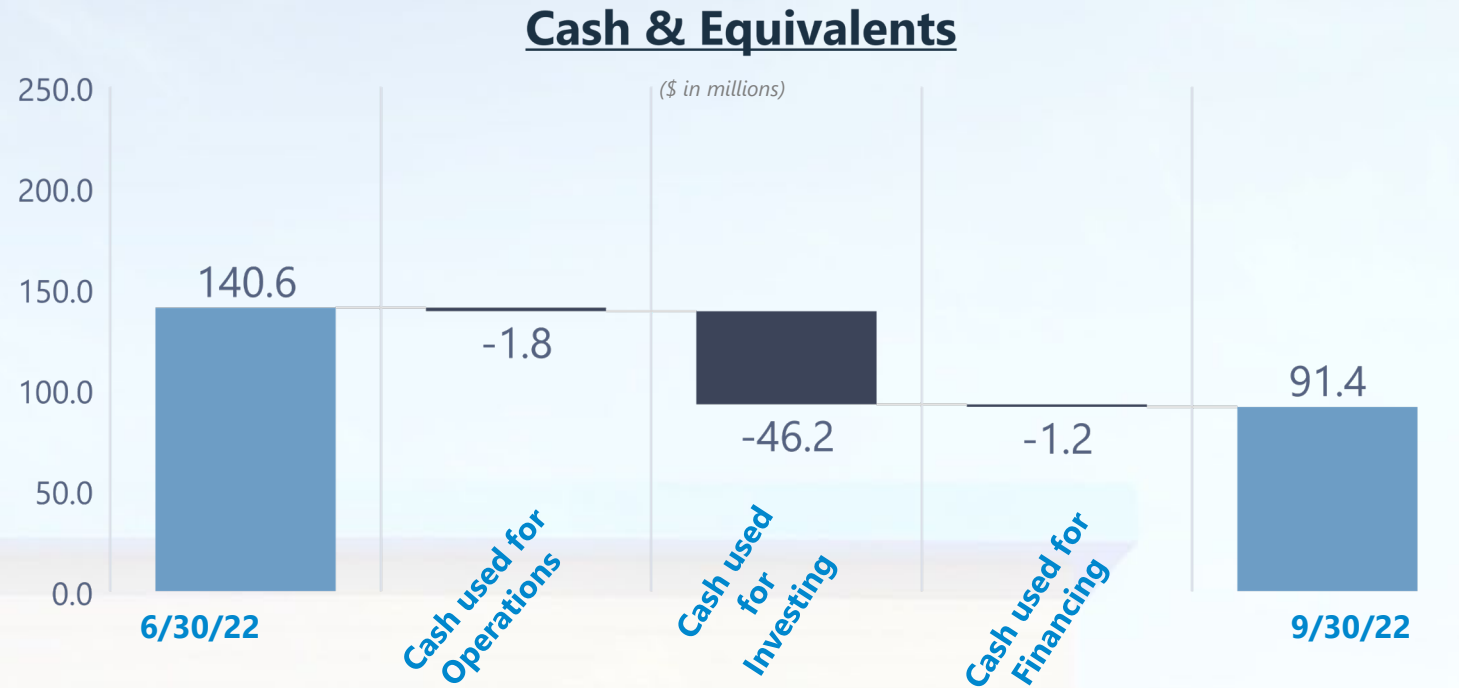
(1) Net revenue excludes revenue from intercompany sales.

(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.

Q3 2022 BALANCE SHEET AND CASH FLOW



	9/30/22
<i>(\$ in millions)</i>	
Cash & Equivalents	91.4
Fully Diluted Shares Outstanding Basic & Diluted⁽¹⁾	195.1
Total Debt, net⁽²⁾	310.4
Net Debt⁽³⁾	219.0
Enterprise Value⁽⁴⁾	573.2



- \$1.8M net cash used for operations inclusive of a \$6M use to support working capital
- \$46.2M net cash used for investing, which includes investments into PA cultivation and retail, NJ cultivation, and M&A transactions
- \$1.2M net cash used for financing repayments

(1) Includes 187.9M Class A Common Shares, 65k Class B shares, 7.1M of unvested Restricted Stock Units and/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 9/30/22 share price of US\$1.82 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.

(4) Market cap equals 195.1 million FDSO times 9/30/22 share price of US\$1.82 on the CSE. Market cap plus ~\$219 net debt equals Enterprise Value.

Note: waterfall may not foot due to rounding.

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 gain or loss on sale of assets. Accordingly, management believes that Adjusted EBITDA provides meaningful and useful financial information, as this measure demonstrates the operating performance of the business. 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.

PIPELINE OF ASSETS



Significant upside from assets "turning on"



Smithfield, PA
Cultivation Phase 1



Grand , MI
Dispensary



3rd PA
Dispensary-
location TBD



10th IL
Dispensary- location TBD



5th PA
Dispensary - location TBD



Franklin, NJ
Cultivation Phase 2



New Bedford, MA
Dispensary



Tinley Park, IL
Dispensary



Cincinnati, OH
Dispensary



6th PA
Dispensary - location TBD



Scranton, PA
Dispensary



Sandusky, OH
Dispensary



Hemma, OH
Cultivation Phase 2



Wayne, PA
Dispensary



Piqua, OH
Dispensary



4th PA
Dispensary-
location TBD

Q4 '22

Q1 '23

Q2 '23

Q3 '23

Q4 '23

2024+

GAAP RECONCILIATIONS (\$000S)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022
Adjusted Gross Profit								
Gross Profit	\$ 29,667	\$ 34,516	\$ 40,954	\$ 30,835	\$ 135,972	\$ 23,447	\$ 32,968	\$ 36,636
<i>Gross Margin</i>	44.9%	41.4%	43.4%	34.8%	40.9%	27.6%	33.8%	32.9%
Depreciation and amortization included in cost of	2,162	2,387	2,063	3,000	9,612	2,943	3,953	4,722
Equity-based compensation included in cost of goods			349	2,580	2,929	3,995	3,167	2,629
Start-up costs ⁽¹⁾ included in cost of goods sold						3,923	4,248	2,610
Non-cash inventory adjustments ⁽²⁾	750	2,714	335	1,115	4,914	2,204	112	4,049
Adjusted Gross Profit	\$ 32,579	\$ 39,617	\$ 43,701	\$ 37,530	\$ 153,427	\$ 36,512	\$ 44,448	\$ 50,646
Adjusted Gross Margin	49.3%	47.5%	46.3%	42.4%	46.2%	42.9%	45.6%	45.5%

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022
Adjusted EBITDA								
Net Income / (Loss)	\$ (48,223)	\$ (44,897)	\$ (13,026)	\$ (16,511)	\$ (122,657)	\$ (27,815)	\$ (21,172)	\$ (16,862)
Income tax expense	8,976	11,995	12,307	8,442	41,720	7,107	11,472	11,178
Other (income) expense	(80)	(82)	(44)	(50)	(256)	(103)	(151)	(273)
Interest expense	7,337	36,888	12,376	7,388	63,989	6,031	9,246	8,434
Depreciation and amortization	4,581	4,857	4,583	5,628	19,649	5,675	7,010	7,994
Non-cash inventory adjustments ⁽⁵⁾	750	2,714	335	1,115	4,914	2,204	112	4,049
Equity-based compensation	2,487	1,711	2,936	11,145	18,279	6,499	7,055	6,382
Start-up costs ⁽³⁾	1,311	1,716	1,227	1,211	5,465	837	1,116	3,953
Start-up costs ⁽¹⁾ included in cost of goods sold						3,923	4,248	2,610
Transaction-related and other non-recurring	2,178	5,406	2,191	1,434	11,209	6,194	2,027	601
(Gain) / Loss on the sale of assets			649	(44)	605	818	(72)	(296)
Litigation settlement	36,511				36,511	5,000		
Adjusted EBITDA	\$ 15,828	\$ 20,308	\$ 23,534	\$ 19,758	\$ 79,428	\$ 16,370	\$ 20,891	\$ 27,770
Adjusted EBITDA Margin	23.9%	24.4%	24.9%	22.3%	23.9%	19.2%	21.4%	25.0%

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

(2) 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.

(5) Primarily consists of write-offs of expired products and obsolete packaging. Additionally, during the third quarter of 2022, we recognized a loss of \$4,049 resulting from net realizable value adjustments related to certain inventory items in Michigan.



**ASCEND
WELLNESS
HOLDINGS**

<https://awholdings.com/investors>
IR@awholdings.com