



Ascend

# **Ascend Wellness Holdings**

Full Investor Overview Presentation  
November 2023

# CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This presentation includes forward-looking information and statements (together, "forward-looking statements"), which may include, but are not limited to, the plans, intentions, expectations, estimates, and beliefs of Ascend Wellness Holdings, Inc ("AWH" or the "Company"). Words such as "expects", "continue", "will", "anticipates" and "intends" or similar expressions are intended to identify forward-looking statements. Without limiting the generality of the preceding statement, all statements in this presentation relating to estimated and projected revenue, expectations regarding production capacity, anticipated capital expenditures, expansion, profit, product demand, margins, costs, cash flows, sources of capital, growth rates, potential acquisitions, closing dates for transactions, regulatory approvals, future facility openings, and future financial and operating results are forward-looking statements. We caution investors that any such forward-looking statements are based on the Company's current projections, run rates, or expectations about future events and financial trends, the receipt of all required regulatory approvals, and on certain assumptions and analysis made by the Company in light of the experience of the Company and perception of historical trends, current conditions and expected future developments and other factors management believes are appropriate. Forward-looking statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking statements herein. Such factors include, among other, the risks and uncertainties identified in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, and in the Company's other reports and filings with the applicable Canadian securities administrators on its profile on SEDAR at <https://www.sedarplus.ca/> and United States Securities and Exchange Commission ("SEC") on its profile on EDGAR at [www.sec.gov](http://www.sec.gov). Although the Company believes that any forward-looking statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such statements, there can be no assurance that any such forward-looking statements will prove to be accurate, and accordingly readers are advised to rely on their own evaluation of such risks and uncertainties and should not place undue reliance upon such forward-looking statements. Any forward-looking statements herein are made as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward looking statements herein, whether as a result of new information, future events or results, or otherwise, except as required by applicable laws. No securities regulator nor the Canadian Securities Exchange have reviewed, approved or disapproved the content of this presentation.

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# CANNABIS MARKET BY THE NUMBERS



*Unprecedented growth across the emerging industry with room for continued expansion*

## SALES

**\$30Bn**

US LEGAL SALES<sup>1</sup>  
IN 2022

**\$48Bn**

US LEGAL SALES  
BY 2025<sup>2</sup>

**420k**

EMPLOYED BY SECTOR

## STATES

**20**

STATES PLUS DC  
RECREATIONAL PROGRAMS

**38**

STATES HAVE  
MEDICAL PROGRAMS

**70%**

OF US STATES LEGAL  
MEDICAL OR RECREATIONAL

## SUPPORT

**68%**

US CITIZENS  
SUPPORT LEGALIZATION<sup>3</sup>

**Multiple**

BILLS IN-PLAY

**> 50%**

CONGRESS  
SUPPORTS LEGALIZATION<sup>3</sup>

1. 2023 MJBIZ Factbook  
2. "US Cannabis Collective: Ahead of the Curve". Vivien Azer @ Cowen Research.  
3. "Welcome to Cannabis High..." Wolfe Research.

# OVERVIEW



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

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

<b>Tickers</b>	CSE: AAWH.U; OTCQX: AAWH
<b>Founded</b>	2018
<b>Headquarters</b>	New York
<b>Employees</b> (as of current)	~2,200
<b>States of Operation</b>	IL, MD, MA, MI, OH NJ, PA
<b>Dispensaries</b>	35 operating
<b>Cultivation</b>	6 operating

<b>EV<sup>1</sup></b>		\$456M
<b>Market Cap<sup>1</sup></b>		\$212M
<b>Revenue<sup>(2)</sup> / YoY Growth</b>	2020	\$144M / +1100%
	2021	\$332M / +131%
	2022	\$406M / + 22%
<b>Adj. EBITDA<sup>(2)</sup> / Margin</b>	2020	\$31M / 21.4%
	2021	\$79M / 23.9%
	2022	\$93M / 23.0%
<b>EV / 2023E Revenue<sup>(2)</sup></b>		0.9x
<b>EV / 2023E Adj. EBITDA<sup>(2)</sup></b>		4.9x
<b>Total Debt, net<sup>(3)</sup> / Cash</b>		\$307M / \$244M

(1) Includes 205.9M Class A Common Shares, 65k Class B shares, 17.3M of unvested Restricted Stock Units and/or Restricted Stock Awards. There are 4.6M warrants outstanding, none of which were in the money at quarter-end; 1.3M have an exercise price of \$4.00/sh; 3.1M have an exercise price of \$3.10/sh; and 0.2M have an exercise price of \$2.64/sh. Dilution was calculated using the treasury stock method and a 9/30/23 share price of US\$0.95 on the CSE. Market cap equals \$212.1M or 223.3 million FDSO times 9/30/23 share price of US\$0.95 on the CSE. Enterprise value is calculated by adding net debt of \$455.6M to this market value

(2) \$456M Enterprise Value divided by 2023 estimates based on consensus as of 10/27/23; 2023 Revenue Estimate of \$496M and Adj EBITDA Estimate of \$94M.

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

# LEAPFROGGED COMPETITION IN 4 YEARS

*Executed to become a top tier operator in only 4 years*

## #1

HIGHEST AVG REVENUE  
PER DISPENSARY<sup>3</sup>

## #1

HIGHEST ANNUAL  
ADJ. EBITDA GROWTH<sup>2</sup>  
(17% Y/Y)

## #6

LARGEST BY  
ADJ. EBITDA<sup>1</sup>

## #3

WHOLESALE BRAND  
IN ILLINOIS<sup>4</sup>

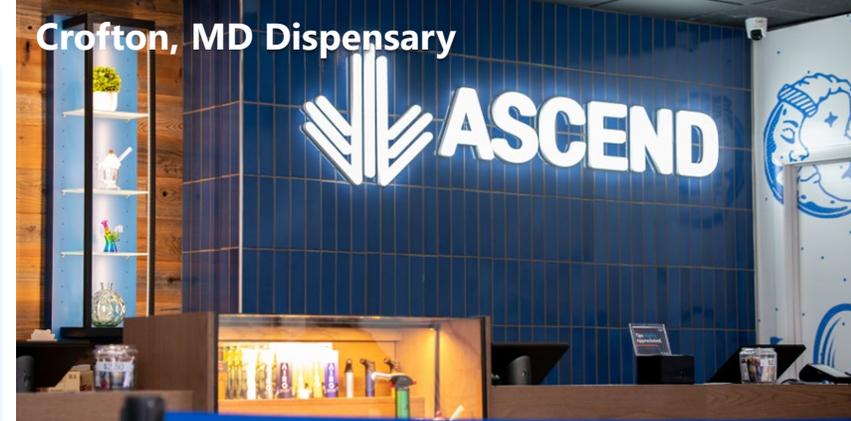
Referencing Full Year 2022 Data

1. 6<sup>th</sup> largest US Multi-State Operator (MSO) based on 2022 Adj. EBITDA consensus estimates on Factset as of 3/4/23; behind Trulieve, Curaleaf, Verano, Green Thumb, and Cresco.
2. Highest Y/Y Adj. EBITDA growth among US MSOs based on 2021 actual and 2022 Adj. EBITDA consensus estimates as of 3/4/23. 17% is AWH actual Y/Y Adj. EBITDA growth '22/'23.
3. Highest average revenue per dispensary among US MSOs based on publicly available data.
4. Ozone Brand was #3 largest by sales in 2022, according to BDSA Research.

Franklin, NJ Cultivation



Crofton, MD Dispensary



Rochelle Park, NJ Dispensary



# EXPANDING FOOTPRINT

## 7 States

## 35 operating dispensaries



### ILLINOIS

10 retail  
1 cultivation / processing

### NEW JERSEY

3 retail  
1 cultivation / processing

### MICHIGAN

8 retail  
1 cultivation / processing

### MASSACHUSETTS

3 retail  
1 cultivation / processing

### OHIO

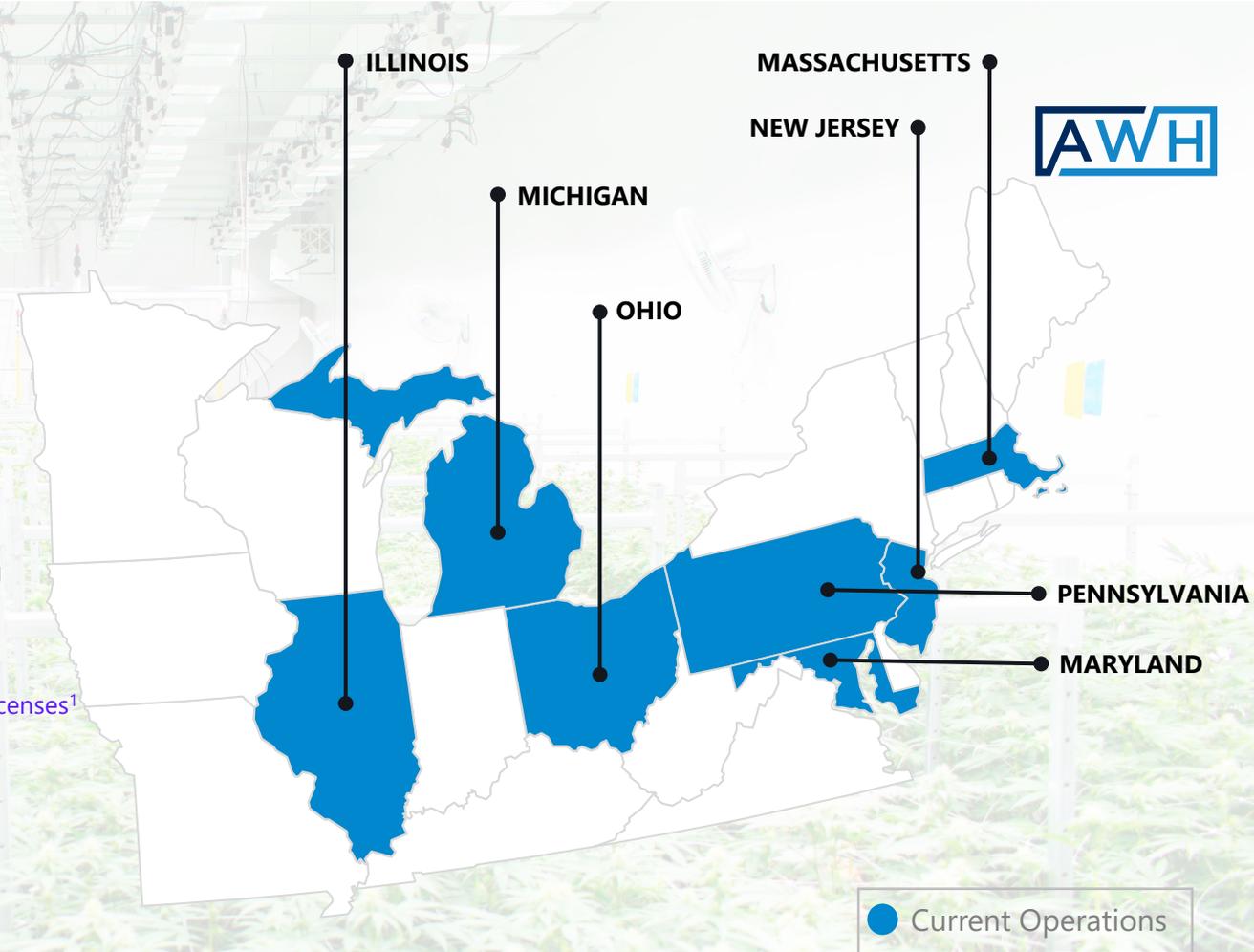
5 medical retail<sup>2</sup>  
1 cultivation / processing

### PENNSYLVANIA

2 retail  
4 planned medical retail licenses<sup>1</sup>  
1 cultivation / processing

### MARYLAND

4 retail



1. License is owned by AWH, but the site is not yet operational and/or under construction. Includes 4 Pennsylvania dispensaries.

2. Includes pending acquisition of Ohio Patient Access LLC

Note: Timeline illustrative; does not necessarily reflect scale. Canopy includes total canopy (vegetation, flower, and propagation).

# 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

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



# PIPELINE OF ASSETS



*Significant upside from assets "turning on"*

  
Smithfield, PA  
Cultivation Phase 1

  
New Bedford, MA  
Dispensary

  
Tinley Park, IL  
Dispensary

  
Northlake, IL  
Dispensary

  
Pittsburgh, PA  
Dispensary

  
Franklin, NJ  
Cultivation Phase 2

  
Grand Rapids\*, MI  
Dispensary

  
Sandusky, OH  
Dispensary

  
Philadelphia, PA  
Dispensary

  
Scranton, PA  
Dispensary

  
Cincinnati, OH  
Dispensary\*

  
5<sup>th</sup> PA  
Dispensary - location TBD

  
Wayne, PA  
Dispensary

  
Piqua, OH  
Dispensary\*

  
6<sup>th</sup> PA  
Dispensary - location TBD

Q4 '22

Q1 '23

Q2 '23

Q3 '23

Q4 '23

2024

\*Towards the end of the quarter so do not anticipate revenue throughout the entire quarter.

# STRENGTHENING IN-HOUSE PRODUCT BENCH

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



<i>Grab n' Go, Ready to Rip</i>	<i>The easy way up</i>	<i>The smoke you smoke when you wanna great smoke</i>	<i>Putting you in the zone to get sh*t Done</i>	<i>Only the finest cannabis products</i>	<i>Curated fire phenos</i>
IL, MA, NJ, OH, PA	IL, MA, MI, NJ, OH, PA	IL, MA, MI, NJ, OH, PA	IL, MA	IL, MI, NJ, PA	IL, MA
\$\$\$\$\$	\$\$\$\$\$	\$\$\$\$\$	\$\$\$\$\$	\$\$\$\$\$	\$\$\$\$\$
Flower, Pre-rolls	Flower, Pre-rolls, Vapes	Flower, Pre-rolls, Concentrates, Vapes and Gummies	Flower, Pre-rolls with THC-V	Premium flower, Pre-rolls, Concentrates, Vapes	Super-premium flower, Pre-rolls



# ASCEND INVESTMENT THESIS



**FOCUS: ACHIEVE SCALE IN SELECT LIMITED LICENSE MARKETS**

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**KEY FLAGSHIP LOCATIONS IN MARKETS WITH HIGH BARRIERS TO ENTRY**

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**DISCIPLINED CAPITAL ALLOCATION; SUCCESSFUL EXECUTION OF M&A**

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**MANAGEMENT WITH PROVEN TRACK RECORD OF EXECUTION**

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**CONTINUED MARGIN IMPROVEMENT AS MORE ASSETS ARE "TURNED ON"**

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**STRONG FINANCIALS AND REVENUE GROWTH**

# MEANINGFUL PROGRESS MADE ACROSS THE BOARD



## KEY HIGHLIGHTS

### Strong Financial Outcomes

- Record net revenue<sup>(1)</sup> for 6th consecutive quarter, up **15% Q/Q** and **27% Y/Y** to **\$141M**
- Meaningful sequential Adjusted EBITDA<sup>(2)</sup> and margin improvements; Adjusted EBITDA<sup>(2)</sup> up **39% Q/Q** to **\$29.5M**
- **Third** quarter of positive Cash from Operations, generating **\$24M** excluding receipt of \$3M cash tax credit
- **First** quarter of positive Free Cash Flow, generating **\$13M** excluding receipt of \$3M cash tax credit

### Regulatory and Capital Markets Progress

- Lawsuit filed against U.S. Attorney General with Ascend as foundational supporter
- Continued Federal progress made;
  - Recommendation from Health & Human Services to DEA to reschedule cannabis to Schedule 3 of Controlled Substance Act
  - Secure and Fair Enforcement Regulation Banking Act (SAFER) passed the Senate Banking Committee

### Strategy and M&A Update

- Continue to execute on plans of achieving scale in core markets
- Anticipating adult-use to pass Ohio ballot today; vertical and at current cap
- Pursing accretive M&A opportunities

(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 FINANCIAL HIGHLIGHTS



## Y/Y: Q3'22 VS. Q3'23

### Net Revenue<sup>1</sup>

US\$ Millions



### Adj. EBITDA / Margin<sup>2</sup>

US\$ Millions



### Y/Y

- Revenue growth driven by opening of 6 new stores; acquisition of 4 MD stores; expansion in NJ cultivation; and increase in IL, MA, and NJ wholesale.
- Adj. EBITDA driven by MD adult-use, MA wholesale and retail growth, and PA wholesale and retail growth.

## Q/Q: Q2'23 VS. Q3'23

### Net Revenue<sup>1</sup>

US\$ Millions



### Adj. EBITDA / Margin<sup>2</sup>

US\$ Millions



### Q/Q

- Revenue growth driven by start of adult use sales in MD and improvement in wholesale sales in NJ, IL, and MA.
- Adj. EBITDA driven by MD adult-use and MA and NJ wholesale growth.

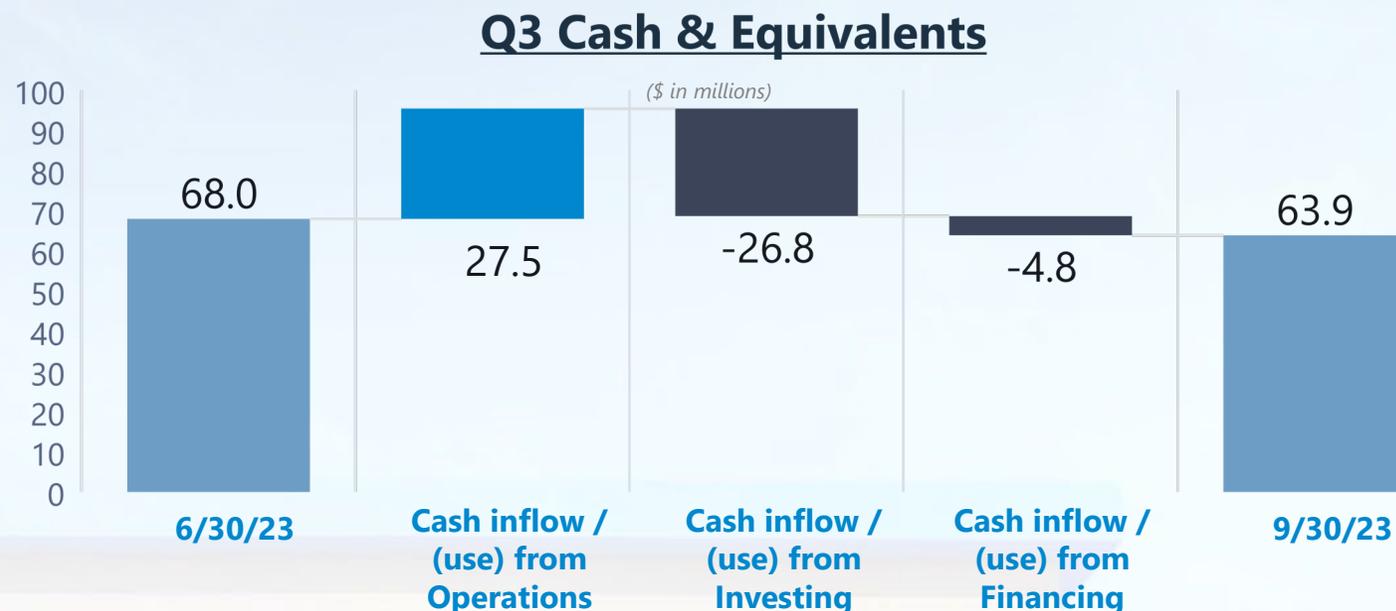
(1) Net revenue excludes revenue from intercompany sales.

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# Q3 2023 BALANCE SHEET AND CASH FLOW



	9/30/23
<i>(in millions)</i>	
<b>Cash &amp; Equivalents</b>	\$63.9
<b>Fully Diluted Shares Outstanding Basic &amp; Diluted<sup>(1)</sup></b>	223.3
<b>Total Debt, net<sup>(2)</sup></b>	\$307.4
<b>Net Debt<sup>(3)</sup></b>	\$243.5
<b>Enterprise Value<sup>(4)</sup></b>	\$455.6



- \$27.5M net Cash from Operations (CFFO) generated; \$24M CFFO excluding receipt of ERTC.
- \$16M Free Cash Flow (FCF) generated, inclusive of \$11M in CapEx; \$13M FCF generated excluding receipt of \$3M cash related to an Employee Retention Tax Credit (ERTC)
- \$27M net cash used for investing, driven by \$11M CapEx for dispensary builds and \$15M payment to PA medical school related to license acquisition
- \$5M net cash used for financing

(1) Includes 205.9M Class A Common Shares, 65k Class B shares, 17.3M of unvested Restricted Stock Units and/or Restricted Stock Awards. There are 4.6M warrants outstanding, none of which were in the money at quarter-end; 1.3M have an exercise price of \$4.00/sh; 3.1M have an exercise price of \$3.10/sh; and 0.2M have an exercise price of \$2.64/sh. Dilution was calculated using the treasury stock method and a 9/30/23 share price of US\$0.95 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.

(4) Market cap equals \$212.1M or 223.3 million FDSO times 9/30/23 share price of US\$0.95 on the CSE. Enterprise value is calculated by adding net debt of \$455.6M to this market 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 this 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.

Investors should be cautioned that Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA and Adjusted EBITDA Margin should not be construed as alternatives to earnings, cash flow from operating activities or other measures of financial results determined in accordance with GAAP as an indicator of the Company's performance and may not be comparable to issuers with similar calculations.

# GAAP RECONCILIATIONS (\$000S)



	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY2022	Q1 2023	Q2 2023	Q3 2023
<b>Adjusted Gross Profit</b>								
<b>Gross Profit</b>	\$ 23,447	\$ 32,968	\$ 36,636	\$ 41,512	\$ 134,563	\$ 35,704	\$ 28,319	\$ 43,556
<i>Gross Margin</i>	27.6%	33.8%	32.9%	37.0%	33.1%	31.3%	23.0%	30.8%
Depreciation and amortization included in cost of goods sold	2,943	3,953	4,722	3,742	15,360	6,327	8,503	7,435
Equity-based compensation included in cost of goods sold	3,995	3,167	2,629	1,836	11,627	50	1,931	2,476
Start-up costs included in cost of goods sold <sup>(1)</sup>	3,923	4,248	2,610	2,263	13,044	1,570	-	-
Non-cash inventory adjustments <sup>(2)</sup>	2,204	112	4,049	4,113	10,478	3,942	6,172	2,938
<b>Adjusted Gross Profit</b>	<b>\$ 36,513</b>	<b>\$ 44,448</b>	<b>\$ 50,646</b>	<b>\$ 53,466</b>	<b>\$ 185,072</b>	<b>\$ 47,593</b>	<b>\$ 44,925</b>	<b>\$ 56,405</b>
<b>Adjusted Gross Margin</b>	<b>42.9%</b>	<b>45.6%</b>	<b>45.5%</b>	<b>47.7%</b>	<b>45.6%</b>	<b>41.7%</b>	<b>36.5%</b>	<b>39.9%</b>

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY2022	Q1 2023	Q2 2023	Q3 2023
<b>Adjusted EBITDA</b>								
<b>Net Income / (Loss)</b>	<b>\$ (27,815)</b>	<b>\$ (21,172)</b>	<b>\$ (16,862)</b>	<b>\$ (15,050)</b>	<b>\$ (80,899)</b>	<b>\$ (18,472)</b>	<b>\$ 841</b>	<b>\$ (11,240)</b>
Income tax expense	7,107	11,472	11,178	11,936	41,693	10,017	4,737	6,726
Other, net	(103)	(151)	(273)	(229)	(756)	(265)	(24,044)	(902)
Interest expense	6,031	9,246	8,434	8,725	32,436	8,975	10,481	8,963
Depreciation and amortization	5,675	7,010	7,994	8,776	29,455	13,719	15,543	14,930
Non-cash inventory adjustments <sup>(2)</sup>	2,204	112	4,049	4,113	10,478	3,942	6,172	2,938
Equity-based compensation	6,499	7,055	6,382	3,059	22,995	3,005	4,129	5,610
Start-up costs <sup>(3)</sup>	4,760	5,364	6,563	6,903	23,590	2,527	278	504
Transaction-related and other non-recurring expenses <sup>(4)</sup>	6,194	2,027	601	63	8,885	302	2,971	1,996
(Gain) / loss on sale of assets	818	(72)	(296)	(105)	345	(442)	216	-
Litigation settlement	5,000	-	-	-	5,000	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 16,370</b>	<b>\$ 20,891</b>	<b>\$ 27,770</b>	<b>\$ 28,191</b>	<b>\$ 93,222</b>	<b>\$ 23,308</b>	<b>\$ 21,324</b>	<b>\$ 29,525</b>
<b>Adjusted EBITDA Margin</b>	<b>19.2%</b>	<b>21.4%</b>	<b>25.0%</b>	<b>25.1%</b>	<b>23.0%</b>	<b>20.4%</b>	<b>17.3%</b>	<b>20.9%</b>

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

(2) Consists of write-offs of expired products, obsolete packaging, and net realizable value adjustments related to certain inventory items.

(3) One-time costs associated with acquiring real estate, obtaining licenses and permits, and other costs incurred before commencement of operations at certain locations, as well as incremental expenses associated with the expansion of activities at our cultivation facilities that are not yet operating at scale, including excess overhead expenses resulting from delays in regulatory approvals at certain cultivation facilities. Also includes other one-time expenses related to certain reserves, as well as fair value adjustments related to earn-outs, as applicable.

(4) Legal and professional fees associated with litigation matters, potential acquisitions, and other regulatory matters and other non-recurring expenses."



**ASCEND  
WELLNESS  
HOLDINGS**

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