



Record Quarter for Ascend Wellness; Solidifies Position as an Industry Leader Says Ascend CEO

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Last month, Ascend Wellness Holdings, Inc., a vertically integrated multi-state cannabis operator focused on bettering lives through cannabis, reported its financial results for Q3 2022, setting new revenue and Adjusted EBITDA records since the Company's formation.

Ascend's third quarter 2022 revenue and adjusted EBITDA run rates were \$445 million and \$111 million, respectively, representing impressive compounded annual growth rates of 147% and 225% since the company's first full year of operations. Furthermore, Ascend currently boasts one of the strongest balance sheets in the industry with \$91.4 million cash on hand and is nearing cash generation as new operations come online.

There is plenty of additional data from the [earnings report and press release](#) that all paints the same picture: Ascend is an industry leader at a time when the industry is experiencing some difficulty. While some companies could soon be closing their doors, Ascend Wellness is opening new locations - traditional retail locations on the 'corner of main and main' as well as the first outlet locations that allow customers to purchase the same high-quality products in bulk at an everyday low price.

Ascend's is an impressive story of growth. Founded four-and-a half-years ago by President and Interim co-CEO Frank Perullo and Executive Chairman [Abner Kurtin](#), the company now has over 2000 employees and operates 30 dispensaries across six states.

When Ascend Wellness began, only 10 states had legalized recreational cannabis, while only 25 states had cannabis available for medical use. At the time, market sales were just over \$10 billion, with 250,000 employees working in the sector. Fast forward to today where recent data show the US cannabis industry employs over 428,000 workers and the market topped \$25 billion in sales last year.

The Ascend Wellness leadership team of [Perullo](#), [Kurtin](#), and CFO and Interim co-CEO, [Daniel Neville](#), attribute the success of the company last quarter to the entire operation, not limiting it to any one particular aspect of the business. Ascend achieved same-store sales growth in its retail businesses as well as considerable growth in both gross and net wholesale revenue. The company credits much of this growth to a strategy dubbed MSO 2.0. In this model Ascend strategically enters late-stage medical markets, builds grow facilities that supply its stores for the onset of adult use, and as soon as permits are issued, opens stores in high traffic retail locations with parking. This typically makes them more accessible than competitors.

The vertical integration nature of the company has also contributed to its success at a time when other cannabis businesses are experiencing margin pressure. Ascend has control of its entire supply chain by operating as a cultivator, manufacturer of products, distributor and retailer. The vertical integration has been critical to the company's success and allowed Ascend to hedge its bets as the market grows and matures.

Ascend is profitable in all its markets and is a leading company in the cannabis space. The company's 25% adjusted EBITDA margin achieved in Q3 2022 puts them in the top quartile of their peer group, solidifying its position as a top US MSO. At the same time, Ascend is nearly breaking even in cash flow from operations, which signifies the transition of the company's hyper growth, to one of more moderate expansion with a focus on cash generation.

While AWH is well-positioned with one of the strongest balance sheets when compared to our peers, Ascend Wellness leadership knows how quickly the market changes - in fact being quick to respond to those changes has been key to business success. Ascend sees 2023 as an inflection point for the company. It will build on its successes from 2022 and is committed to building its bench and bringing in a new CEO to lead its next phase of growth.

Stated simply, while some operating in the cannabis industry are shrinking, Ascend is thriving. The company's record of success in its relatively short existence points to an exciting 2023 and beyond.