

# Ascend Wellness Holdings

Q3 2021 Earnings Presentation



# CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This presentation includes forward-looking information and statements, which may include, but are not limited to, the plans, intentions, expectations, estimates, and beliefs of 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, proceeds from sale leasebacks, expansion, profit, product demand, margins, costs, cash flows, sources of capital, growth rates 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 information and 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 information and statements herein. Such factors include, among other, the risks and uncertainties identified in the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, and in the Company’s other reports and filings with the applicable Canadian securities regulators on its profile on SEDAR [www.sedar.com](http://www.sedar.com) at and the U.S. Securities and Exchange Commission and with the SEC at [www.sec.gov](http://www.sec.gov). Although the Company believes that any forward-looking information and statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such information and statements, there can be no assurance that any such forward-looking information and 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 information and statements. Any forward-looking information and 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 information and statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward looking information and 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.



**ABNER KURTIN**  
CHAIRMAN, FOUNDER AND CEO

# QUARTERLY HIGHLIGHTS

*Continued expansion of retail, wholesale, and product portfolio in Q3*

## BUSINESS



NJ CANOPY  
EXPANSION



OH RETAIL  
EXPANSION

**19**

DISPENSARIES<sup>1</sup>

## FINANCIAL

**128%**

Q3 NET REVENUE  
GROWTH Y/Y

**13%**

Q3 NET REVENUE  
GROWTH Q/Q

**\$205M**

CASH &  
EQUIVALENTS  
ON HAND<sup>2</sup>

(1) Including pending acquisitions of the Coschocton, OH (OCC) dispensary and 2 Illinois dispensaries (Midway) which are all subject to regulatory approval. The Illinois dispensaries are consolidated. The Carroll, OH (BCCO) dispensary did not close until after Q3 and is not consolidated in the Q3 numbers.

(2) Cash and cash equivalents at Q3 quarter end.

# FOOTPRINT

## 6 states<sup>1</sup> 19 dispensaries<sup>2</sup>

### ILLINOIS<sup>2</sup>

8 retail  
1 cultivation / processing

### MASSACHUSETTS

1 retail  
2 planned retail  
1 cultivation / processing

### MICHIGAN

6 retail  
2 planned retail  
1 cultivation / processing

### NEW YORK<sup>1</sup>

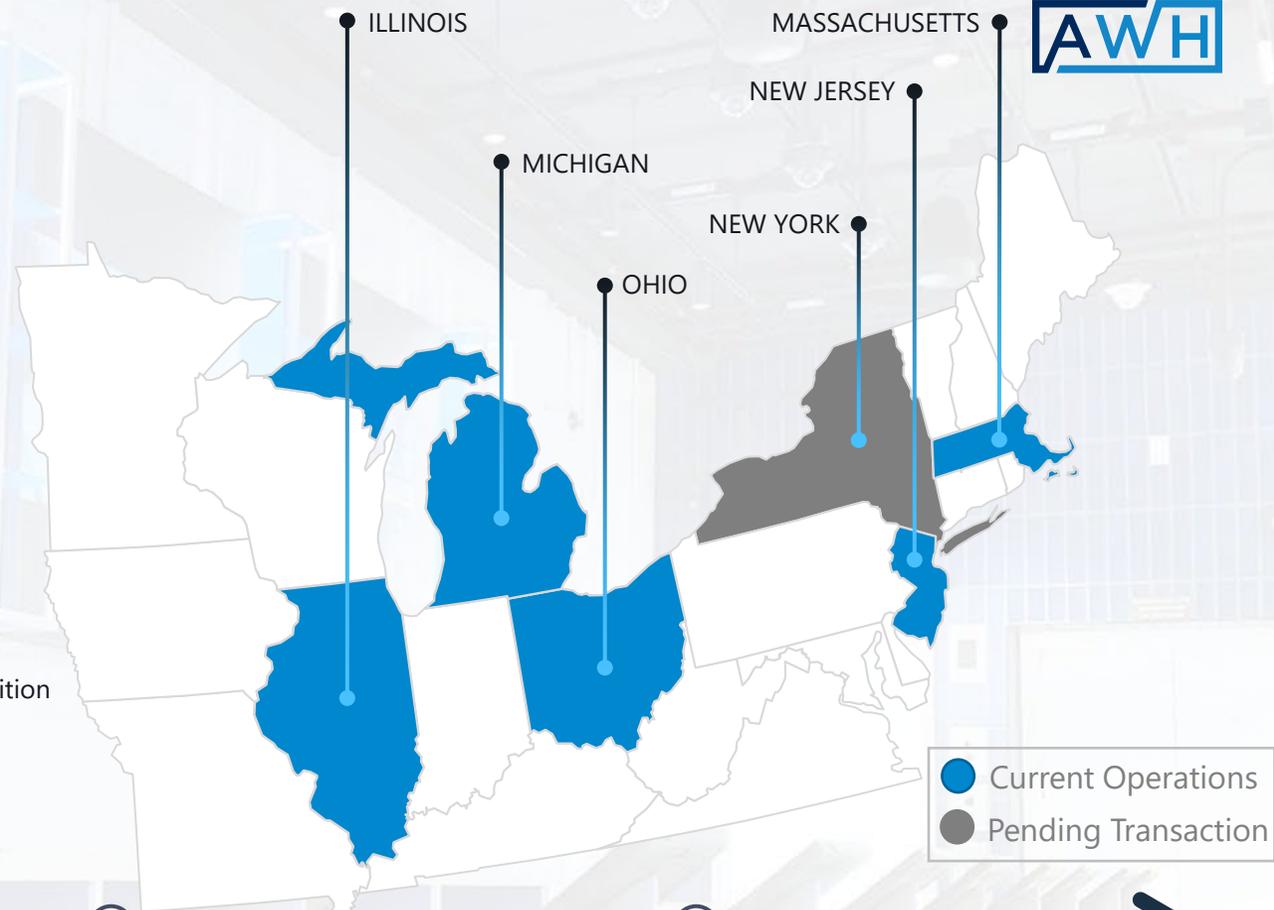
4 retail pending transaction<sup>1</sup>  
1 cultivation / processing  
pending transaction<sup>1</sup>

### NEW JERSEY

2 retail  
1 planned retail  
1 cultivation / processing

### OHIO<sup>2</sup>

1 medical retail  
1 medical pending acquisition  
1 cultivation / processing



1. Including the current MedMen NY assets which includes 4 dispensaries in operation today, but excludes any additional dispensary licenses that may be awarded to the 10 existing vertical license holders in NY. The transaction remains subject to regulatory approval.

2. Including pending acquisitions of the Coschocton, OH (OCC) dispensary and 2 Illinois dispensaries (Midway) which are all subject to regulatory approval.

# CANOPY UPDATE

State	Active Canopy (ft <sup>2</sup> )	Canopy at YE21 (ft <sup>2</sup> )	Canopy at YE22 (ft <sup>2</sup> )
IL	55,000	113,000	113,000
MI	28,000	28,000	28,000
MA	17,000	17,000	54,000
NJ	16,000	16,000	42,000
OH	2,000	2,000	37,000
<b>Total</b>	<b>118,000</b>	<b>176,000</b>	<b>274,000</b>

- Completed & Planted MI
- IL greenhouse construction near complete; planting pending regulatory approval
- Planted Phase 1 NJ; pushing remaining NJ 2021 expansion into 2022; adding incremental canopy in 2023 to total 150k



# ASCEND AT YOUR DOORSTEP

## 3.6M

POPULATION WITHIN 25 MILES OF NEWTON<sup>(1)</sup>

## 60%

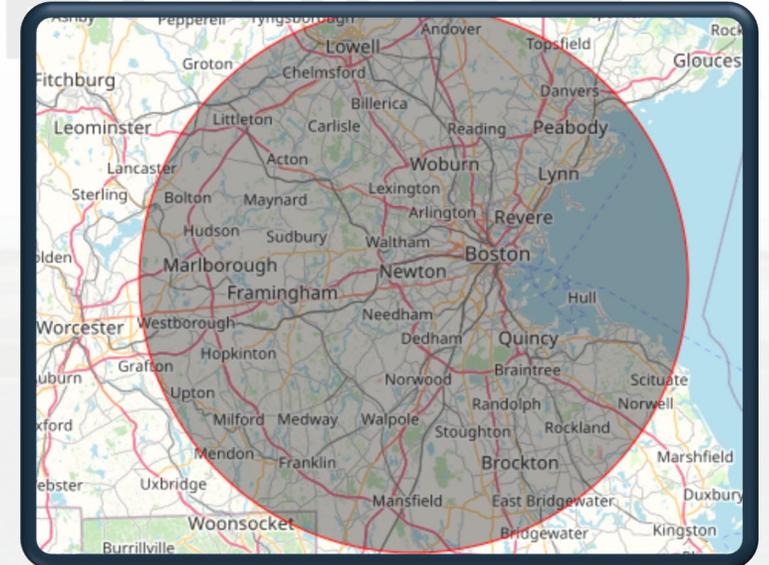
CANNABIS USERS PREFERRED METHOD<sup>(2)</sup>

## 22%

HIGHER REVENUE WITH DELIVERY OPTION<sup>(3)</sup>

# WE DELIVER

- Launching delivery program in the greater Boston area
- 7 days a week, initially a 25-mile radius from Newton, MA



(1) Data provided by OpenStreetMap.

(2) According to a study performed by Ganja Goddess, 60% of users cited that online ordering and delivery would be preferred method of purchase post-pandemic.

(3) According to FlowHub, Cannabis businesses that provided pickup or delivery options made 22% more in sales on average during the pandemic.

# NEW JERSEY UPDATE



- **CONSTRUCTION**

- Montclair expansion to start in Q4 2021
- Fort Lee expected to be complete by spring 2022

- **REGULATORY**

- Estimated adult use sales to commence by spring 2022

TODAY

**28**

POINTS OF SALE

Q2 2022

**68**

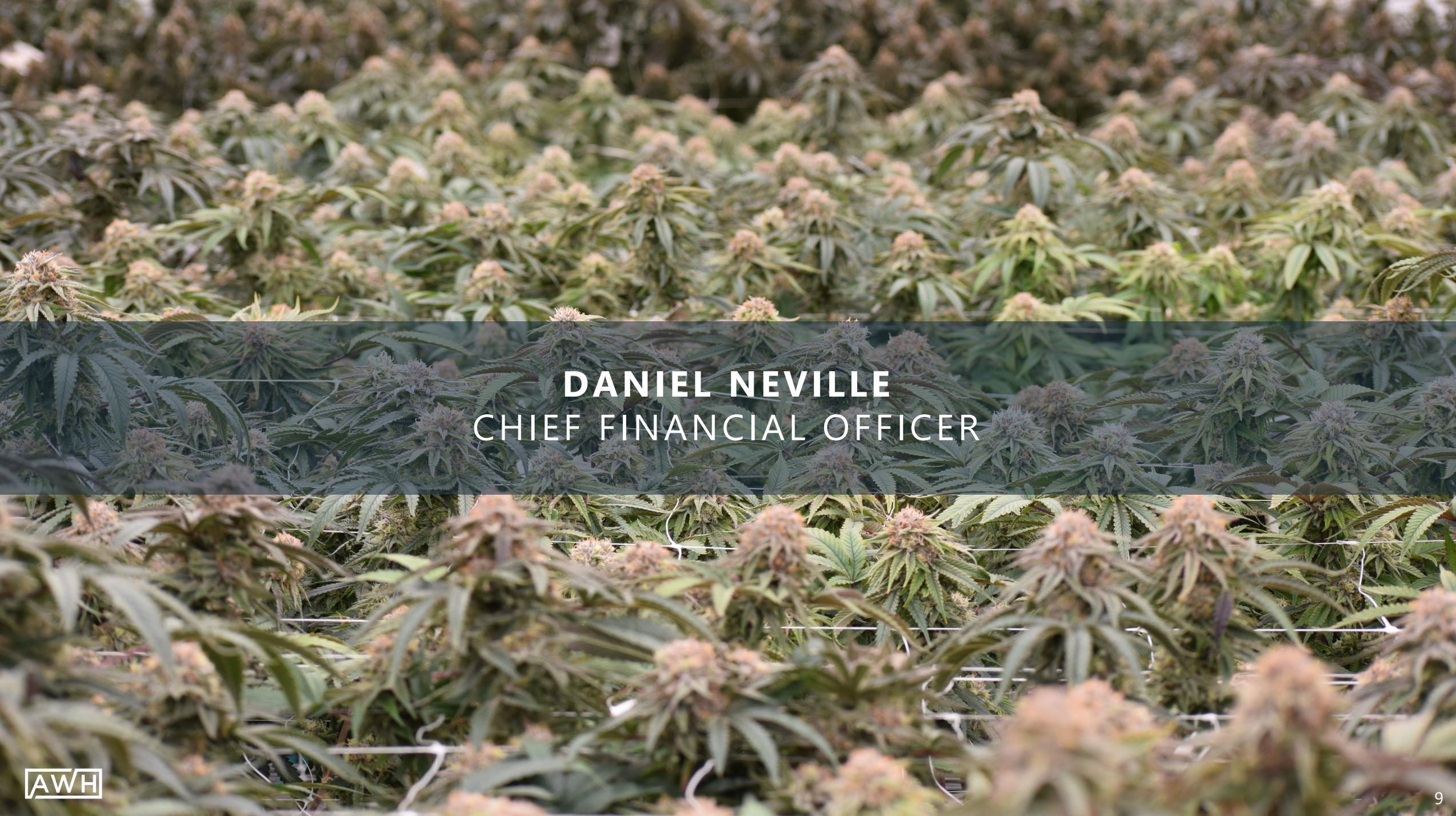
POINTS OF SALE

**~9,000**

SQ.FT

**~25,000**

SQ.FT



**DANIEL NEVILLE**  
CHIEF FINANCIAL OFFICER

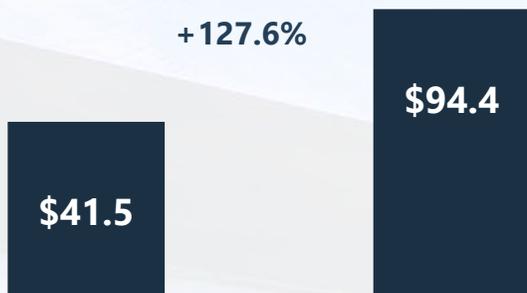
# Q3 FINANCIAL HIGHLIGHTS

## Q3'20 VS. Q3'21

### Net Revenue Growth

US\$ Millions

+127.6%

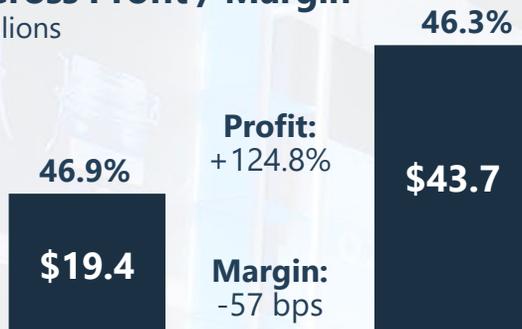


Q3 '20

Q3 '21

### Adj. Gross Profit / Margin<sup>1</sup>

US\$ Millions



Q3 '20

Q3 '21

### Adj. EBITDA / Margin<sup>1</sup>

US\$ Millions



Q3 '20

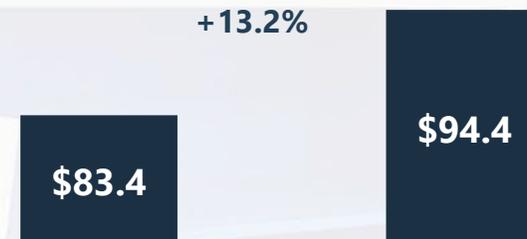
Q3 '21

## Q2'21 VS. Q3'21

### Net Revenue Growth

US\$ Millions

+13.2%



Q2 '21

Q3 '21

### Adj. Gross Profit / Margin<sup>1</sup>

US\$ Millions



Q2 '21

Q3 '21

### Adj. EBITDA / Margin<sup>1</sup>

US\$ Millions



Q2 '21

Q3 '21

(1) 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 KEY OPERATING METRICS



**19**

OPEN  
DISPENSARIES<sup>(1)</sup>



**\$15M**

ANNUALIZED RETAIL  
REVENUE PER DISPENSARY



**5**

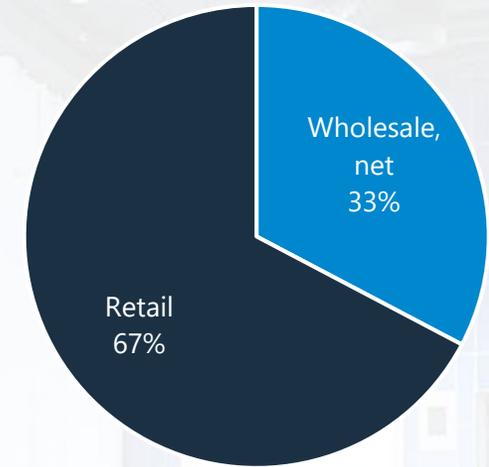
ACTIVE CULTIVATION AND PRODUCTION  
FACILITIES IN 5 STATES



**118K**

TOTAL CANOPY  
CONSTRUCTION COMPLETE

## Q3 REVENUE, NET (\$M)



- Total retail revenue increased to \$63.5 million for the quarter, representing an increase of ~9% quarter-over-quarter
- Net wholesale revenue, excluding intercompany sales, increased to \$30.9 million, representing an increase of ~22% quarter-over-quarter

(1) Including pending acquisitions of 1 OH dispensaries (OCC) and 2 Illinois dispensaries (Midway) which are subject to regulatory approval. OCC is not consolidated or included in revenue per store.

# CLOSED OVERSUBSCRIBED DEBT FINANCING



\$210M

**TERM LOAN**

\$76M

**DEBT REPAYMENT**

1%

**OID**

\$65M

**EXPANSION FEATURE**

9.5%

**INTEREST RATE**

2X

**OVERSUBSCRIBED**

# BALANCE SHEET AND CASH FLOW



(\$ in millions)



(in millions)

9/30/21

Fully Diluted Shares Outstanding Basic & Diluted<sup>(1)</sup>

180

Cash & Equivalents

\$205

Total Debt

\$264

Net Debt<sup>(2)</sup>

\$51

- \$210M Term Loan; \$76M used to repay debt
- \$15M net Capex in Q3; \$71M net Capex YTD
- \$125M net proceeds from debt raise in Q3, net of fees, debt repayments, and debt issuance costs; eligible for \$65M expansion

(1) Includes 171M Class A Common Shares, 7.3M unvested Restricted Stock Units, and 2.0M warrants. There are 3.5M warrants outstanding at an exercise price of \$4. Dilution calculated using the treasury stock method and a 9/30/31 share price of \$9.44.

(2) Net debt is equal to Total Debt less Cash & Equivalents less unamortized deferred financing costs. Note: waterfall may not foot due to rounding.

# 2021 FY NET REVENUE GUIDANCE RANGE

*Expect to more than double FY 2020 Net Revenue actuals and meet low-end of previously stated FY 2021 Net Revenue guidance range of \$330 to \$350M*

(\$ in millions)





# APPENDIX

# USE OF NON-GAAP FINANCIAL METRICS AND ADDITIONAL INFORMATION

This presentation includes certain non-GAAP financial measures as defined by the SEC. 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. 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; start-up costs; transaction-related and other legal 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

\$ in thousands



	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	YTD 2021
<b>Adjusted Gross Profit</b>										
<b>Gross Profit</b>	\$ 3,287	\$ 7,492	\$ 12,178	\$ 18,352	\$ 22,892	\$ 60,914	\$ 29,667	\$ 34,516	\$ 40,954	\$ 105,137
<i>Gross Margin</i>	27.3%	33.2%	48.0%	44.3%	42.2%	42.4%	44.9%	41.4%	43.4%	43.1%
Depreciation and amortization included in cost of goods sold	323	1,069	627	941	1,059	3,696	2,162	2,387	2,063	6,612
Equity-based compensation included in cost of goods sold						-			349	349
Non-cash inventory adjustments	(589)	-	-	146	-	146	750	2,714	335	3,799
<b>Adjusted Gross Profit</b>	<b>\$ 3,021</b>	<b>\$ 8,561</b>	<b>\$ 12,805</b>	<b>\$ 19,439</b>	<b>\$ 23,951</b>	<b>\$ 64,756</b>	<b>\$ 32,579</b>	<b>\$ 39,617</b>	<b>\$ 43,701</b>	<b>\$ 115,897</b>
<b>Adjusted Gross Margin</b>	<b>25.1%</b>	<b>37.9%</b>	<b>50.4%</b>	<b>46.9%</b>	<b>44.1%</b>	<b>45.1%</b>	<b>49.3%</b>	<b>47.5%</b>	<b>46.3%</b>	<b>47.5%</b>

	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	YTD 2021
<b>Adjusted EBITDA</b>										
<b>Net Income / (Loss)</b>	<b>\$ (33,241)</b>	<b>\$ (7,118)</b>	<b>\$ (4,305)</b>	<b>\$ (4,915)</b>	<b>\$ (7,503)</b>	<b>\$ (23,841)</b>	<b>\$ (48,223)</b>	<b>\$ (44,897)</b>	<b>\$ (13,026)</b>	<b>\$ (106,146)</b>
Income tax expense	667	2,437	3,632	5,643	6,990	18,702	8,976	11,995	12,307	33,278
Other (income) expense	(24)	(6)	3	(3)	(1)	(7)	(80)	(82)	(44)	(206)
Interest expense	6,477	2,530	2,873	2,627	4,963	12,993	7,337	36,888	12,376	56,601
Depreciation and amortization	2,989	1,951	1,969	2,299	1,695	7,914	2,419	2,470	2,520	7,409
Depreciation and amortization included in cost of goods sold	323	1,069	627	941	1,059	3,696	2,162	2,387	2,063	6,612
Non-cash inventory adjustments	(589)	-	-	146	-	146	750	2,714	335	3,799
Equity-based compensation	312	185	85	71	339	680	2,487	1,711	2,587	6,785
Equity-based compensation included in cost of goods sold	-	-	-	-	-	-	-	-	349	349
Start-up costs <sup>(1)</sup>	10,096	1,419	1,845	2,729	2,114	8,107	1,311	1,716	1,227	4,254
Transaction-related and other non-recurring expenses <sup>(2)</sup>	-	103	164	737	1,160	2,164	2,178	5,406	2,191	9,775
Litigation settlement	-	-	-	-	-	-	36,511	-	-	36,511
Loss on the sale of assets	-	-	286	-	-	286	-	-	649	649
<b>Adjusted EBITDA</b>	<b>\$ (12,990)</b>	<b>\$ 2,570</b>	<b>\$ 7,179</b>	<b>\$ 10,275</b>	<b>\$ 10,816</b>	<b>\$ 30,840</b>	<b>\$ 15,828</b>	<b>\$ 20,308</b>	<b>\$ 23,534</b>	<b>\$ 59,670</b>
<b>Adjusted EBITDA Margin</b>	<b>(108.0%)</b>	<b>11.4%</b>	<b>28.3%</b>	<b>24.8%</b>	<b>19.9%</b>	<b>21.5%</b>	<b>23.9%</b>	<b>24.4%</b>	<b>24.9%</b>	<b>24.5%</b>

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

2) Legal and professional fees associated with the Company's go-public transaction and other non-recurring expenses.

Note: Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA, and Adjusted EBITDA Margin are a non-GAAP financial measures.



# ASCEND WELLNESS HOLDINGS

<https://awholdings.com/investors>

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