

*1Q23 Results Call*  
*May 15, 2023*

goodness  
growth  
holdings<sup>tm</sup>

CSE:GDNS OTCQX:GDNSF



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*2023 is a transformation year in which our teams are focused on driving improvements in financial and operating performance*

### FINANCIAL

- CREAM (Cash Rules Everything Around Me) → Focus on building a valuable long-term business as defined by the ability to generate and grow cash flow
- Manage the balance sheet with capital partners to support the transformational year and growing into being a strong credit
- Prudently deploy capital expenditures against high-returning projects
- Pursuing non-core asset divestitures
- Ongoing litigation against Verano seeking significant damages

### OPERATIONAL

- Passion for producing and selling fire product
- Improving quality and efficiency of flower production
- Enhancing and optimizing manufacturing capabilities to support quality and efficiency initiatives
- Right-sizing production, assortment and pricing to avoid inventory accumulation
- Implementing a decentralized leadership structure, empowering local level decision makers with the right inputs for support

## Recent Operating & Business Highlights

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*We made considerable progress executing our strategy during Q1.  
Recent operating and business highlights include:*

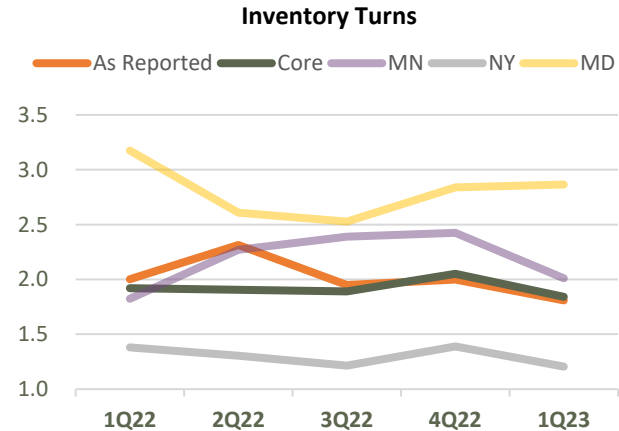
- Reorganization initiatives are gaining momentum and driving improvement in KPIs
- Leaner operations with stronger focus on product quality and value for customers
- Second consecutive quarter of positive income from operations
- We've gained needed balance sheet flexibility to execute our plan for this year
- We have clearer visibility on path to adult-use sales in Maryland and New York
- Minnesota appears likely to pass adult-use legalization later this month
- We continue to pursue select asset divestitures
- Litigation with Verano remains ongoing



# Core Market Key Performance Indicators (KPIs)

Recently formed “Weed Hustle Office” comprised of our state leaders and third-party partners satisfies COO responsibilities and is focused on driving improvements in several core market key performance indicators

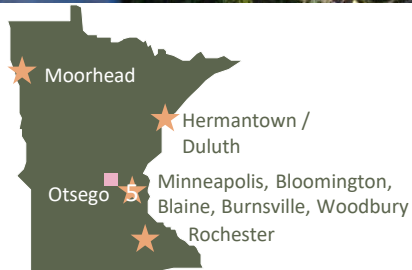
	1Q22	2Q22	3Q22	4Q22	1Q23
Total Harvested lbs (Biomass)	5,344	7,854	7,530	7,023	7,151
Δ YoY	155%	163%	41%	29%	34%
% “A” Flower	14.7%	16.9%	18.8%	16.9%	19.2%
Total Retail Revenue (US \$ M)	\$11.5	\$14.7	\$14.7	\$15.2	\$15.4
Same Store Sales Δ YoY	16%	52%	49%	49%	34%
# Stores in SSS Calculation	12	13	13	13	14
Total Wholesale Revenue (US \$ M)	\$2.2	\$2.7	\$2.5	\$2.8	\$2.6



\* Core markets reflect Maryland, Minnesota, and New York. Excludes current and prior results from Arizona and New Mexico. Inventory turns reflect annualized inventory turnover per quarter. “A Flower” refers to produced biomass that meets the Company’s highest internal standards for flower quality, size and appearance.

# Core Market Updates

## MINNESOTA



- Performance continues to be driven by expansion of medical market to include flower (medical flower sales began March 1, 2022)
- An adult use legalization bill is in its reconciliation process with the state legislature; we anticipate passage later this month
- Desire to increase indoor capacity if permitted

## NEW YORK



- We are balancing our need to control cash burn with need to prepare for adult-use implementation, especially “A” Flower which we believe will be in high demand
- Latest draft adult-use regulations would permit our first co-located adult-use dispensary in late December
- Our 170,000 square foot indoor cultivation facility is anticipated to be completed by late summer, and we believe it will be one of only a few large capacity indoor cultivation facilities in the State

## MARYLAND



- The purchase of our second dispensary drove increased revenue performance in Q1 as compared to last year
- Adult-use sales are expected to July 1, 2023
- We are working on improving the quality of our products and the efficiency of our production ahead of adult-use implementation
- We anticipate some modest inventory building to support adult-use launch in the third quarter



★ Operating Dispensaries    ■ Manufacturing

## Upcoming Events

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*We continue to work within our local communities to help right the wrongs of cannabis prohibition. Our expungement clinics and other programming initiatives will continue in Q2.*



**Cannabis Business Accelerator**



# Summary Financials

***Q1 results reflect a continuation of the trends we observed during Q4. Operational improvements and cost controls helped drive second consecutive quarter of positive income from operations.***

<b>Summary of Key Financial Metrics</b>	Three Months Ended		
	March 31,		
<i>US \$ in millions</i>	2023	2022	Variance
GAAP Revenue	\$19.1	\$15.6	22.1%
Revenue (excluding discontinued operations)	\$19.1	\$14.6	30.5%
GAAP Gross Profit	\$9.5	\$2.5	280.0%
<i>Gross Profit Margin</i>	49.9%	15.9%	3,400 bps
SG&A Expenses	\$7.2	\$9.3	-22.6%
<i>SG&amp;A Expenses (% of Sales)</i>	37.7%	59.6%	-2,190 bps
Operating Income (Loss)	\$0.4	(\$7.8)	NM
<i>Operating Income Margin</i>	1.9%	(49.7%)	5,170 bps
EBITDA	\$1.4	(\$10.7)	NM
<i>EBITDA Margin</i>	7.6%	(68.4%)	7,600 bps

# Core Market Revenue Performance<sup>1</sup>

	Q1 Sequential			Q1 YoY		
	1Q23	4Q22	%Δ	1Q23	1Q22	%Δ
<b><u>Total Retail:</u></b>	<b><u>\$15,419,483</u></b>	<b><u>\$15,230,064</u></b>	<b><u>1</u></b>	<b><u>\$15,419,483</u></b>	<b><u>\$11,488,870</u></b>	<b><u>34</u></b>
Minnesota	\$10,718,916	\$10,622,384	1	\$10,718,916	\$6,664,088	61
New York	\$2,361,942	\$2,482,884	(5)	\$2,361,942	\$2,858,893	(17)
Maryland	\$2,338,625	\$2,124,796	10	\$2,338,625	\$1,965,889	19
<b><u>Total Wholesale:</u></b>	<b><u>\$2,616,624</u></b>	<b><u>\$2,757,080</u></b>	<b><u>(5)</u></b>	<b><u>\$2,616,624</u></b>	<b><u>\$2,215,286</u></b>	<b><u>18</u></b>
Minnesota	--	--	--	--	\$443,460	(100)
New York	\$1,052,749	\$1,444,543	(27)	\$1,052,749	\$509,238	107
Maryland	\$1,563,875	\$1,312,537	19	\$1,563,875	\$1,262,588	24
<b><u>Total Revenue:</u></b>	<b><u>\$18,036,107</u></b>	<b><u>\$17,987,144</u></b>	<b><u>0</u></b>	<b><u>\$18,036,107</u></b>	<b><u>\$13,704,156</u></b>	<b><u>32</u></b>

<sup>1</sup> Please refer to form 10-Q for the quarter ended March 31, 2023 for complete detail on state-by-state revenue performance including non-core markets and discontinued operations.



# Balance Sheet & Liquidity Update

***We remain pleased with the partnership approach from our senior secured lender and have gained needed financial flexibility by amending our credit facility***

	March 31, 2023	December 31, 2022
Cash	\$10,345,599	\$15,149,333
Total Current Assets	\$115,557,359	\$46,728,741
Total Assets	\$158,632,742	\$159,156,403
Total Current Liabilities	\$95,174,387	\$29,708,921
Right-of-use Liability	\$10,370,395	\$79,757,994
Long Term Debt	\$55,155,615	\$46,248,604
Total Liabilities	\$160,700,397	\$155,715,519

- Verano's decision to wrongfully terminate our transaction put us in a vulnerable position in a challenging capital markets' environment
- We have amended the terms of our credit facility with our senior secured lender to extend the maturity date to April 30, 2024
- We made adjustments to our balance sheet in Q1 to reflect assets held for sale
- Recently closed convertible loan facility with separate affiliate of our senior secured lender gives us needed financial flexibility to execute our plan for the year



# Summary of Debt Outstanding as of May 1, 2023\*

	Principal Amount	Maturity Dates	Notes
Green Ivy Credit Facility	\$60,598,634	30-Apr-24	<ul style="list-style-type: none"> <li>• Prime + 10.375% paid monthly in cash</li> <li>• 2.75% PIK</li> <li>• \$4.3M related to Baltimore dispensary acquisition due November 2024</li> <li>• Potential to extend maturity to 1/31/26 through performance-based milestones</li> </ul>
Other	\$3,050,000	Various	<ul style="list-style-type: none"> <li>• Primarily related to prior M&amp;A activity</li> <li>• \$2.0M due 11/19/23</li> <li>• \$1.0M due 12/31/23</li> </ul>
Convertible Note	\$2,000,000	31-Mar-26	<ul style="list-style-type: none"> <li>• 6.0% paid monthly in cash</li> <li>• 6.0% PIK</li> <li>• \$8.0 million capacity for additional monthly draw schedule</li> </ul>
Total	\$65,648,634		



\* Reflects book balances as of month end on April 30, 2023, adjusted for convertible loan which funded on May 1, 2023.

# Capitalization Table<sup>1</sup>

Goodness Growth Holdings Capitalization Table	
Treasury Method Fully-Diluted Shares Outstanding (as converted)	141,143,954
Stock Price @ 5/1/23	US \$0.125
Market Cap (\$ USD)	\$17.6M
Preliminary Cash Balance as of 5/1/23	\$10.2M
Preliminary Net Debt as of 5/1/23	\$55.4M
Lease Liabilities	\$87.0M
<b>Dilutives</b>	<b>#</b>
Options (@ avg. strike US \$0.54)	28,566,281
Warrants (@ avg. strike US \$0.94)	9,437,649
Convertible Notes (@ avg. strike (US \$0.145)	13,793,103
RSUs	3,102,765
Fully Diluted Shares Outstanding (as converted)	196,043,752



<sup>1</sup> Reflects book balances as of month end on April 30, 2023, adjusted for convertible loan which funded on May 1, 2023. Treasury method fully-diluted shares outstanding includes 13,793,103 subordinate voting shares we have agreed to issue to the senior secured lenders in connection with the fifth amendment to the Company's Green Ivy credit facility.

## EBITDA Reconciliation

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	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Net income (loss)</b>	\$ (8,405,970)	\$ (14,566,782)
Interest expense, net	7,134,789	4,601,799
Income taxes	1,662,000	(1,740,000)
Depreciation & Amortization	319,277	328,363
Depreciation included in cost of goods sold	734,087	700,193
<b>EBITDA (non-GAAP)</b>	\$ 1,444,183	\$ (10,676,427)



## ***Contact Information***

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