

*2Q23 Results Call
August 14, 2023*

**goodness
growth
holdingstm**

CSE:GDNS OTCQX:GDNSF



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Year of CREAM & Fire → Mid-Year Performance Scorecard

2023 is a transformation year for the Company and we have made measurable progress executing against our stated objectives during the first half of the year...

FINANCIAL OBJECTIVES	Heatmap / Trajectory
<ul style="list-style-type: none"> • 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 	
<ul style="list-style-type: none"> • Manage the balance sheet with capital partners to support the transformational year and growing into being a strong credit 	
<ul style="list-style-type: none"> • Prudently deploy capital expenditures against high-returning projects 	
<ul style="list-style-type: none"> • Pursuing non-core asset divestitures 	
<ul style="list-style-type: none"> • Ongoing litigation against Verano seeking significant damages 	

OPERATIONAL OBJECTIVES	Heatmap / Trajectory
<ul style="list-style-type: none"> • Passion for producing and selling fire product 	
<ul style="list-style-type: none"> • Improving quality and efficiency of flower production 	
<ul style="list-style-type: none"> • Enhancing and optimizing manufacturing capabilities to support quality and efficiency initiatives 	
<ul style="list-style-type: none"> • Right-sizing production, assortment and pricing to avoid inventory accumulation 	
<ul style="list-style-type: none"> • Implementing a decentralized leadership structure, empowering local level decision makers with the right inputs for support 	



Year of CREAM & Fire → Mid-Year Progress Highlights

2023 is a transformation year for the Company and we have made measurable progress executing against our stated objectives during the first half of the year...

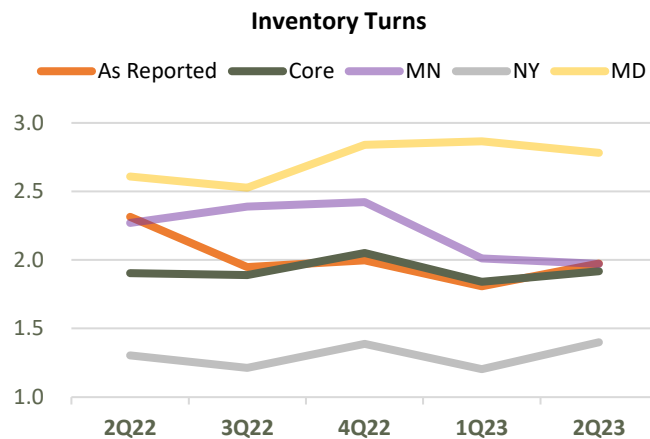
- Decentralized reorganization initiatives continue to gain momentum and are driving improvements in KPIs
- Our new partnership with Grown Rogue is helping infuse “weed hustle” into our corporate DNA
 - Stronger focus and execution driving product quality and value for customers
 - Improving efficiency of operations and quality of flower production
 - Encouraged by productivity in Minnesota despite challenging summer climate in greenhouses
- We are making progress to simplify the business with strategic asset divestitures
 - New Mexico operations divested in 2Q23; received LOI for New York business in 3Q23
 - These initiatives are important milestones on our path to positive cash flow generation and a stronger credit profile
- Positive regulatory developments in Minnesota and Maryland position Company for stronger performance
 - Adult-use sales began in Maryland on July 1, 2023; Adult-use to begin in Minnesota in 1Q25
 - Executed consulting, licensing and wholesale agreements with two new dispensaries in Maryland in Q3
- Litigation with Verano remains ongoing



Core Market Key Performance Indicators (KPIs)¹

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

	2Q22	3Q22	4Q22	1Q23	2Q23*
Total Harvested lbs (Biomass)	7,854	7,530	7,023	8,174	9,856
Δ YoY	163%	41%	29%	53%	25%
% “A” Flower	16.8%	18.7%	16.7%	16.8%	20.9%
Total Retail Revenue (US \$ M)	\$14.7	\$14.7	\$15.2	\$15.4	\$16.2
Same Store Sales Δ YoY	52%	49%	49%	34%	10%
# Stores in SSS Calculation	13	13	13	14	14
Total Wholesale Revenue (US \$ M)	\$2.7	\$2.5	\$2.8	\$2.6	\$3.0



¹ 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.

* During 2Q23, because of substantial excess trim and oil products on hand, the Company revised its methodology for calculating harvested pounds of biomass to remove trim byproducts from the total calculation. The 2Q23 data shown on this slide has been adjusted to provide comparisons to the prior quarters on an apples-to-apples basis.

Partnership with Grown Rogue International, Inc.



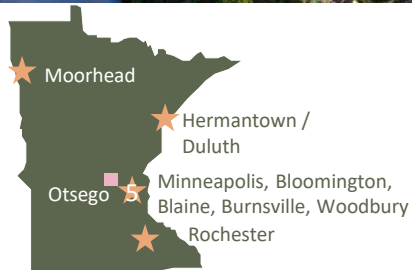
- Grown Rogue has grown from an early participant in Oregon's medical program to a leading flower brand in some of the country's most competitive adult-use markets
- #1 flower brand and #3 brand overall in Oregon in 2022*
- Top 5 indoor flower brand in Michigan in 2022*



*According to LeafLink's MarketScape data November 1, 2021-October 31, 2022

Core Market Updates

MINNESOTA



- Cannabis became legal in Minnesota on August 1, 2023 and adult-use sales are expected to commence in 1Q25.
- Adult-use regulations permit us to increase our cultivation capacity and we are working to identify cost-effective opportunities to maximize our footprint.
- We are very pleased with the results we're seeing from our partnership with Grown Rogue in this market despite the challenging seasonal weather we experience during the summer months in our greenhouses.

NEW YORK



- We received a signed LOI and are now in process to divest our assets and operations in the New York market. We expect to disclose additional details surrounding this transaction during the third quarter.
- We continue to balance our need to control cash burn.
- Adult-use regulations permit our first co-located adult-use dispensary in late December.

MARYLAND



- Adult-use sales began July 1, 2023. We have been pleased with revenue performance and continue to see solid follow through in sales trends in this market.
- New consulting, licensing and wholesale agreements with two additional dispensaries provide opportunity to improve our wholesale market penetration.
- We are improving the quality and depth of our product offerings in this market and believe we can grow market share in manufactured products.



Summary Financials

Q2 results reflect continued revenue growth in our core markets and are beginning to show signs of operating leverage across the business with the help of recent cost control initiatives

Summary of Key Financial Metrics <i>US \$ in millions</i>	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2023	2022	Variance	2023	2022	Variance
GAAP Revenue	\$20.2	\$21.1	-4.2%	\$39.3	\$36.7	7.0%
Revenue (excluding discontinued operations)	\$19.2	\$17.4	10.6%	\$37.3	\$31.1	19.8%
GAAP Gross Profit	\$9.3	\$10.4	-10.0%	\$18.9	\$12.9	46.6%
<i>Gross Profit Margin</i>	46.2%	49.2%	-300 bps	48.0%	35.0%	1,300 bps
SG&A Expenses	\$8.1	\$8.6	-6.6%	\$15.2	\$17.9	-15.0%
<i>SG&A Expenses (% of Sales)</i>	39.9%	40.9%	-100 bps	38.7%	48.7%	-1,000 bps
Operating Income (Loss)	(\$1.0)	\$0.3	-438.1%	(\$0.7)	(\$7.5)	NM
<i>Operating Income Margin</i>	-5.2%	1.5%	-660 bps	-1.7%	-20.3%	1,860 bps
EBITDA	\$2.8	\$1.1	156.5%	\$4.3	(\$9.6)	NM
<i>EBITDA Margin</i>	14.1%	5.3%	880 bps	10.9%	(26.0%)	3,700 bps

Core Market Revenue Performance¹

	Q2 Sequential			Q2 YoY		
	2Q23	1Q23	%Δ	2Q23	2Q22	%Δ
<u>Total Retail:</u>	<u>\$16,231,130</u>	<u>\$15,419,483</u>	<u>5</u>	<u>\$16,231,130</u>	<u>\$14,700,917</u>	<u>10</u>
Minnesota	\$11,479,371	\$10,718,916	7	\$11,479,371	\$9,928,201	16
New York	\$2,279,635	\$2,361,942	(3)	\$2,279,635	\$2,792,734	(18)
Maryland	\$2,472,124	\$2,338,625	6	\$2,472,124	\$1,979,982	25
<u>Total Wholesale:</u>	<u>\$3,013,730</u>	<u>\$2,616,624</u>	<u>15</u>	<u>\$3,013,730</u>	<u>\$2,215,286</u>	<u>11</u>
Minnesota	--	--	--	--	\$228,680	(100)
New York	\$1,176,585	\$1,052,749	12	\$1,176,585	\$909,521	29
Maryland	\$1,837,145	\$1,563,875	17	\$1,837,145	\$1,565,835	17
<u>Total Revenue:</u>	<u>\$19,244,860</u>	<u>\$18,036,107</u>	<u>7</u>	<u>\$19,244,860</u>	<u>\$17,404,953</u>	<u>11</u>

¹ Please refer to form 10-Q for the quarter ended June 30, 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

	June 30, 2023	December 31, 2022
Cash	\$11,346,063	\$15,149,333
Total Current Assets	\$126,366,980	\$46,728,741
Total Assets	\$165,950,299	\$159,156,403
Liabilities Held for Sale	\$75,146,975	\$1,319,847
Total Current Liabilities	\$156,995,085	\$29,708,921
Right-of-use Liability	\$10,561,473	\$81,438,288
Long Term Debt	3,898,443	\$46,248,604
Total Liabilities	\$173,875,107	\$155,715,519

- Recent convertible loan facility closed during the second quarter gave us needed financial flexibility to execute our plan for the year.
- We amended the terms of our Green Ivy credit facility to extend the maturity date to April 30, 2024 and have potential through performance milestones to extend maturities to 2026.
- We have made adjustments to our balance sheet to reflect assets held for sale related to the planned divestiture of our New York operations. We look forward to providing additional disclosure surrounding our future profitability expectations once this process is complete.



Summary of Debt Outstanding as of June 30, 2023

	Principal Amount	Maturity Dates	Notes
Green Ivy Credit Facility	\$58,889,968	30-Apr-24	<ul style="list-style-type: none"> • Prime + 10.375% paid monthly in cash • 2.75% PIK • \$4.3M related to Baltimore dispensary acquisition due November 2024 • Potential to extend maturity to 1/31/26 through performance-based milestones
Other	\$3,050,000	Various	<ul style="list-style-type: none"> • Primarily related to prior M&A activity • \$2.0M due 11/19/23 • \$1.0M due 12/31/23
Convertible Note	\$4,024,706	31-Mar-26	<ul style="list-style-type: none"> • 6.0% paid monthly in cash • 6.0% PIK • \$6.0 million capacity for additional monthly draw schedule
Total	\$65,964,674		



Capitalization Table¹

Goodness Growth Holdings Capitalization Table	
Treasury Method Fully-Diluted Shares Outstanding (as converted)	143,126,330
Stock Price @ 6/30/23	US \$0.17
Market Cap (\$ USD)	\$24.3M
Cash Balance as of 6/30/23	\$11.3M
Net Debt as of 6/30/23	\$54.6M
Lease Liabilities	\$10.6M
Dilutives	#
Options (@ avg. strike US \$0.50)	30,185,610
Warrants (@ avg. strike US \$0.55)	19,437,649
Convertible Notes (@ avg. strike (US \$0.145)	27,756,593
RSUs	3,102,765
Fully Diluted Shares Outstanding (as converted)	223,608,947



¹ Reflects book balances as of quarter end on June 30, 2023, adjusted to reflect the future required warrant exchange related to the Company's agreement with Grown Rogue International, Inc. and 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

	Three Months Ended March 31,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss)	\$ (7,329,255)	\$ (6,183,076)	(15,735,224)	(20,749,858)
Interest expense, net	7,744,794	5,297,823	14,879,584	9,899,622
Income taxes	1,592,871	1,045,000	3,254,871	(695,000)
Depreciation & Amortization	276,709	335,394	595,985	663,757
Depreciation included in cost of goods sold	559,978	613,863	1,294,065	1,314,056
EBITDA (non-GAAP)	\$ 2,845,097	\$ 1,109,004	4,289,281	(9,567,423)

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