

3Q23 Results Call
November 14, 2023

**goodness
growth
holdingstm**

CSE:GDNS OTCQX:GDNSF



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Q3 Business Highlights

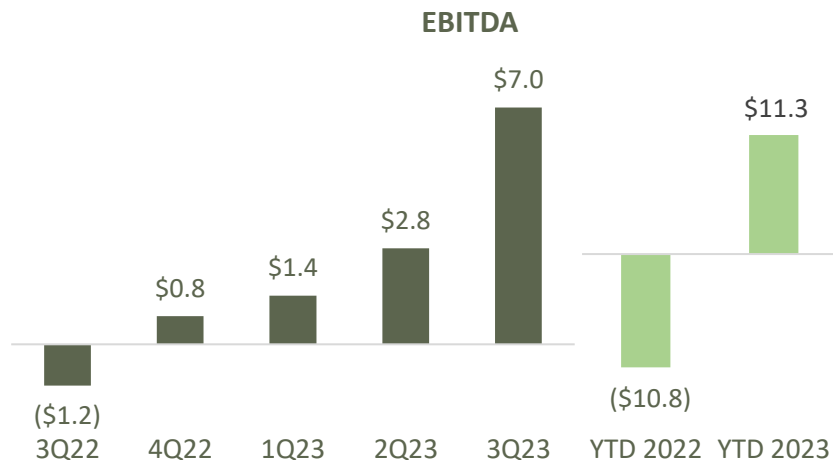
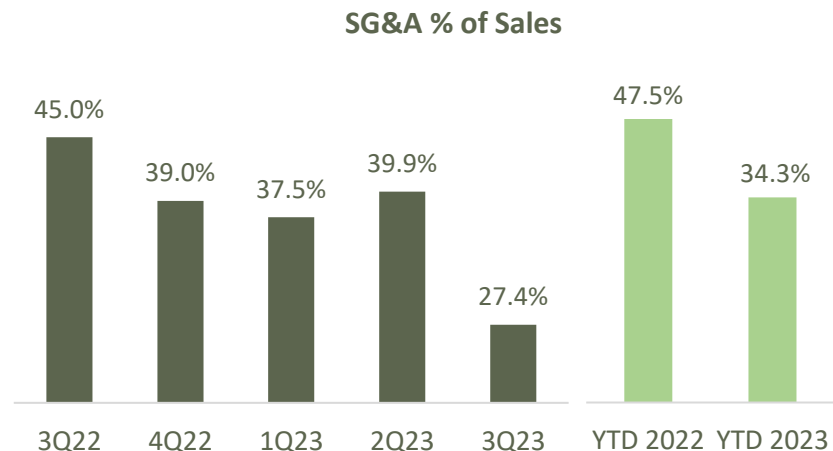
2023 is a transformation year for the Company and we have made measurable progress executing against our stated objectives during the year...

- Decentralized reorganization initiatives continue to gain momentum and we've recently turned our attention to augmenting our talent with greater "mature-market" experience
- The launch of adult-use sales Maryland was a key performance driver in Q3
 - We believe we are currently outpacing overall market growth in Maryland, and recently executed consulting, licensing and wholesale agreements with two additional dispensaries, increasing our overall market growth
 - Reminder that adult-use sales are expected to begin in Minnesota in early 2025
- Grown Rogue collaboration continues to drive increases in total harvested flower
 - Currently working through inventory in Minnesota from challenging summer climate in greenhouses
- We have meaningfully improved our cost structure and operations and have generated substantial improvements in operating income, supporting our long-term goal of driving meaningful profit growth
- We are making progress to simplify the business with strategic asset divestitures
 - Divestiture process in New York is anticipated to be nearing a conclusion and remains a key milestone on our path to a stronger credit profile and more predictable path to growing our business
- Litigation with Verano remains ongoing and we believe it's an important long-term asset; we plan to have more to share on this in the coming months



Year of CREAM & Fire → Performance Trending Positively

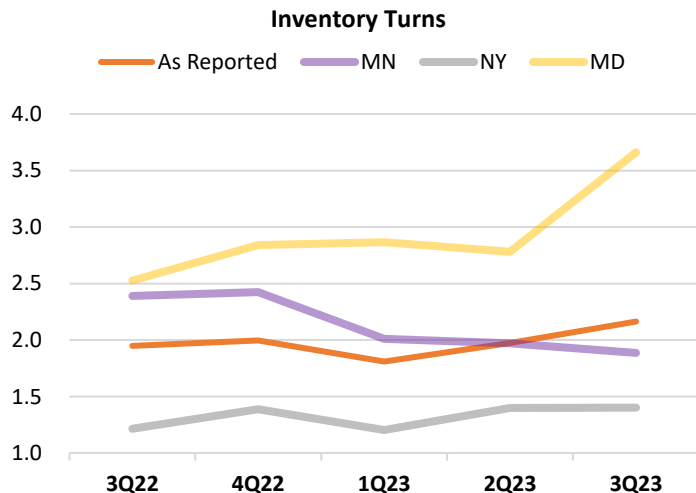
FINANCIAL OBJECTIVES	Heatmap / Trajectory
• CREAM (Cash Rules Everything Around Me) → Focus on building a valuable long-term business as defined by the ability to generate and grow cash flow	
• Manage balance sheet with capital partners to support the transformational year and grow into being a strong credit	
• Prudently deploy capital expenditures against high-returning projects	
• Pursuing non-core asset divestitures	
• Ongoing litigation against Verano seeking significant damages	
OPERATIONAL OBJECTIVES	Heatmap / Trajectory
• 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 decentralized leadership structure, empowering local decision makers with right support	



Core Market Key Performance Indicators (KPIs)¹

Formed “Weed Hustle Office” in early 2023 comprised of our state leaders and third-party partners -- focused on driving improvements in several core market key performance indicators

	3Q22	4Q22	1Q23	2Q23*	3Q23*
Total Harvested lbs (Biomass)	7,530	7,023	8,174	9,856	9,111
Δ YoY	41%	29%	53%	25%	21%
% “A” Flower	18.7%	16.7%	16.8%	20.9%	20.5%
Total Retail Revenue (US \$ M)	\$14.7	\$15.2	\$15.4	\$16.2	\$20.1
Same Store Sales Δ YoY	49%	49%	34%	10%	37.4%
<i>Minnesota</i>	85%	90%	61%	16%	15%
<i>New York</i>	-9%	-15%	-17%	-18%	-14%
<i>Maryland</i>	16%	13%	19%	25%	229%
Total Wholesale Revenue (US \$ M)	\$2.5	\$2.8	\$2.6	\$3.0	\$4.5



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 and 3Q23 data shown on this slide have been adjusted to provide meaningful comparisons to the prior quarters.

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 relationship with Grown Rogue in this market despite the challenging conditions during the summer months in our greenhouses.

NEW YORK



- We received a signed LOI and are now negotiating to divest our assets and operations in the New York market. We expect to disclose additional details surrounding this transaction before the end of this year.
- We continue to balance our need to control cash burn.
- Adult-use regulations permit our first co-located adult-use dispensary in late December on application and payment of a fee.

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.



★ Operating Dispensaries ■ Manufacturing

Core Market Revenue Performance¹

	Q3 Sequential			Q3 YoY		
	3Q23	2Q23	%Δ	3Q23	3Q22	%Δ
<u>Total Retail:</u>	<u>\$20,147,074</u>	<u>\$16,231,130</u>	<u>24</u>	<u>\$20,147,074</u>	<u>\$14,668,209</u>	<u>37</u>
Minnesota	\$11,791,001	\$11,479,371	3	\$11,791,001	\$10,252,523	15
New York	\$2,185,701	\$2,279,635	(4)	\$2,185,701	\$2,541,913	(14)
Maryland	\$6,170,372	\$2,472,124	150	\$6,170,372	\$1,873,773	229
<u>Total Wholesale:</u>	<u>\$4,299,106</u>	<u>\$3,013,730</u>	<u>43</u>	<u>\$4,299,106</u>	<u>\$2,464,875</u>	<u>74</u>
New York	\$1,375,730	\$1,176,585	17	\$1,375,730	\$1,131,011	22
Maryland	\$2,923,376	\$1,837,145	59	\$2,923,376	\$1,333,864	119
<u>MD Service Revenue:</u>	<u>\$228,965</u>	<u>--</u>	<u>100</u>	<u>\$228,965</u>	<u>--</u>	<u>100</u>
<u>Total Revenue:</u>	<u>\$24,675,145</u>	<u>\$19,244,860</u>	<u>28</u>	<u>\$24,675,145</u>	<u>\$17,133,084</u>	<u>44</u>



¹ Please refer to form 10-Q for the quarter ended September 30, 2023 for complete detail on state-by-state revenue performance including non-core markets and discontinued operations.

Summary Financials

Q3 results reflect continued revenue growth with strong early performance in Maryland's adult-use market and benefits of recent operational improvement initiatives

Summary of Key Financial Metrics	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2023	2022	Variance	2023	2022	Variance
<i>US \$ in millions</i>						
GAAP Revenue	\$24.7	\$18.9	30.9%	\$64.0	\$55.6	15.1%
Revenue (excluding discontinued operations)	\$24.7	\$17.1	44.0%	\$62.0	\$48.2	28.4%
GAAP Gross Profit	\$13.2	\$9.5	38.4%	\$32.0	\$22.4	43.1%
<i>Gross Profit Margin</i>	53.5%	50.6%	290 bps	50.1%	40.3%	980 bps
SG&A Expenses	\$6.7	\$8.5	-20.5%	\$22.0	\$26.4	-16.8%
<i>SG&A Expenses (% of Sales)</i>	27.4%	45.0%	1,760 bps	34.3%	47.5%	1,320 bps
Operating Income (Loss)	\$5.9	(\$0.2)	NM	\$5.2	(\$7.6)	NM
<i>Operating Income Margin</i>	23.8%	(1.0%)	2,480 bps	8.1%	-13.7%	2,180 bps
EBITDA	\$7.0	(\$1.2)	NM	\$11.3	(\$10.8)	NM
<i>EBITDA Margin</i>	28.5%	(6.5%)	3,500 bps	17.7%	(19.4%)	3,710 bps
<i>NM = Not Meaningful</i>						

Balance Sheet & Liquidity Update

	September 30, 2023	December 31, 2022
Cash	\$13,296,137	\$15,149,333
Total Current Assets	\$135,110,107	\$46,728,741
Total Assets	\$171,668,894	\$159,156,403
Liabilities Held for Sale	\$75,439,119	\$1,319,847
Total Current Liabilities	\$165,418,114	\$29,708,921
Right-of-use Liability	\$9,700,492	\$81,438,288
Long Term Debt, Current Portion	55,432,463	11,780,000
Long Term Debt	4,060,633	\$46,248,604
Total Liabilities	\$184,522,293	\$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 November 14, 2023

	Principal Amount	Maturity Dates	Notes
Green Ivy Credit Facility	\$59,427,551	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	\$8,132,721	31-Mar-26	<ul style="list-style-type: none"> • 6.0% paid monthly in cash • 6.0% PIK • \$2.0 million capacity for additional monthly draw schedule
Total	\$70,610,272		



Capitalization Table¹

Goodness Growth Holdings Capitalization Table	
Shares Outstanding (as converted)	143,126,330
Stock Price @ 9/30/23	US \$0.17
Market Cap (\$ USD)	\$24.3M
Cash Balance as of 9/30/23	\$13.3M
Net Debt as of 9/30/23	\$51.2M
Lease Liabilities	\$10.6M
Dilutives	#
Options (@ avg. strike US \$0.50)	29,633,217
Warrants (@ avg. strike US \$0.55)	19,437,649
Convertible Notes (@ avg. strike (US \$0.145)	42,074,924
RSUs	2,714,491
Fully Diluted Shares Outstanding (as converted)	236,986,611



¹ Reflects book balances as of quarter end on September 30, 2023, adjusted to reflect the 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ (5,229,026)	\$ (8,423,789)	(20,964,252)	(29,173,646)
Interest expense, net	7,915,658	5,573,263	22,795,242	15,472,885
Income taxes	3,480,000	640,000	6,734,871	(55,000)
Depreciation & Amortization	279,963	340,207	875,949	1,003,964
Depreciation included in cost of goods sold	577,132	645,480	1,871,197	1,959,536
EBITDA (non-GAAP)	\$ 7,023,727	\$ (1,224,839)	11,313,007	(10,792,261)

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