

4Q23 Results Call
April 1, 2024

goodness
growth
holdingstm

CSE:GDNS OTCQX:GDNSF



Forward Looking Statement Disclaimer

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION: This presentation includes information, statements, beliefs, and opinions which are forward-looking, and which reflect current estimates, expectations, and projections about future events, referred to herein and which constitute “forward-looking statements” or “forward-looking information” within the meaning of Canadian and U.S. securities laws. Statements containing words such as “believe”, “expect”, “intend”, “should”, “seek”, “anticipate”, “will”, “positioned”, “plan”, “may”, “estimate”, “could”, “continue”, “outlook”, “strategy”, “initiative”, “foreseeable”, “potential”, “guidance”, “future”, “priorities”, “opportunity”, “likely”, or, in each case, their negative, plural, and words of similar meaning are intended to identify forward-looking statements. By their nature, forward-looking statements involve a number of known and unknown risks, uncertainties and assumptions concerning, among other things, the Company’s anticipated business strategies, anticipated trends in the Company’s business and anticipated market share, that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. In addition, even if the outcome and financial effects of the plans and events described herein are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated, or intended, including those described in the Risk Factors section of our Form 10-K for the year ended December 31, 2023 filed with the U.S. Securities and Exchange Commission. Forward-looking information contained in this presentation is based on the Company’s current estimates, expectations and projections, which the Company believes are reasonable as of the current date. The Company can give no assurance that these estimates, expectations and projections will prove to have been correct. You should not place undue reliance on forward-looking statements, which are based on the information available as of the date of this document. Forward-looking statements contained in this document are made of the date of this presentation and, except as required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Historical statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain and/or provided by the Company. In particular historical results should not be taken as a representation that such trends will be replicated in the future. No statement in this document is intended to be nor may be construed as a profit forecast.

CAUTIONARY NOTE REGARDING FUTURE-ORIENTED FINANCIAL INFORMATION: To the extent any forward-looking information in this presentation constitutes “future-oriented financial information” or “financial outlooks” within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated market penetration and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out above under the heading “Cautionary Note Regarding Forward-Looking Information”. Goodness Growth’s actual financial position and results of operations may differ materially from management’s current expectations and, as a result, Goodness Growth’s revenue and expenses may differ materially from the revenue and expenses profiles provided in this presentation. Such information is presented for illustrative purposes only and may not be an indication of Goodness Growth’s actual financial position or results of operations.

NON-GAAP FINANCIAL MEASURES: EBITDA and is a non-GAAP measure and does not have standardized definitions under U.S. GAAP accounting principles. EBITDA represents net income (loss) adjusted to exclude interest, income taxes, depreciation, and amortization. This supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented.

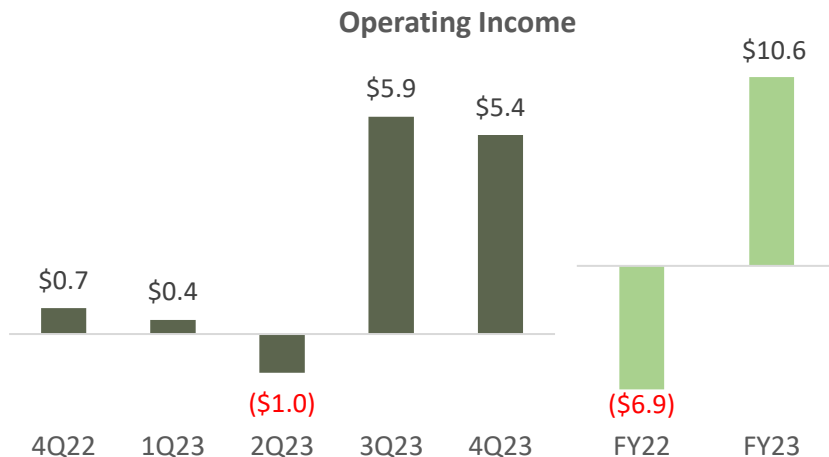
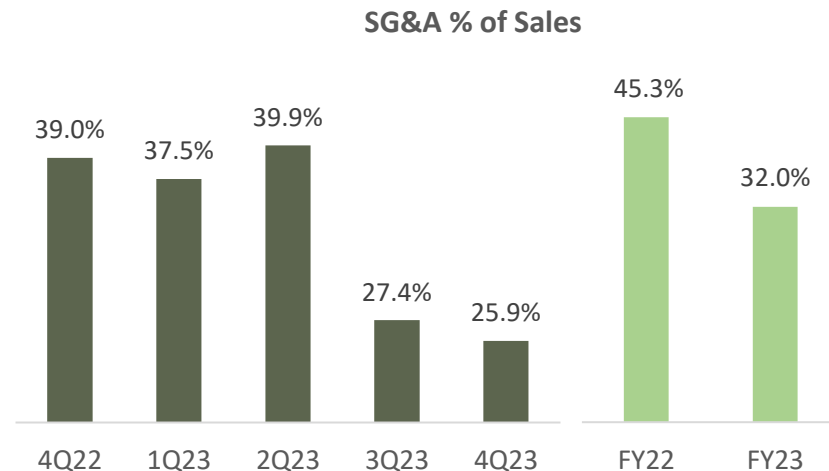


2023 was a transformational year and we are entering fiscal year 2024 in a much stronger position to drive profitable growth and generate cash from operations

- Decentralized reorganization initiatives were successful
- We infused the organization with “mature-market” talent
- Grown Rogue collaboration drove significant improvements in harvest yields and quality
- The launch of adult-use sales in Maryland was a key performance driver
- Meaningfully improved cost structure and operating performance
- We have simplified the business with strategic asset divestitures
- We are seeking significant damages in our litigation with Verano and anticipate filing a motion for summary determination within the next 30 days

Year of CREAM & Fire → Strong Execution Against Strategic Objectives

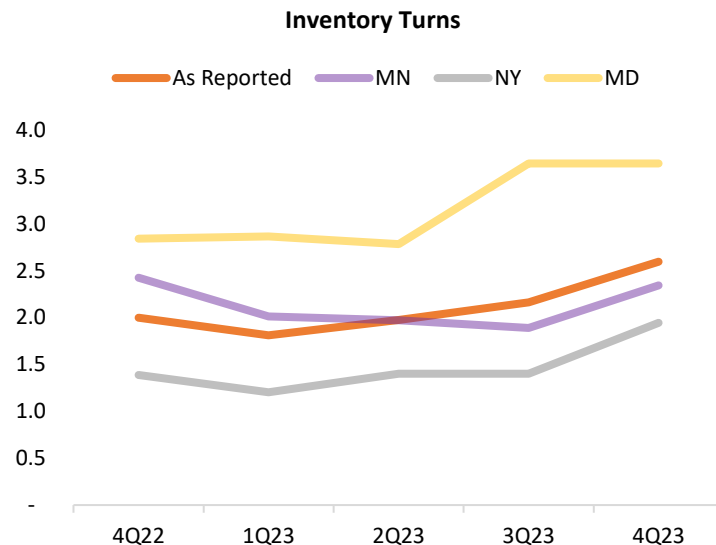
FINANCIAL OBJECTIVES	Heatmap / Trajectory
• CREAM (Cash Rules Everything Around Me) → Focus on building a valuable long-term business as defined by the ability to generate and grow cash flow	
• Manage balance sheet with capital partners to support the transformational year and grow into being a strong 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

	4Q22	1Q23	2Q23	3Q23	4Q23	FY22	FY23
Total Flower Harvested (lbs) ²	2,669	2,995	3,772	3,393	4,108	8,279	14,267
Δ YoY	90%	116%	88%	53%	54%	N/A	72%
% “A” Flower	40.8%	50.6%	58.9%	41.8%	43.0%	34.6%	48.5%
Total Retail Revenue (\$M)	\$15.2	\$15.4	\$16.2	\$20.1	\$19.9	\$56.1	\$71.7
Same Store Sales Δ YoY	49%	34%	10%	37%	30%	44%	28%
<i>Minnesota</i>	90%	61%	16%	15%	5%	71%	21%
<i>New York</i>	-15%	-17%	-18%	-14%	-16%	-7%	-17%
<i>Maryland</i>	13%	19%	25%	229%	210%	N/A	121%
Total Wholesale Revenue (\$M)	\$2.8	\$2.6	\$3.0	\$4.5	\$4.8	\$10.1	\$14.5



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.

² During 4Q23, the Company began disclosing total flower harvested as a core market KPI after disclosing total biomass produced for the previous several quarters. Company management believes this is a more relevant KPI in adult-use markets. Total flower data does not include additional pounds of yielded biomass from trim / shake.

2023 Product & Brand Highlights

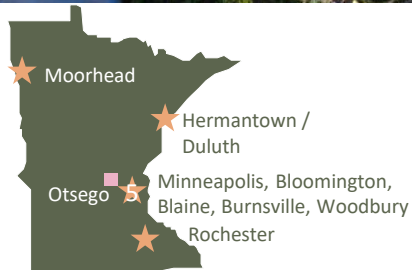


2023 Product & Brand Highlights



Core Market Updates

MINNESOTA



- Cannabis became legal in Minnesota on August 1, 2023 and adult-use sales are expected to commence in 1Q25.
- We are very pleased with the results we're seeing from our relationship with Grown Rogue in this market which have driven strong improvements in harvest yields and quality.
- We expect to share some progress updates on our initiatives to prepare for the launch of adult-use sales over the course of the next several quarters.

NEW YORK



- We have executed a binding term sheet to divest our assets and operations in the New York market and expect this transaction to close before June 30, 2024 pending regulatory approval.
- This transaction includes a purchase price of between \$3 and \$5 million, the transfer and assumption of our lease agreement on the Johnstown, NY production campus, and a collaborative advisory agreement with the buyer for management and compliance oversight in return for an approximate 15.0 percent share of net profits.

MARYLAND



- Adult-use sales began July 1, 2023. We have been pleased with revenue performance and are continuing to outperform overall market growth.
- Consulting, licensing and wholesale agreements with two additional dispensaries are providing opportunity to improve our wholesale market penetration.
- We have improved the quality and depth of our product offerings in this market and are growing market share in manufactured products.



Owned & Managed Operating Dispensaries



Manufacturing

Core Market Revenue Performance¹

	Q4 Sequential			Q4 YoY			FY 2023		
	4Q23	3Q23	%Δ	4Q23	4Q22	%Δ	FY23	FY22	%Δ
<u>Total Retail:</u>	<u>\$19,858,893</u>	<u>\$20,147,074</u>	<u>(1)</u>	<u>\$19,858,893</u>	<u>\$15,230,064</u>	<u>30</u>	<u>\$71,656,581</u>	<u>\$56,082,510</u>	<u>28</u>
Minnesota	\$11,182,332	\$11,791,001	(5)	\$11,182,332	\$10,622,384	5	\$45,171,621	\$37,461,646	21
New York	\$2,088,143	\$2,185,701	(5)	\$2,088,143	\$2,482,884	(16)	\$8,915,421	\$10,676,424	(16)
Maryland	\$6,588,418	\$6,170,372	7	\$6,588,418	\$2,124,796	210	\$17,569,539	\$7,944,440	121
<u>Total Wholesale:</u>	<u>\$4,543,110</u>	<u>\$4,299,106</u>	<u>6</u>	<u>\$4,543,110</u>	<u>\$2,757,080</u>	<u>65</u>	<u>\$14,472,570</u>	<u>\$10,141,277</u>	<u>43</u>
Minnesota	25,300	--	100	25,300	--	100	\$25,300	\$672,140	(96)
New York	\$1,441,473	\$1,375,730	5	\$1,441,473	\$1,444,543	(0)	\$5,046,537	\$3,994,313	26
Maryland	\$3,076,337	\$2,923,376	5	\$3,076,337	\$1,312,537	134	\$9,400,733	\$5,474,824	72
<u>MD Service Revenue:</u>	<u>(\$228,965)</u>	<u>\$228,965</u>	<u>(100)</u>	<u>(\$228,965)</u>	<u>--</u>	<u>(100)</u>	<u>0</u>	<u>--</u>	<u>100</u>
<u>Total Revenue:</u>	<u>\$24,173,038</u>	<u>\$24,217,215</u>	<u>(0)</u>	<u>\$24,173,038</u>	<u>\$17,987,144</u>	<u>34</u>	<u>\$86,129,151</u>	<u>\$66,223,787</u>	<u>30</u>

¹ Please refer to form 10-K for the year ended December 31, 2023 for complete detail on state-by-state revenue performance including non-core markets and discontinued operations.



Summary Financials

Q4 and FY23 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			Year Ended		
	December 31,			December 31,		
	2023	2022	Variance	2023	2022	Variance
<i>US \$ in millions</i>						
GAAP Revenue	\$24.2	\$19.0	26.9%	\$88.1	\$74.6	18.1%
Revenue (excluding discontinued operations)	\$24.2	\$18.0	34.4%	\$86.1	\$66.2	30.1%
GAAP Gross Profit	\$12.1	\$8.5	41.6%	\$44.1	\$30.9	42.7%
<i>Gross Profit Margin</i>	49.9%	44.7%	520 bps	50.0%	41.4%	860 bps
SG&A Expenses	\$6.3	\$7.4	-15.9%	\$28.2	\$33.8	-16.6%
<i>SG&A Expenses (% of Sales)</i>	25.9%	39.0%	1,320 bps	32.0%	45.3%	1,330 bps
Operating Income (Loss)	\$5.4	\$0.7	666.9%	\$10.6	(\$6.9)	NM
<i>Operating Income Margin</i>	22.3%	3.7%	1,860 bps	12.0%	-9.3%	2,130 bps
EBITDA	\$5.7	\$0.8	586.7%	\$17.0	(\$10.0)	NM
<i>EBITDA Margin</i>	23.7%	4.4%	1,930 bps	19.3%	(13.3%)	3,270 bps

NM = Not Meaningful



Balance Sheet & Liquidity Update

	December 31, 2023	December 31, 2022
Cash	\$15,964,665	\$15,149,333
Total Current Assets	\$148,730,280	\$46,728,741
Total Assets	\$202,561,848	\$159,156,403
Liabilities Held for Sale	\$88,326,323	\$1,319,847
Total Current Liabilities	\$178,841,260	\$29,708,921
Right-of-use Liabilities	\$11,433,947	\$81,438,288
Long Term Debt, Current Portion	60,220,535	11,780,000
Long Term Debt	--	\$46,248,604
Total Liabilities	\$217,451,368	\$155,715,519

- Convertible loan facility closed during the second quarter gave us needed financial flexibility to execute our plan for the year following Verano's wrongful termination of our merger agreement.
- We have made adjustments to our balance sheet to reflect assets held for sale related to the pending divestiture of our New York operations. We expect this transaction to close during the second quarter of 2024, and look forward to providing additional disclosure surrounding our future profitability expectations once this process is complete.
- We are working with our lender to extend the maturity date on our credit facility loan and expect to secure this extension within the next 30 days.



Summary of Debt Outstanding as of April 1, 2024

	Principal Amount	Maturity Dates	Notes
Green Ivy Credit Facility	\$60,088,461	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	\$1,000,000	19-Nov-24	<ul style="list-style-type: none"> • Primarily related to prior M&A activity due in 2024
Convertible Note	\$10,374,245	31-Mar-26	<ul style="list-style-type: none"> • 6.0% paid monthly in cash • 6.0% PIK
Total	\$71,462,706		



Capitalization Table

Goodness Growth Holdings Capitalization Table	
FD Treasury Method Shares Outstanding (@ stock price of US \$0.4113)	232,816,920
Stock Price @ 3/29/24	US \$0.4113
Market Cap (\$ USD)	\$95.8M
Balance Sheet as of 12/31/23:	
Cash Balance	\$16.0M
Principal Long-Term Debt	\$60.2M
Lease Liabilities	\$11.4M
Income Tax Receivable	\$12.3M
Uncertain Tax Liability	\$22.4M
Subordinate Voting Shares	110,007,030
Multiple Voting Shares	331,193
Total Subordinate Voting Shares (w/ Multiple Voting Shares Converted)	143,126,330
Options (@ avg. strike US \$0.50)	29,969,324
Warrants (@ avg. strike US \$0.82)	9,437,649
Grown Rogue Warrants (strike @ US \$0.233)	10,000,000
Convertible Notes (@ avg. strike (US \$0.145)	70,510,028
RSUs	2,543,011
Total Shares Including All Dilutives	265,586,341



EBITDA Reconciliation

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net income (loss)	\$ (4,582,837)	\$ (13,283,798)	(25,547,089)	(42,457,444)
Interest expense, net	8,465,556	7,120,667	31,260,798	22,593,552
Income taxes	988,129	5,948,000	7,723,000	5,893,000
Depreciation & Amortization	272,860	325,679	1,148,809	1,329,643
Depreciation included in cost of goods sold	582,456	723,282	2,453,653	2,682,818
EBITDA (non-GAAP)	\$ 5,726,164	\$ 833,830	17,039,171	(9,958,431)

Contact Information

Sam Gibbons

O: 612-314-8995

E: sam.gibbons@alpha-ir.com

goodness
growth
holdingstm

CSE:GDNS OTCQX:GDNSF

