

1Q24 Results Call
May 7, 2024

goodness
growth
holdingstm

CSE:GDNS OTCQX:GDNSF



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Update on Litigation with Verano

- Filed a Motion for Summary Determination (Motion for Summary Trial), inclusive of an Expert Report that quantifies damages of US \$860.9 million.
- It is challenging to handicap timing and whether the Supreme Court of British Columbia will find this suitable for Summary Determination.
- Regardless of timing, the merits of the case are compelling. The Company encourages investors to read the application filing.
- If successful, the damages are rightfully significant. Verano effectively tied up an attractive asset base positioned for growth and cut it off at the knees.
- Discounted cash flow analysis is highly sensitive to discount rates; it doesn't take an expert to appreciate that Vireo's access to capital is constrained and our cost of capital is much higher than Verano's.

Q1 & Recent Business Highlights

- Q1 revenue of \$21.1 million excluding discontinued operations and NY increased 44.5% year-over-year, with continued improvements in gross margin and operating margin
- Maryland remains a key performance driver; steady performance in Minnesota
- Key milestone in Verano litigation
- Introduced Hi*AF and Boundary Waters branded beverages in Minnesota
- We continue to infuse the organization with “mature-market” talent
- Working through definitive documents and regulatory approval of divestiture in NY
- Extended our credit agreement until June 14, 2024; expect longer-term extension in Q2



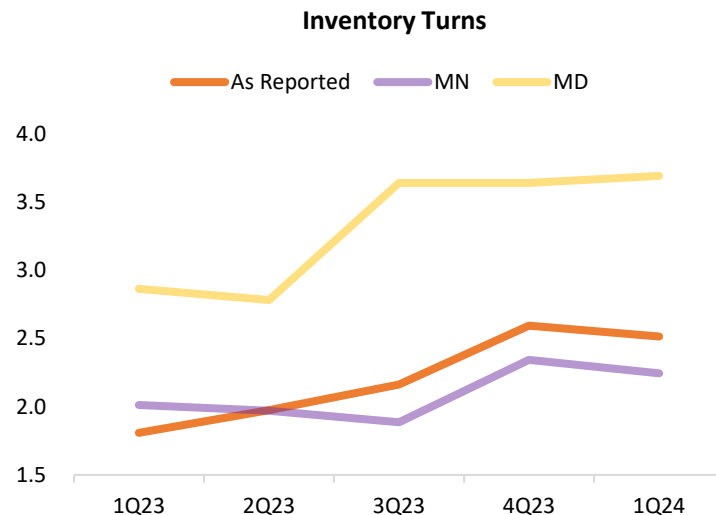
CREAM & Fire: 2024 Strategic Objectives

- CREAM (Cash Rules Everything Around Me) → Focus on building a valuable long-term business as defined by the ability to generate and grow profits
- Improve quality and efficiency of production with a passion for FIRE product
- Manage the balance sheet with capital partners and grow into being a stronger credit
- Prudently deploy capital expenditures against high-returning projects
- Complete our divestiture process in New York
 - Continue supporting Ace Venture Enterprises with profit sharing agreement
- Prepare for the launch of adult-use in Minnesota
- Aggressive pursuit of a positive outcome from Verano litigation

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

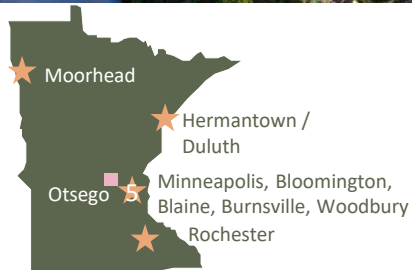
	1Q23	2Q23	3Q23	4Q23	1Q24
Total Flower Harvested (lbs) ²	1,720	2,713	2,205	2,681	2,295
Δ YoY	240%	175%	220%	165%	33%
% “A” Flower	47.9%	55.9%	32.9%	35.7%	50.6%
Total Retail Revenue (\$M)	\$13.0	\$14.0	\$18.0	\$17.8	\$17.8
Same Store Sales Δ YoY	51%	17%	48%	39%	36%
<i>Minnesota</i>	61%	16%	15%	5%	2%
<i>Maryland</i>	19%	25%	229%	210%	191%
Total Wholesale Revenue (\$M)	\$1.6	\$1.8	\$2.9	\$2.8	3.4



¹ Core markets reflect Maryland and Minnesota. Excludes current and prior results from New Mexico and New York. 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.

MINNESOTA



- Cannabis became legal in Minnesota on August 1, 2023 and adult-use sales are expected to commence in 1Q25.
- We launched Hi*AF and Boundary Waters branded beverage products in Minnesota on April 20, 2024. These hemp-derived THC beverages are expected to help seed our brands in market ahead of adult-use.
- We plan to share additional updates on our initiatives to prepare for the launch of adult-use sales later this year.

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

Hi AF

Hi AF is a premium, innovative, and aspirational brand that offers unique flavor experiences and high-quality cannabis-infused beverages.

Live an Amazingly Flavorful Life

10mg of THC per can
5mg THC per serving



TO
WANDER

BW

FOR
WONDER

BOUNDARY WATERS

HOP WATER

3mg THC & 3mg CBD per can



Core Market Revenue Performance¹

	Q1 Sequential			Q1 YoY		
	1Q24	4Q23	%Δ	1Q24	1Q23	%Δ
<u>Total Retail:</u>	<u>\$17,778,171</u>	<u>\$17,770,750</u>	<u>0</u>	<u>\$17,778,171</u>	<u>\$13,057,541</u>	<u>36</u>
Minnesota	\$10,977,089	\$11,182,332	(2)	\$10,977,089	\$10,718,916	2
Maryland	\$6,801,082	\$6,588,418	3	\$6,801,082	\$2,338,625	191
<u>Total Wholesale:</u>	<u>\$3,353,661</u>	<u>\$3,101,637</u>	<u>8</u>	<u>\$3,353,661</u>	<u>\$1,563,875</u>	<u>114</u>
Minnesota	--	25,300	(100)	--	--	--
Maryland	\$3,353,661	\$3,076,337	9	\$3,353,661	\$1,563,875	114
<u>Total Revenue:</u>	<u>\$21,131,832</u>	<u>\$20,872,387</u>	<u>1</u>	<u>\$21,131,832</u>	<u>\$14,621,416</u>	<u>45</u>



¹ Please refer to form 10-Q for the quarter ended March 31, 2024 for complete detail on state-by-state revenue performance including non-core markets and discontinued operations.

Summary Financials

Q1 results reflect a continuation of the trends we observed in the fourth quarter, driven by the launch of Maryland's adult-use market and benefits of operational improvements

Summary of Key Financial Metrics	Three Months Ended		
	March 31,		
<i>US \$ in millions</i>	2024	2023	Variance
GAAP Revenue	\$24.1	\$19.1	26.2%
Revenue (excluding discontinued operations & NY)	\$21.1	\$14.6	44.5%
GAAP Gross Profit	\$12.2	\$9.5	28.6%
<i>Gross Profit Margin</i>	50.8%	49.9%	90 bps
SG&A Expenses	\$7.1	\$7.2	-1.5%
<i>SG&A Expenses (% of Sales)</i>	29.3%	37.5%	880 bps
Operating Income (Loss)	\$4.8	\$0.4	1191.6%
<i>Operating Income Margin</i>	19.8%	1.9%	1,780 bps
EBITDA*	\$6.8	\$1.4	370.5%
<i>EBITDA Margin</i>	28.2%	7.6%	2,060 bps

* 1Q24 EBITDA includes a \$1.3 million gain on Grown Rogue warrants which are marked to market at each period end



Balance Sheet & Liquidity Update

	March 31, 2024	December 31, 2023
Cash	\$12,603,903	\$15,964,665
Total Current Assets	\$147,176,545	\$148,730,280
Income Tax Receivable	\$12,102,916	\$12,278,119
Total Assets	\$190,884,382	\$202,561,848
Liabilities Held for Sale	\$88,373,080	\$88,326,323
Total Current Liabilities	\$184,237,983	\$178,841,260
Right-of-use Liabilities	\$20,517,866	\$11,433,947
Uncertain Tax Liability	\$26,116,000	\$22,365,000
Long Term Debt, Current Portion	60,896,288	60,220,535
Total Liabilities	\$213,459,702	\$217,451,368

- 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 received a temporary extension of the maturity date on our credit facility loan until June 14, 2024, and are working with our senior secured lender to secure a longer-term extension of our credit agreement during the second quarter.
- As discussed last quarter, we have filed for federal tax refunds for tax years 2020-2022, and have reflected income tax receivable and uncertain tax liability on our balance sheet.

Summary of Debt Outstanding as of May 6, 2024

	Principal Amount	Maturity Dates	Notes
Green Ivy Credit Facility	\$60,230,514	14-Jun-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 • Longer term extension expected on or before June 14, 2024
Other	\$1,000,000	19-Nov-24	<ul style="list-style-type: none"> • Related to prior M&A activity due in 2024
Convertible Note	\$10,428,817	31-Mar-26	<ul style="list-style-type: none"> • 6.0% paid monthly in cash • 6.0% PIK
Total	\$71,659,331		



Capitalization Table as of May 6, 2024

Goodness Growth Holdings Capitalization Table	
FD Treasury Method Shares Outstanding (@ stock price of US \$0.54)	240,355,127
Stock Price @ 5/6/24	US \$0.54
Market Cap (\$ USD)	\$129.8M
Balance Sheet as of 3/31/24:	
Cash Balance	\$12.6M
Principal Long-Term Debt	\$60.9M
Lease Liabilities	\$20.5M
Income Tax Receivable	\$12.1M
Uncertain Tax Liability	\$26.1M
Subordinate Voting Shares	111,041,230
Multiple Voting Shares	320,851
Total Subordinate Voting Shares (w/ Multiple Voting Shares Converted)	143,126,330
Options (@ avg. strike US \$0.50)	29,945,511
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)	71,569,924
RSUs	2,543,011
Total Shares Including All Dilutives	266,622,425



EBITDA Reconciliation¹

	Three Months Ended March 31,	
	2024	2023
Net income (loss)	\$ (6,711,460)	\$ (8,405,970)
Interest expense, net	8,722,637	7,134,789
Income taxes	3,945,000	1,662,000
Depreciation & Amortization	253,581	319,277
Depreciation included in cost of goods sold	584,958	734,087
EBITDA (non-GAAP)	\$ 6,794,716	\$ 1,444,183

¹ 1Q24 EBITDA includes a \$1.3 million gain on Grown Rogue warrants which are marked to market at each period end

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