



goodness growth holdings™

Goodness Growth Holdings Announces First Quarter 2024 Results

– Q1 2024 revenue of \$21.1 million excluding discontinued operations and NY increased 44.5% year-over-year –

– Submitted a substantial legal filing on May 2nd in the ongoing litigation with Verano –

– Company announces launch of Hi*AF and Boundary Waters branded beverages –

MINNEAPOLIS – May 7, 2024 – Goodness Growth Holdings, Inc. ("Goodness Growth" or the "Company") (CSE: GDNS; OTCQX: GDNSF), a cannabis company committed to providing safe access, quality products and great value to its customers, today reported financial results for its first quarter ended March 31, 2024. Key financial results are presented below in summary form with supporting commentary and discussion from management of certain key operating metrics which the Company uses to judge its performance. All currency figures referenced herein are denominated in U.S. dollars.

Summary of Key Financial Metrics

<i>US \$ in millions</i>	Three Months Ended		
	March 31,		
	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

Management Commentary

Chief Executive Officer Josh Rosen commented, “Our first quarter results reflect a continuation of the trends we observed during the fourth quarter, with continued improvements in operating and financial performance driven by the commencement of adult-use sales in Maryland in July 2023. In 2024, our teams remain focused on executing the key tenets of our CREAM & Fire strategy. As it relates to our divestiture process in New York, we continue to make progress with Ace Venture Enterprises and are also anticipating receiving approval to sell wholesale into the adult-use market shortly. With a short-term extension completed last week, we are also close to finalizing a longer-term extension with our senior secured lender, which has been supported by our progress with the New York divestiture and improved operating performance; that said our overall credit metrics have significant room for improvement and we continue to feel the pain of what we believe was the wrongful termination of our merger agreement with Verano.”

Amber Shimpa, President and CEO of Vireo Health of Minnesota commented, “Our operational key performance indicators continued to show strong improvements during the first quarter, and we continue to

demonstrate market outperformance in Maryland’s adult-use market. This past April 20th holiday we were also pleased to build upon the success of our Hi*AF brand of vapes in Maryland with the launch our new Hi*AF and Boundary Waters branded cannabis beverages in our home market in Minnesota. We believe these new product introductions will help drive brand awareness ahead of the launch of adult-use sales in 2025, and we are looking forward to sharing additional details regarding our plans to prepare for Minnesota’s adult-use launch later this year.”

Core Market KPIs¹

US \$ in millions	Three Months Ended		
	March 31,		
	2024	2023	Variance
Total Flower Harvested (lbs)	2,295	1,720	33.4%
% "A" Flower ²	50.6%	47.9%	270 bps
Total Retail Revenue	\$17.8	\$13.1	36.2%
Same Store Sales Growth	-	-	36.2%
Minnesota	-	-	2.4%
Maryland	-	-	190.8%
Total Wholesale Revenue	\$3.4	\$1.6	114.4%

¹ Core Markets refer to the Company's operations in Maryland and Minnesota.

² "A Flower" refers to produced biomass that meet the Company's highest internal standards for flower quality, size, and appearance.

Other Events

On April 1, 2024, the Company announced that it has executed a binding term sheet with ACE Venture Enterprises, Inc. (“Ace”), whereby Ace will acquire Goodness Growth Holdings subsidiary, Vireo Health of New York, pending regulatory approval. Terms of the transaction include a purchase price between \$3.0 and \$5.0 million for Vireo Health of New York’s licenses, inventory and assets, an investment of \$20.0 million from Ace for the development of the Johnstown, NY cannabis cultivation and manufacturing campus, and Ace’s assumption of the Johnstown lease agreement with Innovative Industrial Properties. The parties also committed to a collaborative advisory agreement that retains Goodness Growth’s management and compliance oversight in return for an approximate 15 percent share of net profits.

On May 1, 2024, the Company announced several leadership and corporate updates related to the day-to-day management of its business. Josh Rosen, who had served as Interim CEO since February of 2023, was appointed as Chief Executive Officer, effective immediately. The Company also provided updates regarding additional recent key personnel hires, details regarding a temporary extension of its credit agreement with its senior secured lender until June 14, 2024, and its planned name change to Vireo during the second quarter of 2024.

On May 2, 2024, the Company announced that it filed an application with the Supreme Court of British Columbia for summary determination in its ongoing litigation with Verano Holdings, Inc. (“Verano”). Goodness Growth is seeking damages of US \$860.9 million from Verano, as well as other costs and legal fees, based on Verano’s breach of contract and of its duty of good faith and honest performance. While the Company’s filing of its application for summary determination reflects its belief that Verano’s defense against its claims of unlawful conduct is without merit, Goodness Growth can make no assurances regarding the expected timeframe to resolve this litigation, or its ability to recover damages from Verano.

Balance Sheet and Liquidity

As of March 31, 2024, total current assets were \$147.2 million, including cash on hand of \$12.6 million. Total current liabilities were \$184.2 million, including \$88.4 million in liabilities held for sale related to the Company's businesses in the State of New York. As of March 31, 2024, the Company had a total of 234,937,843 shares outstanding on the treasury method basis.

Launch of Hi*AF & Boundary Waters Branded Beverages

On April 20, 2024, the Company launched its new lines of Hi*AF and Boundary Waters low-dose hemp-derived THC beverages in its home market of Minnesota. The Company's launch of beverages represents the culmination of months of work to establish a position in a growing sales channel within Minnesota with potential for expansion across the United States.

Amber Shimpa commented, "In a very short timeframe, Minnesota has established a robust market for low-dose THC product consumption both onsite in many bars, restaurants, and breweries, as well as at retail points of sale throughout the State. We have had a front row seat to this evolution and believe beverages represent an important sales channel that will drive greater adoption of cannabis consumption with new consumers as the industry continues to mature. Our beverages strategy reflects a capital light, low risk entry into this market with low-dose hemp-derived THC beverage products, and provides an attractive marketing opportunity to seed our brands ahead of the launch of adult-use sales in 2025."

Conference Call and Webcast Information

Goodness Growth management will host a conference call with research analysts today, May 7, 2024, at 4:30 p.m. ET (3:30 p.m. CT) to discuss its financial results for its first quarter ended March 31, 2024. Interested parties may attend the conference call by dialing 1-800-715-9871 (Toll-Free) (US and Canada) or 1-646-307-1963 (Toll) (International) and referencing conference ID number 3718174.

A live audio webcast of this event will also be available in the Events & Presentations section of the Company's Investor Relations website and via the following link:

<https://events.q4inc.com/attendee/586704075>.

About Vireo & Goodness Growth

Vireo (Goodness Growth) was founded as a pioneer in medical cannabis in 2014 and sustained with an entrepreneurial drive that fuels our ongoing commitment to serve and delight our key stakeholders, most notably our customers, our employees, our shareholders, our industry collaborators, and the communities in which we live and operate. We work every day to get better and our team prioritizes 1) empowering and supporting strong local market leaders and 2) strategic, prudent capital and human resource allocation. For more information, please visit www.vireohealth.com.

Additional Information

Additional information relating to the Company's first quarter 2024 results will be available on EDGAR and SEDAR later today. Goodness Growth refers to certain non-GAAP financial measures such as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) in circumstances in which the Company believes that doing so provides additional perspective and insights when analyzing the core operating performance of the business. These measures do not have any standardized meaning and may not be comparable to similar measures presented by other issuers. Please see the Supplemental Information and Reconciliation of Non-GAAP Financial Measures at the end of this news release for more detailed information regarding non-GAAP financial measures.

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Forward-Looking Statement Disclosure

This press release contains “forward-looking information” within the meaning of applicable United States and Canadian securities legislation. To the extent any forward-looking information in this press release constitutes “financial outlooks” within the meaning of applicable United States or Canadian securities laws, this information is being provided as preliminary financial results; 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 financial outlooks. Forward-looking information contained in this press release may be identified by the use of words such as “should,” “believe,” “estimate,” “would,” “looking forward,” “may,” “continue,” “expect,” “expected,” “will,” “likely,” “subject to,” “transformation,” and “pending,” variations of such words and phrases, or any statements or clauses containing verbs in any future tense. These statements should not be read as guarantees of future performance or results. Forward-looking information includes both known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company or its subsidiaries to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements or information contained in this press release. Financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to various risks as set out herein and in our Annual Report on Form 10-K filed with the Securities Exchange Commission. Our actual financial position and results of operations may differ materially from management’s current expectations and, as a result, our revenue, EBITDA, and cash on hand may differ materially from the values provided in this press release. Forward-looking information is based upon a number of estimates and assumptions of management, believed but not certain to be reasonable, in light of management’s experience and perception of trends, current conditions, and expected developments, as well as other factors relevant in the circumstances, including assumptions in respect of current and future market conditions, the current and future regulatory environment, and the availability of licenses, approvals and permits.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, the reader should not place undue reliance on the forward-looking information because the Company can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking information is subject to a variety of risks and uncertainties that could cause actual events or results to differ materially from those projected in the forward-looking information. Such risks and uncertainties include, but are not limited to: risks related to the timing and content of adult-use legislation in markets where the Company currently operates; current and future market conditions, including the market price of the subordinate voting shares of the Company; risks related to epidemics and pandemics; federal, state, local, and foreign government laws, rules, and regulations, including federal and state laws and regulations in the United States relating to cannabis operations in the United States and any changes to such laws or regulations; operational, regulatory and other risks; execution of business strategy; management of growth; difficulties inherent in forecasting future events; conflicts of interest; risks inherent in an agricultural business; risks inherent in a manufacturing business; liquidity and the ability of the Company to raise additional financing to continue as a going concern; the Company’s ability to meet the demand for flower

in Minnesota; risk of failure in the lawsuit with Verano and the cost of that litigation; our ability to dispose of our assets held for sale at an acceptable price or at all; and risk factors set out in the Company's Form 10-K for the year ended December 31, 2023, which is available on EDGAR with the U.S. Securities and Exchange Commission and filed with the Canadian securities regulators and available under the Company's profile on SEDAR at www.sedar.com.

The statements in this press release are made as of the date of this release. Except as required by law, we undertake no obligation to update any forward-looking statements or forward-looking information to reflect events or circumstances after the date of such statements.

Supplemental Information

The financial information reported in this news release is based on unaudited financial statements for the first fiscal quarter ended March 31, 2024, and March 31, 2023. All financial information contained in this news release is qualified in its entirety with reference to such financial statements. To the extent that the financial information contained in this news release is inconsistent with the information contained in the Company's audited financial statements, the financial information contained in this news release shall be deemed to be modified or superseded by the Company's audited financial statements. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation for purposes of applicable securities laws.

GOODNESS GROWTH HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS AS OF 3/31/2024 AND 12/31/2023
(Amounts Expressed in United States Dollars, Unaudited and Condensed)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash	\$ 12,603,903	\$ 15,964,665
Accounts receivable, net of allowance for doubtful accounts of \$254,961 and \$453,860, respectively	2,753,673	3,086,640
Income tax receivable	12,102,916	12,278,119
Inventory	19,357,250	19,285,870
Prepayments and other current assets	1,046,127	1,336,234
Notes receivable, current	3,750,000	3,750,000
Warrants held	3,265,231	1,937,352
Assets Held for Sale	92,297,445	91,213,271
Total current assets	147,176,545	148,852,151
Property and equipment, net	23,541,445	23,291,183
Operating lease, right-of-use asset	11,118,882	2,018,163
Intangible assets, net	8,513,765	8,718,577
Deposits	533,745	383,645
Total assets	\$ 190,884,382	\$ 183,263,719
Liabilities		
Current liabilities		
Accounts Payable and Accrued liabilities	\$ 7,970,158	\$ 7,674,389
Long-Term debt, current portion	60,896,288	60,220,535
Right of use liability	882,457	890,013
Uncertain tax liability	26,116,000	22,356,000
Liabilities held for sale	88,373,080	88,326,323
Total current liabilities	184,237,983	179,467,260
Right-of-use liability	19,635,409	10,543,934
Other long-term liabilities	176,257	155,917
Convertible debt, net	9,410,053	9,140,257
Total liabilities	\$ 213,459,702	\$ 199,307,368
Stockholders' equity (deficiency)		
Subordinate Voting Shares (\$- par value, unlimited shares authorized; 111,041,230 shares issued and outstanding at March 31, 2024 and 110,007,030 at December 31, 2023)	—	—
Multiple Voting Shares (\$- par value, unlimited shares authorized; 320,851 shares issued and outstanding at March 31, 2024 and 331,193 at December 31, 2023)	—	—
Super Voting Shares (\$- par value; unlimited shares authorized; 0 shares issued and outstanding at March 31, 2024 and December 31, 2023)	—	—
Additional Paid in Capital	187,564,192	187,384,403
Accumulated deficit	(210,139,512)	(203,428,052)
Total stockholders' equity (deficiency)	\$ (22,575,320)	\$ (16,043,649)
Total liabilities and stockholders' equity (deficiency)	\$ 190,884,382	\$ 183,263,719

GOODNESS GROWTH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts Expressed in United States Dollars, Unaudited and Condensed)

	Three Months Ended	
	March 31,	
	2024	2023
Revenue	\$ 24,087,315	\$ 19,088,423
Cost of sales		
Product costs	12,146,888	9,578,211
Inventory valuation adjustments	(304,000)	(10,000)
Gross profit	12,244,427	9,520,212
Operating expenses:		
Selling, general and administrative	7,051,613	7,156,835
Stock-based compensation expenses	179,789	1,675,594
Depreciation	73,547	159,511
Amortization	180,034	159,766
Total operating expenses	7,484,983	9,151,706
Gain (loss) from operations	4,759,444	368,506
Other income (expense):		
Impairment of long-lived assets	—	—
Gain (loss) on disposal of assets	(120,856)	—
Gain (loss) on sale of property and equipment	—	—
Interest expenses, net	(8,722,637)	(7,134,789)
Other income (expenses)	1,317,589	22,313
Other income (expenses), net	(7,525,904)	(7,112,476)
Loss before income taxes	(2,766,460)	(6,743,970)
Current income tax expenses	(3,945,000)	(1,725,000)
Deferred income tax recoveries	—	63,000
Net loss and comprehensive loss	(6,711,460)	(8,405,970)
Net loss per share - basic and diluted	\$ (0.05)	\$ (0.07)
Weighted average shares used in computation of net loss per share - basic & diluted	143,126,330	128,126,330

GOODNESS GROWTH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts Expressed in United States Dollars, Unaudited and Condensed)

	March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (6,711,460)	\$ (8,405,970)
Adjustments to reconcile net loss to net cash used in operating activities:		
Inventory valuation adjustments	(304,000)	(10,000)
Depreciation	73,547	159,511
Depreciation capitalized into inventory	560,180	734,087
Non-cash operating lease expense	103,564	206,290
Amortization of intangible assets	180,034	159,766
Amortization of intangible assets capitalized into inventory	24,778	—
Stock-based payments	179,789	1,675,594
Warrants held	(1,327,879)	—
Interest Expense	2,015,889	1,398,848
Impairment of long-lived assets	—	—
Deferred income tax	—	(63,000)
Accretion	52,815	394,573
Loss (gain) on disposal of assets	120,856	—
Change in operating assets and liabilities:		
Accounts Receivable	348,817	24,448
Prepaid expenses	290,106	513,902
Inventory	299,252	(1,230,547)
Income taxes	175,203	1,807,364
Uncertain tax position liabilities	3,760,000	—
Accounts payable and accrued liabilities	174,340	(1,141,057)
Changes in operating lease liabilities	(168,746)	—
Change in assets and liabilities held for sale	(1,037,417)	(18,767)
Net cash provided by (used in) operating activities	(1,190,332)	(3,794,958)
CASH FLOWS FROM INVESTING ACTIVITIES		
PP&E Additions	(899,264)	(197,827)
Deposits	(150,100)	(522,375)
Net cash provided by (used in) investing activities	(1,049,364)	(720,202)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt principal payments	(1,050,000)	—
Lease principal payments	(71,066)	(288,574)
Net cash provided by (used in) financing activities	(1,121,066)	(288,574)
Net change in cash	(3,360,762)	(4,803,734)
Cash, beginning of period	15,964,665	15,149,333
Cash, end of period	\$ 12,603,903	\$ 10,345,599

GOODNESS GROWTH HOLDINGS, INC.
STATE-BY-STATE REVENUE PERFORMANCE
THREE MONTHS ENDED MARCH 31, 2024 AND 2023

	Three Months Ended March 31,		\$ Change	% Change
	2024	2023		
Retail:				
MN	\$ 10,977,089	\$ 10,718,916	\$ 258,173	2 %
NY	1,821,269	2,361,942	(540,673)	(23) %
NM	—	1,052,316	(1,052,316)	(100) %
MD	6,801,082	2,338,625	4,462,457	191 %
Total Retail	\$ 19,599,440	\$ 16,471,799	\$ 3,127,641	19 %
Wholesale:				
MD	3,353,661	1,563,875	1,789,786	114 %
NY	1,134,214	1,052,749	81,465	8 %
Total Wholesale	\$ 4,487,875	\$ 2,616,624	\$ 1,871,251	72 %
Total Revenue	\$ 24,087,315	\$ 19,088,423	\$ 4,998,892	26 %
NY and NM Revenue	\$ (2,955,483)	\$ (4,467,007)	\$ 1,511,524	(34) %
Total Revenue excluding NY and NM	\$ 21,131,832	\$ 14,621,416	\$ 6,510,416	45 %

Reconciliation of Non-GAAP Financial Measures

Goodness Growth management occasionally elects to provide certain non-GAAP financial measures such as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). EBITDA is a non-GAAP measure and does not have a standardized definition under GAAP. The following information provides reconciliations of the supplemental non-GAAP financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with GAAP. The Company has provided the non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These 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.

Reconciliation of Net Loss to EBITDA¹

	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