



TERRASCEND

Investor Presentation

August 2024

[Terrascend.com](https://www.terrascend.com)

TSX: TSND | OTCQX: TSNDF

Disclaimer

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This presentation contains “forward-looking information” within the meaning of applicable securities laws, including the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking information contained in this presentation may be identified by the use of words such as, “may”, “would”, “could”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, “outlook” and other similar expressions. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management 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. Examples of forward-looking information contained in this presentation include the Company’s expectations regarding the financial and other benefits of the Loan to the Company’s operations and growth strategy; the Company’s expected use of proceeds from the Loan; the Company’s outlook, including the Company’s expected financial results for the third quarter of 2024; expectations regarding regulatory reforms; and the benefits thereof; the likelihood of approval of adult-use cannabis in Pennsylvania and related opportunities; and the Company’s potential expansion into other markets.

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Disclaimer

Definition and Reconciliation of Non-GAAP Measures

In addition to reporting the financial results in accordance with generally accepted accounting principles in the United States ("GAAP"), the Company reports certain financial results that differ from what is reported under GAAP. Non-GAAP measures used by management do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. The Company believes that certain investors and analysts use these measures to measure a company's ability to meet other payment obligations or as a common measurement to value companies in the cannabis industry. We calculate EBITDA from continuing operations and Adjusted EBITDA from continuing operations and Adjusted EBITDA Margin from continuing operations as net loss, adjusted for income taxes, finance expenses, depreciation and amortization, share-based compensation, loss from revaluation of contingent consideration, gain on fair value of derivative liabilities and purchase option derivative assets, gain on lease termination, and certain other items, which management believes is not reflective of the ongoing operations and performance. The Company also calculates Free Cash Flow as net cash provided by operating activities from continuing operations, adjusted for certain cash items such as capital expenditures for property and equipment. Furthermore, the Company defines General & Administrative expenses excluding stock-based compensation as a percentage of Revenue, net. The Company believes this definition is a useful measure to assess the performance of the Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of the Company's underlying business performance and other one-time or non-recurring expenses. Such information is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are contained in the Appendix to this presentation. The Company has not provided a reconciliation of its forward-looking Adjusted EBITDA Margin with the most directly comparable GAAP measure in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company is unable to calculate the most directly comparable GAAP measure, without unreasonable efforts due to the variability and low visibility with respect to certain costs such as stock-based compensation, certain fair value measurements, tax items, and others that may arise during the period that are not ascertainable.

Third Party Information

Certain information contained in this presentation and statements made orally during the related earnings webcast relate to or are based on studies, publications, surveys and other data obtained from third-party sources and the Company's own internal estimates and research. While the Company believes these third-party studies, publications, surveys and other data to be reliable as of the date of this presentation, the Company has not independently verified, and makes no representations as to the adequacy, fairness, accuracy or completeness of, any information obtained from third-party sources. In addition, no independent source has evaluated the reasonableness or accuracy of the Company's internal estimates or research and no reliance should be made on any information or statements made in this presentation relating to or based on such internal estimates and research.

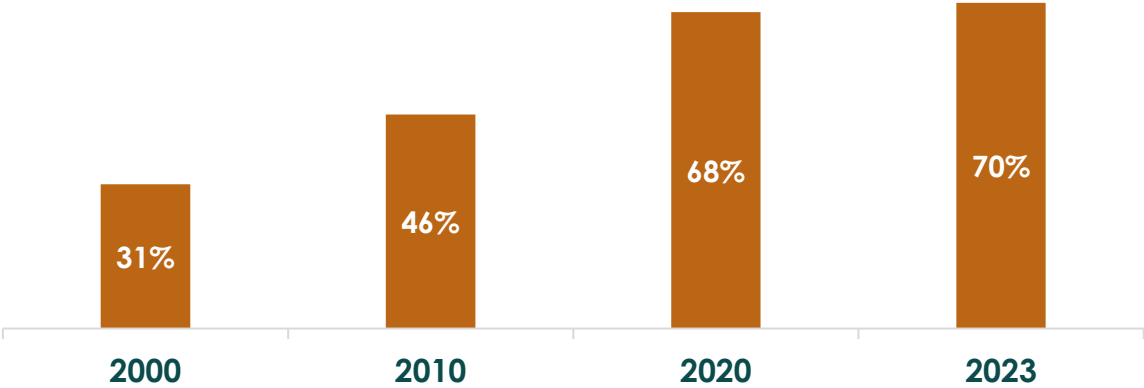
U.S. Cannabis Market

U.S. Cannabis Industry

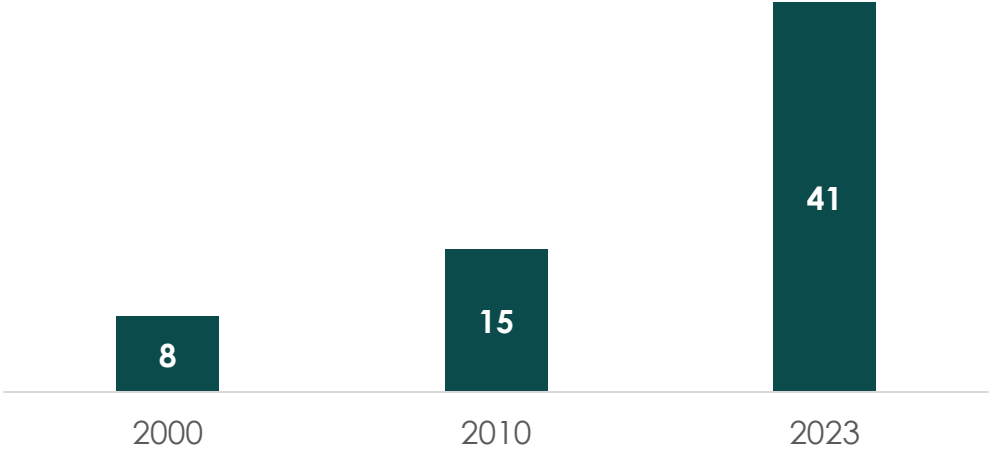
Total U.S. Cannabis Market Size
(in Billions USD)



% of Americans in Favor of Legalization



Number of U.S. States Legalized*



Potential Regulatory Catalysts

May 2024: Recent news that the DEA is moving to re-schedule cannabis to Schedule III.

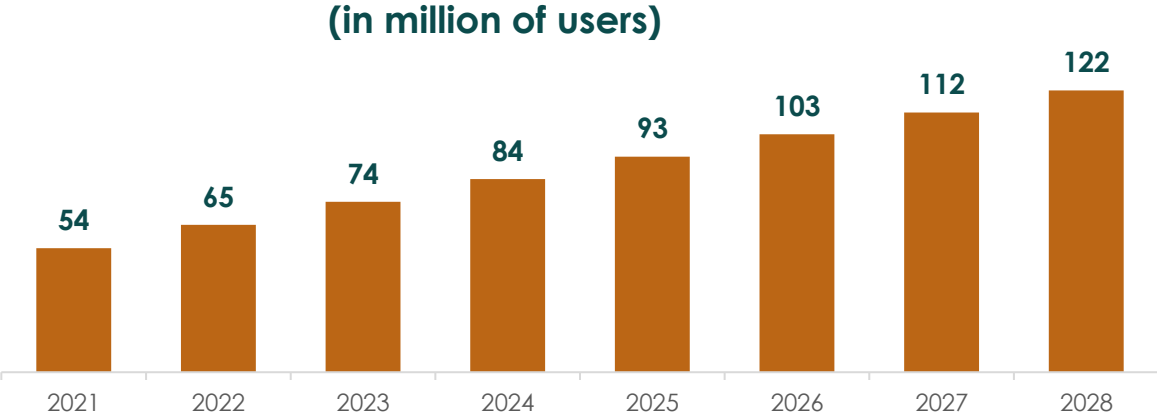
SAFER Banking Act: Would create safe harbours for financial institutions to accept deposits from state licenced cannabis businesses.

*Includes District of Columbia Sources:
<https://www.statista.com/outlook/hmo/cannabis/united-states#revenue>
<https://mjbizdaily.com/map-of-us-marijuana-legalization-by-state/>

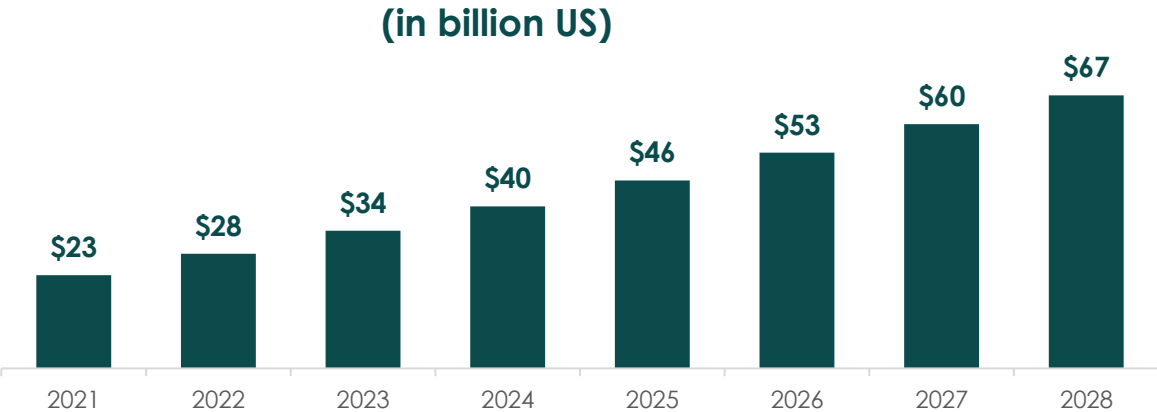
U.S. Cannabis Market Outlook

- With over 50% of the U.S. population now living in states that have legalized, the total U.S. cannabis user population is projected to continue growing to 122 million users by 2028.
- The U.S. cannabis market is expected to grow at compounded annual growth rate (CAGR) of 15% between 2023 and 2028 to total \$67 billion by 2028.
- With the anticipated rescheduling of cannabis, companies will no longer be affected by 280E and would save an estimated \$2 billion in excess taxes in 2023.

Total U.S. Cannabis Users



Total U.S. Cannabis Market



Source: Cannabis - united states: Statista market forecast. Statista. (n.d.). <https://www.statista.com/outlook/hmo/cannabis/united-states#revenue>

Company Overview

Experienced Leadership Team



Jason Wild
Executive Chairman



Ziad Ghanem
Chief Executive Officer



Keith Stauffer
Chief Financial Officer



Lynn Gefen
Chief Legal Officer



BJ Carretta
SVP Marketing



Chantelle Elsner
President, Northeast



Mary Turon
President, Michigan



Our Journey

2017
Founded



Launched as Canadian LP

Initial investment of \$52.5M
by Canopy Growth and JW
Asset Management



2018



Pivoted Operations
to the US Market

Awarded NJ Vertically
Integrated License



2019



THE
APOTHECARIUM
DISPENSARY

Acquired The
Apothecarium in CA

Acquired Ilera in PA



I L E R A
HEALTHCARE

2021

Acquired 3 Operating
Dispensaries in PA

Acquired HMS Grower /
Processor in Maryland



2022



Acquired Gage in MI

GAGE
CANNABIS CO

Acquired 5 Additional
Dispensaries in MI

2023

Acquired 4
Dispensaries in MD

MD Begins AU on
July 1, 2023



Commenced
Trading on the TSX

2024

Opened The
Apothecarium Dispensary
in Nottingham, MD

Opened GAGE 313, the
Company's 20th MI
Dispensary

Completed \$140 Million
Debt Financing



TSXV METALLA ROYALTY [M.T.A.V] 5.78 ▲ 0.00
NUBIA TECHNOLOGY [N.T.A.V] 12.35 ▲ 0.01
INTERNATIONAL PETROLEUM [I.P.C.O.TOT] 6.59 ▲ 0.00
IVANHOE MINS LTD [IVN.TOT] 30.4
JAMIESON W
NERVGN PHRM 1.64 ▲

TMX THE FUTURE IS YOURS TO SEE.

S&P-TSX COMPOSITE INDEX
20,180.28

9:30:02 AM
Tuesday
Jul 4, 2023

TERRASCEND

THE MARKET IS OPEN



TERRASCEND

TMX Group welcomes
TerrAscend Corp
to Toronto Stock Exchange
TSX:TSND

THE MARKET IS OPEN

TMX THE FUTURE IS YOURS TO SEE.

TMX MA

mark

Company Strategy



Delight our customers with great brands & outstanding retail experience



Depth & Scale in Attractive Markets with ample greenfield opportunity for expansion



Vertical Integration to Maximize Quality & Profitability



Operational Excellence & Financial Discipline



Culture of Compliance

Our Business

A leading, vertically-integrated, North American Operator

 **2017**
Year Founded

 **38**
Operating Dispensaries


 **\$317.3 M**
FY 2023 Net Revenue

 **+28.0%**
YoY Growth

 **~1,200**
Total employees

 **10**
Premium Brands

 **50.3%**
FY 2023 Gross Profit Margin

 **\$31.1 M**
FY 2023 Cash Flow from Continuing Operations (Q4 2023 Represents 6th Consecutive Quarter of Positive Cash Flow from Continuing Operations)

 **5**
U.S. States

 **Broad Wholesale Distribution**

 **+77.1% YoY**
FY 2023 Adjusted EBITDA from Continuing Operations*

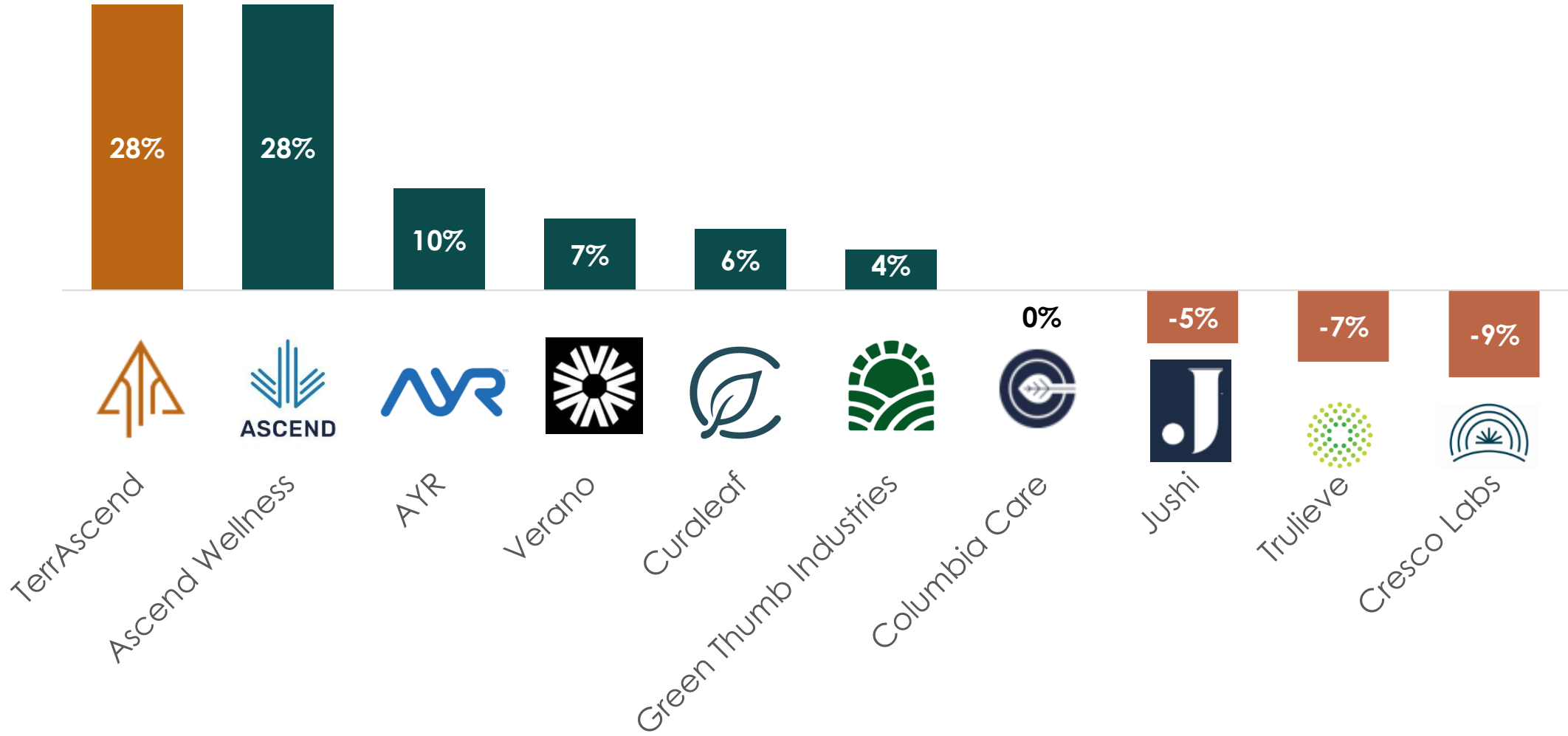
 **\$23.4 M**
FY 2023 Free Cash Flow*

 **1**
Canada Retail

 **7**
U.S. Cultivation & Production Facilities

* Adjusted EBITDA from continuing operations and Free Cash Flow are non-GAAP financial measures. Please refer to disclaimer on slide 2 and 3 and Reconciliation of Non-GAAP Measures in appendix.

Sector Leading Full Year 2023 YOY Revenue Growth



Business Overview

Driving Revenue and Efficiencies Across our Core Markets

CALIFORNIA

Super premium flower & 5 dispensaries

Population
40 Million

MICHIGAN

Scaled vertical operations including cultivation, manufacturing, retail with 20 locations, and exclusive brand partnerships

Population
10 Million

PENNSYLVANIA

Scaled vertical operation with large scale cultivation and manufacturing, and 6 medical dispensaries

Population
13 Million

NEW JERSEY

#1 Market Share
Scaled vertical operation with 3 dispensaries

Population
9 Million

MARYLAND

Vertically integrated operation with state-of-the-art cultivation and manufacturing facility and 4 Dispensaries

Population
6 Million

New Jersey

2Q '24 Highlights

- Largest and most profitable market.
- According to BDSA, TerrAscend held the #1 market share position throughout the first half of 2024.
- In Q2 '24 wholesale revenue increased 100% YOY.
- At retail, returned to sequential growth for first time in four quarters.
- Maintained gross profit margin, EBITDA margin and cash flow due to the performance of the brands, high cultivation yields, product quality and low-cost structure.
- Future growth opportunities for up to 7 additional social equity qualifying dispensaries.



Maryland

2Q '24 Highlights

- Retail and wholesale revenue remained stable sequentially during the quarter.
- Recently completed expansion of additional rooms at Hagerstown facility.
- Additional supply will fuel wholesale growth and increase verticality in four dispensaries, thereby enabling continued gross margin expansion.
- In early June, opened new Nottingham location, a larger and more conveniently located store that offers drive-thru and expanded floor space.



Pennsylvania

2Q '24 Highlights

- Retail was stable in quarter and wholesale doubled year-over-year.
- Growth was driven by strong performance of value-oriented Legend brand and expansion into edibles category with Valhalla and Wana brands.
- Optimistic Pennsylvania will turn adult-use in 2025.
- With a population of 12 million, Pennsylvania is already a more than \$1.2 billion medical state and expected to become a \$2 billion market under adult-use by 2028.
- As adult-use approaches in 2025, planning to turn on additional cultivation capacity.



Michigan

2Q '24 Highlights

- Focus is on improving operational efficiency and driving gross margin to establish a solid foundation from which to expand.
- Gross margin surpassed 40% for third consecutive quarter.
- Currently operating 20 dispensary locations, including the recent opening of a second Detroit location.
- Expect to scale operational footprint in Midwest by entering new neighboring states to Michigan, such as Ohio to more efficiently leverage operating expenses.
- Michigan remains an important market as nation's second largest cannabis market.



California

• Market Overview

- Population of 39.5 million
- Medical and adult-use market size is currently \$4.3 billion and expected to reach \$5.7 billion by 2025¹

• Operations

- Focused on San Francisco / Bay area with 4 retail dispensaries open
- State flower 20K Sq Ft cultivation facility
- 110+ dispensaries with TerrAscend brands
- Valhalla edibles brand



1. Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

Brand Portfolio



Elevated Retail Experiences

38 Dispensaries Across Maryland, Pennsylvania, New Jersey, Michigan, California and Canada

- 10 years of operating retail experience in San Francisco, CA
- Designed to provide enhanced patient and customer experiences
- Highly trained staff to provide product education
- Mobile App and online ordering available for express pick-up or delivery (in select markets)



Flagship Castro store in San Francisco named the best designed dispensary in the country by Architectural Digest²



Actively Pursuing Greenfield Expansion Opportunities

Uniquely positioned to enter new markets through attractive M&A, such as Ohio



Population

12 Million

Adult-use commenced on August 6th

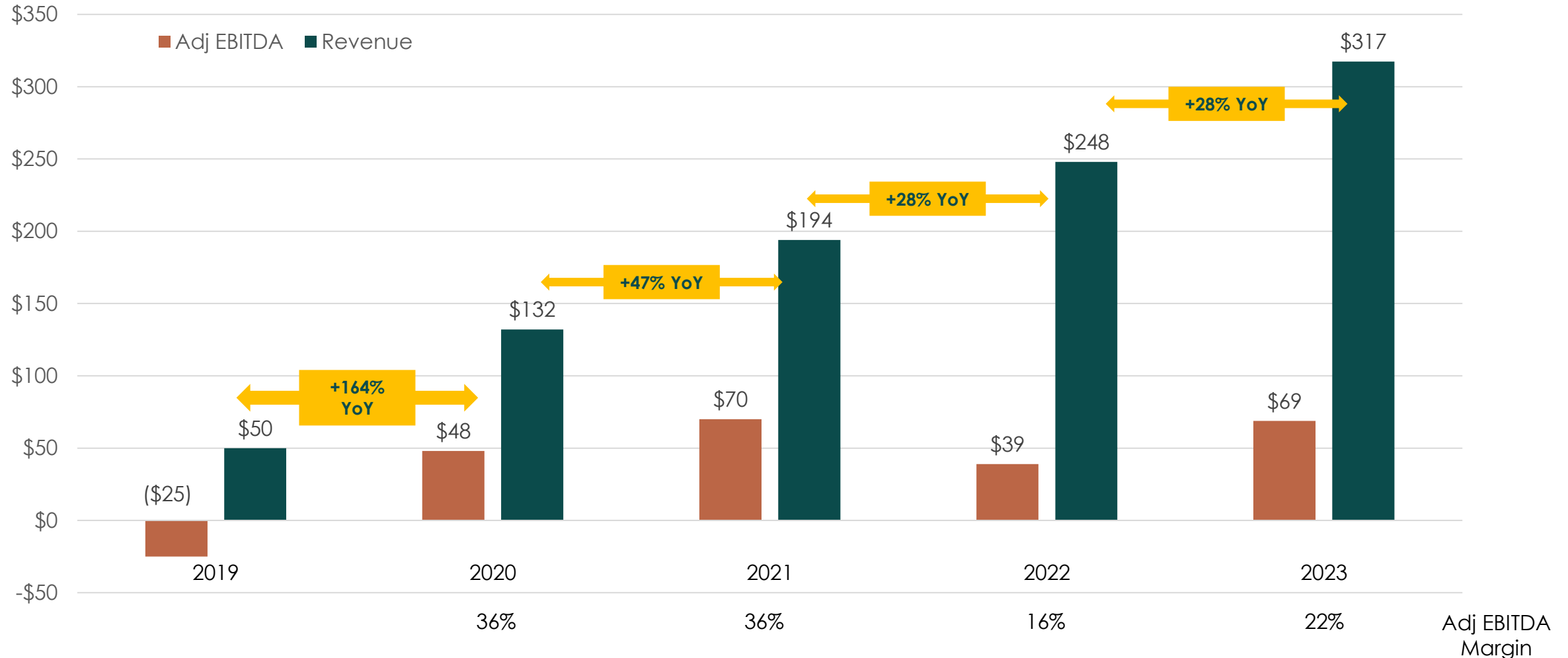
- Focused on larger tier 1 licenses in OH, which allow up to 100,000 square feet of canopy and up to 8 dispensaries.
- Active discussions with multiple tier 1 operators and expect to close in on at least one of these opportunities in near term.
- Population of 12 million, compared to 9 million in NJ and 6 million in MD.
- Plan to leverage existing SG&A infrastructure in the Midwest, making MI and OH more profitable combined rather than as standalone entities.



Financial Overview

Strong 5-Year Revenue and Adjusted EBITDA Growth

(in millions)



* Adjusted EBITDA and Adjusted EBITDA margin from continuing operations and Free Cash Flow are non-GAAP financial measures. Please refer to disclaimer on slide 2 and 3 and Reconciliation of Non-GAAP Measures in appendix.

Q2 2024 Financial Highlights – Driving Revenue and Profitability

Another quarter of year-over-year net revenue and Adjusted EBITDA* growth as well as positive operating and Free Cash Flow*



\$77.5 M
Net Revenue



\$15.6 M
Adjusted EBITDA from
Continuing Operations*



8th Consecutive
Quarter of Positive
Cash Flow from
Continuing Operations



+7.5% YoY



+21.9% YoY



\$13.1 M
Cash Flow from
Continuing Operations



48.6%
Gross Profit Margin



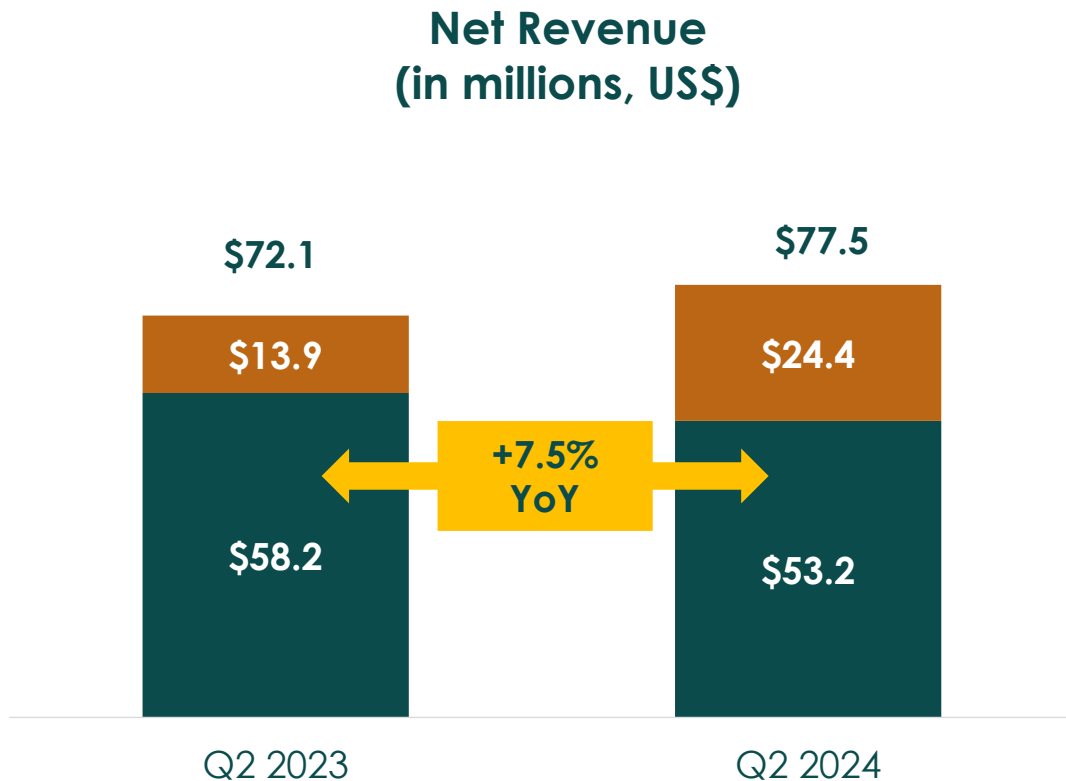
20.2%
Q2 2024 Adjusted
EBITDA Margin*



\$11.7 M
Free Cash Flow*

Second Quarter 2024 Net Revenue

YoY increase driven by strong wholesale growth in New Jersey, Pennsylvania and Maryland

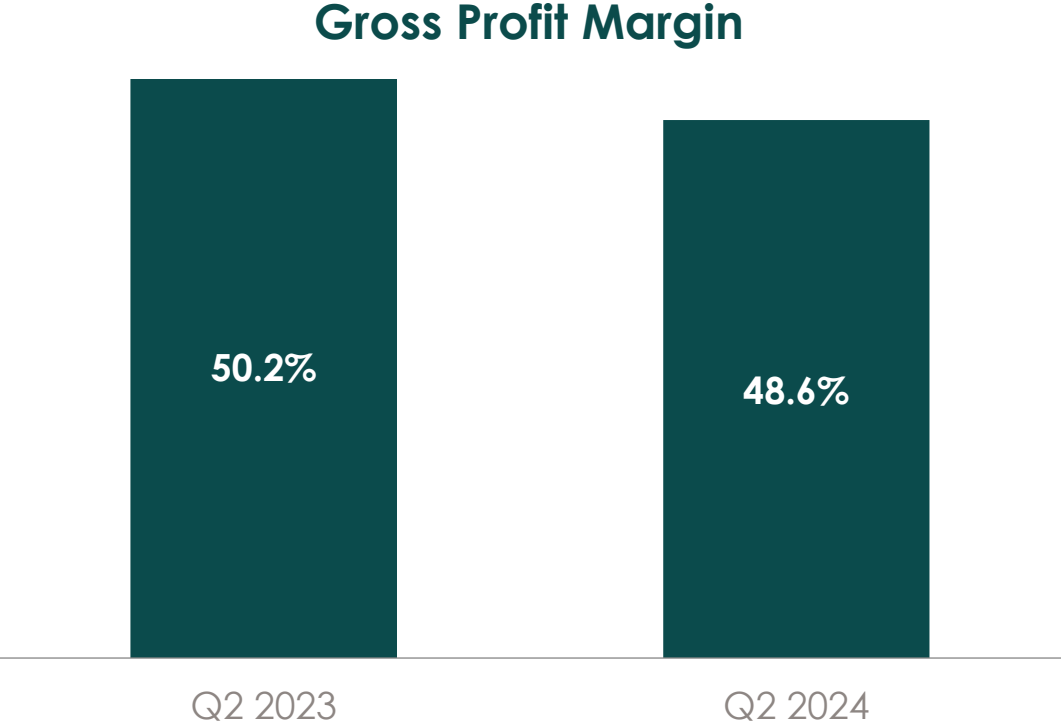


Second Quarter 2024 Highlights

- Revenue: \$77.5 million versus \$72.1 million in Q2 2023
- +7.5% growth year-over-year
- Wholesale growth 75% year-over-year mainly driven by increased demand for brands across the new store openings in NJ, performance of Legend flower and Valhalla edibles brands in PA and doubling of wholesale revenue in MD
- Retail 8.7% decline year-over-year mainly driven by new door openings in NJ and reductions in unprofitable revenue in MI, offset by growth in MD

Gross Profit Margin

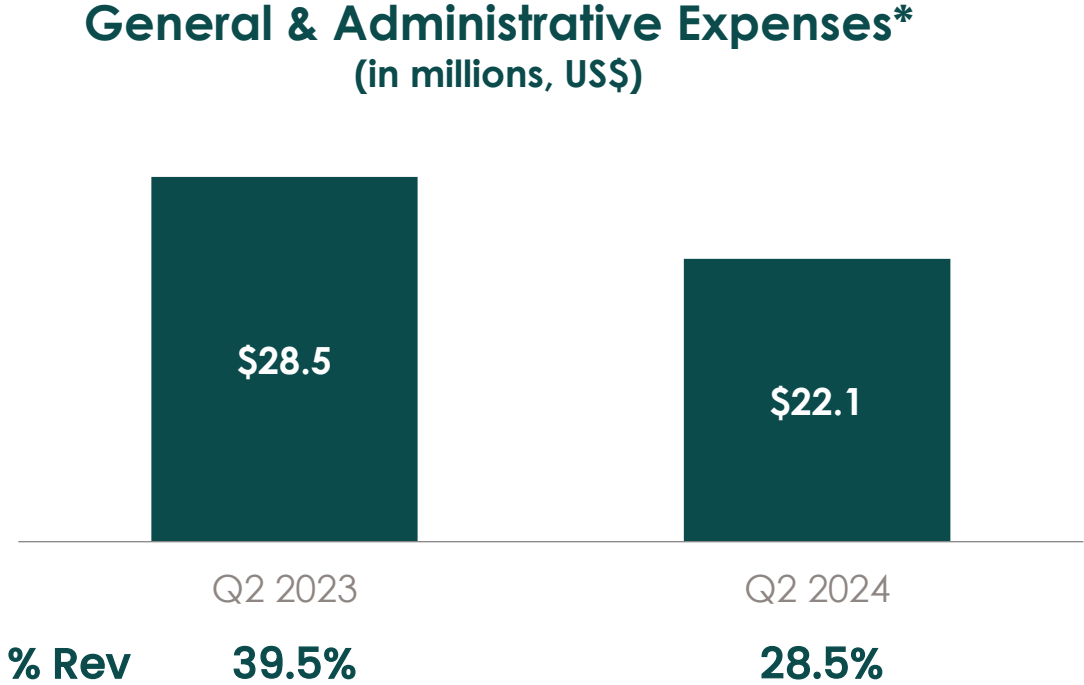
Year-over-year decrease driven by channel mix shift and price compression in NJ, partially offset by margin expansion in MI and MD



Second Quarter 2024 Highlights

- Gross Profit Margin: 48.6% versus 50.2% in Q2 2023
- YOY decrease was driven by channel mix shift and price compression in NJ, partially offset by improvements in both MI and MD
- In MI, achieved goal of 40% gross margins for the third consecutive quarter
- Continued to make quarter-over-quarter gross margin improvements in MD

General & Administrative Expenses*



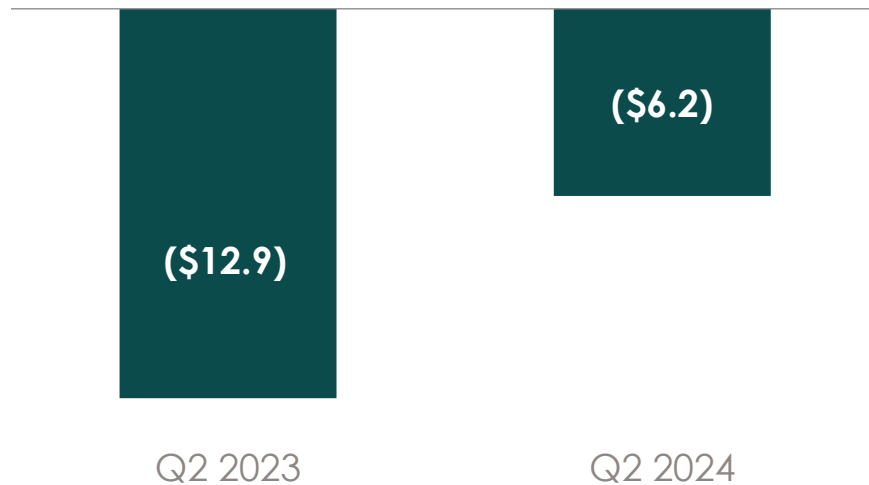
Second Quarter 2024 Highlights

- General & Administrative expenses* for Q2 2024, excluding stock-based compensation, were \$22.1 million compared to \$28.5 million in Q2 2023
- G&A Expenses*: 28.5% of revenue compared to 39.5% in Q2 2023
- Q2 2024 G&A* includes a \$4.2 million reversal of bad debt expense related to a settlement of an account receivable outstanding
- Excluding this reversal, SG&A expenses still down materially YoY while net revenue grew 7.5%

* General and Administrative Expenses, excluding stock-based compensation, is a non-GAAP financial measure. Please refer to disclaimer on slide 3 and 4 and Reconciliation of Non-GAAP Measures in the appendix.

Net Loss and Adjusted EBITDA*

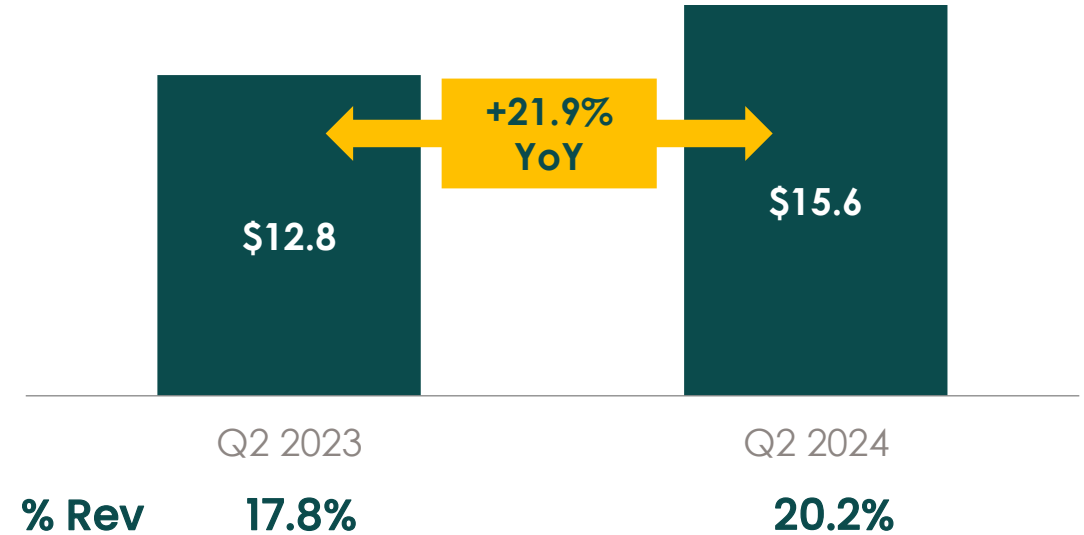
GAAP Net Loss from continuing operations (in millions, US\$)



GAAP Net Loss:

- \$6.2 million net loss, compared to a \$12.9 million net loss in Q2 2023
- Improvement driven by revenue and gross margin growth while reducing G&A expenses

Adj EBITDA* (in millions, US\$)



Adjusted EBITDA:

- Grew 21.9% YoY to \$15.6 million, representing 20.2% Adjusted EBITDA margin, as compared to \$12.8 million and 17.8% in Q2 2023
- 240 basis point improvement driven by G&A expense leverage, partially offset by decline in gross margin

Balance Sheet and Cash Flow

- Cash, and cash equivalents, including restricted cash:
 - \$30.5 million (6/30/24), compared to \$25.7 million (3/31/24) and \$25.3 million (12/31/23)
- Q2 2024 net cash provided by continuing operations:
 - \$13.1 million, compared to \$1.8 million in Q2 '23, representing 8th consecutive quarter of positive cash flow from continuing operations
 - Included an \$8.4 million federal tax refund related to amended returns
- Q2 2024 Capex:
 - \$1.4 million, primarily related to completion of capacity expansion at MD facility
- Free Cash Flow*:
 - \$11.7 million as compared to (\$0.2) million in Q2 '23
- Other Payments:
 - Paid down \$5.8 million in debt
 - \$1.2 million of distributions to NJ minority partners
- \$140 million senior secured term loan:
 - Coupon rate of 12.75% and a four year term with no prepayment penalties and no warrants

Third Quarter 2024 Expectations

- Expect flat to slightly down across the P&L sequentially.

Strengthening Balance Sheet

- Recently completed a \$140 million senior secured loan
- Matures in August 2028
- Non-dilutive financing bears a coupon of 12.75%
- No prepayment penalties and no warrants
- No other material debt maturing until late 2027
- Proceeds of this loan are being used to pay down existing debt, which was maturing later this year and carried a higher blended rate
- The balance of the proceeds are available for potential M&A transactions focused on geographic expansion plans



LET'S GROW TOGETHER



Share Count Detail

Fully Diluted Shares Outstanding

(As of August 7, 2024)

Total Shares

(in Millions)

Total Common Shares*

291

Preferred Shares

13

Exchangeable Non-voting Shares (Canopy USA)

63

Total Basic Shares Outstanding

368

Warrants and Options (weighted average price of \$3.84)

44

Total Shares Outstanding (Fully-Diluted)

412

Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles net loss to EBITDA from continuing operations and Adjusted EBITDA from continuing operations for the quarters ended June 30, 2024 and June 30, 2023.

	For the Three Months Ended	
	June 30, 2024	June 30, 2023
Revenue, net	\$ 77,523	72,124
Net loss	(6,237)	\$ (13,476)
Net loss margin %	-8.0%	-18.7%
Loss from discontinued operations	—	621
Loss from continuing operations	(6,237)	(12,855)
<i>Add (deduct) the impact of:</i>		
Provision for income taxes	10,729	6,448
Finance expenses	9,132	7,963
Amortization and depreciation	4,993	4,991
EBITDA from continuing operations	18,617	6,547
<i>Add (deduct) the impact of:</i>		
Share-based compensation	1,960	1,981
Loss from revaluation of contingent consideration	1,827	—
Bad debt recovery	(4,169)	—
Other one-time items	1,176	2,932
Loss (gain) on lease termination and derecognition of ROU asset	(1,169)	—
Gain on fair value of derivative liabilities and purchase option derivative assets	(2,922)	(215)
Impairment of property and equipment	—	10
Gain on disposal of fixed assets	(17)	—
Unrealized and realized loss on investments	227	1,661
Unrealized and realized foreign exchange loss (gain)	104	(101)
Adjusted EBITDA from continuing operations	\$ 15,634	\$ 12,815
<i>Adjusted EBITDA Margin from continuing operations</i>	<i>20.2%</i>	<i>17.8%</i>

Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles Free Cash Flow for the quarters ended June 30, 2024 and June 30, 2023.

	For the Three Months Ended	
	June 30, 2024	June 30, 2023
Net cash provided by operating activities- continuing operations	\$ 13,129	\$ 1,830
Capital expenditures for property and equipment	(1,476)	(2,007)
Free Cash Flow	\$ 11,653	\$ (177)

The table below reconciles Revenue, net to General & Administrative expenses excluding stock-based compensation as a percentage of revenue, net:

	For the Three Months Ended	
	June 30, 2024	June 30, 2023
Revenue, net	\$ 77,523	\$ 72,124
General & Administrative expenses	24,060	30,476
Less: stock-based compensation	1,960	1,981
General & Administrative expenses excluding stock-based compensation	\$ 22,100	\$ 28,495
G&A excluding stock-based compensation as a % of revenue, net	28.5%	39.5%