



TERRASCEND

Q4 2020

Earnings Call Presentation

March 23, 2021 | [Terrascend.com](https://terrascend.com)

(CSE: TER | OTCQX: TRSSF)

Disclaimer

Investors and prospective investors should rely only on the information contained in the disclosure filings (the "Filings") of TerrAscend Corp. (the "Company"). This presentation is qualified in its entirety by reference to, and must be read in conjunction with, the information contained in Filings. An investor or prospective investor is not entitled to rely on parts of the information contained in this presentation to the exclusion of others, and the Company is not authorized to provide different or additional information.

An investment in the securities discussed in this presentation is speculative and subject to a number of risks that should be considered by an investor or prospective investor. Investors and prospective investors should carefully consider the risks described in the Filings. This presentation does not constitute an offering of securities and the information contained herein is subject to the information contained in the Filings. Unless otherwise specified, all monetary amounts in this presentation are in Canadian dollars.

Forward-Looking Information

This presentation contains forward-looking information or statements within the meaning of applicable securities laws. Forward-looking information may relate to the Company's future outlook and anticipated events, plans or results, and may include information regarding the Company's objectives, goals, strategies, future revenue or performance and capital expenditures, and other information that is not historical information. Particularly, information regarding the Company's expectations of performance, achievements, prospects or opportunities, or the markets in which the Company operates, is forward-looking information. Forward-looking information can often be identified by the use of terminology such as "believe," "anticipate," "plan," "expect," "pending," "in process," "intend," "estimate," "project," "may," "will," "should," "would," "could," "can," the negatives thereof, variations thereon and similar expressions. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Forward-looking information contained in this presentation is based on the Company's opinions, estimates and assumptions in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management currently believes are appropriate and reasonable in the circumstances.

The forward-looking information contained in this presentation represents the Company's expectations as of the date of this presentation or the date indicated, regardless of the time of delivery of the presentation. All of the forward-looking information contained in this presentation is expressly qualified by the foregoing cautionary statements. Potential investors should consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their potential investment in the Company. Risk factors that could cause actual results to differ materially from forward-looking information in this presentation include: the Company's exposure to legal and regulatory risk; the effect of the legalization of adult-use cannabis in jurisdictions where the Company operates on the medical cannabis industry is unknown and may significantly and negatively affect the Company's medical cannabis business; that the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis are not as currently expected; that adverse changes or developments affecting the Company's main or planned facilities may have an adverse effect on the Company; that the medical cannabis industry and market may not continue to exist or develop as anticipated or the Company may not be able to succeed in this market; risks related to market competition; risks related to the proposed adult-use and medical cannabis industries and markets including the Company's ability to enter into or compete in such markets; that the Company has a limited operating history and a history of net losses and that it may not achieve or maintain profitability in the future; risks related to the Company's current or proposed international operations; risks related to future third party strategic alliances or the expansion of currently existing relationships with third parties; that the Company may not be able to successfully identify and execute future acquisitions or dispositions or successfully manage the impacts of such transactions on its operations; risks inherent to the operation of an agricultural business; that the Company may be unable to attract, develop and retain key personnel; risks resulting from significant interruptions to the Company's access to certain key inputs such as raw materials, electricity, water and other utilities; that the Company may be unable to transport its cannabis products to patients in a safe and efficient manner; risks related to recalls of the Company's cannabis products or product liability or regulatory claims or actions involving the Company's cannabis products; risks related to the Company's reliance on pharmaceutical distributors, suppliers and skilled labor; that the Company, or the cannabis industry more generally, may receive unfavourable publicity or become subject to negative consumer or investor perception; that certain events or developments in the cannabis industry more generally may impact the Company's reputation or its relationships with customers or suppliers; risks related to insurance; that the Company may become subject to liability arising from fraudulent or illegal activity by its employees, contractors, consultants and others; that the Company may experience breaches of security at its facilities or losses as a result of the theft of its products; risks related to the Company's information technology systems; that the Company may be unable to sustain its revenue growth and development; that the Company may be unable to expand its operations quickly enough to meet demand or manage its operations beyond their current scale; that the Company may be unable to secure adequate or reliable sources of necessary funding; risk related to the available funds of the Company and the use of such funds; risks related to, or associated with, the Company's exposure to reporting requirements; risks related to conflicts of interest; risks related to the reliance on the expertise and judgment of senior management of the Company, and ability to retain such senior management; risks related to the management of growth; risk of litigation; risks related to energy costs; risks related to fluctuations in foreign currency exchange rates; risks related to the Company's potential exposure to greater-than-anticipated tax liabilities; risks related to the protection and enforcement of the Company's intellectual property rights, or the intellectual property that it licenses from others; that the Company may become subject to allegations that it or its licensors are in violation of the intellectual property rights of third parties; that the Company may not realize the full benefit of the clinical trials or studies that it participates in; that the Company may not realize the full benefit of its licenses if the licensed material has less market appeal than expected and the licenses may not be profitable; and any other risks that may be included in the Filings.

Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in the forward-looking information in this presentation, there may be other risk factors not presently known to the Company or that the Company presently believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information in this presentation. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers and viewers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this presentation represents the Company's expectations as of the date of this presentation or the date indicated, regardless of the time of delivery of the presentation. The Company disclaims any intention, obligation or undertaking to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

All of the forward-looking information contained in this presentation is expressly qualified by the foregoing cautionary statements. Investors and potential investors should consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment or potential investment in the Company and should carefully consider the risks described in the Filings.

Third Party Information

The information contained in this presentation, including information provided by third parties, has not been independently verified and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, correctness or timeliness of the information or opinions expressed herein.

Q4 2020 Financial Results

(In millions of Canadian Dollars)

	Q4 2020	Q3 2020	Q4 2019	FY 2020	FY 2019
Net Sales	65.3	51.0	25.9	198.3	84.9
QoQ increase	28%	8%	-3%	NMF	NMF
YoY increase	152%	90%	414%	134%	1143%
Gross profit before gain on fair value of biological assets	36.2	30.1	(4.2)	108.2	3.6
Adjusted Gross profit ^{1,2}	39.2	30.1	(4.2)	111.3	3.6
% of Net Sales	60%	59%	-16%	56%	4%
General & Administrative Expense	15.1	13.7	18.5	59.1	50.1
% of Net Sales	23%	27%	71%	30%	59%
Adjusted EBITDA ¹	25.9	17.8	(5.7)	60.1	(26.6)
Adjusted EBITDA % of Net Sales	40%	35%	-22%	30%	-31%
Net income / (loss)	(109.3)	(17.6)	(171.8)	(154.3)	(219.0)
Adjusted Net Income ^{1,3}	19.9	12.7	NR	16.9	NR
Cash Flow from Operations	24.3	(0.4)	(3.6)	33.0	(47.9)

1. Adjusted Gross Profit, Adjusted EBITDA, and Adjusted Net Income are Non-IFRS measures. Please see discussion and reconciliation of Non-IFRS measures below.

2. Adjusted Gross profit and margin exclude \$3 million of one-time non-cash inventory impairment in our Canadian operations.

3. Q4 and FY2020 Adjusted net income is equal to Net income / (loss), excluding two non-cash and non-recurring items which include the impact of net increase in fair value of warrant and derivative liability of \$124 million and the revaluation of contingent consideration of \$5 million, predominantly attributable to Ilera acquisition. Q3 2020 Adjusted Net Income is equal to Net income / (loss), excluding two non-cash and non-recurring items which include the impact of net increase in fair value of warrant and derivative liability of \$22 million and the revaluation of contingent consideration of \$8 million, predominantly attributable to Ilera acquisition. Adjusted Net Income was Not Reported (NR) in Q4 and FY 2019.



Conversion to US dollars and Raising Guidance for FY 2021

- TerrAscend will begin reporting in US dollars in Q1 of 2021, as such the Company is providing FY 2021 guidance in US dollars
- The Company is raising full year 2021 guidance for Net Sales to exceed USD \$290 million and Adjusted EBITDA to exceed USD \$122 million, both exceeding the high end of previously announced guidance ranges¹

(\$'s in millions)	<u>FY 2021 - Previous Guidance</u>		<u>FY 2021 - New Guidance</u>
	<u>Low</u>	<u>High</u>	<u>Current</u>
<u>US \$ (constant)¹</u>			
Net Sales	\$275	\$290	Exceed \$290
AEBITDA	\$107	\$122	Exceed \$122
<u>C\$ (constant)¹</u>	<u>Low</u>	<u>High</u>	<u>Current</u>
Net Sales	\$360	\$380	Exceed \$380
AEBITDA	\$140	\$160	Exceed \$160

1. Beginning in Q1 2021 the Company anticipates reporting financial results in US dollars. Conversion of previous guidance in Canadian dollars uses November 19th, 2020 CAD/USD FX rate of 1.3082 (prevailing rate at the time guidance was introduced) and corresponds to previous guidance of C\$360-380 million in Net Sales and C\$140-160 million of Adjusted EBITDA.



Thank You

March 2021 | Terrascend.com
(CSE: TER | OTCQX: TRSSF)