



TERRASCEND

2025 Second Quarter Financial Results

August 7, 2025

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

TSX: TSND | OTCQX: TSNDF

Executive Leadership Speakers



Jason Wild

Executive Chairman



Ziad Ghanem

President &
Chief Executive Officer



Alisa Campbell

Interim Chief Financial Officer

Disclaimer

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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, and the Company calculates: (i) Free cash flow from net cash provided by operating activities from continuing operations less capital expenditures for property and equipment, which management believes is an important measurement of the Company's ability to generate additional cash from its business operations, and (ii) EBITDA from continuing operations and Adjusted EBITDA from continuing operations as net loss, adjusted to exclude provision for income taxes, finance expenses, depreciation and amortization, share-based compensation, (gain) loss from revaluation of contingent consideration, unrealized and realized (gain) loss on investments, unrealized and realized foreign exchange (gain) loss, gain on fair value of derivative liabilities, gain on lease termination, and certain other items, which management believes is not reflective of the ongoing operations and performance of the Company. 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 from continuing operations 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.

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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.

Overview

Jason Wild, Executive Chairman

Decision to Exit Michigan Market



- Determined resources can be better utilized in other geographies.
- Plan to sell all of Michigan assets, with the net proceeds used to pay down existing debt.
- Exit will enhance financial profile, as demonstrated in the strong financial results from continuing operations reported for Q2 2025.
- Exit from Michigan is expected to be substantially completed in '2H 2025.

Q2 2025 Financial Highlights

Key Drivers: Solid performance in three Northeast markets of NJ, MD, and PA



\$65.0 M
Net Revenue from
continuing operations



\$1.6 M
Decrease in G&A
Expenses



51.1%
Gross Profit Margin



\$16 M
Adjusted EBITDA from
continuing operations*



+150 Basis Points
YoY



24.6%
Adjusted EBITDA Margin
from continuing
operations*



\$7.3 M
Positive Net Cash provided
from continuing operations
representing 12th
Consecutive Positive
Quarter

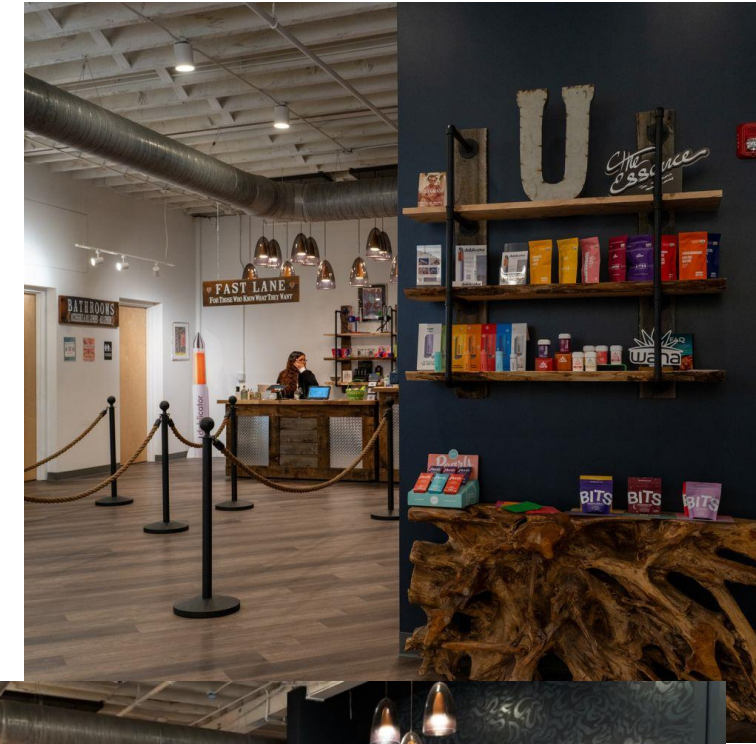


\$5 M
Positive Free Cash Flow*
Representing 8th
Consecutive Positive
Quarter

Pursuit of Accretive M&A

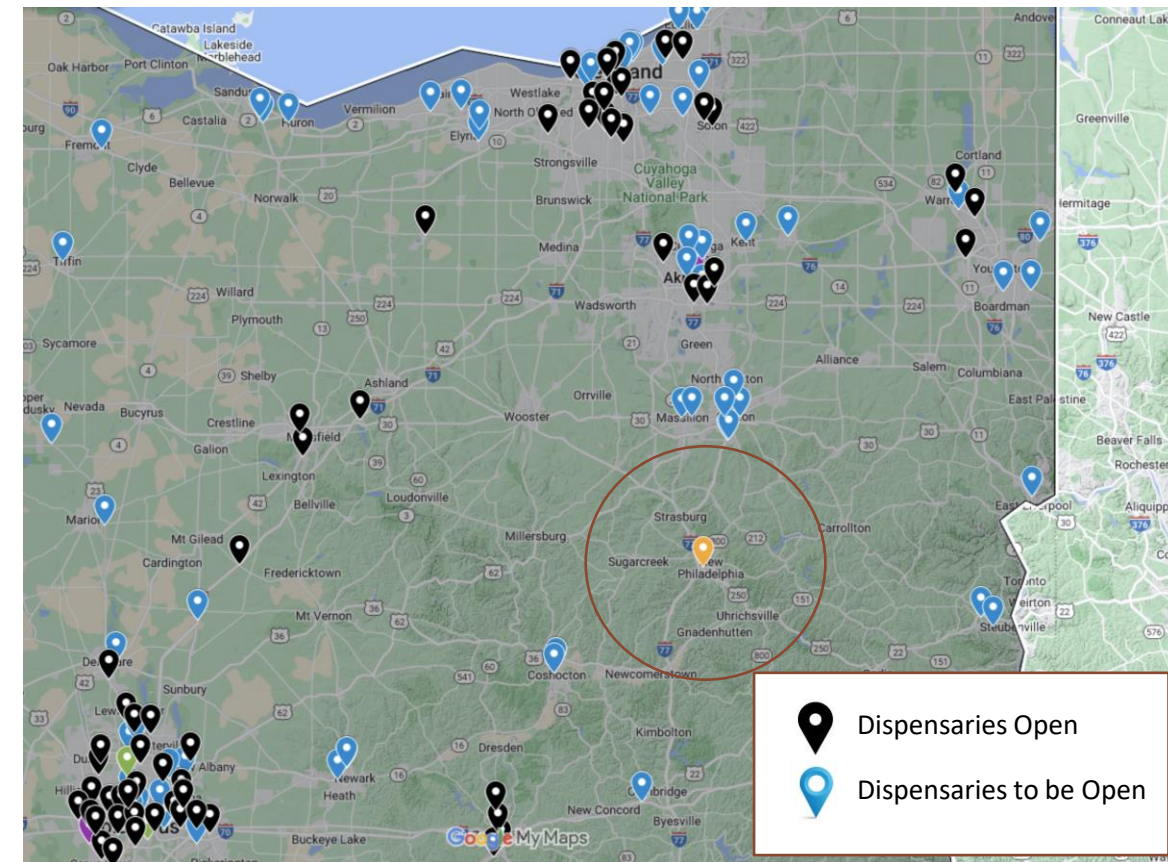
Signed definitive agreement to expand retail footprint in NJ

- Announced a definitive agreement to purchase Union Chill dispensary, which will bring total number of dispensaries in the state to 4, subject to regulatory approval.
- Generating more than \$11 million in annualized revenue.
- Upon closing, transaction will be immediately accretive to EBITDA and cash flow.
- Vertical integration will further enhance margins, provide full array of state leading products and brands to local consumers, and enhance leading market share position in the state.
- Evaluating additional opportunities in NJ and anticipate that by end of 2025, will sign multiple additional transactions in the state.



Entrance into Ohio

- Closed on Ratio Cannabis acquisition in May, first dispensary in Ohio, a recently converted, still nascent adult-use state.
- No competition within a 20-mile radius.
- Goal in Ohio is to assemble a leading retail footprint by acquiring high-quality stores, at the right price.
- Will leverage existing infrastructure and SG&A to drive higher profitability.
- Targeted approach puts TerrAscend in a differentiated position to invest in the best geographies and assets at attractive valuations.



Completed \$79 Million Non-Dilutive Debt Financing

- Closed on an upsized senior secured syndicated term loan.
- \$68 million used to retire existing debt, with remainder designated for future growth initiatives.
- Uncommitted term loan of up to an additional \$35 million for strategic M&A.
- Extends maturity of all senior secured debt until late 2028.
- Transaction reflects FocusGrowth's confidence in TerrAscend's vision and strategy.

Closely Monitoring Regulatory Reform Developments at Federal and State Levels

- Federal regulatory environment seems to be showing some positive movement.
- Strategy remains to operate business independent of reform.
- In PA, continue to see support for possible passage of AU bill; TerrAscend will be prepared to meet increase in demand.



State-by-State Overview

Ziad Ghanem, President & Chief Executive Officer

New Jersey

2Q '25 Highlights

- According to LIT Alerts*, TerrAscend continued to maintain a leadership position in the state.
- All three Apothecarium retail locations in New Jersey rank in the top 15 out of over 220 dispensaries, according to LIT Alerts*. Phillipsburg store was #3 in the state in unit sales and #2 in revenue.
- While wholesale revenue declined sequentially, penetration rate and average order size remained stable.
- Signed definitive agreement to acquire 4th dispensary.
- Targeting up to 6 additional dispensaries to expand retail footprint to 10 in NJ.
- Expansion of cultivation and manufacturing capabilities at Boonton facility is now complete.



Maryland

2Q '25 Highlights

- Retail revenue increased quarter-over-quarter while wholesale revenue remained steady.
- Total revenue across both channels increased sequentially for the 6th consecutive quarter to an annual run rate of \$75 million.
- Achieved gross margins in the high 50s due to verticality and increased efficiencies.
- Completed cap ex project to expand capacity by 50% at Hagerstown facility, with first harvest completed in June; additional capacity expected to further fuel growth and market share gains.



Pennsylvania

2Q '25 Highlights

- Total revenue grew 6.9% quarter-over-quarter.
- Wholesale revenue increased 13.2% sequentially; retail revenue up 5.3% sequentially, driven by Kind Tree brand, concentrates and edibles.
- Fully built out large scale cultivation and manufacturing facility with no need for additional investment.
- Will be ready for increased demand resulting from potential adult-use legislation.



Exit Michigan / Ohio Entrance

2Q '25 Highlights

- Made decision to exit the Michigan market to unlock value and focus on core Northeastern U.S. markets.
- Recent entry into Ohio with the closing of Ratio Cannabis acquisition, a well-situated and profitable dispensary.
- Fully integrating this dispensary into existing operations.
- Goal in Ohio is to assemble a leading retail footprint by acquiring high-quality stores at the right price, as we did in Maryland.

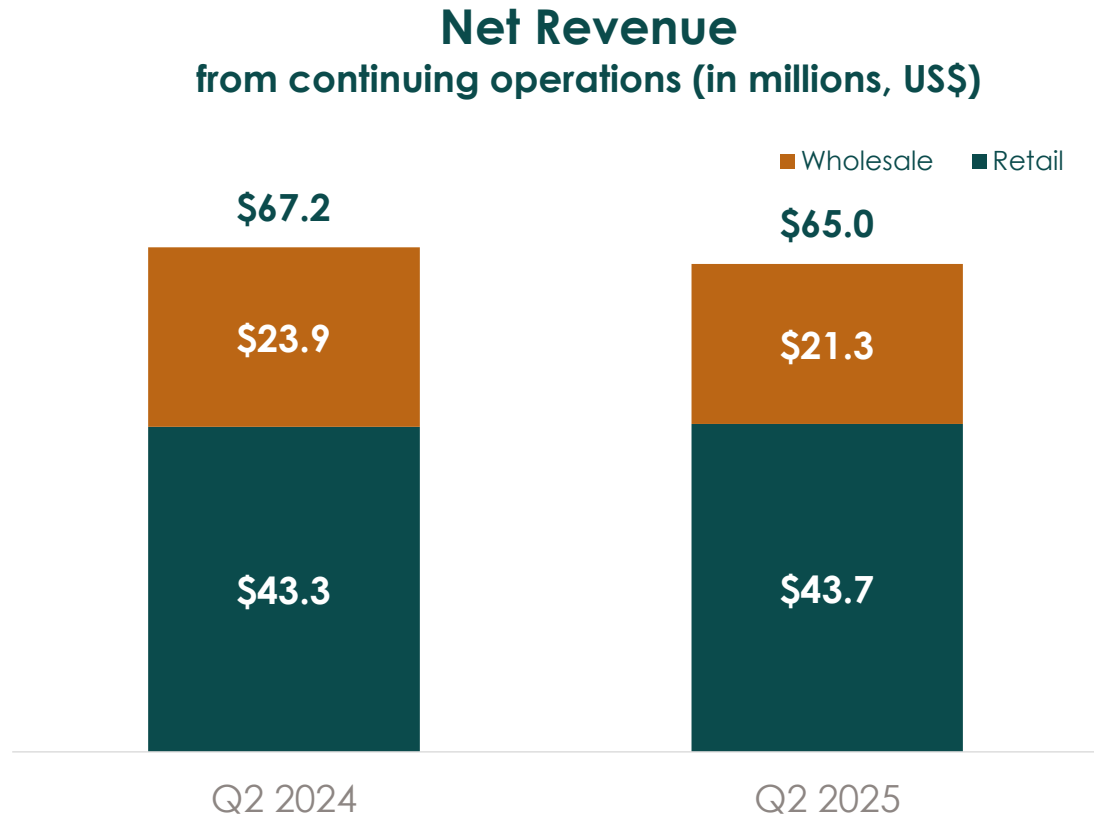


Financial Overview*

Alisa Campbell, Interim Chief Financial Officer

Second Quarter 2025 Net Revenue

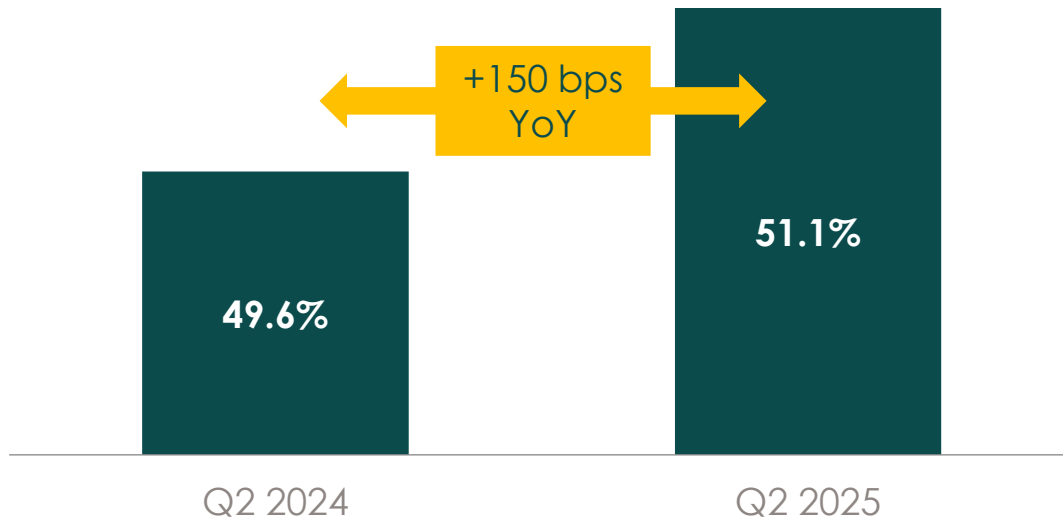
Slight decrease year-over-year as expected



- Revenue: \$65.0 million versus \$67.2 million in Q2 2024.
- Slight decrease year-over-year and in line with expectations as communicated on last quarter's earnings conference call.
- Retail revenue increased 1% year-over-year, driven by recent Ratio acquisition in Ohio, which offset price compression in New Jersey.
- Wholesale revenue declined 10.8% year-over-year as growth in Maryland was offset by a decline in New Jersey, while Pennsylvania remained steady.

Second Quarter 2025 Gross Profit Margin

Gross Profit Margin

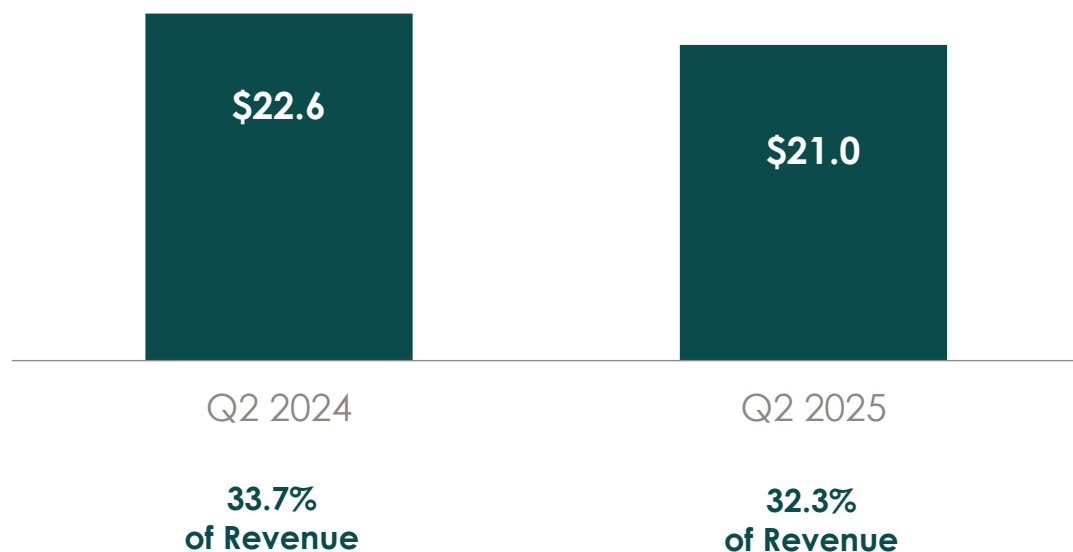


- Gross Profit Margin: 51.1% versus 49.6% in Q2 2024.
- Year-over-year 150 basis-point expansion was driven by continued strong performance in both New Jersey and Maryland.

Second Quarter 2025 General & Administrative (G&A) Expenses

Continued G&A expense reduction reflects ongoing initiatives to optimize G&A expenses

General & Administrative Expenses (in millions, US\$)



- G&A expenses for Q2 2025, \$21.0 million, compared to \$22.6 million in Q2 2024.
- G&A as a % of net revenue for Q2 2025, 32.3%, compared to 33.7% for Q2 2024.
- Continued G&A expense reduction reflects ongoing initiatives to optimize G&A expenses.

Second Quarter 2025 Net Loss and Adjusted EBITDA*

GAAP Net Loss

from continuing operations (in millions, US\$)



GAAP Net Loss from continuing operations :

- \$6.4 million net loss, compared to a \$6.3 million net loss in Q2 2024.

Adj EBITDA*

from continuing operations (in millions, US\$)



Adjusted EBITDA from continuing operations*:

- \$16.0 million, or 24.6% of revenue, compared to \$17.3 million, or 25.7% of revenue in Q2 2024.

Balance Sheet, Cash Flow & Stock Repurchase Program

- **Cash and cash equivalents:**
 - \$26.7 million (6/30/25)
- **Q2 2025 net cash provided by continuing operations:**
 - \$7.3 million, representing 12th consecutive quarter of positive cash flow from continuing operations
- **Q2 2025 Capex:**
 - \$2.3 million, mainly related to expansions at Maryland and New Jersey facilities
- **Free Cash Flow*:**
 - \$5.0 million, representing 8th consecutive quarter of positive free cash flow
- **Other payments:**
 - \$1.3 million of distributions to NJ minority partners
 - Paid down \$0.5 million in debt
- **\$79 million non-dilutive upsizing to term loan:**
 - \$68 million used to retire existing debt, remainder designated for future growth initiatives
 - Up to an additional uncommitted \$35 million term loan available for future M&A
 - Extends all senior secured debt maturities until late 2028
- **Share repurchase program:**
 - Up to \$10 million of common shares
 - During the second quarter, repurchased 535,000 common shares

Third Quarter 2025 Expectations

- Revenue flat to up low single digits sequentially.
- Gross margin to be slightly higher sequentially.
- Further G&A expense reduction quarter-over-quarter.
- Continue to realize G&A savings.

Thank You

Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles net loss to EBITDA and Adjusted EBITDA for the quarters ended June 30, 2025 and June 30, 2024.

	For the Three Months Ended	
	June 30, 2025	June 30, 2024
Net loss	(48,107)	(6,237)
Loss from discontinued operations	41,701	(48)
Loss from continued operations	(6,406)	(6,285)
<i>Add (deduct) the impact of:</i>		
Provision for income taxes	9,598	9,126
Finance expenses	8,962	8,745
Amortization and depreciation	3,784	3,780
EBITDA	15,938	15,366
<i>Add (deduct) the impact of:</i>		
Share-based compensation	779	1,960
Unrealized and realized (gain) loss on investments	(7)	227
(Gain) loss from revaluation of contingent consideration	(34)	1,827
Gain on fair value of derivative liabilities	(279)	(2,922)
Unrealized and realized foreign exchange (gain) loss	(648)	104
Gain on lease termination	-	(1,169)
Other one-time items	267	1,879
Adjusted EBITDA	\$ 16,016	\$ 17,272
<i>Adjusted EBITDA Margin</i>	<i>24.6%</i>	<i>25.7%</i>

Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles Net cash provided by operating activities from continuing operations to Free Cash Flow for the quarters ended June 30, 2025 and June 30, 2024.

	For the Three Months Ended	
	June 30, 2025	June 30, 2024
Net cash provided by operating activities - continuing operations	\$ 7,300	\$ 16,684
Capital expenditures for property and equipment	(2,292)	(1,914)
Free Cash Flow	<u>\$ 5,008</u>	<u>\$ 14,770</u>