

April 14, 2022



# TerrAscend Accelerates Michigan Retail Expansion Through Acquisition of Pinnacle

*Adds 5 operational dispensaries, expanding TerrAscend's retail footprint to 17 in Michigan and 32 nationwide*

*Immediately accretive to TerrAscend on both a Sales and EBITDA basis*

TORONTO, April 14, 2022 /CNW/ - TerrAscend Corp. ("TerrAscend" or the "Company") (CSE: TER) (OTCQX: TRSSF), a leading North American cannabis operator, today announced that it has entered into a definitive agreement to acquire KISA Enterprises MI, LLC and KISA Holdings, LLC ("Pinnacle"), a dispensary operator in Michigan, and related real estate, for total consideration of US\$28.5 million (the "Transaction"). The Transaction is expected to be immediately accretive to TerrAscend on both a Sales and EBITDA basis.

The Transaction includes six retail dispensary licenses, five of which are currently operational and located in the cities of Addison, Buchanan, Camden, Edmore, and Morenci. TerrAscend intends to rebrand each of the dispensaries under either the Gage or Cookies retail brand, depending on location. All of the dispensaries will carry the entire family of Cookies and Gage branded products including, but not limited to the Cookies, Lemonnade, Runtz, PowerzzzUp, Minntz and Grandiflora lines. The Transaction expedites TerrAscend's expansion into parts of Michigan that currently have limited access to Gage and Cookies branded retail locations. Following the close of the Transaction, TerrAscend's retail footprint will increase to 17 dispensaries in Michigan and 32 dispensaries nationwide.

"We are excited to begin working with the Pinnacle team and can't wait to roll out our high-quality Gage and Cookies branded products at these dispensaries," said Jason Wild, Executive Chairman of TerrAscend. "Michigan is a key market for us. This acquisition exemplifies our strategy of building depth to solidify our retail leadership while expanding profitability and scale in the state."

## Transaction Details

Total consideration for the Transaction is US\$28.5 million dollars (the "Purchase Price"), plus earnout amounts payable upon achievement of certain post-closing milestones. The Transaction will be completed on a cash-free, debt-free basis with a mutually agreed upon normalized target level of working capital.

The Purchase Price will be comprised of a mix of cash, two promissory notes in an aggregate amount of US\$10 million, and stock. Under the terms of the agreement, TerrAscend will pay US\$10 million in cash to pay down all Pinnacle liabilities and encumbrances and US\$8.5 million in stock at closing, with the remaining US\$10 million paid

via the promissory notes. The notes will be recourse only to shares and assets of Pinnacle.

The Transaction is subject to, among other things, the approval and receipt of all required CSE, regulatory and court approvals.

## **About TerrAscend**

TerrAscend is a leading North American cannabis operator with vertically integrated operations in Pennsylvania, New Jersey, Michigan and California, licensed cultivation and processing operations in Maryland and licensed production in Canada. TerrAscend operates The Apothecarium, Gage and Cookies dispensary locations as well as scaled cultivation, processing, and manufacturing facilities in its core markets. TerrAscend's cultivation and manufacturing practices yield consistent, high-quality cannabis, providing industry-leading product selection to both the medical and legal adult-use markets. The Company owns several synergistic businesses and brands, including Gage Cannabis, The Apothecarium, Ilera Healthcare, Kind Tree, Prism, State Flower, Valhalla Confections, and Arise Bioscience Inc. For more information, visit [www.terrascent.com](http://www.terrascent.com).

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information contained in this press release 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.

Actual results and developments may differ materially from those contemplated by these statements. Such forward-looking statements are based on certain assumptions regarding expected growth, results of operations, performance, industry trends and growth opportunities. These assumptions may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking 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, current and future market conditions; risks related to federal, state, provincial, territorial, local and foreign government laws, rules and regulations, including federal and state laws in the United States relating to cannabis operations in the United States; and the risk factors described in our Registration Statement on Form 10 and other filings with the U.S. Securities and Exchange Commission, which are available at [www.sec.gov](http://www.sec.gov), and other filings with Canadian securities regulators, including TerrAscend's management information circular dated October 4, 2021, and TerrAscend's most recently filed MD&A, both filed with the Canadian securities regulators and available under TerrAscend's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The statements in this press release are made as of the date of this release. TerrAscend

disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

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