TERRASCEND

2022 Fourth Quarter and Full Year Financial Results

March 16, 2023

terrascend.com

CSE: TER | OTCQX: TRSSF

Executive Leadership **SPEAKERS**

Jason Wild
Executive Chairman

Ziad Ghanem
President & Chief Operating Officer

Keith Stauffer
Chief Financial Officer

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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.

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Non-IFRS Measures, Reconciliation and Discussion

Certain financial measures in this presentation are non-IFRS measures, including, Adjusted Gross Profit and Adjusted EBITDA. These terms are not defined by IFRS and, therefore, may not be comparable to similar measures provided by other companies. These metrics have no direct comparable IFRS financial measure. 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 IFRS. For more information, please see "Non-IFRS Financial Measures" in the Company's Interim MD&A available on www.sedar.com.

Adjusted Gross Profit and the associated margin are non-IFRS measures which management uses to evaluate the performance of the Company's business as it reflects its ongoing profitability. The Company believes that certain investors and analysts use this measure to evaluate a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in certain industries. The Company measures Adjusted Gross Profit as Gross Profit / (loss) less the cost of a one-time inventory impairments. The associated margin is Adjusted Gross Profit as a percentage of Net Sales.

Adjusted EBITDA and the associated margin are non-IFRS measures which management uses to evaluate the performance of the Company's business as it reflects its ongoing profitability. The Company believes that certain investors and analysts use this measure to evaluate a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in certain industries. The Company measures Adjusted EBITDA as EBITDA less unrealized gain on changes in fair value of biological assets and other income plus fair value changes in biological assets included in inventory sold, impairments, restructuring costs, purchase accounting adjustments, transaction costs, share based compensation, revaluation of warrants and derivatives liabilities, unrealized loss on investments or foreign exchange, settlement costs related to contractual disputes, and other one-time non-recurring items. The associated margin is Adjusted EBITDA as a percentage of Net Sales.

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.

Company Overview

JASON WILD
Executive Chairman

Q4 2022 and FY 2022 Financial Highlights

$69 M
Q4 2022 Net Revenue

50%
YoY Quarterly Revenue Growth

$7.3 M
Second Quarter in a Row of Positive Cash Flow from Operations

$248 M
FY 2022 Net Revenue

28%
YoY Annual Revenue Growth

Sequential Revenue Growth Every Quarter in 2022

$80 M
Overall Debt Reduction

~28%
Debt Reduction

$10 M
Annualized Interest Relief

A Leading, Vertically-Integrated, North American Operator

MICHIGAN

Managed costs amidst a competitive environment

PENNSYLVANIA

Scaled vertical operation

NEW JERSEY

Top 3 operator - scaled vertical operation with 3 operational adult-use dispensaries

MARYLAND

Operationalized new cultivation and manufacturing facility in Hagerstown and purchased dispensary ahead of projected adult-use in summer of 2023

Looking Ahead

Sales Momentum

- Expect continued sales growth in New Jersey
  - Retail presence
  - High quality product
  - Popular brands
- Exciting adult-use prospects
  - Maryland
  - Pennsylvania

M&A Opportunities

- Increasing number of interesting deals in the pipeline
  - Existing states
  - New markets
- It's a buyer's market
  - Distressed environment

Capital Markets

- Applied to list common shares on Toronto Stock Exchange
- Greater accessibility to a broader pool of institutional investors
- TSX up-listing could provide a significant advantage in M&A discussions

* Includes the benefits of all planned debt reductions once completed

Business Overview

ZIAD GHANEM

President & COO

New Jersey

4Q'22 Highlights

- **Remains Substantial Growth Driver**
  - Continue to see strong sales and margin performance.
  - Strategically allocating production between retail and wholesale channels.
- **Top 3 Operator**
  - According to BDSA data, capturing significant market share in New Jersey as a top 3 operator with several SKUs among the top 10 in the state.
  - 3 stores in aggregate have continued to outperform the state average.
- **Room for Further Growth**
  - Leveraging own brands and partner's brands.
  - Over-indexing in flower, vapes, concentrates.
  - Room for further growth opportunities in edibles / prerolls.
  - On schedule and on budget for further cultivation expansion at Boonton cultivation facility.

Maryland

4Q'22 Highlights

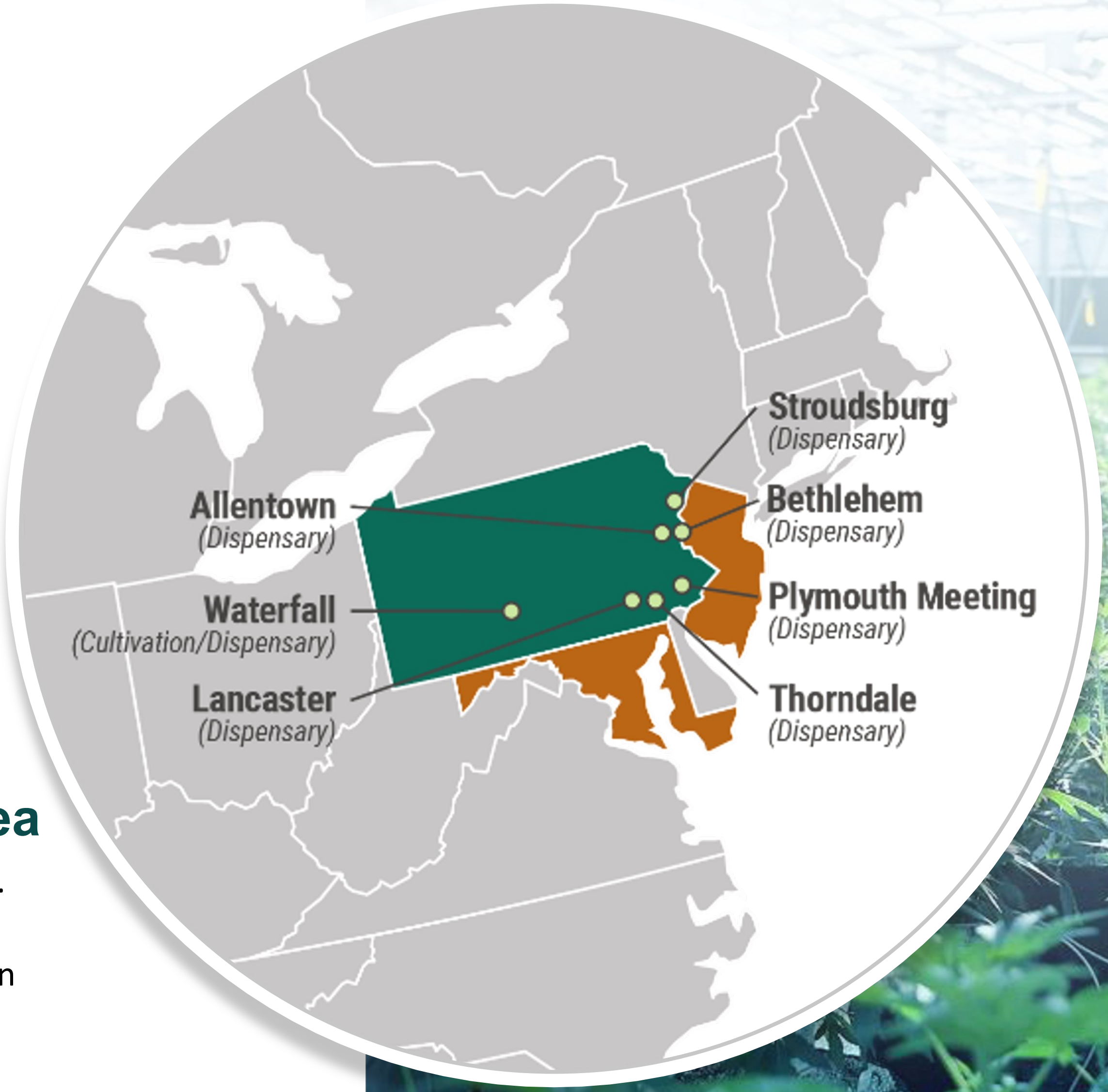
- **Hagerstown Expansion Completed**
  - Exited legacy facility in Frederick
  - Fully operational with cultivation and manufacturing at new Hagerstown facility.
  - Several harvests following year end which have already yielded quality levels equivalent to other states.
- **Vertical Integration Plan on Track**
  - Closed on the acquisition of Allegany Medical dispensary (AMMD) in January.
  - Actively evaluating other M&A opportunities for further vertical integration and retail expansion.
- **Adult Use Approved Nov. 8, 2022**
  - Preparing to go to market with a full complement of brands, products and formats, for wholesale distribution, leveraging the same brand strategy that has proven successful in NJ.
  - July 1 adult use date looking encouraging.

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

Pennsylvania

4Q'22 Highlights

- **Retail and Wholesale**
  - 6 dispensaries, modest growth in Q4.
  - Fully built-out at large-scale cultivation and manufacturing Fulton facility.
  - Rebound in wholesale driven by introduction of Cookies and Gage.
- **Minimizing Expenses and Optimizing Efficiency**
  - Gross margin rebound in Q4.
- **PA Remains Key Strategic Focus Area**
  - Encouraging signs on the regulatory front for adult use.
  - Prepared to bring on capacity, leverage vertical scale, brands and capabilities to meet increased demand in an expected adult-use market.



1. Source: September 2021, PCC Month in Review, Pennsylvania Cannabis Coalition
2. Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020))

Michigan

4Q'22 Highlights

- **Market Leader**
  - Highly fragmented $2 billion market.
  - Leading vertically integrated operation.
  - "Iconic Orange" branded products.

- **Retail and Wholesale**
  - 17 operating retail locations.
  - Pinnacle acquisition in Q3 drove growth in Q4.
  - City of Detroit approved 8 Mile location for adult-use.
  - Continuing to build branded wholesale capabilities.
  - Evaluating multiple acquisition opportunities.

- **On Track for Positive EBITDA**
  - Took decisive actions to optimize operations, improve efficiencies and reduce our cost structure.

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

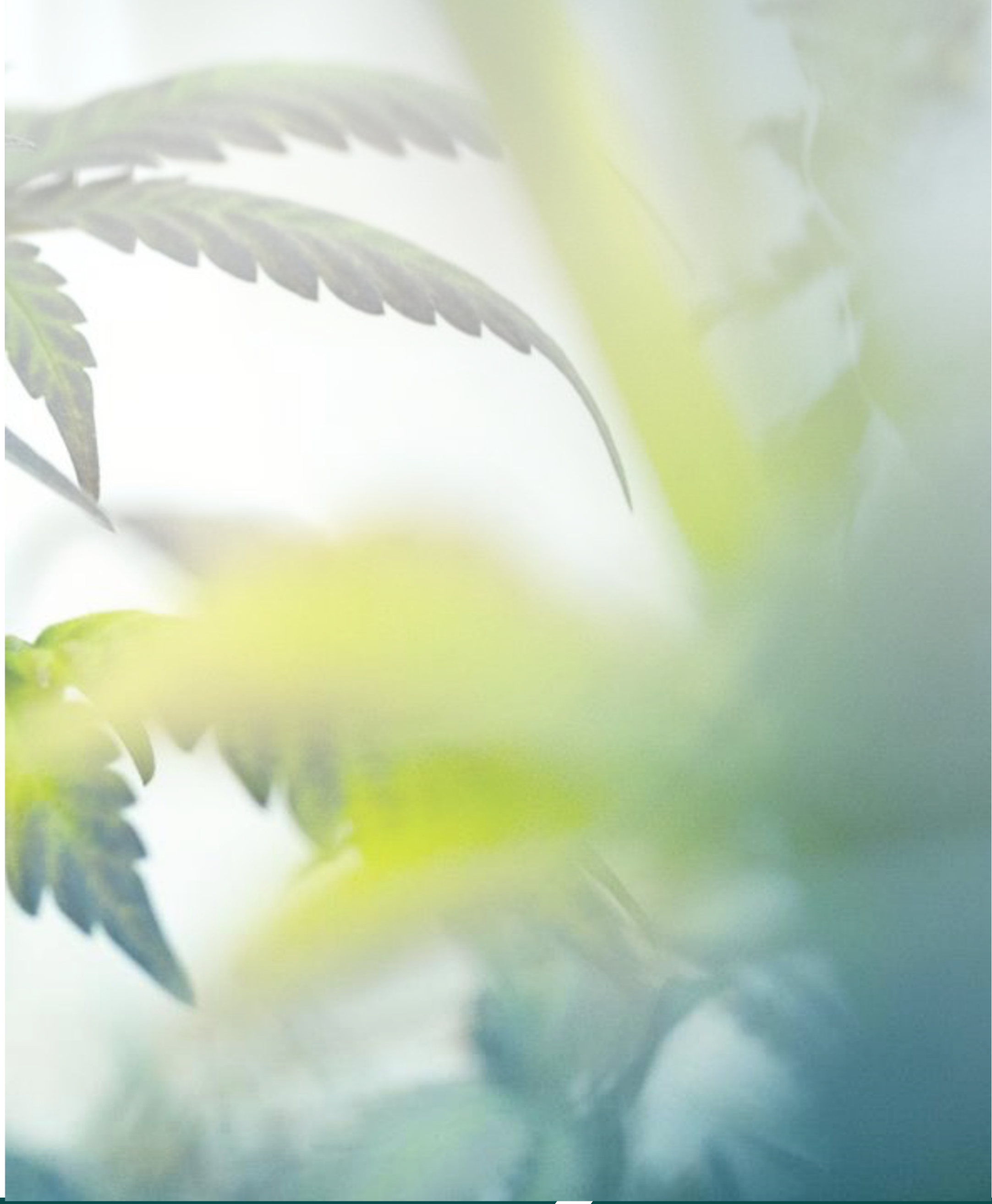
Canada

Discontinuation of Canadian LP business

- **Driving Consolidated EBITDA Improvements**

- **Building Listed for Sale**
  - Listed for sale 67,000 square foot facility in downtown Mississauga at CAD$23.4 million.
  - Received multiple bids on the property.
  - Optimistic for a sale by mid-year.

- **Focusing on Retail Business**
  - Will continue to focus on retail business with Cookies store in Toronto.



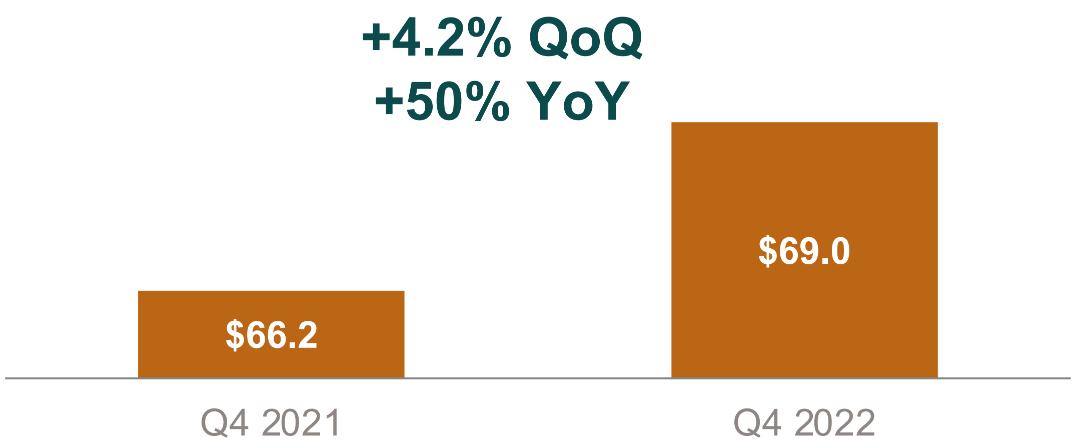
Business Overview

KEITH STAUFFER
Chief Financial Officer

Fourth Quarter and Full Year 2022 Financial Results

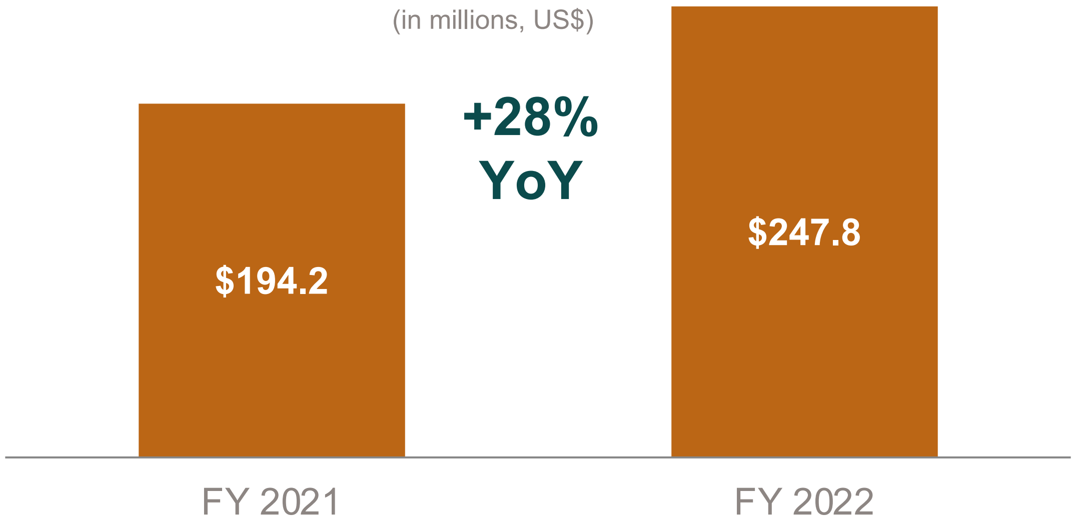
Annual YoY growth driven by launch of adult use in New Jersey, Gage and Pinnacle Acquisitions

Q4 Revenue
(in millions, US$)



$57M Retail
$12M Wholesale

FY Revenue
(in millions, US$)



$184M Retail
$64M Wholesale

Gross Profit and Adjusted Gross Profit Margin

Fourth Quarter

- Gross Profit Margin: 44.6%
- Adj. Gross Margin: 45.3%
- New Jersey gross margin remained consistent and healthy versus previous quarters.
- Excluding Maryland start up expenses, Q4 adj. gross margin was 47.0%.

Full Year

- Gross Profit Margin: 41.0%
- Adj. Gross Margin: 46.0%
- Reflects challenging environment in Pennsylvania and new state mix including Michigan.

General & Administrative Expenses*

Fourth Quarter

- General & Administrative Expenses: $33.6 M
- % of Revenue : 48.7%
- Excluding previously disclosed, non-recurring item ($10 M bad debt reserve), G&A slightly down sequentially and 34% of revenue.

Full Year

- General & Administrative Expenses: $103 M versus $60 M in 2021
- % of Revenue: 41.7%
- Reflects addition of Gage in Michigan ($40 M) and conversion to adult use in New Jersey.

* Excluding stock-based compensation

Adjusted EBITDA and GAAP Net Income/(Loss)

Fourth Quarter

- Adj EBITDA: $12.2 M
- Adj. EBITDA Margin: 17.7%
- Excluding Maryland start up expenses, Q4 adj. EBITDA margin was 19.3%.
- Q4 GAAP net loss from continuing operations $2.0 million.

Full Year

- Adj EBITDA: $38.8 M
- Adj. EBITDA Margin: 15.7%
- Reflects competitive conditions and flattening of Pennsylvania medical market, partially offset by New Jersey adult use launch.
- GAAP Net loss from continuing operations for the full year 2022 was $299.4 million*.

* Includes $311 million impairment of goodwill and intangibles related to Michigan reporting unit, as previously disclosed

Balance Sheet

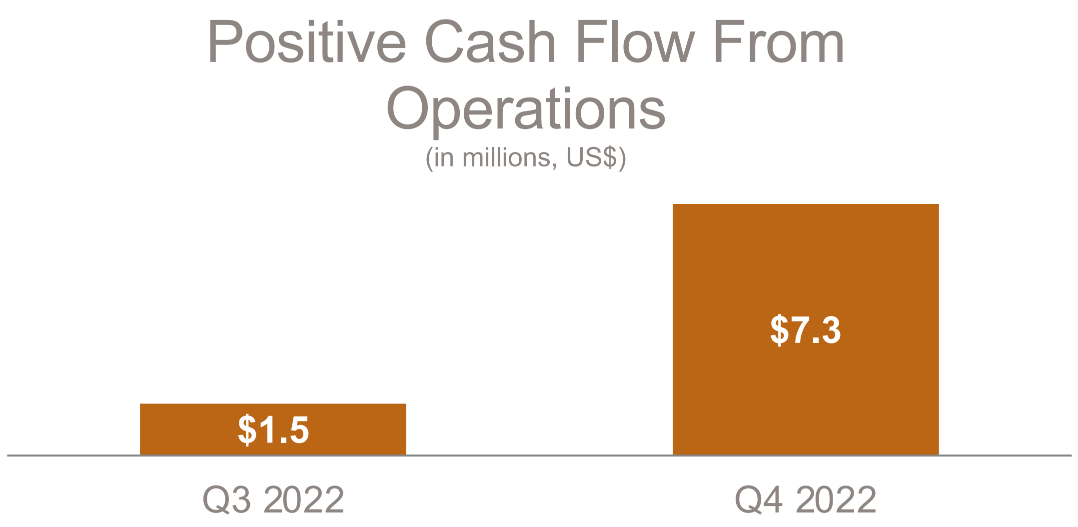
Debt Reduction: $80 million = $10 million Savings Annually

Highlights

- Cash Position at 12/31/22 of $26.2 million.
- Completed a $45.5 million debt financing with Pelorus Equity Group.
- Paid down $30 million of a $55 million term loan with Chicago Atlantic, refinancing the remaining $25 million balance. Also paid down $5 million of PA term loan in the quarter.
- Converted $90 million of Canopy Growth debt into equity at CAD $5.10/share.
- Reduced debt from $285 million at September 30, 2022 to $205 million as of December 31, 2022.

Positive Cash Flow and Cap Ex

Strong sequential growth demonstrates focus on continuing to improve cash flow from operations



Cash Flow and Cap Ex Highlights

- Positive cash flow from operations totaled $7.3 million in Q4, up significantly from Q3.
- Demonstrates focus on continuing to improve cash flow from operations.
- Capital Expenditures: $14 million in Q4 related to Hagerstown, MD final payments.

Thank You

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Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles net loss to EBITDA and Adjusted EBITDA for the quarters ended December 31, 2022, September 30, 2022, and December 31, 2021.

	For the Three Months Ended			For the Year Ended	
	December 31, 2021	September 30, 2022	December 31, 2022	December 31, 2021	December 31, 2022
Revenue, net	45,947	66,243	69,041	194,210	247,829
Net loss	$ (5,927)	$ (310,985)	$ (12,522)	$ 6,135	$ (325,351)
Add (deduct) the impact of:					
Loss (income) from discontinued operations	4,773	10,424	10,572	9,518	25,949
Provision for income taxes	6,940	(34,033)	14,819	28,877	(10,783)
Finance expenses	5,987	10,093	12,046	24,121	39,059
Amortization and depreciation	3,511	6,560	5,046	12,789	22,624
EBITDA from continuing operations	**15,284**	**(317,941)**	**29,961**	**81,440**	**(248,502)**
Add (deduct) the impact of:					
Relief of fair value upon acquisition	1,735	415	—	3,465	2,770
Non-cash write downs of inventory	—	—	—	449	5,894
Vape recall	—	—	—	—	2,965
Share-based compensation	1,548	2,705	1,638	14,941	12,162
Impairment of goodwill and intangible assets	—	331,242	(20,158)	8,640	311,084
Impairment of property and equipment and loss on disposal of fixed assets	56	(81)	241	312	1,089
Loss on lease termination and derecognition of ROU asset	3,278	—	1,162	3,278	1,162
(Gain) loss from revaluation of contingent consideration	932	36	(1,250)	3,584	(1,061)
Restructuring costs and executive severance	90	427	45	816	472
Legal settlements	—	—	623	1,590	623
Other one-time items	3,583	1,311	998	6,070	5,207
Bad debt expense write offs in Michigan	—	—	9,941	—	9,941
Loan modification fees	—	—	2,507	—	2,507
Employee retention credits	—	—	(9,440)	—	(9,440)
Gain on extinguishment of debt	—	—	(4,153)	—	(4,153)
Gain on fair value of warrants and purchase option derivative asset	(14,189)	(5,497)	32	(57,904)	(58,523)
Indemnification asset release	613	—	—	4,504	3,973
Unrealized and realized gain on investments	—	(234)	(34)	(6,192)	(43)
Unrealized and realized foreign exchange loss	228	586	99	4,654	712
Adjusted EBITDA from continuing operations	**$ 13,158**	**$ 12,969**	**$ 12,212**	**$ 69,647**	**$ 38,839**
Adjusted EBITDA Margin from continuing operations	*28.6%*	*19.6%*	*17.7%*	*35.9%*	*15.7%*

Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles Gross Profit and Adjusted Gross Profit for the quarters ended December 31, 2022, September 30, 2022, and December 31, 2021.

	For the Three Months Ended			For the Year Ended	
(in millions of U.S. Dollars)	**December 31, 2021**	**September 30, 2022**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**
Revenue, net	45,947	66,243	69,041	194,210	247,829
Gross profit	22,551	31,131	30,798	112,502	101,504
Add the impact of:					
Relief of fair value of inventory upon acquisition	1,735	415	—	3,465	2,770
Non-cash write downs of inventory	—	—	—	449	5,894
Vape recall	—	—	—	—	2,965
Other one-time adjustments to gross profit	—	107	453	—	798
Adjusted Gross Profit	**24,286**	**31,653**	**31,251**	**116,416**	**113,931**
Adjusted Gross Profit Margin %	*52.9%*	*47.8%*	*45.3%*	*59.9%*	*46.0%*