TERRASCEND

2023 Second Quarter Financial Results

August 10, 2023

terrascend.com

TSX: TSND | OTCQX: TSNDF

Executive Leadership **SPEAKERS**

Jason Wild
Executive Chairman

Ziad Ghanem
Chief Executive Officer

Keith Stauffer
Chief Financial Officer

Disclaimer

Forward-Looking Information

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 statements regarding the impacts of the listing on the Toronto Stock Exchange; guidance for fiscal year 2023; the Company’s strategic plans, objectives and roadmap; the estimated addressable market opportunity; and expectations for other economic, business, and/or competitive factors.

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The statements included in this presentation are made as of the date of this presentation. 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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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 Adjusted Gross Profit and Adjusted Gross Profit Margin as Gross Profit and gross profit margin adjusted for certain material non-cash items including the one-time relief of fair value of inventory on acquisition, non-cash write downs of inventory, sales returns and write downs of inventory as a result of a vape recall in Pennsylvania, and other one-time adjustments to gross profit that management does not believe are reflective of ongoing operations. We calculate Adjusted EBITDA from continuing operations and Adjusted EBITDA Margin from continuing operations as EBITDA from continuing operations adjusted for certain material non-cash items such as inventory write downs outside of the normal course of operations, share based compensation expense, impairment charges taken on goodwill, intangible assets and property and equipment, the gain or loss recognized on the revaluation of our contingent consideration liabilities, one-time write off of accounts receivable related to one customer that was deemed uncollectible, loan modification fees related to the modification of debt, the gain recognized on the extinguishment of debt, the gain or loss recognized on the remeasurement of the fair value of the U.S denominated preferred share warrants, one time fees incurred in connection with our acquisitions and certain other adjustments management believes are not reflective of the ongoing operations and performance. 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. 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.

Please refer to the tables in our earnings release and the Investors section of our website for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures. The Company encourages investors to consider its GAAP results alongside its supplemental non-GAAP measures, and to review the reconciliation between GAAP results and non-GAAP measures that is included at the end of this presentation.

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.

Company Overview

JASON WILD

Executive Chairman

TerrAscend Delivered Industry Leading 26% Revenue Growth YOY for 1H '23

All while accomplishing the following:

1) Significantly Improved Margins
2) Transformed Balance Sheet
3) Materially Lowered Interest Expense
4) Paid Down Debt Substantially
5) Delivered Positive Operating Cashflow
6) Acquired Four Dispensaries in Maryland
7) Divested / Monetized Non-Core Assets
8) Closed on Lower Interest Rate Loan for $25 Million
9) Raised $21 Million of Capital through Private Placements
10) Successfully Listed on the Toronto Stock Exchange


TSX
TSXV
TMX
THE FUTURE IS YOURS TO SEE.
S&P/TSX COMPOSITE INDEX
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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.

Q2 2023 Financial Highlights

$72.1 M
Net Revenue

12.7%
YoY Revenue Growth

7th
Consecutive Quarter of Sequential Revenue Growth

50.2%
Q2 2023 Gross Profit Margin

+560
Basis Point Improvement over last three quarters

$1.8 M
Cash Flow from Operations (4th Consecutive Quarter)

$34.5 M
Cash and Cash Equivalents (as of June 30, 2023)

TerrAscend is Positioned for Growth in 2H '23 & Beyond

The Table is Set

- 2023 Guidance
  - Revenue: at least $305M, +23% YOY
  - Adj. EBITDA: at least $58M, +49% YOY

- Drivers:
  - Significant growth in revenue and profitability by vertically integrated operations in Maryland, as well as continued execution in other geographies

Balance Sheet/Cashflow

- Executed on the sale of Canadian facility for $14.3M
- Closed a significantly lower interest rate loan for $25M with an FDIC insured bank
- Completed private placements for over $21M in an extremely difficult capital markets environment
- Paid down $37M of higher interest debt
- Continuation of strategy to reduce debt, lower interest expenses, and drive positive cashflow
- Since Q3 of '22, debt and interest expense has been reduced materially

Capital Markets

- Completed Toronto Stock Exchange listing on July 4th
- Removal of TSND from blocked securities lists

* Includes the benefits of all planned debt reductions once completed

Business Overview

ZIAD GHANEM
Chief Executive Officer

New Jersey

2Q '23 Highlights

- **Largest and Most Profitable Market**
- **Maintain a Top 3 Market Share Position**
- **Future Growth Opportunities**
  - Wana edibles
  - Social Equity Bill

Maryland

2Q '23 Highlights

- **Launch of Adult-Use**
  - Adult-use began July 1, 2023
  - After first month of sales, run rate of ~$1 billion annually, roughly doubling the medical market
- **Vertically Integrated**
  - Hagerstown facility
  - Completed four accretive acquisitions
  - Top market share position in the state at retail
  - High-quality brands including Kind Tree, Gage, Cookies and Wana
- **One of Leading Operators in ~$1B Market**

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

Pennsylvania

2Q '23 Highlights

- **Market Overview**
  - Current medical market size of over $1.2 billion
  - Steady progress on regulatory path towards adult-use
- **Stable Sequentially**
  - Lean operation
  - Stable sales
  - Fully built, large-scale cultivation facility
  - Footprint ready to drive substantial growth under adult-use

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

2Q '23 Highlights

- **Driving Market Share and Profitability**
  - 6% sequential same store sales growth at retail
  - Maintain premium pricing
- **Retail and Wholesale**
  - 19 retail following opening of Oxford store
  - Executing on plan to drive further market share gains
  - Healthy pipeline of M&A opportunities
- **Confident in Path to Positive EBITDA**

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

Business Overview

KEITH STAUFFER
Chief Financial Officer

Second Quarter 2023 Financial Results

YoY growth driven by New Jersey, Michigan, and full quarter of AMMD acquisition in Maryland

Net Revenue

(in millions, US$)

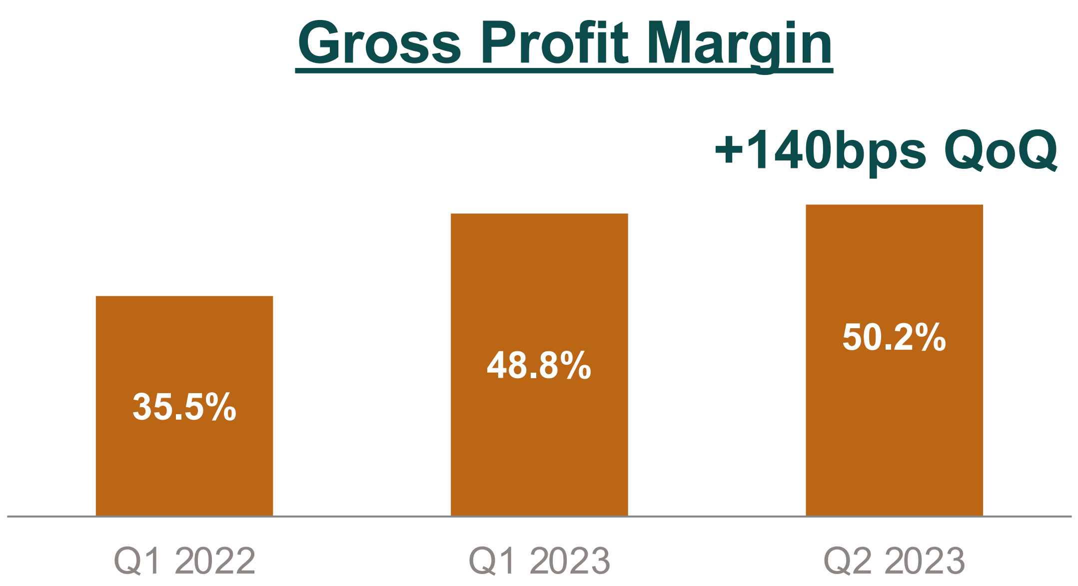
+3.9% Sequentially / +12.7% YoY

Q2 2022	Q1 2023	Q2 2023
$48.0M Retail	$55.4M Retail	$58.2M Retail
$16.0M Wholesale	$14.0M Wholesale	$13.9M Wholesale

Second Quarter 2023 Highlights

- Revenue: $72.1M versus $69.4M in Q2 2022
- +3.9% growth sequentially and +12.7% year-over-year
- 22% Retail growth year-over-year driven by adult use in NJ, addition of AMMD in MD and organic growth in MI

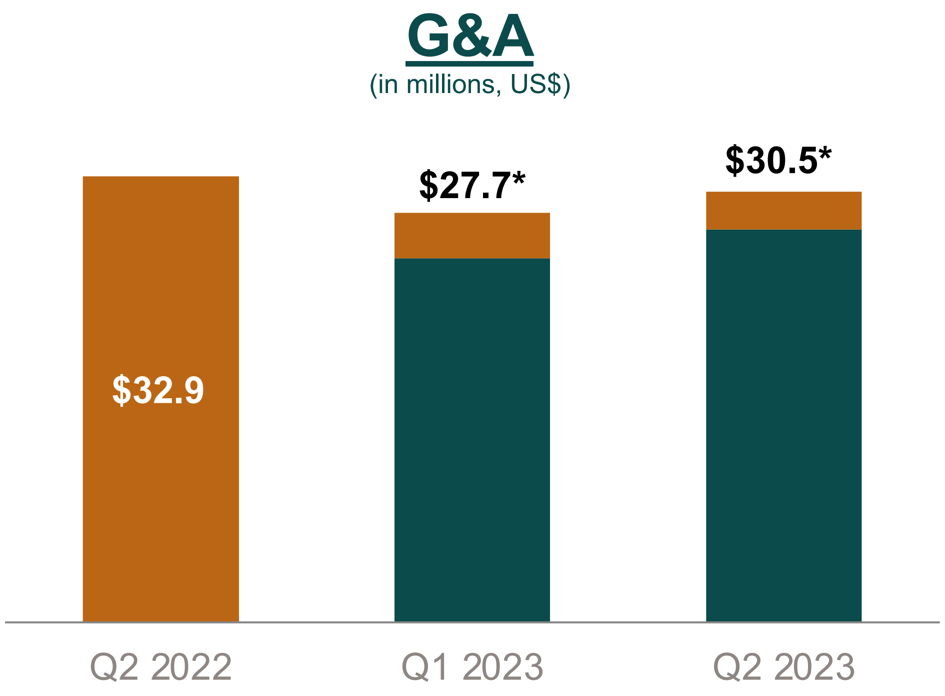
Gross Profit Margin



Second Quarter 2023 Highlights

- Gross Profit Margin: 50.2% versus 48.8% in Q1 2023 and 35.5% in Q2 2022
- Sequential improvement follows a 420bps improvement from Q4 '22 to Q1 '23
- Driven by increased yields, optimization of operations in PA and MI, continued strength in NJ, closure in Canada, and ramp-up of Hagerstown facility in MD

General & Administrative Expenses*



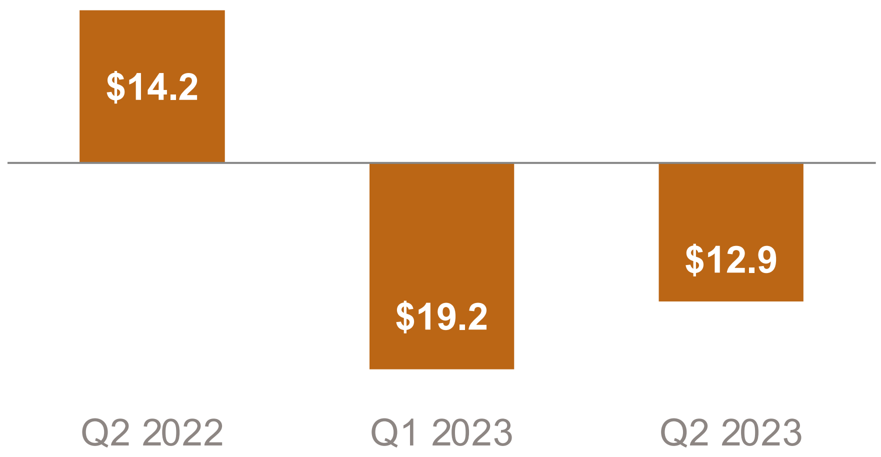
Second Quarter Highlights

- General & Administrative Expenses (including stock-based compensation): $30.5M versus $27.7M in Q1 2023
- $2.5M one-time items related to M&A costs related to MD acquisitions, capital raising transaction costs, legal fees, and TSX listing related costs
- Stock based compensation was $2.0M in Q2 versus $1.7M in the previous quarter
- Plan to hold operating expenses steady in H2 '23 and incorporate expense structures from three MD dispensary acquisitions

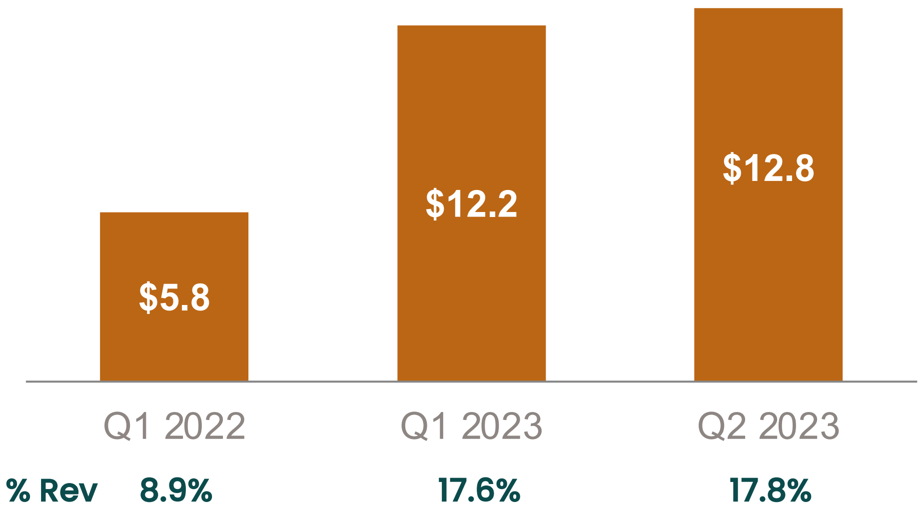
* Excluding stock-based compensation and Amortization and Depreciation
** Excluding one-time items

GAAP Net Income/(Loss) and Adjusted EBITDA*

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



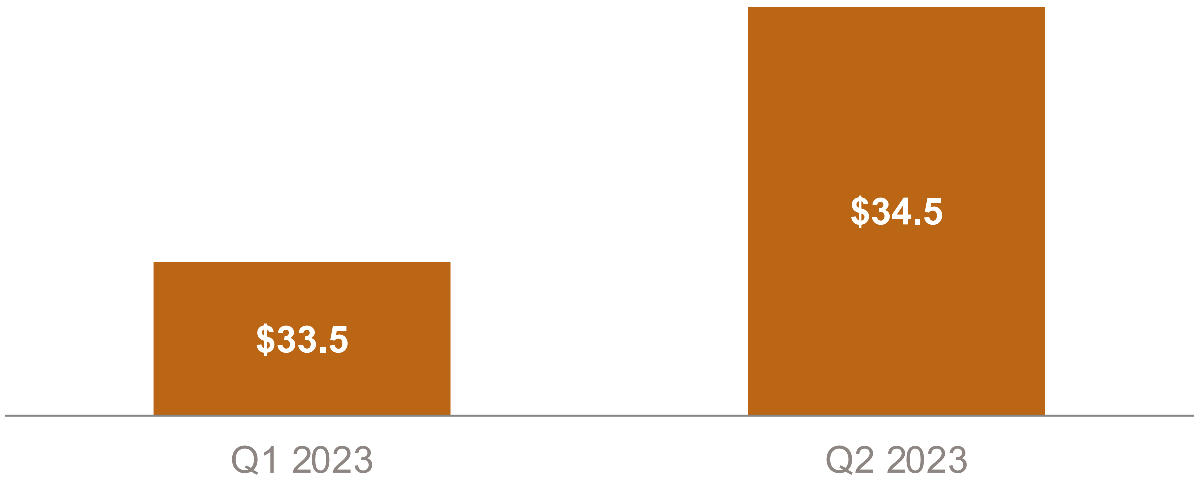
Adj EBITDA*
(in millions, US$)



* Adj EBITDA is a non-GAAP financial measure. Please refer to disclaimer on slide 3 and Reconciliation of Non-GAAP Measures in appendix.

Cash Position

Cash Position
(in millions, US$)



Highlights

- Operating cashflow of +$1.8m (4th consecutive qtr positive)
- Capex spend of $2.2m
- Nearly breakeven free cashflow

Balance Sheet Summary

1) Completed sale of facility in Canada for $14.3 million
2) Paid off $6 million of mortgage against that facility
3) Completed private placements for gross proceeds of over $21 million
4) Closed on a $25 million loan with Stearns Bank at rate of prime plus 2.25%
5) Paid down $37 million of higher interest debt on Ilera term loan
6) Made cash consideration payments totaling $4.9 million for the two Maryland acquisitions that closed during the second quarter

Reiterate 2023 Full Year Guidance

- Expect $305 million of net revenue and at least $58 million of Adjusted EBITDA from continuing operations for the full year 2023
- Represents year-over-year growth of 23% in Net Revenue and 49% in Adjusted EBITDA from continuing operations

Thank You

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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, 2023, March 31, 2023, and June 30, 2022.

	For the three months ended		
	June 30, 2023	**March 31, 2023**	**June 30, 2022**
Revenue, net	**72,124**	**69,398**	**63,960**
Net (loss) income	$ (13,476)	$ (22,769)	$ 14,162
Net (loss) income margin %	-18.7%	-32.8%	22.1%
Loss from discontinued operations	621	3,591	2,697
(Loss) income from continuing operations	(12,855)	(19,178)	16,859
Add (deduct) the impact of:			
Provision for income taxes	6,448	12,664	4,688
Finance expenses	7,963	7,875	10,315
Amortization and depreciation	4,991	4,771	6,493
EBITDA from continuing operations	**6,547**	**6,132**	**38,355**
Add (deduct) the impact of:			
Relief of fair value upon acquisition	—	—	549
Non-cash write downs of inventory	—	—	5,894
Vape recall	—	—	1,071
Share-based compensation	1,981	1,713	4,463
Loss from revaluation of contingent consideration	—	—	34
Other one-time items	2,932	1,358	924
Employee Retention Credits Transfer Fee	—	2,235	—
Loss on lease termination and derecognition of ROU asset	—	205	—
Gain on fair value of warrants and purchase option derivative asset	(215)	(437)	(47,345)
Indemnification asset release	—	—	3,998
Impairment of property and equipment and loss on disposal of fixed assets	10	334	929
Unrealized and realized loss on investments	1,661	699	234
Unrealized and realized foreign exchange gain	(101)	(31)	(315)
Adjusted EBITDA from continuing operations	**$ 12,815**	**$ 12,208**	**$ 8,791**
Adjusted EBITDA Margin from continuing operations	*17.8%*	*17.6%*	*13.7%*

Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles Gross Profit and Adjusted Gross Profit for the quarters ended June 30, 2023, March 31, 2023, and June 30, 2022.

	For the three months ended		
	June 30, 2023	**March 31, 2023**	**June 30, 2022**
Revenue, net	72,124	69,398	63,960
Gross profit	36,226	33,900	23,951
Add the impact of:			
Relief of fair value of inventory upon acquisition	—	—	549
Non-cash write downs of inventory	—	—	5,894
Vape recall	—	—	1,071
Other one time adjustments to gross profit	—	94	—
Adjusted Gross Profit	**36,226**	**33,994**	**31,465**
Adjusted Gross Profit Margin %	*50.2%*	*49.0%*	*49.2%*