# TERRASCEND

## 2024 Fourth Quarter and Full Year Financial Results

March 6, 2025

Terrascend.com

TSX: TSND | OTCQX: TSNDF

# Executive Leadership Speakers

Jason Wild

Executive Chairman

Ziad Ghanem

President &
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 the Company's expectations regarding liquidity and the impact of its refinancing; the Company's expectations regarding its share repurchase program; the Company's growth strategy; the Company's overall operational improvements, growth and expansion opportunities; the Company's expected closing of signed acquisitions and the anticipated profitability of acquired dispensaries; the Company's ability to execute on such its M&A strategy, including the outcomes thereof; the Company's outlook, including the Company's expected financial results for the first quarter of 2025; the Company's expectations regarding potential benefits of facility expansions; the Company's expected outcome of cost reduction initiatives; the Company's expectations regarding regulatory reforms, and the benefits thereof; and the likelihood of approval of adult-use cannabis in Pennsylvania and related opportunities.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these 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, our recent growth, which may not be indicative of our future growth; 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 set out in the Company's most recently filed MD&A, filed with the Canadian securities regulators and available under the Company's profile on SEDAR+ at www.sedarplus.ca and in the section titled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission (the "SEC") on March 6, 2025.

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.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

# 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, (ii) EBITDA loss, EBITDA from continuing operations, Adjusted EBITDA and Adjusted EBITDA from continuing operations as net loss, adjusted to exclude provision for income taxes, finance expenses, depreciation and amortization, share-based compensation, loss on extinguishment of debt, gain (loss) from revaluation of contingent consideration, gain (loss) on disposal of fixed assets, Impairment of goodwill and intangible assets, impairment of property and equipment and right of use assets, bad debt recovery, unrealized and realized loss on investments, (gain) loss on lease termination and derecognition of finance lease, unrealized and realized foreign exchange, gain on fair value of derivative liabilities and purchase option derivative assets, restructuring and executive severance, legal settlements and certain other items, which management believes is not reflective of the ongoing operations and performance of the Company, and (iii) General & Administration expense, excluding stock-based compensation, which management believes provides a clearer view of the Company's core operating cost structure by removing the impact of non-cash, equity-based compensation expenses. 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 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.

**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.

# Overview

Jason Wild, Executive Chairman

# FY and Q4 2024 Financial Highlights

## Full Year 2024

$306.7 M
Net Revenue

48.9%
Gross Profit Margin

$60.7 M
Adjusted EBITDA from Continuing Operations*

$38.0 M
Net Cash provided by continuing operations

$28.6 M
Free Cash Flow*

## Q4 2024

$74.4 M
Net Revenue

50.2%
Gross Profit Margin

$15.1 M
Adjusted EBITDA*

$9.7 M
Net Cash provided by operations

$5.0 M
Free Cash Flow*

10th Consecutive Quarter of Positive Cash Flow from Continuing Operations

6th Consecutive Quarter of Positive Free Cash Flow*

TERRASCEND

* Adjusted EBITDA, Adjusted EBITDA from continuing operations and Free Cash Flow are non-GAAP measures defined in the section titled "Definition and Reconciliation of Non-GAAP Measures" and reconciled to the most directly comparable GAAP measure in the Appendix at the end of this presentation.

# Maintaining Leading Positions Across our Core Markets


**CALIFORNIA:**
- Population: 40 Million
- Super premium flower and 4 dispensaries.


**MICHIGAN:**
- Population:10 Million
- Scaled vertical operations including cultivation, manufacturing, and retail with 20 locations, and exclusive brand partnerships.

**OHIO:**
- Population:12 Million
- Acquisition, subject to regulatory approval, represents initial entry into 6th U.S. state
- Intend to be a leader in Ohio through additional retail dispensary acquisitions.


**NEW JERSEY: #1 market share all 4 quarters in 2024**
- Population: 9 Million
- Scaled vertical operation with 3 dispensaries.

**PENNSYLVANIA:**
- Population: 12 Million
- Scaled vertical operation with large scale cultivation and manufacturing, and 6 medical dispensaries.

**MARYLAND:**
- Population: 6 Million
- Vertically integrated operations with state-of-the-art cultivation and manufacturing facility and 4 dispensaries.

# ERP System

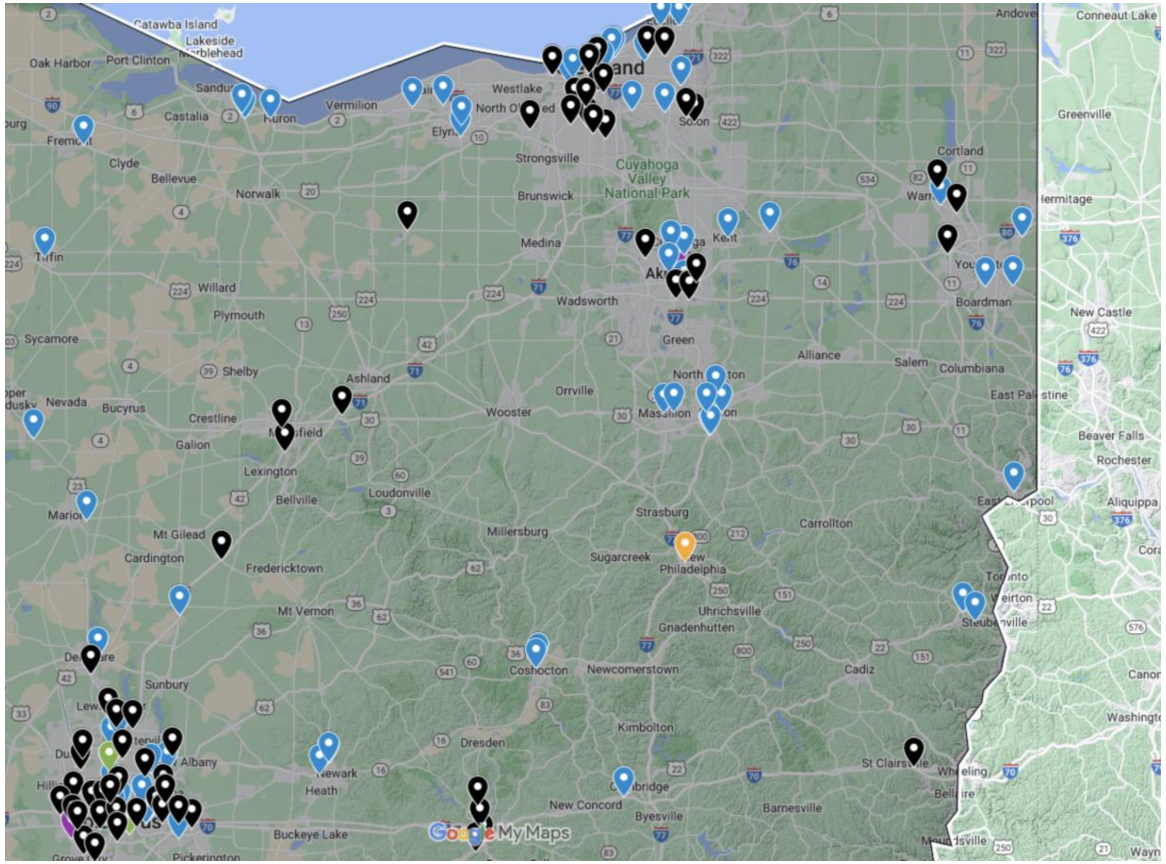
- Late 2024 implemented a company-wide ERP system.
- Enhancing efficiency across departments and providing improved data visibility and control.
- Allowed us to zero in further on non-revenue impacting expense reductions.
- G&A, excluding stock-based compensation* decreased $1.3 million in the fourth quarter 2024 and in 2025, expect a further reduction of at least $10 million.



* General & administrative expenses, excluding stock-based compensation is a non-GAAP measure defined in the section titled "Definition and Reconciliation of Non-GAAP Measures" and reconciled to the most directly comparable GAAP measure in the Appendix at the end of this presentation.

# Signed Definitive Agreement to Enter Ohio through the Acquisition of a Well Situated and Profitable Dispensary

- Ohio, early days of implementing adult-use.
- Upon closing, TerrAscend's first entry into 6th state.
- Intention is to assemble a leading retail footprint in Ohio by acquiring high-quality stores, just as was done successfully in Maryland.
- In each geography, goal is to be a market leader; Ohio and any other new states are no exception.




# Active Pursuit of Greenfield Expansion Opportunities

## Uniquely positioned to enter new markets through attractive M&A, such as Ohio


Population:
**12 MILLION**

**Adult-use commenced on August 6th**

- Targeted approach puts us in a differentiated position to invest in the best geographies and assets at attractive valuations with minimal competitive tension.
- Population of 12 million, compared to 9 million in NJ and 6 million in MD.
- Began adult-use in August 2024.
- Plan to leverage existing SG&A infrastructure in the Midwest, making MI and OH more profitable combined rather than as standalone entities.
- Continue to have many other ongoing M&A conversations.

# Expanding Retail Footprint in New Jersey

- Intend to expand our retail footprint in New Jersey under the state's social equity focused legislation.

- Retail expansion would potentially further increase our leadership in the state, provide additional scale, and lead to improved margins and profitability as each new store is vertically integrated.

- Robust pipeline of potential opportunities which we continue to work through in a disciplined manner.

# Strengthening Balance Sheet is a Priority

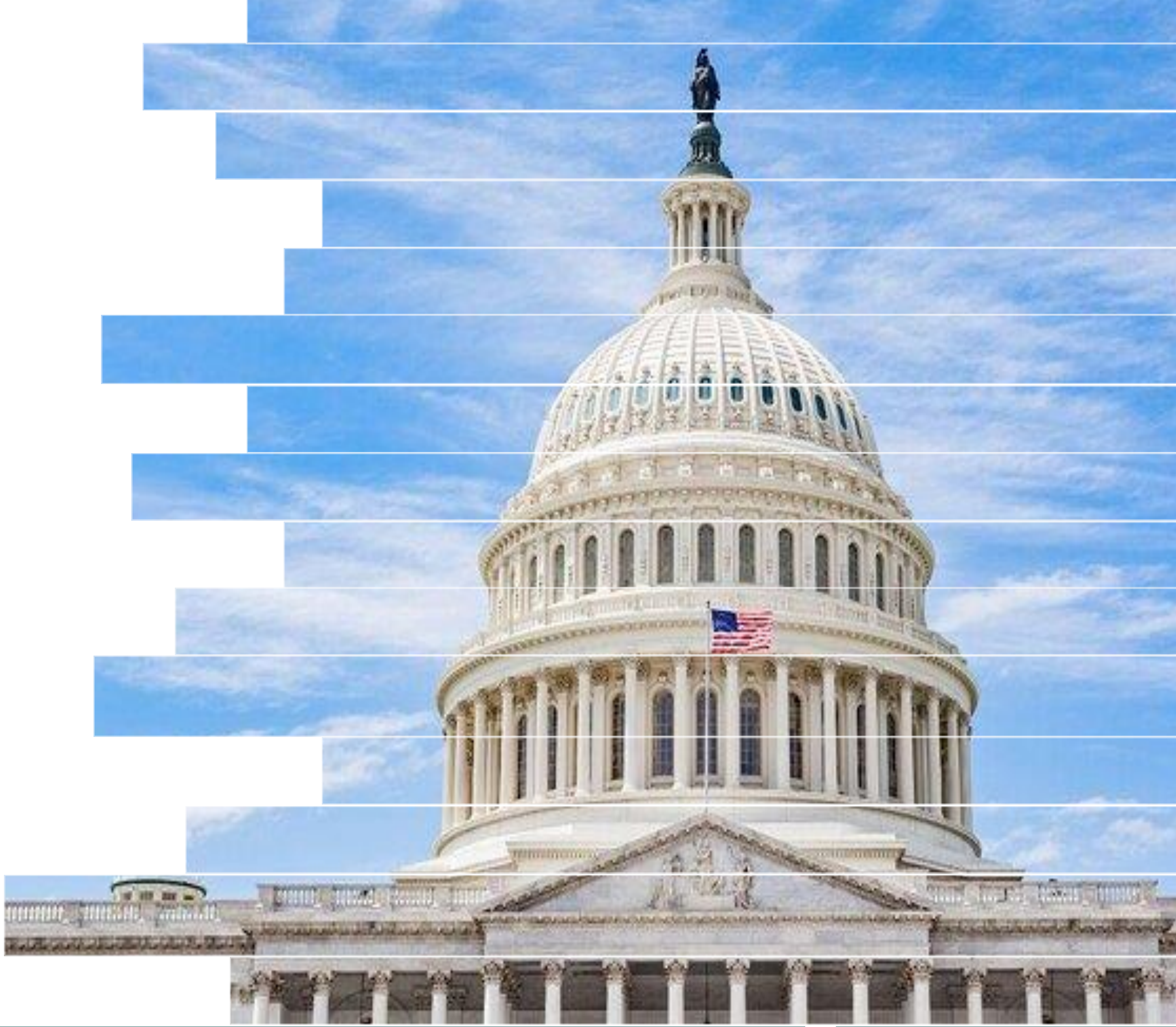
- Closed on a $140 million non-dilutive debt financing.
- Enabled by $150 million of owned real estate and virtually no sale leasebacks.
- Matures in August 2028.
- Non-dilutive financing bears a coupon of 12.75%.
- No warrants or prepayment penalties.
- Vast majority of debt maturities now extend to late 2028.
- Financing provides resources and flexibility to execute our growth plans.

# Monitoring Regulatory Cannabis Reform

- In December 2024, the US Court of Appeals in the First Circuit held oral arguments in the David Boies lawsuit against US Attorney General Garland, which seeks equal treatment for legal, state regulated cannabis businesses.

- PA Governor Shapiro recently presented his annual budget proposal to the state legislature, which included the legalization of adult-use.

- Possible passage of a PA adult use bill, such a program will enable the Company to fully utilize its large scale 150 thousand square foot cultivation and manufacturing facility.



# First-Ever Share Repurchase Program for Up to $10 Million

- Demonstrating our confidence in the Company's future and commitment to enhancing shareholder value.

## Summary

- Improved performance of our existing business.
- Strengthened balance sheet.
- $150 million dollars of owned real estate with no material sale leasebacks.
- Potential for Pennsylvania to convert to adult use.
- Greenfield expansion opportunities.

# State-by-State Overview

Ziad Ghanem, President & Chief Executive Officer

# New Jersey

## 4Q '24 Highlights

- Largest and most profitable market.
- According to BDSA, TerrAscend maintained the #1 market share for all quarters of 2024.
- Brands hold the top 3 positions in flower, vapes, edibles and concentrates.
- 2024 retail revenue remained healthy, with sales in 2H '24 slightly higher than 1H '24 .
- In Q4, wholesale revenue remained strong with slight positive growth.
- Future growth opportunities for up to 7 additional diversely owned dispensaries.




* According to Lit Alerts, an independent market measurement source, all 3 of our Apothecarium retail locations in New Jersey rank in the top 10 out of the approximate 200 dispensaries now open across the state in terms of total units sold during the fourth quarter.

# Maryland

## 4Q '24 Highlights

- At the end of 2024 on a $70 million dollar revenue run rate.
- Delivered sequential revenue growth and gross margin expansion for all four quarters of 2024.
- Retail revenue increased 7% sequentially while wholesale increased 18% for the same period.
- Doubled gross margins from 25% in 2023 to over 50% in Q4.
- Increased market share position to #6 in Q4 according to BDSA, just 1.9 market share points away from a #2 position in the state.
- Investing in 4 additional grow rooms at the Hagerstown facility, plan to have operational by Q1 of 2025 with first harvests expected in Q2.

# Pennsylvania

## 4Q '24 Highlights

- Retail revenue stable quarter-over-quarter while productivity per store remained healthy.
- Wholesale revenue stable quarter-over-quarter driven by value-oriented Legend brand and expansion into edibles with Valhalla.
- Pennsylvania will be a significant growth lever for us upon adult use implementation.
- Already have a fully built out large scale cultivation and manufacturing facility with no need for additional investment.
- With prospect of adult use on the horizon, planning to turn on additional cultivation capacity; no additional need for investment.

# Michigan

## 4Q '24 Highlights

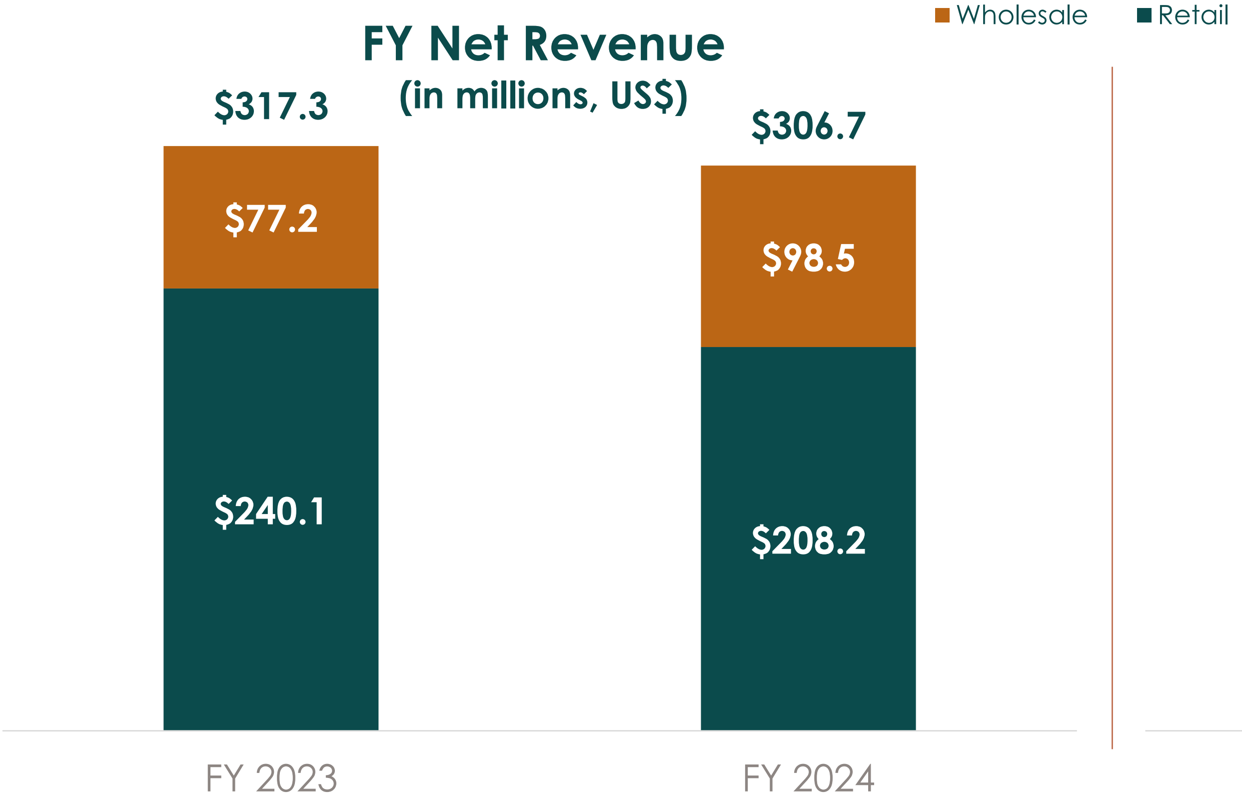
- Priorities constant on improving operational efficiency and driving gross margin to establish a solid foundation from which to expand.
- Currently operating 20 dispensaries.
- Expect to scale operational footprint in the Midwest by entering new neighboring states to Michigan, such as Ohio, to leverage operating expenses more efficiently.
- Remain focused on optimizing our state-level operating expenses.
- Michigan remains an important market as the nation's second-largest cannabis market.

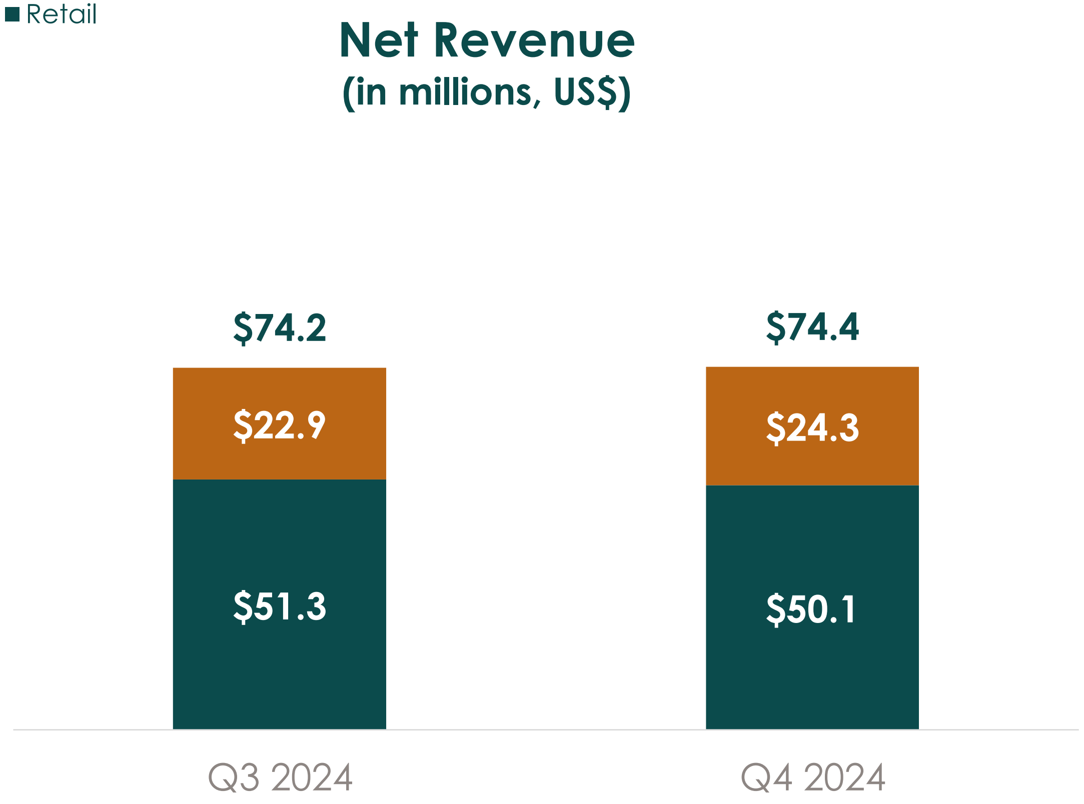
# Financial Overview

Keith Stauffer, Chief Financial Officer

# Fourth Quarter and Full Year 2024 Net Revenue

**QoQ growth driven by #1 market share position in New Jersey combined with sequential revenue growth in Maryland for fourth consecutive quarter, partially offset by retail decline in Michigan**

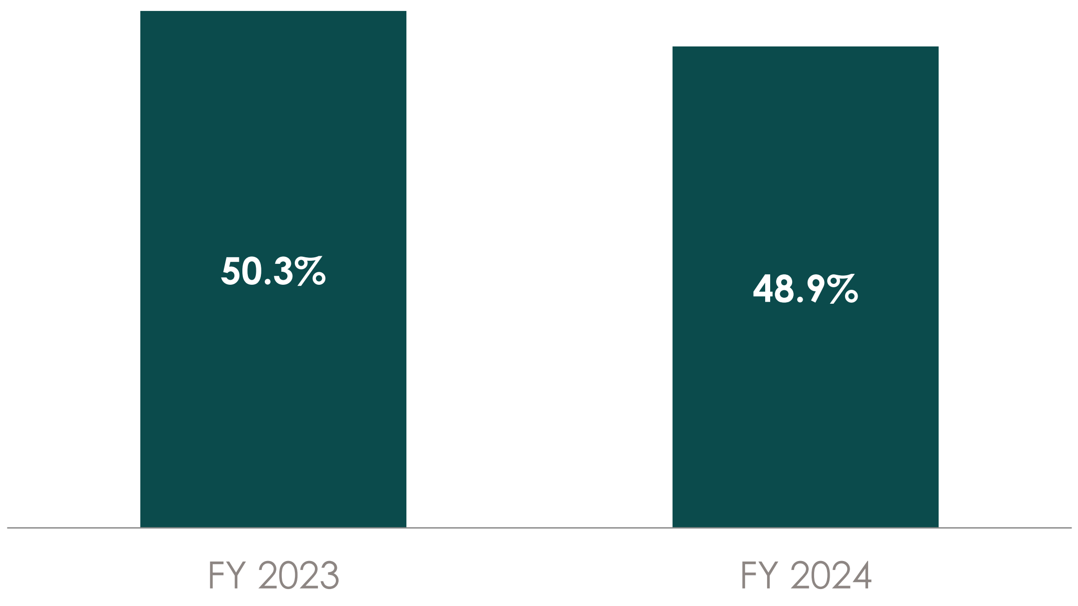


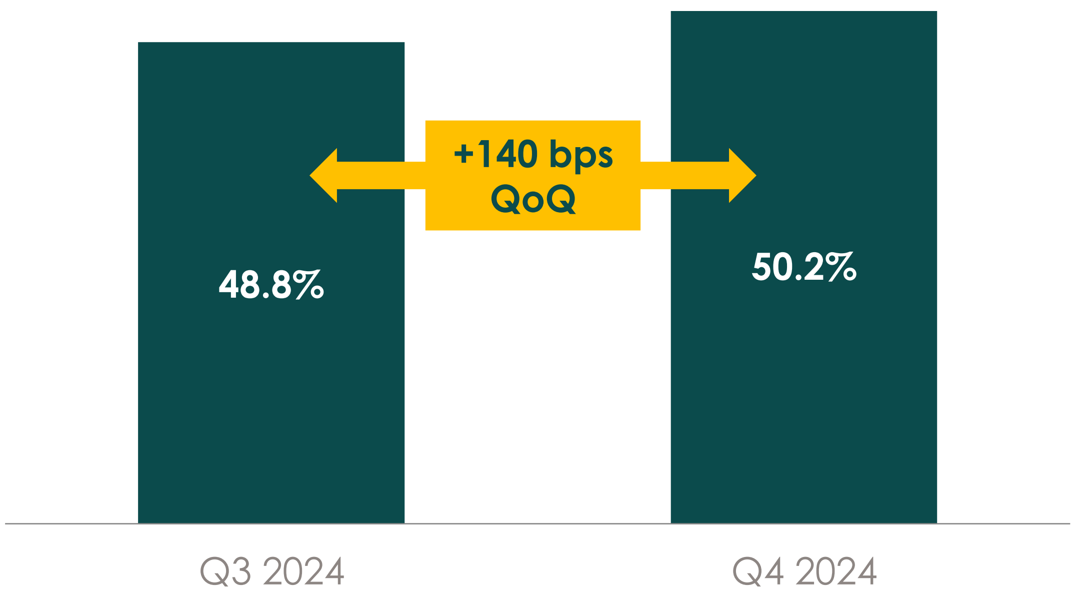
# Gross Profit Margin

**Expansion during all four quarters of 2024 driven by improvements in Maryland and Pennsylvania, while New Jersey remained relatively flat QoQ**

## FY Gross Profit Margin



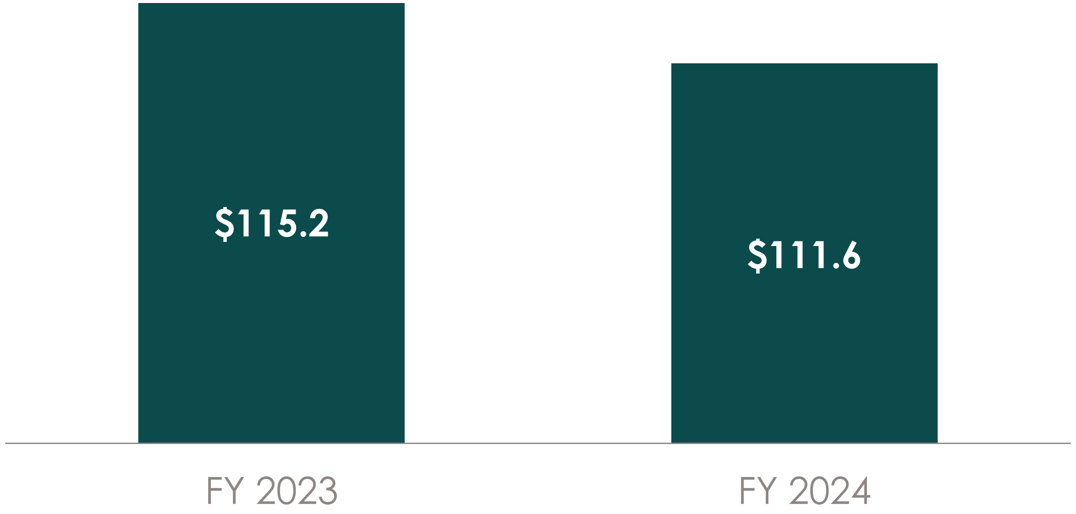

## Gross Profit Margin



# General & Administrative Expenses

**QoQ decline driven by reduction in share-based compensation expense and operating expense reductions**

**FY General & Administrative Expenses**
**(in millions, US$)**




**36.3%**
**of Revenue**

**36.4%**
**of Revenue**

**Quarterly General & Administrative Expenses**
**(in millions, US$)**


**42.6%**
**of Revenue**

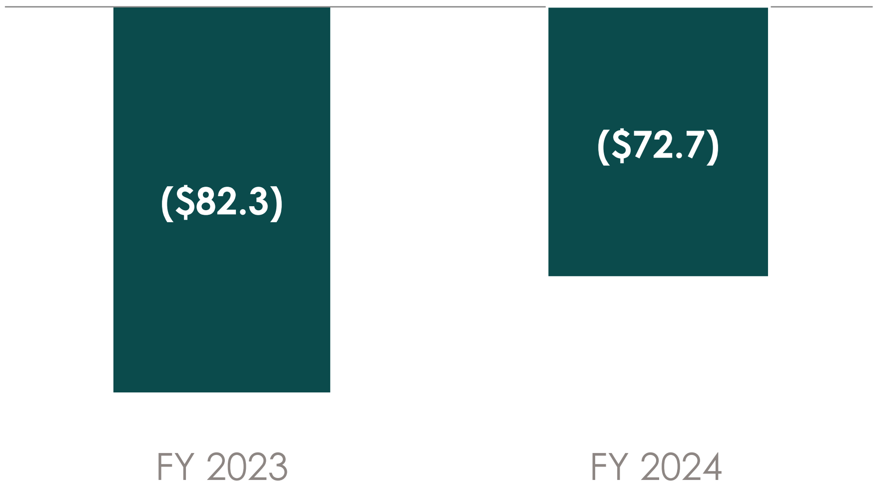
**37.6%**
**of Revenue**

# Net Loss

## FY GAAP Net Loss

**from continuing operations**

(in millions, US$)




## GAAP Net Loss

(in millions, US$)


**FY GAAP Net Loss:**

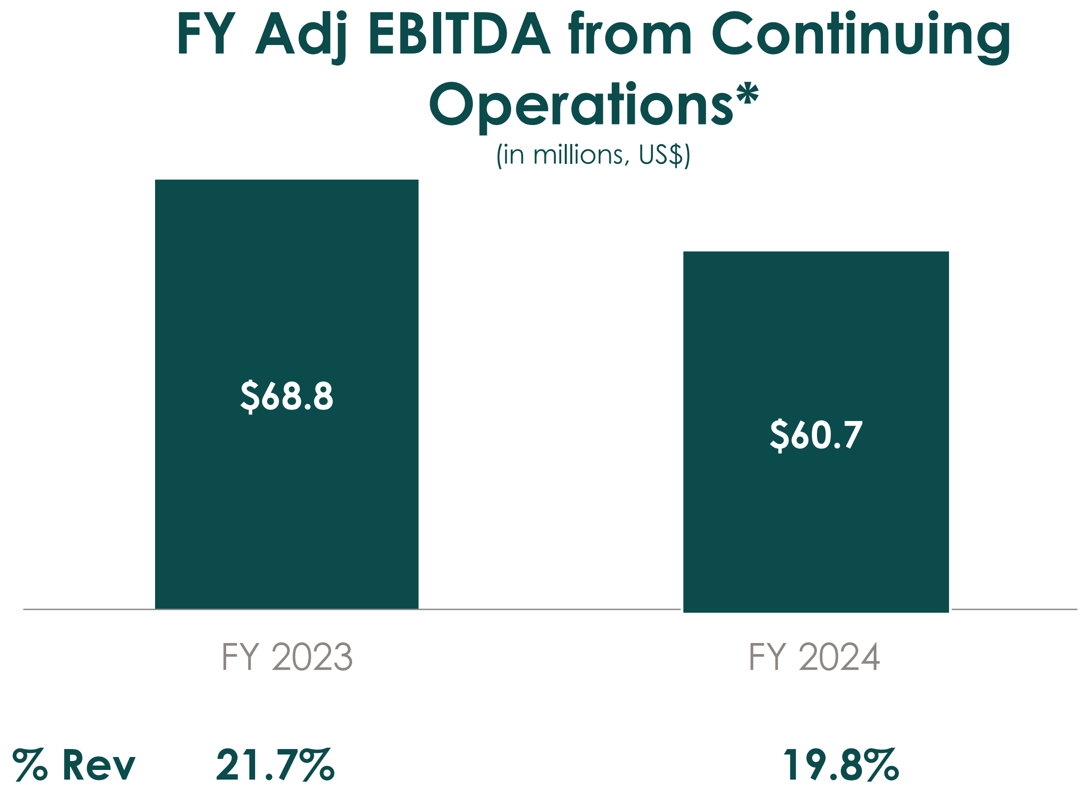
- $72.7 million net loss, inclusive of $47.8 million of non-cash impairment charges, compared to a $82.3 million net loss in 2023, inclusive of $58.1 million of non-cash impairment charges.
- Non-cash impairment charges were mainly recorded against goodwill, intangibles and fixed assets for the Company's Michigan business.

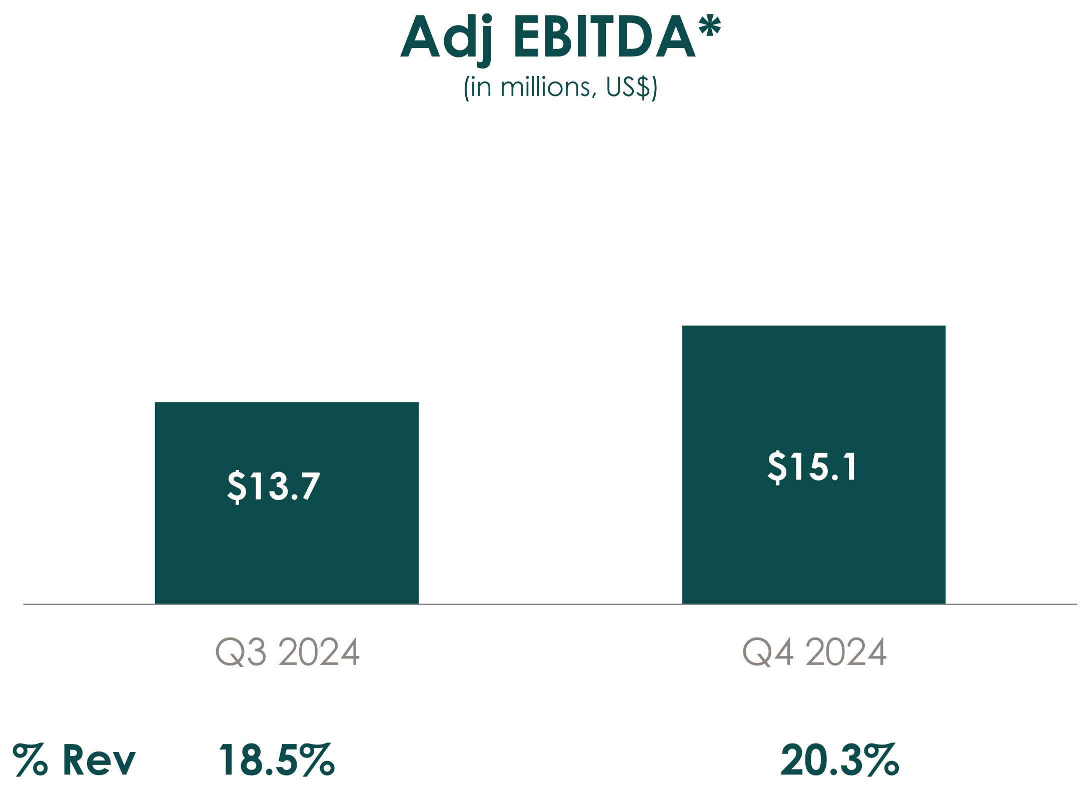
**Q4 GAAP Net Loss:**

- $30.2 million net loss, inclusive of a $45.4 million non-cash impairment charge, compared to a $21.4 million net loss in Q3 2024.
- Non-cash impairment charge related to the Company’s Michigan business.

# Adjusted EBITDA*

## Sequential increase primarily driven by gross margin expansion and lower G&A expenses




TERRASCEND

* Adjusted EBITDA, Adjusted EBITDA from continuing operations, Adjusted EBITDA margin and Adjusted EBITDA Margin from continuing operations are non-GAAP measures defined in the section titled "Definition and Reconciliation of Non-GAAP Measures" and reconciled to the most directly comparable GAAP measure in the Appendix at the end of this presentation.

# Balance Sheet, Cash Flow & Stock Repurchase Program

- Cash, and cash equivalents, including $600,000 of restricted cash:
  - $27.0 million (12/31/24), compared to $27.2 million (9/30/24)
- Q4 2024 net cash provided by continuing operations:
  - $9.7 million, representing 10th consecutive quarter of positive cash flow from continuing operations
- Q4 2024 Capex was $4.7 million, mainly related to expansions at Maryland and New Jersey facilities
- Free Cash Flow*:
  - $5.0 million, representing 6th consecutive quarter of positive free cash flow
- Other Payments:
  - Paid down $1.4 million in debt, excluding debt retired through refinancing
  - $2.9 million of distributions to NJ minority partners

- $140 million senior secured term loan:
  - Coupon rate of 12.75% and a four-year term with no prepayment penalties and no warrants
  - Net proceeds used to pay off existing higher interest debt that was set to mature in late 2024
- Total amount of owned real estate is approximately $150 million with no material sale leasebacks.
- Share repurchase program:
  - Up to $10 million of common shares
  - Demonstrates our confidence in TerrAscend's future and commitment to enhancing shareholder value

TERRASCEND

* Free Cash Flow is a non-GAAP measures defined in the section titled "Definition and Reconciliation of Non-GAAP Measures" and reconciled to the most directly comparable GAAP measure in the Appendix at the end of this presentation.

# First Quarter 2025 Expectations

- Expect revenue to be down low- to mid-single digits due to seasonality.
- Gross margin to remain around 50%.
- Further G&A expense reduction quarter-over-quarter.
- Continue to realize G&A savings from actions taken, which we expect to lead to $10 million in savings for the full year 2025.
- Expect Capex spending for 2025 to be approximately $10 million, focused on revenue growth and margin expansion opportunities.

# Thank You

# Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles net loss from continuing operations to EBITDA from continuing operations and Adjusted EBITDA from continuing operations for the quarters ended December 31, 2024 and December 31, 2023, and the years ended December 31, 2024 and December 31, 2023.

| | For the Three Months Ended | | For the Years Ended | |
|---|---|---|---|---|
| | December 31, 2024 | September 30, 2024 | December 31, 2024 | December 31, 2023 |
| Revenue, net | $ 74,353 | $ 74,168 | $ 306,677 | $ 317,328 |
| | | | | |
| Net loss | (30,163) | (21,419) | (72,670) | (86,730) |
| Net loss margin % | -40.6% | -28.9% | -23.7% | -27.3% |
| | | | | |
| Loss from discontinued operations | — | — | — | 4,444 |
| Loss from continuing operations | (30,163) | (21,419) | (72,670) | (82,286) |
| | | | | |
| *Add (deduct) the impact of:* | | | | |
| Provision for income taxes | (14,335) | 14,373 | 20,438 | 23,453 |
| Finance expenses | 8,788 | 8,610 | 35,402 | 35,106 |
| Amortization and depreciation | 5,074 | 5,036 | 20,103 | 20,382 |
| **EBITDA from continuing operations** | **(30,636)** | **6,600** | **3,273** | **(3,345)** |
| *Add (deduct) the impact of:* | | | | |
| Share-based compensation | 1,986 | 4,275 | 9,706 | 7,707 |
| Loss on extinguishment of debt | — | 1,662 | 1,662 | — |
| (Gain) loss from revaluation of contingent consideration | (1,082) | 327 | 2,465 | (645) |
| (Gain) loss on disposal of fixed assets | (21) | 8 | (30) | (1,914) |
| Impairment of goodwill and intangible assets | 39,334 | | 39,334 | 55,993 |
| Impairment of property and equipment and right of use assets | 6,073 | — | 8,511 | 2,079 |
| Bad debt recovery | — | — | (4,169) | — |
| Employee Retention Credits Transfer Fee | — | — | — | 2,236 |
| Unrealized and realized loss (gain) on investments | 25 | (14) | 238 | 2,603 |
| (Gain) loss on lease termination and derecognition of finance lease | — | (51) | (1,220) | (1,012) |
| Unrealized and realized foreign exchange loss (gain) | 765 | (214) | 940 | (53) |
| Gain on fair value of derivative liabilities and purchase option derivative assets | (1,941) | (669) | (4,549) | (322) |
| Restructuring and executive severance | — | | — | 921 |
| Legal settlements | — | | — | 746 |
| Other one-time items | 606 | 1,793 | 4,533 | 3,808 |
| **Adjusted EBITDA from continuing operations** | **$ 15,109** | **$ 13,717** | **$ 60,694** | **$ 68,802** |
| *Adjusted EBITDA Margin from continuing operations* | *20.3%* | *18.5%* | *19.8%* | *21.7%* |

# Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles Net cash provided by operating activities - continuing operations to Free Cash Flow for the quarters ended December 31, 2024 and December 31, 2023 and the years ended December 31, 2024 and December 31, 2023.

| | For the Three Months Ended | | For the Years Ended | |
|---|---|---|---|---|
| | December 31, 2024 | September 30, 2024 | December 31, 2024 | December 31, 2023 |
| Net cash provided by operating activities- continuing operations | $ 9,747 | $ 1,823 | $ 37,950 | $ 31,131 |
| Capital expenditures for property and equipment | (4,739) | (351) | (9,362) | (7,762) |
| Free Cash Flow | $ 5,008 | $ 1,472 | $ 28,588 | $ 23,369 |

TERRASCEND

# Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles General & administrative expenses to General & administrative expenses, excluding stock-based compensation for the quarters ended December 31, 2024 and December 31, 2023 and the years ended December 31, 2024 and December 31, 2023.

| | For the Three Months Ended | | For the Years Ended | |
|---|---|---|---|---|
| | **December 31, 2024** | **September 30, 2024** | **December 31, 2024** | **December 31, 2023** |
| General & administrative expenses | **$ 27,976** | **$ 31,552** | **$ 111,596** | **$ 115,189** |
| Less: stock-based compensation | 1,986 | 4,275 | 9,706 | 7,707 |
| General & administrative expenses, excluding stock-based compensation | **$ 25,990** | **$ 27,277** | **$ 101,890** | **$ 107,482** |