# TERRASCEND

## 2025 First Quarter Financial Results

May 8, 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

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# Disclaimer

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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.

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# Overview

Jason Wild, Executive Chairman

# Q1 2025 Financial Highlights

## Key Drivers of this Performance: Growth and Margin Expansion in the Northeast

$71.0 M
Net Revenue

$1.6 M
Decrease in G&A Expenses

51.8%
Gross Profit Margin

$15.3 M
Adjusted EBITDA*

+160 Basis Points
QoQ

21.6%
Adjusted EBITDA Margin*

11th Consecutive Quarter of Positive Cash Flow from Operations

$8.0 M
Net Cash provided by operations

7th Consecutive Quarter of Positive Free Cash Flow*

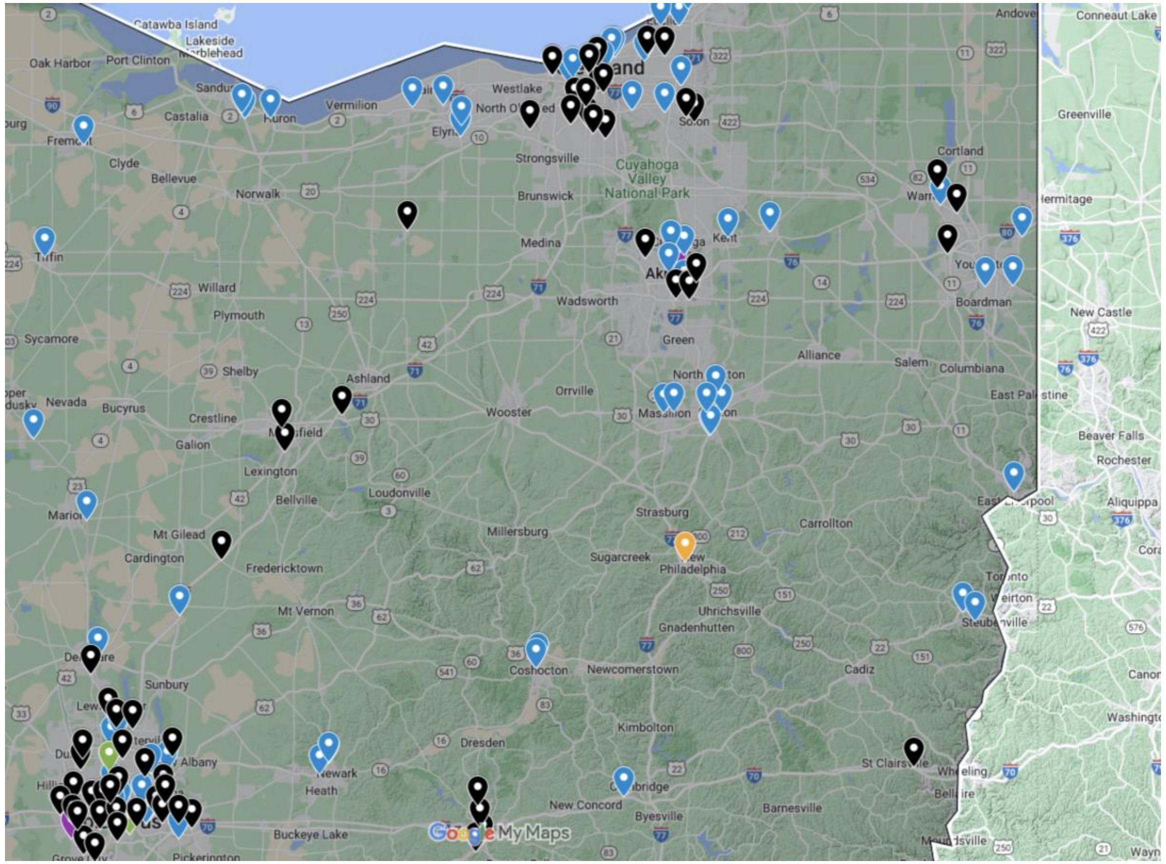
$5.5 M
Free Cash Flow*

* Adjusted EBITDA, Adjusted EBITDA Margin, 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.

# Aggressive Pursuit of M&A

## Uniquely positioned to target bolt on acquisition opportunities and possible transformational deals

- Targeted approach puts TerrAscend in a differentiated position to invest in the best geographies and assets at attractive valuations.
- Closed on dispensary, Ratio Cannabis, in Ohio, where adult-use commenced in August 2024.
- 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.





# Signed Definitive Agreement to Expand Retail Footprint in NJ

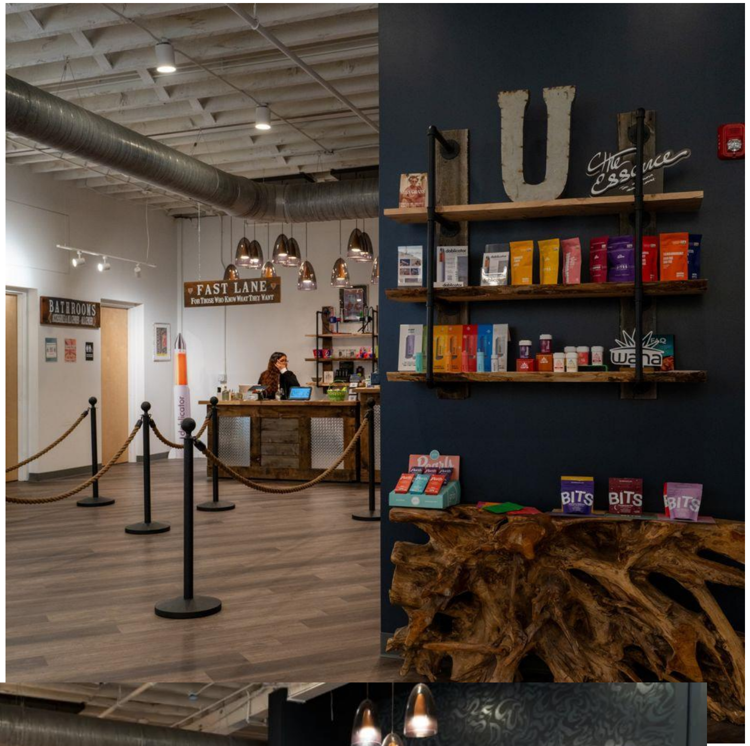
- Announced a definitive agreement to purchase Union Chill dispensary, which will bring total number of dispensaries in the state to 4, subject to regulatory approval.

- Union Chill is a strong performer, generating more than $11 million in annualized revenue.

- Upon closing, this deal will be immediately accretive to EBITDA and cashflow.

- Vertical integration will further enhance margins, provide our full array of state leading products and brands to local consumers, and enhance leading market share position in the state.

- Evaluating multiple additional opportunities in NJ and anticipate that by end of 2025, will sign multiple additional transactions in the state.




# Monitoring Regulatory Cannabis Reform

- Closely monitoring developments at both the federal and state levels.

- Federal regulatory environment seems to be showing positive movement.

- Continue to see progress related to the possible passage of a PA adult use bill – will be prepared to meet the increase in demand under adult-use, as we were in New Jersey and Maryland.

- 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.

# Summary

- Cannabis industry is still in the early stages of its development.

- TerrAscend has demonstrated:
  - A pathway to organic growth and through M&A
  - Consistent delivery of positive free cashflow for 7 consecutive quarters
  - Operating efficiency by expanding gross margins for 5 consecutive quarters while reducing operating expenses
  - Sufficient access to capital given our refinancing in 2024 clearing the way with no material debt maturing through 2028
  - $150 million of owned real estate with no material sale leasebacks
  - Capable management team working together for several years

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

- Demonstrating confidence in the Company's future and commitment to enhancing shareholder value.
- In March, repurchased shares during the 15-day open trading window and within the daily purchase restriction limits.
- Will continue executing on this buyback program while balancing this with other capital allocation priorities, including growth capex investments in both Maryland and New Jersey as well as acquisitions.

# State-by-State Overview

Ziad Ghanem, President & Chief Executive Officer

# New Jersey

## 1Q '25 Highlights

- According to BDSA, TerrAscend maintained a leadership position in the state.
- All three Apothecarium retail locations in New Jersey continued to rank in the top 10 out of over 200 dispensaries, according to Lit Alerts*.
- While wholesale revenue declined sequentially, penetration rate and average order size remained stable.
- Definitive agreement to acquire 4th dispensary.
- Goal to acquire up to 6 additional dispensaries, expanding retail footprint to 10 in NJ.

# Maryland

## 1Q '25 Highlights

- Market share increased from 5.2% to 5.9%, now only 1.4 share points away from #2 position in the state, according to BDSA.
- Gained significant market share across all five product categories. Flower, vapes, edibles, extracts and pre rolls.
- Retail revenue increased slightly quarter-over-quarter; wholesale revenue increased almost 9%.
- Total revenue across both channels increased sequentially for the 5th consecutive quarter to an annual run rate of nearly $75 million.
- Gross margin expanded to high 50s in Q1 2025.
- Expanded capacity 50% at Hagerstown facility, with first harvest expected in June.

# Pennsylvania

## 1Q '25 Highlights

- Fastest share gainer in PA.
- Increased market share by 38% quarter-over-quarter to a #7 position, according to BDSA.
- Retail revenue steady sequentially as productivity per store continues to be healthy.
- Wholesale revenue increased 9% quarter-over-quarter, driven by value-oriented Legend brand and expansion into edibles with Valhalla.
- Fully built out large scale cultivation and manufacturing facility with no need for additional investment.

# Michigan / Ohio

## 1Q '25 Highlights

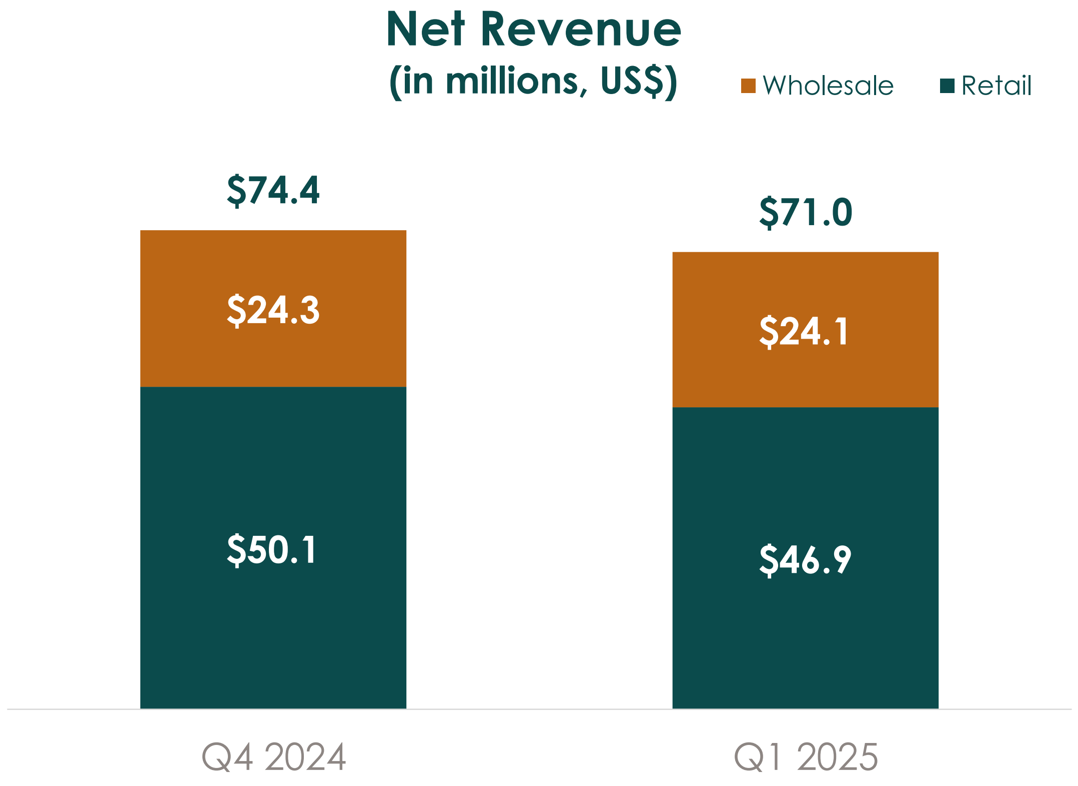
- Michigan priorities remain to improve operational efficiency and drive gross margins.
- Announced entry into the neighboring state of Ohio with the acquisition of Ratio Cannabis.
- Goal in Ohio is to assemble a leading retail footprint by acquiring high-quality stores, at the right price, just as we did in Maryland.

# Financial Overview

Keith Stauffer, Chief Financial Officer

# First Quarter 2025 Net Revenue

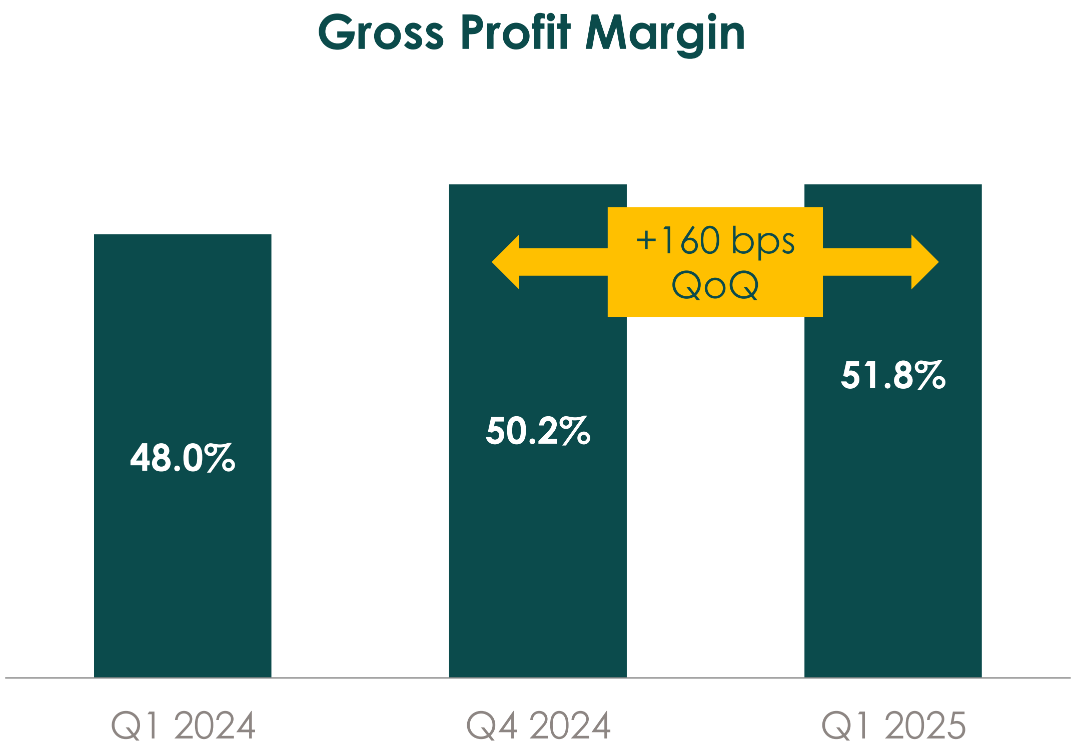
## Sequential decrease in retail, as expected, largely due to seasonality




- Revenue: $71.0 million versus $74.4 million in Q4 2024.
- 4.5% decrease sequentially, as expected, largely due to seasonality.
- Pennsylvania and Maryland retail sales were flat to slightly up sequentially, while seasonal declines occurred in Michigan and New Jersey.
- In wholesale, sequential growth in Pennsylvania and Maryland was offset by a decline in New Jersey.

# First Quarter 2025 Gross Profit Margin

## QoQ 160 basis-point expansion driven by improvements in Maryland, Pennsylvania, and Michigan, while New Jersey remained relatively flat QoQ

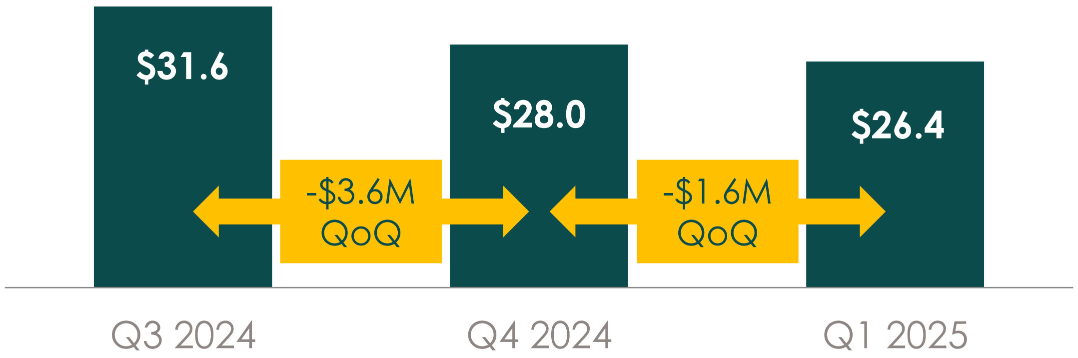



- Gross Profit Margin: 51.8% versus 50.2% in Q4 2024 and 48.0% in Q1 2024.
- Quarter-over-quarter 160 basis-point expansion was driven by improvements in Maryland, Pennsylvania, and Michigan.
- New Jersey gross margin remained relatively flat quarter-over-quarter.

# First Quarter 2025 General & Administrative (G&A) Expenses

## Ongoing initiatives to optimize G&A expenses expected to reduce G&A by $10 million YoY in 2025

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




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

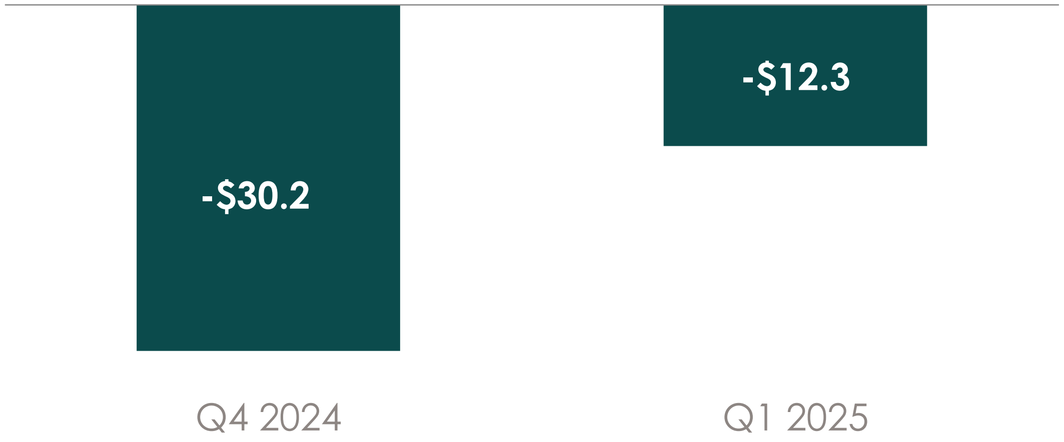
**37.6%**
**of Revenue**

**37.2%**
**of Revenue**

- G&A expenses for Q1 2025, $26.4 million, compared to $28.0 million in Q4 2024.
- G&A expenses decreased by an additional $1.6 million in Q1 2025, following a $3.6 million reduction in Q4 2024.
- Continued G&A expense reduction over the past two quarters reflects ongoing initiatives to optimize G&A expenses, which is expected to be reduced by $10 million year-over-year in 2025.

# First Quarter 2025 Net Loss and Adjusted EBITDA*

## GAAP Net Loss
(in millions, US$)




## Adj EBITDA*
(in millions, US$)


| Q4 2024 | Q1 2025 |
|---|---|
| **20.3% of Revenue** | **21.6% of Revenue** |

**GAAP Net Loss:**
- $12.3 million net loss, compared to a $30.2 million net loss in Q4 2024.

**Adjusted EBITDA*:**
- $15.3 million, or 21.6% of revenue, compared to $15.1 million, or 20.3% of revenue in Q4 2024.
- Sequential improvement primarily driven by gross margin expansion and lower G&A expenses.

* Adjusted EBITDA and Adjusted EBITDA margin 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:**
  - \$29.4 million (3/31/25), compared to \$26.4 million (12/31/24)
- **Q1 2025 net cash provided by operations:**
  - \$8.0 million, representing 11th consecutive quarter of positive cash flow from operations
- **Q1 2025 Capex:**
  - \$2.5 million, mainly related to expansions at Maryland and New Jersey facilities
- **Free Cash Flow*:**
  - \$5.5 million, representing 7th consecutive quarter of positive free cash flow
- **Other payments:**
  - Paid down \$1.0 million in debt
  - \$700 thousand of distributions to NJ minority partners
- **Share repurchase program:**
  - Up to \$10 million of common shares
  - In March, repurchased shares during the 15-day open trading window and within the daily purchase restriction limits



* 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.

# Second Quarter 2025 Expectations

- Revenue flat to up low single digits sequentially.
- Gross margin to continue at ~50%.
- Further G&A expense reduction quarter-over-quarter.
- Continue to realize G&A savings from actions taken, with expectation to generate $10 million in savings for the full year 2025.

# Thank You

# Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles net loss to EBITDA and Adjusted EBITDA for the quarters ended March 31, 2025 and December 31, 2024.

| | For the Three Months Ended | |
|---|---|---|
| | **March 31, 2025** | **December 31, 2024** |
| Revenue, net | **$ 70,997** | **$ 74,353** |
| | | |
| Net loss | (12,269) | (30,163) |
| Net loss margin % | -17.3% | -40.6% |
| | | |
| *Add (deduct) the impact of:* | | |
| Provision for income taxes | 11,447 | (14,335) |
| Finance expenses | 8,499 | 8,788 |
| Amortization and depreciation | 4,710 | 5,074 |
| **EBITDA** | **12,387** | **(30,636)** |
| *Add (deduct) the impact of:* | | |
| Share-based compensation | 1,514 | 1,986 |
| Loss (gain) from revaluation of contingent consideration | 381 | (1,082) |
| Gain on disposal of fixed assets | — | (21) |
| Impairment of goodwill and intangible assets | — | 39,334 |
| Impairment of property and equipment and right of use assets | — | 6,073 |
| Unrealized and realized loss on investments | 742 | 25 |
| Gain on derecognition of ROU asset | (5) | — |
| Unrealized and realized foreign exchange loss | 42 | 765 |
| Gain on fair value of derivative liabilities and purchase option derivative assets | (97) | (1,941) |
| Other one-time items | 362 | 606 |
| **Adjusted EBITDA** | **$ 15,326** | **$ 15,109** |
| *Adjusted EBITDA Margin* | *21.6%* | *20.3%* |

# Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles Net cash provided by operating activities to Free Cash Flow for the quarters ended March 31, 2025 and December 31, 2024.

| | For the Three Months Ended | |
|---|---|---|
| | **March 31, 2025** | **December 31, 2024** |
| Net cash provided by operating activities | **$ 8,004** | **$ 9,747** |
| Capital expenditures for property and equipment | (2,458) | (4,739) |
| Free Cash Flow | **$ 5,546** | **$ 5,008** |