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2024 Third Quarter Financial Results

November 6, 2024

Terrascend.com

TSX: TSND | OTCQX: TSNDF

Executive Leadership Speakers

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Executive Chairman

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President &
Chief Executive Officer

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Disclaimer

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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. We calculate EBITDA from continuing operations and Adjusted EBITDA from continuing operations and Adjusted EBITDA Margin from continuing operations as net loss adjusted for certain material non-cash items such as inventory write downs outside of the normal course of operations, fees related to the modification of debt, impairment charges taken on goodwill, intangible assets and property and equipment, the gain or loss recognized on the revaluation of our contingent consideration liabilities, gains resulting from the extinguishment of debt, loan modification fees related to the modification of debt, the gain recognized on the extinguishment of debt, the gain or loss on fair value of warrants and purchase option derivative assets, relief of fair value upon acquisition and certain other adjustments management believes are not reflective of the ongoing operations and performance. The Furthermore, the Company defines Free Cash Flow as net cash provided by operating activities from continuing operations, adjusted for certain cash items such as capital expenditures for property and equipment. Furthermore, the Company defines General & Administrative expenses excluding stock-based compensation, bad debt and insurance recovery. 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. 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

Q3 2024 Financial Highlights

Our core business remained solid during Q3 as we maintained market leadership positions in our key markets, including a #1 market share position in New Jersey

$74.2 M
Net Revenue

48.8%
Gross Profit Margin

$13.7 M
Adjusted EBITDA from Continuing Operations*

9th Consecutive Quarter of Positive Cash Flow from Continuing Operations

5th Consecutive Quarter of Positive Free Cash Flow*

$1.8 M
Cash Flow from Continuing Operations

$1.5 M
Free Cash Flow*

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* Adjusted EBITDA from continuing operations, Adjusted EBITDA Margin 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.

Active Pursuit of Greenfield Expansion Opportunities

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

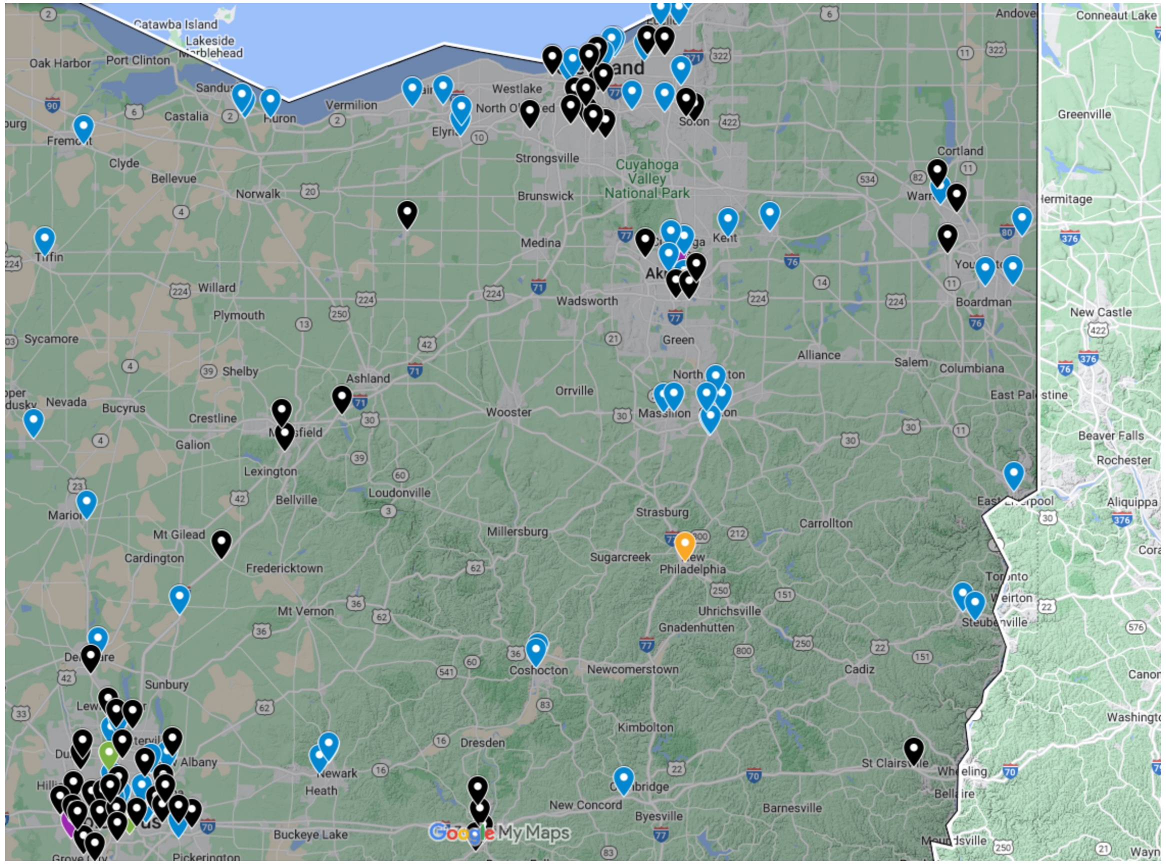
Population
12 Million

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.

Signed Definitive Agreement to Enter Ohio through the Acquisition of a High-Performing 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.

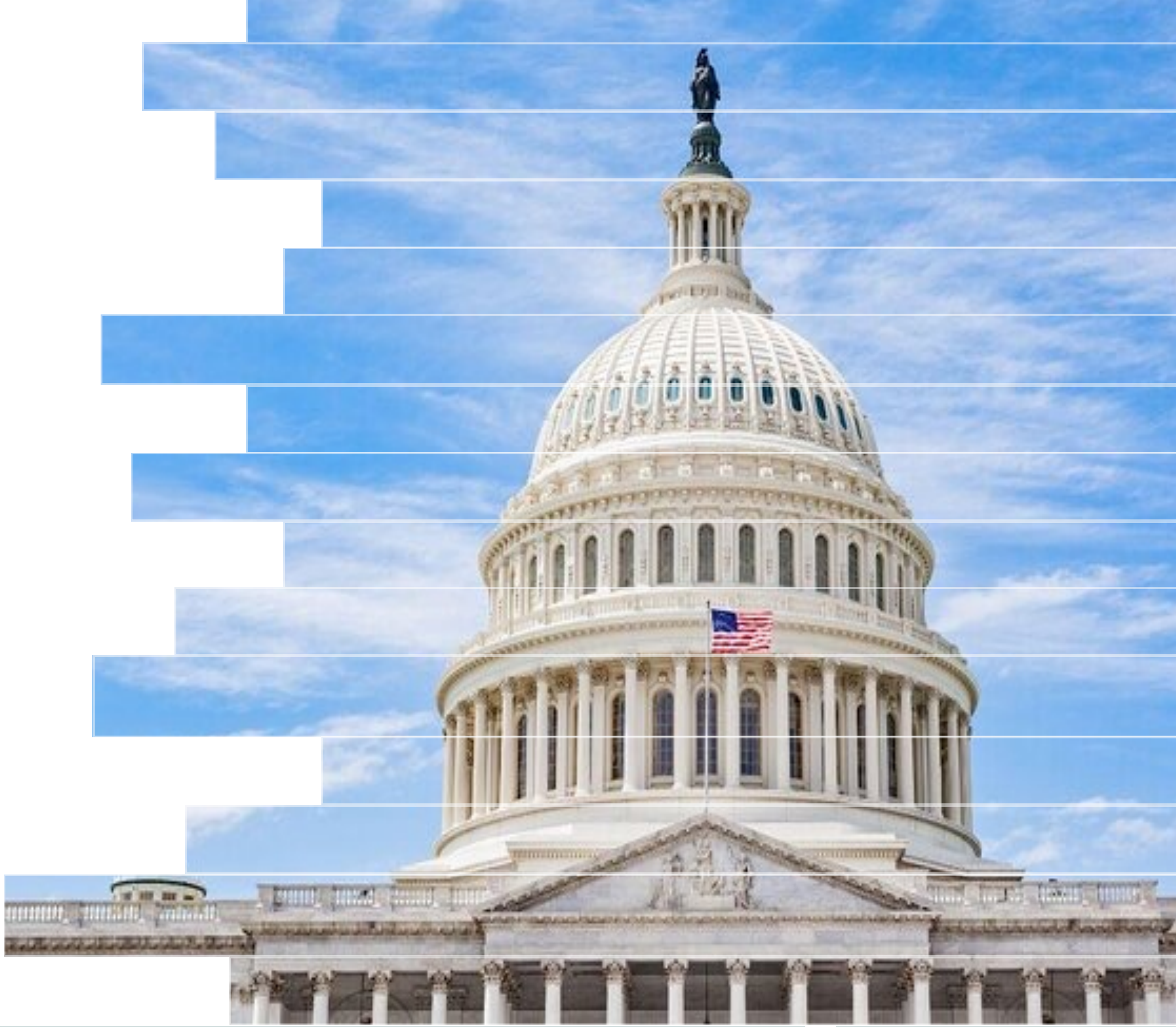


Strengthening Balance Sheet is a Priority

- Closed on a $140 million senior secured loan.
- Matures in August 2028.
- Non-dilutive financing bears a coupon of 12.75%.
- No warrants or prepayment penalties.
- No other material debt maturing until late 2027.
- Financing provides flexibility to pursue attractive M&A transactions that are consistent with our geographic expansion plans.

Continued Progress With Federal Cannabis Reform

- Encouraged by the upcoming DEA hearing concerning the proposed re-scheduling of cannabis.
- Re-scheduling would result in elimination of punitive tax treatment, provide cannabis companies greater access to capital at reduced costs and unlock restrictions on medical research.
- US Court of Appeals in the First Circuit has scheduled oral arguments in the David Boies lawsuit against US Attorney General Garland, which seeks equal treatment for legal, state regulated cannabis businesses.



First-Ever Stock Buyback Program for Up to $10 Million

- In August 2024, commenced first-ever stock buyback program for up to $10 million, demonstrating confidence in the Company's future and commitment to enhancing shareholder value.

- Since August, purchases were made in open market and will continue to do so opportunistically within the prescribed daily volume restrictions and outside of blackout periods.

Summary

- Organic growth levers in key states, NJ, MD and PA.
- Ample greenfield expansion opportunities.
- Financial flexibility.
- No material debt maturing for the next several years.

State-by-State Overview

Ziad Ghanem, President & Chief Executive Officer

Business Remained Solid Across our Core Markets

CALIFORNIA

Super premium flower & 5 dispensaries

Population
40 Million

MICHIGAN

Scaled vertical operations including cultivation, manufacturing, retail with 20 locations, and exclusive brand partnerships

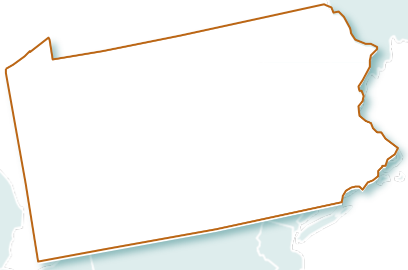
Population
10 Million

NEW JERSEY

#1 Market Share
Scaled vertical operation with 3 dispensaries

Population
9 Million

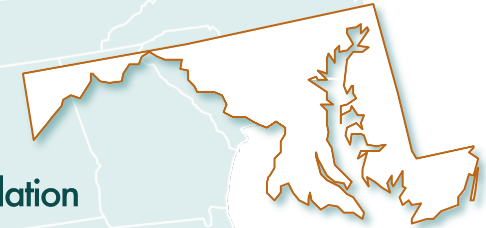
PENNSYLVANIA



Scaled vertical operation with large scale cultivation and manufacturing, and 6 medical dispensaries

Population
12 Million

MARYLAND



Vertically integrated operation with state-of-the-art cultivation and manufacturing facility and 4 Dispensaries

Population
6 Million

New Jersey

3Q '24 Highlights

- Largest and most profitable market.
- According to BDSA, TerrAscend held the #1 market share position through September 2024.
- Brands hold the top 3 positions in flower, vapes, edibles and concentrates.
- In Q3, retail returned to sequential growth for second quarter in a row.
- Wholesale revenue down QoQ and YOY due to heightened market competition.
- Expanding Boonton facility and expect to be operational in early 2025.
- Future growth opportunities for up to 7 additional diversely owned dispensaries.

Maryland

3Q '24 Highlights

- Wholesale revenue increased 26% sequentially due to expanded capacity, now on a $20 million dollar run rate.
- Added capacity also enabled further gross margin improvement - gross margins have doubled to nearly 50% since the end of 2023.
- Retail revenue remained stable during the quarter.
- Investing in 4 additional grow rooms at the Hagerstown facility, plan to have operational by Q1 of 2025 with first harvests expected in Q2.
- Outlook for additional growth as our additional cultivation capacity comes online next year.

Pennsylvania

3Q '24 Highlights

- Wholesale revenue grew 59% year-over-year, once again driven by value-oriented Legend brand and expansion into edibles with Valhalla.
- Retail declined 11% year-over-year, productivity per store remains healthy and around the state average.
- Optimistic Pennsylvania will turn adult-use in 2025.
- With a population of 12 million, Pennsylvania is already a more than $1.2 billion medical state and expected to become a $2 billion plus market under adult-use by 2028.
- As adult-use approaches in 2025, planning to turn on additional cultivation capacity; no additional need for investment.

Michigan

3Q '24 Highlights

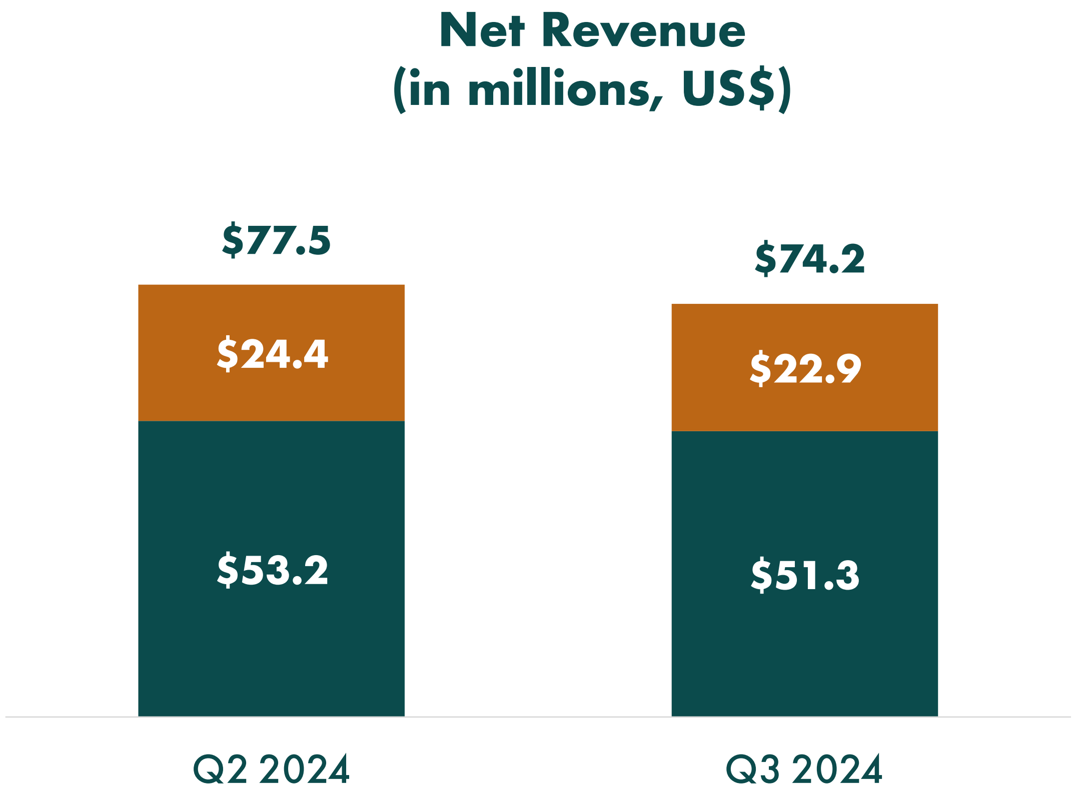
- Priorities constant on improving operational efficiency and driving gross margin to establish a solid foundation from which to expand.
- Gross margin remains near 40% year to date.
- Currently operating 20 dispensaries.
- Expect to scale operational footprint in the Midwest by entering new neighboring states to Michigan, such as Ohio to leverage operating expenses more efficiently.
- Michigan remains an important market as the nation's second-largest cannabis market.

Financial Overview

Keith Stauffer, Chief Financial Officer

Third Quarter 2024 Net Revenue

QoQ declines in wholesale revenue in New Jersey and retail revenue in Michigan partially offset by wholesale growth of 26% in Maryland

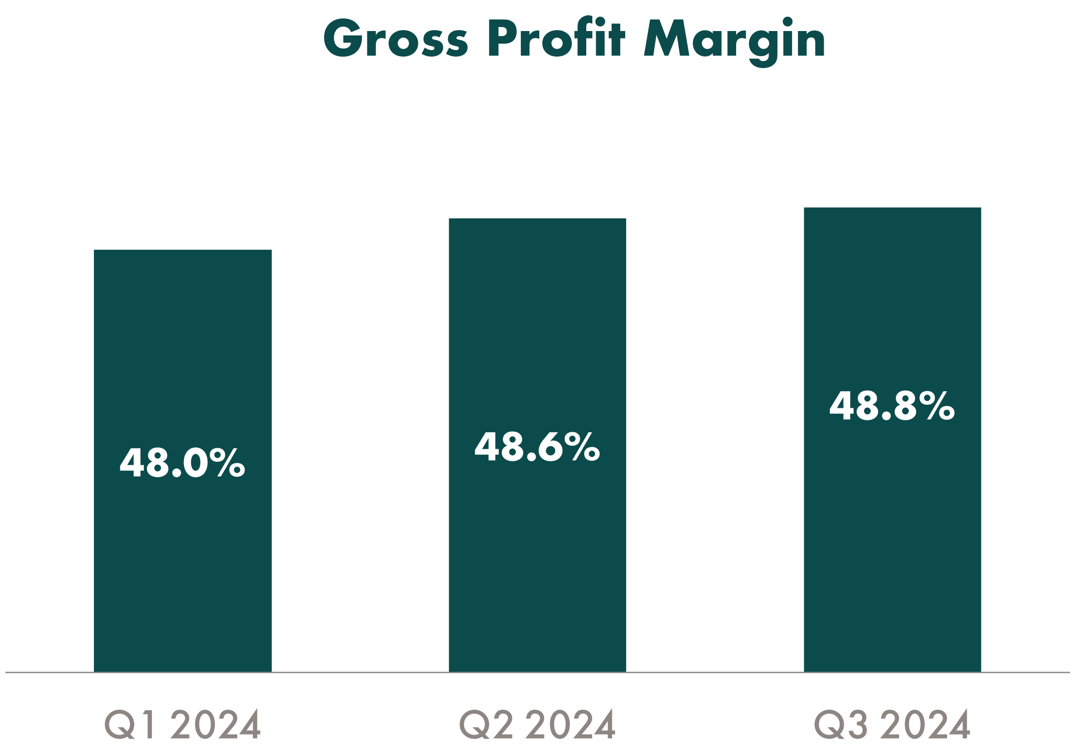


Third Quarter 2024 Highlights

- Revenue: $74.2 million versus $77.5 million in Q2 2024
- Lower wholesale revenue in New Jersey and retail revenue in Michigan
- Partially offset by wholesale growth of 26% in Maryland

Gross Profit Margin

Positive trend throughout 2024 driven by improvements in Maryland

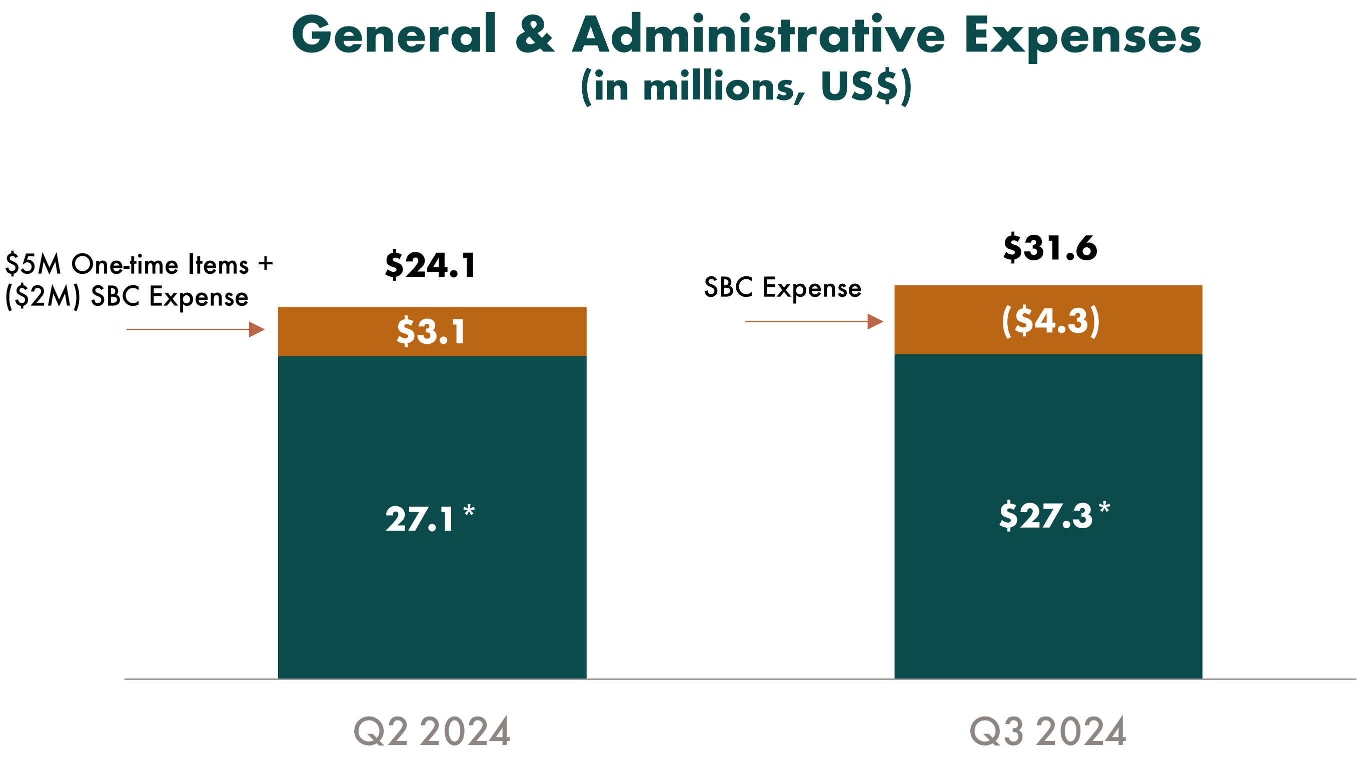


Third Quarter 2024 Highlights

- Gross Profit Margin: 48.8% versus 48.6% in Q2 2024 and 48.0% in Q1 2024
- Positive trend throughout the year was driven by improvements in Maryland
- Margins have remained relatively stable in Pennsylvania, New Jersey, and Michigan

General & Administrative Expenses

Flat QoQ excluding one-time factors*



Third Quarter 2024 Highlights

- General & Administrative expenses for Q3 2024, $31.6 million, compared to $24.1 million in Q2 2024
- Excluding stock-based compensation expense (SBC) and two one-time factors, G&A expenses were flat quarter-over-quarter
- One-time items include reversals of a bad debt and insurance recovery totaling $5.0 million

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* General & Administrative expenses excluding stock-based compensation, bad debt and insurance recovery 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.

Net Loss and Adjusted EBITDA*

GAAP Net Loss

from continuing operations (in millions, US$)

Adj EBITDA*

(in millions, US$)

% Rev	20.2%	18.5%

GAAP Net Loss:

- $21.4 million net loss, compared to $6.2 million net loss in Q2 2023
- Sequential increase in net loss driven by a $1.9 million reduction in Adj. EBITDA in Q3 as well as several one-time non-cash accounting items in Q2 totaling $13 million

Adjusted EBITDA:

- $13.7 million, or 18.5% of revenue, compared to $15.6 million, or 20.2% of revenue in Q2 2024
- Sequential decline driven by lower revenue

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* Adjusted EBITDA 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.

Balance Sheet, Cash Flow & Stock Repurchase Program

- Cash, and cash equivalents, including restricted cash:
  - $27.2 million (9/30/24), compared $30.5 million (6/30/24)
- Q3 2024 net cash provided by continuing operations:
  - $1.8 million, representing 9th consecutive quarter of positive cash flow from continuing operations
- Q3 2024 Capex was minimal
- Free Cash Flow*:
  - $1.5 million, representing 5th consecutive quarter of positive free cash flow
- Other Payments:
  - Paid down $1 million in debt, excluding debt retired through recent 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 maturing later this year
- Stock repurchase program:
  - Up to $10 million of common shares
  - In Q3, repurchased 107,000 shares for $133,000
  - $9.87 million remaining

* 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.

ERP System

- Multi-year implementation
- Solid IT and financial foundation to enable continued growth, both organically and through M&A
- Improved productivity, lower costs, and more effective decision making

Fourth Quarter 2024 Expectations

- Expect flat to down mid-single digit in revenue sequentially, with stable gross margins, lower G&A expenses, and relatively flat adjusted EBITDA quarter-over-quarter

* Adjusted EBITDA 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.

Thank You

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 September 30, 2024 and June 30, 2024.

	For the Three Months Ended	
	September 30, 2024	**June 30, 2024**
Revenue, net	**$ 74,168**	**$ 77,523**
Net loss	(21,419)	(6,237)
Net loss margin %	-28.9%	-8.0%
Loss from discontinued operations	—	—
Loss from continuing operations	(21,419)	(6,237)
Add (deduct) the impact of:		
Provision for income taxes	14,373	10,729
Finance expenses	8,610	9,132
Amortization and depreciation	5,036	4,993
EBITDA from continuing operations	**6,600**	**18,617**
Add (deduct) the impact of:		
Share-based compensation	4,275	1,960
Loss on extinguishment of debt	1,662	—
Loss (gain) from revaluation of contingent consideration	327	1,827
Loss (gain) on disposal of fixed assets	8	(17)
Bad debt recovery	—	(4,169)
Unrealized and realized loss on investments	(14)	227
(Gain) loss on lease termination and derecognition o finance lease	(51)	(1,169)
Unrealized and realized foreign exchange (gain) loss	(214)	104
(Gain) loss on fair value of derivative liabilities and purchase option derivative assets	(669)	(2,922)
Other one-time items	1,793	1,176
Adjusted EBITDA from continuing operations	**$ 13,717**	**$ 15,634**
Adjusted EBITDA Margin from continuing operations	*18.5%*	*20.2%*

Appendix – Reconciliation of Non-GAAP Measures

The table below reconciles Free Cash Flow for the quarters ended September 30, 2024 and June 30, 2024.

	For the Three Months Ended	
	September 30, 2024	**June 30, 2024**
Net cash provided by operating activities- continuing operations	**$ 1,823**	**$ 13,129**
Capital expenditures for property and equipment	(351)	(1,476)
Free Cash Flow	**$ 1,472**	**$ 11,653**

The table below reconciles General & Administrative expenses to General & Administrative expenses excluding stock-based compensation, bad debt and insurance recovery for the quarters ended September 30, 2024 and June 30, 2024.

	For the Three Months Ended	
	September 30, 2024	**June 30, 2024**
General & Administrative expenses	31,552	24,060
Less: stock-based compensation	4,275	1,960
Less: bad debt and insurance recovery	—	(5,040)
General & Administrative expenses excluding stock-based compensation, bad debt and insurance recovery	$ 27,277	$ 27,140