April 24, 2019

TerrAscend Announces Fourth Quarter 2018 Financial Results

Company reiterates previously issued guidance anticipating 2019 full year revenue exceeding $135 million.[1]

TORONTO, April 24, 2019 /PRNewswire/ - TerrAscend Corp. (CSE:TER OTCQX:TRSSF) ("TerrAscend" or the "Company") today reported financial results for the fourth quarter ending December 31, 2018. Financial results and analyses are available on the Company's website (www.terrascend.com) and SEDAR (www.sedar.com).

Financial Highlights

- For the three months ended December 31, 2018, revenue totaled $5.0 million, up from $1.8 million in the third quarter of 2018 and $0.0 million in the fourth quarter of 2017.
- Net loss was $11.7 million or $0.13 per share for the three months ended December 31, 2018, compared with a net loss of $778 thousand or $0.02 per share for the fourth quarter of 2017.
- As of December 31, 2018, the Company held $21.7 million in cash and cash equivalents.

"We are pleased with our performance in the fourth quarter and have laid the groundwork for success in 2019," said Michael Nashat, CEO of TerrAscend. "We are experiencing strong sales momentum in Canada and are making substantial progress towards becoming a leading US multi-state operator. We look forward to sharing more information on our international expansion plans, US growth in both cannabis and hemp-derived CBD businesses, and additions to our senior leadership team."

Matthew Johnson, President of TerrAscend Corp., and TerrAscend USA, Inc., noted, "Our team is focused on operational excellence in our facilities across North America, continuing to procure new licenses across the US through greenfield license applications, and strategic acquisitions of existing licensed operations. On behalf of the employees of TerrAscend, we pledge to continue our efforts to exceed patient, customer, and stakeholder expectations."

Fourth Quarter 2018 and Recent Company Highlights

- Completed a capital reorganization to facilitate US expansion with the continued support of Canopy Growth Corp. (TSX: WEED) (NYSE: CGC), Canopy Rivers Corp. (TSXV: RIV) and certain funds managed by JW Asset Management LLC, where Jason Wild is the President and Chief Investment Officer.

- Awarded the right to a vertically integrated license in New Jersey, along with strategic minority partners. The operations will be in Northern New Jersey and include approximately 80,000 sq. ft. of cultivation and 40,000 sq. ft. of processing on the 16-acre campus. In addition, the company will be opening its first East Coast Apothecarium location in Philipsburg, NJ in Q4 2019.

- Completed the purchase of substantially all of the assets of Grander Distribution, subsequently renamed Arise Bioscience, an industry leader in the development, manufacture, and distribution of hemp-derived products. The US$13 million purchase price was an equal combination of cash and stock with the potential for additional consideration of up to US$10 million based on revenue targets of US$35 million in 2019 and US$50 million in 2020.

- Continued to drive sales for its adult-use brand, Haven St. Premium Cannabis, a top-10 selling brand in the five Canadian provincial jurisdictions where it is sold.

- Secured a multi-year cannabis supply agreement with PharmHouse, a Canopy Rivers Joint Venture. PharmHouse will grow and supply cannabis to TerrAscend Canada from an existing 1.3 million square foot greenhouse where the production of flower, trim, and clones from 20% of the dedicated flowering space will be made available to the Company.

- Secured US$75 million credit facility with certain funds managed by JW Asset Management LLC, where Jason Wild is the President and Chief Investment Officer. The credit facility gives TerrAscend access to non-dilutive capital for acquisitions in the United States, as well as for general corporate and working capital purposes.

- Appointed Matthew J. Johnson as President, TerrAscend Corp. and TerrAscend USA, Inc. Mr. Johnson is responsible for the overall operations of the business. A seasoned healthcare industry executive with over 25 years of experience, he has held senior-level positions with several large medical device and pharmaceutical companies including Baxter, Abbott, and AbbVie.

- Announced the appointment of Craig Collard to the board of Directors. Mr. Collard has over 20 years of experience in the pharmaceutical industry with a track record of leadership, managing organizational change, and driving successful merger and acquisition activity. Mr. Collard is the CEO of Veloxis Pharmaceuticals (NASDAQ OMX: VELO), a commercial-stage specialty pharmaceutical company committed to improving the lives of transplant patients.

- On February 11, 2019, the Company announced a series of transactions to facilitate the acquisition of The Apothecarium, a multi-state award winning retail dispensary

network. As part of the transactions the Company is acquiring a vertically integrated operation in Nevada with cultivation, processing, and an Apothecarium dispensary, as well as Valhalla Confections, a provider of leading premium edible products. The Apothecarium's four retail dispensaries in California and Nevada provide quality cannabis to both medical patients and adult-use customers with combined 2018 revenues in excess of US$45 million[2]. The agreements are subject to regulatory approvals by various local and state authorities in each of the markets where the assets and licenses are held, as well as certain customary closing conditions.

- Completed construction of the Drug Preparation Premises (DPP) in its Mississauga facility. The Company is pursuing provincial and federal licensing for the development and compounding of unique pharmaceutical formulations, including a manufacturer's designation for cannabis products under the Cannabis Act and the Food and Drug Act.

- German authorities recently completed the GMP certification inspection of the Mississauga facility. The Company is preparing to export to Germany and other international markets once GMP certification is obtained.

- Will complete construction on the Mississauga facility in Q2 2019, expanding cultivation by 140% and processing capacity by 800%. The facility will include manufacturing and processing for additional product formats.

- In April 2019, TerrAscend's private placement was met with strong investor interest. In response, the Company increased the offering size to approximately US$30 million - US$40 million. For more information on the private placement, please refer to the Company's news releases dated April 23 and April 22.

Fourth Quarter and Full Year 2018 Results

	Q4 2018 $	Q4 2017 $	Full year 2018 $	Full year 2017 $
Sales	**5,031**	—	**6,826**	—
Gross profit (loss) before gain on fair value of biological assets	**92**	—	**(2,809)**	—
Net Impact, fair value of biological assets	**(463)**	—	**1,061**	—
Gross loss	**(371)**	—	**(1,748)**	**—**
Total operating expenses	**(10,690)**	(778)	**(19,692)**	(6,806)
Net loss and comprehensive loss before income tax	**(11,061)**	(778)	**(21,440)**	(6,806)
Income Taxes	**(704)**	—	**(704)**	—
Net Loss and Comprehensive Loss after Income Tax	**(11,765)**	(778)	**(22,144)**	(6,806)
Less: Net loss attributable to non-controlling interest	**45**	—	**116**	—
Net loss attributable to controlling interest	**(11,720)**	(778)	**(22,028)**	(6,806)
Net loss per share – basic	**(0.13)**	(0.02)	**(0.24)**	(0.19)

	December 31, 2018 $	December 31, 2017 $
Cash and cash equivalents	**21,773**	51,817
Non-current assets	**30,184**	15,368
Total assets	**88,978**	69,061
Current liabilities	**31,076**	1,692
Total shareholders' equity	**57,902**	67,369

About TerrAscend

TerrAscend provides quality products, brands, and services to the global cannabinoid market. The Company participates in the medical and legal adult use market in Canada and in US states where cannabis has been legalized for therapeutic or adult use. TerrAscend operates a number of synergistic businesses, including Arise Bioscience Inc., a manufacturer and distributor of hemp-derived products; Ascendant Laboratories Inc., a biotechnology and licensing company committed to the continuous improvement of cannabinoid expressing plants; and Solace RX Inc., a proposed Drug Preparation Premises (DPP) focused on the development of novel formulations and delivery forms.

Caution Regarding Cannabis Operations in the United States

Investors should note that there are significant legal restrictions and regulations that govern the cannabis industry in the United States. Cannabis remains a Schedule I drug under the US Controlled Substances Act, making it illegal under federal law in the United States to cultivate, distribute or possess cannabis in the United States. Furthermore, financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable US federal money laundering legislation.

While the approach to enforcement of such laws by the federal government in the United States has trended toward non-enforcement against individuals and businesses that comply with medical or adult-use cannabis programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither absolve TerrAscend of liability under US federal law, nor will it provide a defense to any federal proceeding which may be brought against TerrAscend. Following any investment made by TerrAscend in operations in the United States, enforcement of federal laws in the United States will be a significant risk to the business of TerrAscend and any proceedings brought against TerrAscend thereunder may adversely affect TerrAscend's operations and financial performance.

Forward Looking Information

This release contains "forward-looking information" within the meaning of applicable securities laws. Particularly, information regarding expectations of future results, targets, performance achievements, prospects or opportunities is forward-looking information. Forward-looking statements in this press release 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, and include statements with respect to the completion of the transactions discussed herein and the anticipated benefits thereof. Forward looking statements are not a guarantee of future performance and are 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.

Although TerrAscend believes that the expectations and assumptions on which such forward looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because TerrAscend 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 statements are 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 statements. Such risks and uncertainties include, but are not limited to, the inability of the parties to satisfy the conditions to closing set out in the definitive documentation in a timely manner or at all; 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; TerrAscend's ability to successfully integrate any acquired businesses in the future; and fluctuations in foreign currency exchange rate.

The statements in this press release are made as of the date of this release. 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. TerrAscend undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of TerrAscend, its securities, or financial or operating results (as applicable).

[1] Presented on a pro forma basis including transactions that have not closed. Does not include anticipated costs/expenses to generate such revenue.
[2] Based on unaudited financial statements prepared in accordance with U.S. GAAP.

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