

December 18, 2020



TerrAscend Announces Closing of US \$120 Million Debt Financing

4 year term loan bears interest of 12.875%, has no equity component and is callable any time

No additional external funding required to satisfy final Ilera Healthcare earn-out payments

NEW YORK and TORONTO, Dec. 18, 2020 /CNW/ - TerrAscend Corp. ("TerrAscend" or the "Company") (CSE:TER) (OTCQX: TRSSF), a leading North American cannabis operator, today announced it has closed a US\$120 million Senior Secured Term Loan (the "Term Loan") with a syndicate of lenders. The loan is solely secured by the Company's Pennsylvania-based Ilera Healthcare Division ("Ilera"). The Term Loan will bear interest of 12.875% per annum, with a 4 year maturity and is callable any time. There are no warrants being issued as part of the offering. Subject to certain conditions of the agreement, the Company has the ability to increase the facility by up to US\$30 million. The loan proceeds, combined with expected cash balances, will be used to satisfy the remaining 2021 Ilera earn-out payments. The Term Loan was arranged by Seaport Global Securities, LLC, as lead manager, and supported by ATB Global.



TerrAscend's Ilera Healthcare Division is a vertically integrated operation in Pennsylvania which provides world class cultivation and manufacturing from its 144,000 square foot facility located in Waterfall and operates three highly productive dispensaries which are located in Plymouth Meeting, Lancaster, and Thorndale.

"Pennsylvania is a very attractive limited license state, and we have a leadership position with Ilera. I am very proud of the Ilera team and how they have executed and delivered. This financing demonstrates the Company's ability to access the capital markets, with favorable terms for our industry, based on strong fundamentals," said Jason Ackerman, Executive Chairman and Chief Executive Officer of TerrAscend.

TerrAscend acquired Ilera Healthcare in September 2019 for a total consideration of up to US\$225 million based on an earn-out incentive structure. Due to the strong performance of the business, the sellers are entitled to the maximum earnout payment, of which US\$135 million remains.

The Canadian Securities Exchange ("CSE") has neither approved nor disapproved the contents of this news release. Neither the CSE nor its Market Regulator (as that term

is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

About TerrAscend

TerrAscend is a leading North American cannabis operator with vertically integrated operations in Pennsylvania, New Jersey, and California in addition to operating as a licensed producer in Canada. TerrAscend operates an award-winning chain of Apothecarium dispensary retail locations as well as scaled cultivation, processing, and manufacturing facilities on both the East and West coasts. TerrAscend's best-in-class cultivation and manufacturing practices yield consistent, high-quality cannabis, providing industry-leading product selection to both the medical and legal adult-use market. The Company owns a number of synergistic businesses and brands, including The Apothecarium, Ilera Healthcare, State Flower, Valhalla Confections, and Arise Bioscience Inc. For more information, visit www.terrascend.com.

Forward Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information contained in this press release may be identified by the use of words such as, "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan and other similar expressions, and include statements with respect to future revenue and profits. Forward-looking information is not a guarantee of future outcomes or 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 the anticipated terms and use of proceeds of the Term Loan, the Company's ability to access capital markets in the future and the terms on which capital may be accessed, the amount and timing of future earnout payments in respect of the Ilera acquisition,, current and future market conditions, the current and future regulatory environment; and the availability of licenses, approvals and permits in various states in which the Company and its subsidiaries operate.

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, 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 current regulatory regime in Pennsylvania; and the risk factors set out in the Company's annual information form dated May 31, 2019 as supplemented by management's discussion and analysis dated April 23, 2020 for the year ended December 31, 2019 and other filings with the Canadian securities regulators available under the Company's profile on SEDAR at www.sedar.com.

The statements in this press release are made as of the date of this release. The Company

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.

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, among other things, cultivate, distribute or possess cannabis in the United States. 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 U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against TerrAscend. The enforcement of federal laws in the United States is a significant risk to the business of TerrAscend and any proceedings brought against TerrAscend thereunder may adversely affect TerrAscend's operations and financial performance.

SOURCE TerrAscend