



TerrAscend Announces Record Revenue for the First Quarter of 2019

- First quarter revenue of \$14.6 million, up from \$5.0 million in the fourth quarter of 2018
- Company reiterates 2019 full-year guidance of revenue exceeding \$135 million¹
- Strong growth in the US and Canada; exports to Germany to commence this quarter, making TerrAscend the first and only cannabis company with sales in the US, Canada, and Europe
- Achieving organic growth, acquiring and integrating best-in-class businesses, and successfully scaling operations

TORONTO, May 23, 2019 /CNW/ - TerrAscend Corp. (CSE: TER; OTCQX: TRSSF) ("TerrAscend" or "the Company") today reported financial results for the first quarter ending March 31, 2019. Financial results and analyses are available on the Company's website (www.terrascend.com) and SEDAR (www.sedar.com). All figures are reported in Canadian dollars, unless otherwise indicated.

Financial Highlights

- For the three months ended March 31, 2019, TerrAscend generated revenue of \$14.6 million, up from \$5.0 million in the fourth quarter of 2018. The Company did not have revenue in the comparable first quarter of 2018.
- Adjusted EBITDA loss (non-GAAP measure) was \$7.2 million for the first quarter of 2019, compared with a loss of \$7.1 million in the fourth quarter of 2018 and a loss \$1.6 million in the comparable first quarter of 2018.
- As of March 31, 2019, the Company held \$8.6 million in cash and cash equivalents. On May 15, 2019, the Company closed the first tranche of its previously announced private placement with total proceeds in excess of \$40.2 million. The final tranche is expected to close on or around May 27.

The Company reported its highest quarterly revenue to date driven by solid organic growth in Canada as well as the January 15, 2019 closing of the purchase of the assets which make up the wholly owned subsidiary Arise Bioscience ("Arise"). In Canada, the Company experienced strong demand in both the medical and adult-use markets; revenue for the Company's Canadian subsidiaries totaled \$8.9 million in the quarter.

"Our sales in Canada continue to be strong, driven by demand from provincial distributors and consumers," said Michael Nashat, TerrAscend's CEO. "We are building industry-leading cultivation and processing capabilities. Our Mississauga facility was recently GMP certified by the German authorities – the only such certification granted in the last year – and exports to the EU will commence this quarter. We are excited about



additional international expansion opportunities and will share news of these milestones as we achieve them. We will be fully operational and ready to begin sales of edibles and concentrates into the Canadian market in the fourth quarter.”

In the US, sales of hemp-derived products developed, manufactured, and distributed by Arise totaled \$5.7 million in the quarter.

“Our first quarter results reflect substantial progress toward our goal of becoming the leading North American Operator in the cannabis sector,” said Matthew Johnson, President of TerrAscend Corp., and TerrAscend USA, Inc. “While achieving strong top-line growth at Arise, we’re focused on operational excellence that will enable us to become the leading global provider of hemp-based products. We’re nearing the closing of our acquisition of The Apothecarium, which we announced on February 11. In New Jersey, our first East Coast Apothecarium and supporting cultivation operations will be up and running by the second half of the year. The foundational capabilities of our US and Canadian businesses, coupled with future acquisitions and the procurement of greenfield licenses, will firmly establish TerrAscend’s global presence. We’re committed to continuing our hard work in order to exceed the expectations of our patients, customers, and stakeholders.”

First Quarter 2019 Highlights

- The Company continued to drive sales for its adult-use brand, Haven Street premium cannabis, in the six Canadian provincial jurisdictions where it is sold, achieving top-10 selling status where reported. Preparations are underway to ensure that the Company is well positioned to launch sales of oils when granted the requisite license by Health Canada, which is expected imminently.
- Arise completed the research, development, and design of Original Hemp, a premium hemp-derived cannabinoid brand that is expected to launch this quarter. To enhance collaboration and drive sales growth, Arise consolidated its sales, marketing, accounting, and operations into a new 16,000 square foot facility. Additionally, Arise made significant investments in IT systems and platforms that will enable the business to continue to scale rapidly.
- The Company announced the acquisition of the Apothecarium on February 11, 2019 for total consideration of US\$118.4 million. The Apothecarium is a multi-state award-winning retail dispensary operator with three dispensaries in California; a vertically integrated operation in Nevada with cultivation, manufacturing, and an Apothecarium dispensary; and Valhalla Confections, a provider of leading premium edible products. These entities had 2018 revenues in excess of US\$45.0 millionⁱⁱ. The Company is working towards the close of the acquisition, which will occur in stages as it receives final regulatory approvals from certain authorities, expected in the second and third quarters of 2019. The



Company expects to open new Apothecarium locations in Berkeley, California and Phillipsburg, New Jersey in the fourth quarter of 2019.

- The Company made substantial progress on site development for its cultivation facility in Boonton Township and its dispensary in Phillipsburg, New Jersey. Both sites will be operational in the second half of the year.

Subsequent Events

- The Company received a Good Manufacturing Practice ("GMP") certificate in accordance with the rules governing medicinal products in the European Union for its facility in Mississauga, Ontario. TerrAscend expects to begin distribution in Germany in the second quarter through its sales and distribution agreement with iuvo Therapeutics GmbH, making it the first and only global cannabis operator with sales in the US, Canada, and the EU.
- The Company appointed Lisa Swartzman to its Board of Directors. She currently serves as President of AirBoss of America (OTCMKTS: ABSSF). Gopal Bhatnagar stepped down from the Company's Board. Additionally, Brian Feldman joined TerrAscend as an Officer and General Counsel effective April 8, 2019.
- On May 7, 2019, the Company announced it had closed the books on its upsized non-brokered private placement to raise approximately US\$52 million through the issuance of common shares. On May 15, 2019, the Company closed the first tranche of the private placement and issued 5,257,662 common shares at a price of \$7.64 per common share for total proceeds of \$40.2 million. The second tranche of the private placement is expected to close on or around May 27, 2019. Please refer to the Company's press release dated May 7, 2019 for more information.

First Quarter 2019 Results

	Q1 2019 \$	Q1 2018 \$
Sales	14,582	-
Gross profit (loss) before gain on fair value of biological assets	1,507	(412)
Net impact, fair value of biological assets	427	577
Gross profit (loss)	1,934	165



Total operating expenses	12,994	2,511
Net Loss and Comprehensive Loss after Income Tax	(11,200)	(2,346)
Less: Net loss attributable to non-controlling interest	160	-
Net loss attributable to controlling interest	(11,040)	(2,346)
Net loss per share – basic	(0.26)	(0.02)

	Three months ended March 31, 2019	Three months ended March 31, 2018	Three months ended Dec. 31, 2018
Net Loss and Comprehensive Loss after Income Tax	(11,200)	(2,346)	(11,765)
Unrealized gain on changes in fair value of biological assets	(444)	(577)	(64)
Realized loss on changes in fair value of biological assets	17	—	527
Impairment of Intangible Asset	—	—	188
Accretion and accrued interest	732	—	28
Depreciation of property, plant and equipment	290	148	240
Amortization of intangible assets	565	19	57
Share-based payments	2,566	1,160	3,068
Unrealized gain on investments	617	—	(101)
Future income taxes	(372)	—	688
Adjusted EBITDA - Non-GAAP Measure	(7,229)	(1,596)	(7,134)

	March 31, 2019	December 31, 2018
	\$	\$
Cash and cash equivalents	8,627	21,773
Non-current assets	61,518	30,184
Total assets	116,773	88,978
Current liabilities	56,626	31,076
Long-term liabilities	3,410	-
Total shareholders' equity	56,737	57,902



About TerrAscend

TerrAscend provides quality products, brands, and services to the global cannabinoid market. As the first North American Operator (NAO), with scale operations in both Canada and the US, the Company participates in the medical and legal adult use market across Canada and in several US states where cannabis has been legalized for therapeutic or adult use. Additionally, TerrAscend will soon be the first and only cannabis company with sales in the US, Canada, and Europe as it has received EU GMP certification for its manufacturing facility in Mississauga, Ontario. 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).

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ⁱ Does not include anticipated costs / expenses to generate such revenue.

ⁱⁱ Based on unaudited financial statements prepared in accordance with U.S. GAAP.