TERRASCEND

Investor Presentation

June 2021 | Terrascend.com

(CSE: TER | OTCQX: TRSSF)

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Company Journey

2017
December

Initial investment in TerrAscend of $52.5M

2017
Founded

Incorporated Q1
Publicly Listed
May 2017 (CSE: TER)

Launched as Canadian LP

2018
October

TerrAscend pivots to US Market

2018
December

Awarded NJ Vertically Integrated License

2019
June

Acquired THE APOTHECARIUM DISPENSARY

2019
September

Acquired ILERA HEALTHCARE

2020
March

Canopy Growth Financing
$60M

2020
Q4

First of 3 Apothecarium dispensaries opens in NJ along with processing and cultivation facility

2020/21
December/January

Dec. '20: Closed US$140M of debt financing

Jan. '21: Raised $175M in non-brokered private placement

2021
May

Completed acquisitions of HMS Maryland and KCR PA

Opened 2nd NJ store in Maplewood

2021
Q1

Reported Q1 2021 Results:
$53.4M Revenue
$22.6M Adj. EBITDA
42% AEBITDA margin
$234M cash on balance sheet

Company Strategy

Delight our customers with great brands & outstanding retail experience

Depth in Attractive Limited License States

Vertical Integration to Maximize Quality Profitability & Scale

Operational Excellence & Financial Discipline

Industry Leading Digital & Data Capabilities

US MSO Footprint

WEST COAST

California

MARKET
- Population 39.5M
- Unlimited License

TERRASCEND
- State Flower 20K SF² Cultivation & Production
- Valhalla Products Production
- 5 Retail Dispensaries Open
- 90+ Dispensaries with our Brands

EAST COAST

Pennsylvania

#1 Wholesale Market Share

MARKET
- Population 12.8M
- Limited License

TERRASCEND
- 144K SF² Cultivation & Production
- 6 Retail Dispensaries Open (including KCR)
- Distribution of Ilera Branded Products Into 100% of Dispensaries
- 50% Flower | 50% Manufactured Products

New Jersey

1of 12 New Entities Vertically Integrated

MARKET
- Population 8.9m
- Limited License

TERRASCEND
- Ability for ~240K SF² Cultivation & Production
- 2 Retail Dispensaries Open; 3rd to Open Late Summer 2021
- Wholesale Distribution Capability

Maryland

MARKET
- Population 6.3m
- Size ~$600m medical

TERRASCEND
- Acquired HMS Health in May 2021
- 20k sq ft Cultivation and Processing
- Wholesale Distribution Capability
- Ability to acquire up to 4 Retail Licenses

Pennsylvania is a Highly Attractive Market

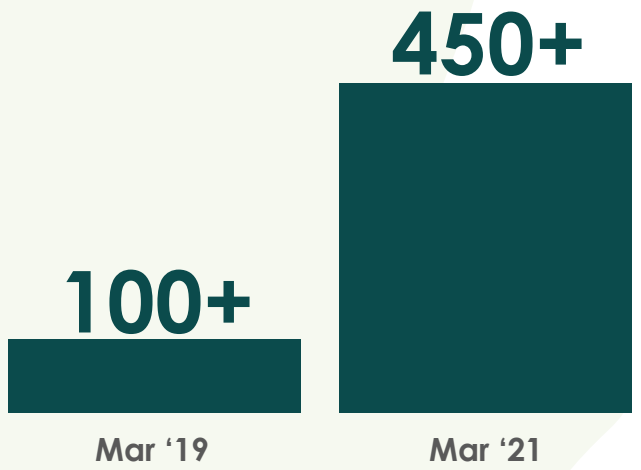
MARKET

Limited License
Attractive market dynamics

PATIENT COUNT

4.5x

Increase in Patient Count with strong physician representation

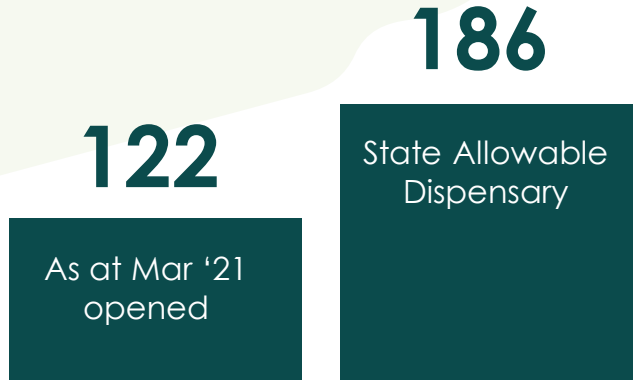


QUALIFYING CONDITIONS

23 Strong range of indications including anxiety & pain

DISPENSARIES

52% additional growth to license limit



TerrAscend in Pennsylvania Today

GROWING

- **1 of 5 permitted vertically integrated** cannabis cultivator, processor, and dispensary operator
- State-of-the-art cultivation **144K** SF^2 **facility**
- **#1 Supplier** in branded manufacturer market **(28% market share of flower segment*)**
- Over **170 cannabis strains**
- **Distributes products** to **100%** of PA medical cannabis dispensaries

MANUFACTURING

- **40+** Product SKU's in market
- Top rated products in the marketplace **40%(1) preference share**
- **23+** New Products under development

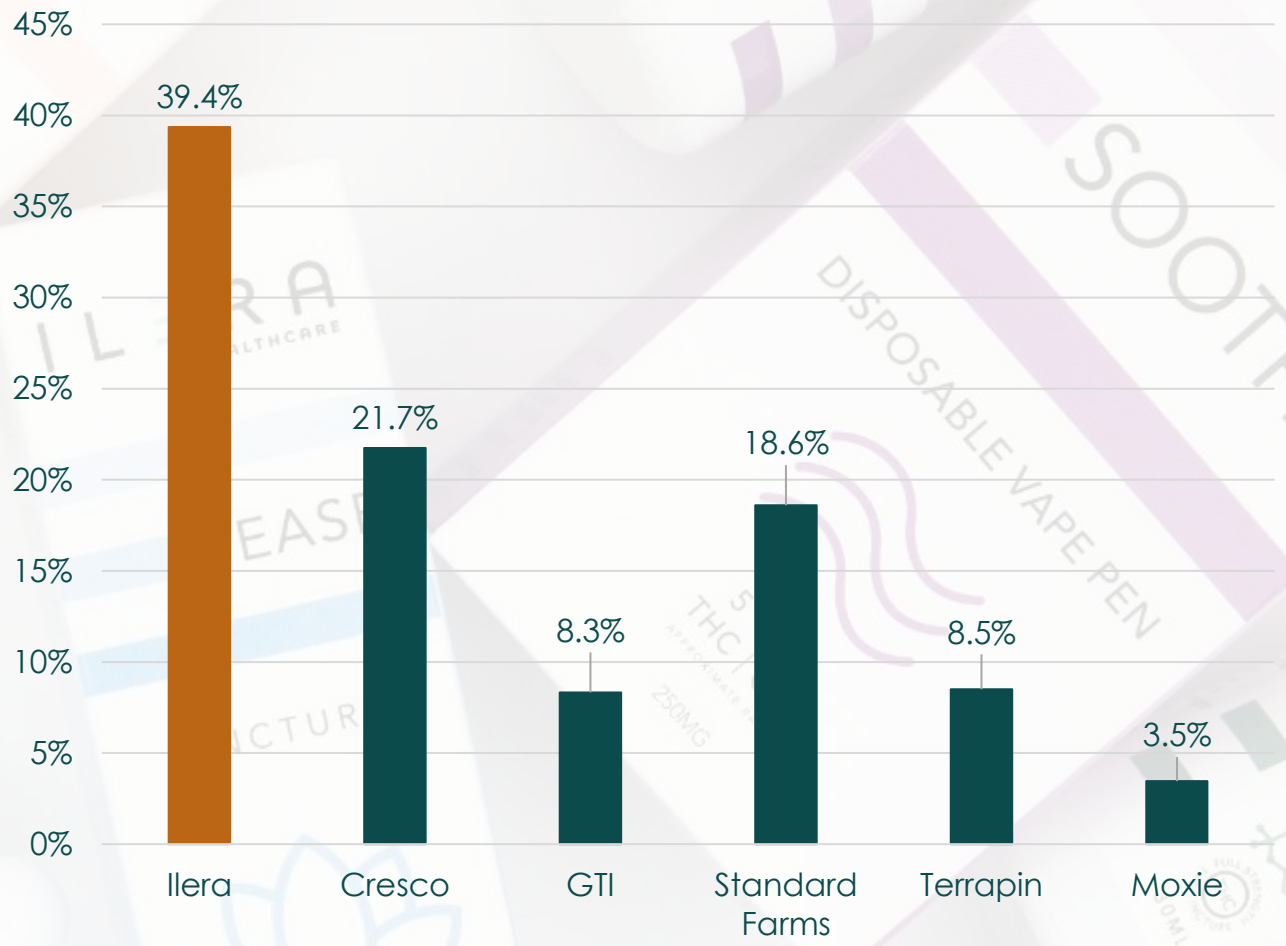
(CSE: TER | OTCQX: TRSSF)

- Headset data

(1) – Source: Bryan Doner, Christina DiArcangelo. "Pennsylvania Medical Marijuana Program – Patient Perspectives over the first two years." Compassionate Certification Centers & Affinity BioPartners. December 2019, p. 13

High Quality Products Driving Strong Brand Awareness

In a recent study[1], patients in Pennsylvania were asked which cultivator's products they liked best, and Ilera's were far and away the highest ranked products



(1) – Source: Bryan Doner, Christina DiArcangelo. "Pennsylvania Medical Marijuana Program – Patient Perspectives over the first two years." Compassionate Certification Centers & Affinity BioPartners. December 2019, p. 13

New Jersey

MARKET

- Limited License
- 1 of 4 MSOs within Northern NJ
- 1 of 12 within State
- Adult Use signed into law Feb ‘21
- 3 Retail Store Licenses (2 open in Philipsburg and Maplewood, 3rd to open late summer 2021)

SITE

- 16-acre site with the ability for ~240K SF2 of cultivation and processing
    - Phase I 40K completed July ’20 & Phase II 80K completed in Nov’20 (among largest in NJ)
    - Harvesting from both facilities since early 2021
    - Additional expansion planning underway
- Leveraging PA team to build infrastructure & manage east coast operations

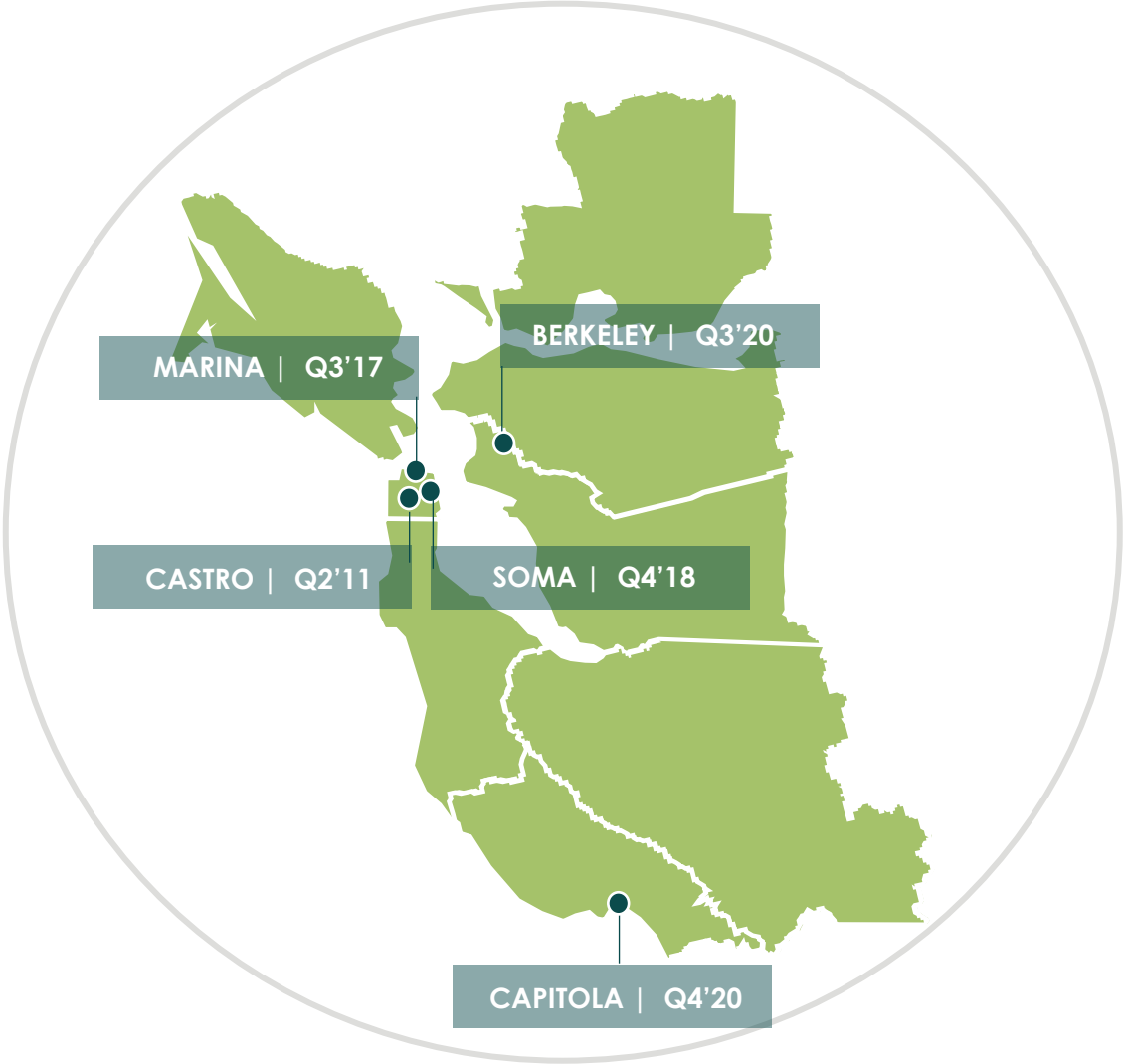
West Coast Strategic Focus : Northern California

MARKET

Population	**39.5M**
Market Size	**$4.3B**
Access Type	**Unlimited**

APOTHECARIUM

- Focused on **organic growth in Northern, CA**
- **Successful** at applying for and **winning licenses**
- **Scaling** our brands and local buying power



- 10 Year operating experience in San Francisco, CA
- Designed to provide enhanced patient and customer experiences
- Highly trained staff to provide education
- A wide variety of curated quality products
- Options for online ordering for pick-up or delivery

Our flagship Castro store was named the best designed dispensary in the country by Architectural Digest

The San Francisco Chronicle called The Apothecarium an “International Model”

Vertical Integration of quality in-house brands driving overall profit margins

(CSE: TER | OTCQX: TRSSF)

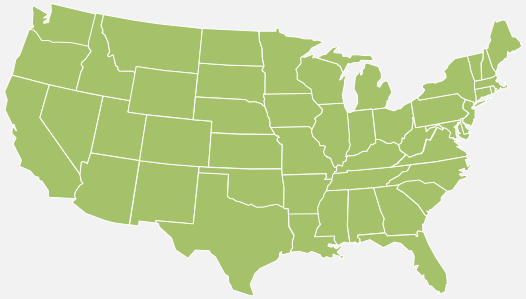
VERTICAL INTEGRATION OF INHOUSE BRANDS

STATEFLOWER

Flower

VAL·HALL·A™

Edibles



United States

Nationwide Distribution of CBD Products Brands

Access to **10K+** Stores

50+ SKUs – Tinctures, Edibles, Vapes

15+ SKUs – Gel Caps, Tinctures

ARISE BIOSCIENCE

Funky Farms CBD EXTRACTS

Original HEMP

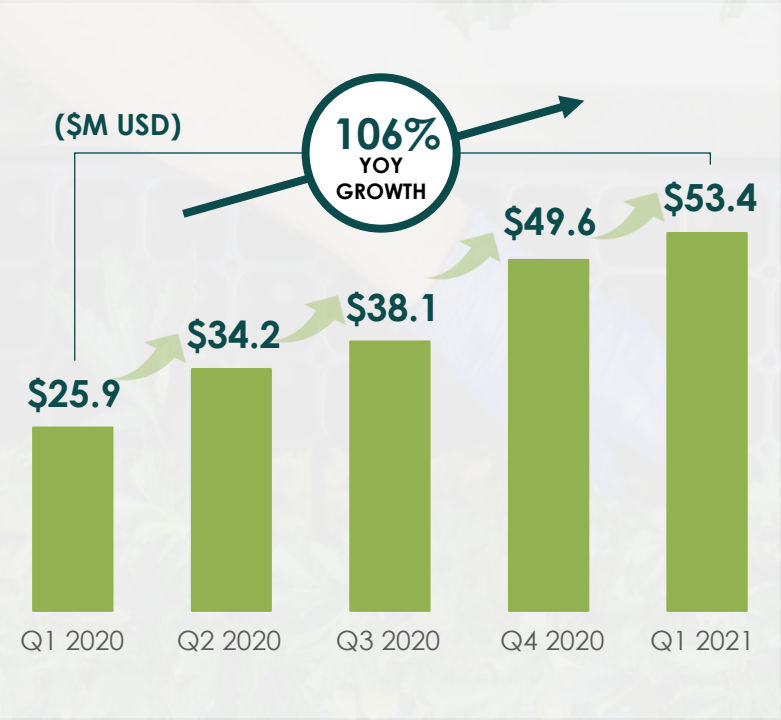
(CSE: TER | OTCQX: TRSSF)

Canada

64K+ SF² Facility

40+ SKUs – Flower, Vapes, Tea, Edibles

Investing For Growth in Priority Markets



Q120

PA 3x Cultivation expansion harvested

Q220

In market with 3x expansion of PA for full QTR

1 New Dispensary | PA

Q320

NJ Cultivation DOH approval; Planting started July 2020

2 New Dispensaries | CA & PA

PA additional 25% Cultivation increase

Q420

In market with PA 25% increase in supply

In market with CA State Flower 4x expansion

2 New Dispensaries | CA & NJ

First NJ Branded Manufacturing hits the market

1H 2021

In market NJ Cultivation & Production

2 New Dispensaries | NJ

3 New Dispensaries | PA (KCR acquisition)

Maryland market entry (HMS acquisition)

TERRASCEND OVERVIEW

Why TerrAscend?

Among Top 5 US MSOs across key Operational Metrics

Q1'21 Operational Metrics[1]

65%
Q1 Adj. Gross Margin

27%
Q1 SG&A % of Revenue[3]

($USD)[2]

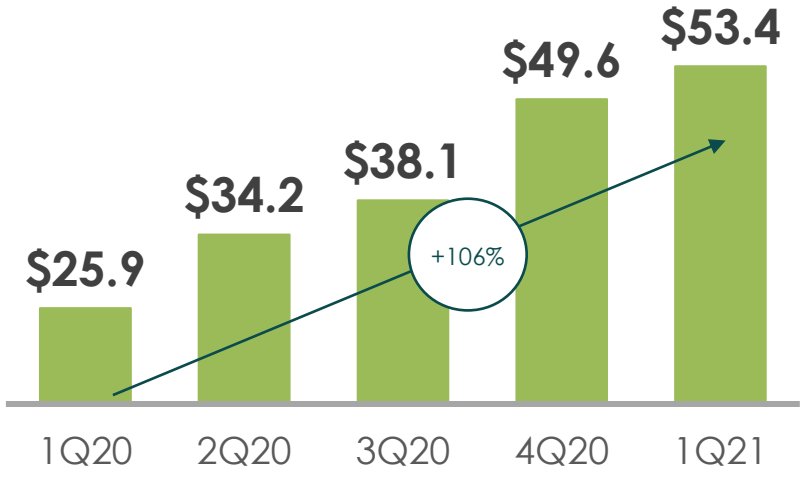
$22.6M
Q1 Adj. EBITDA

42%
Q1 Adj. EBITDA %

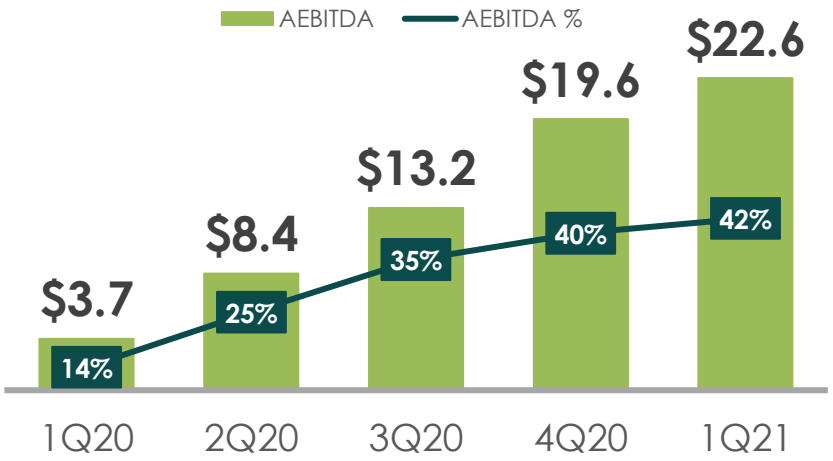
1. Adjusted Gross (Profit)/Margin and Adjusted EBITDA are Non-IFRS measures. Please see discussion and reconciliation of Non-IFRS measures in our most recent earnings press release and filings on SEDAR.
2. Beginning in Q1 2021 the Company began reporting financial results in US dollars
3. Excludes $1.6 million of one time legal and severance costs in the first quarter of 2021

Strong Momentum Continued in Q1 Across All Key Metrics

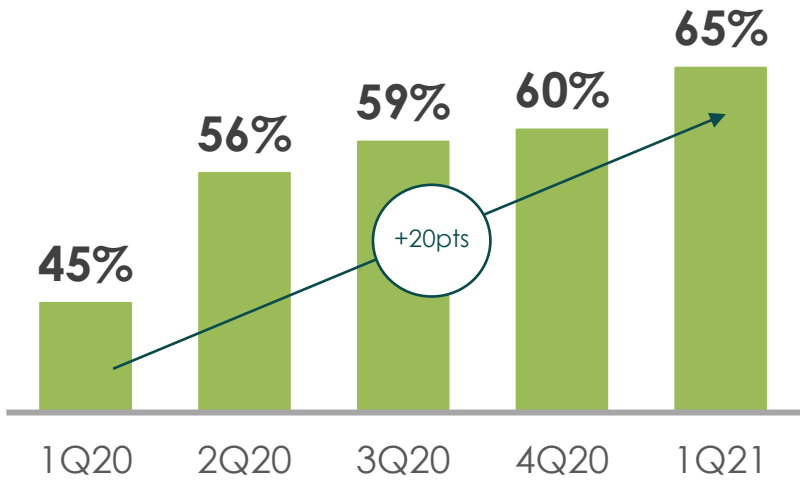
NET REVENUE USD$M



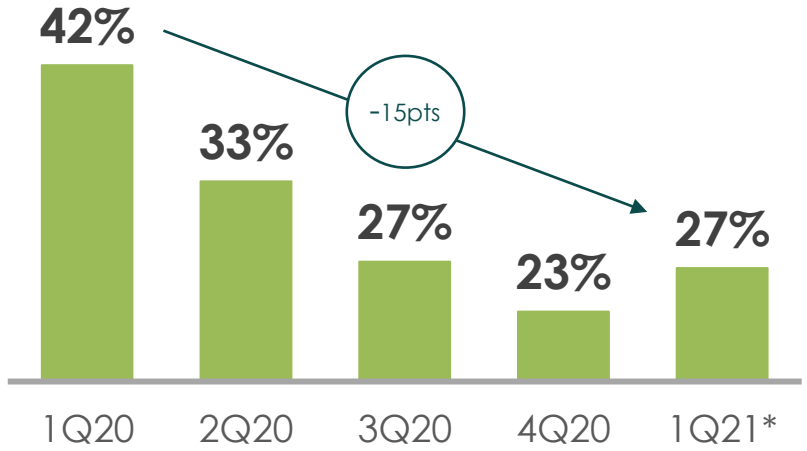
ADJUSTED EBITDA USD$M



ADJ. GM%



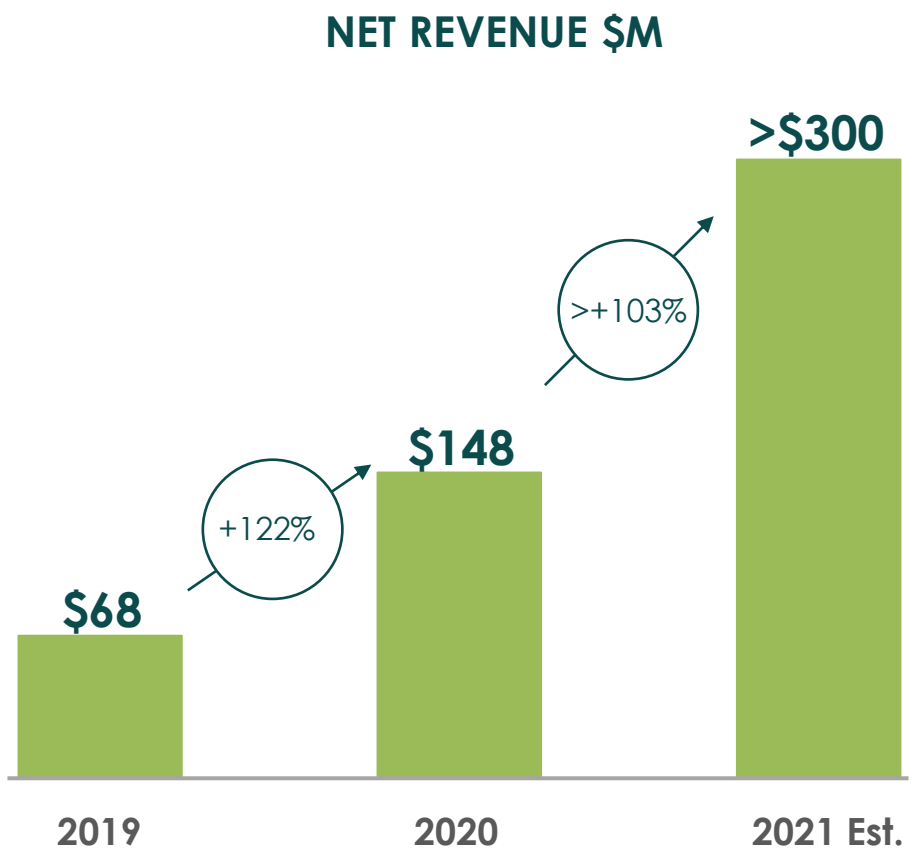
OPEX as a % OF NET SALES

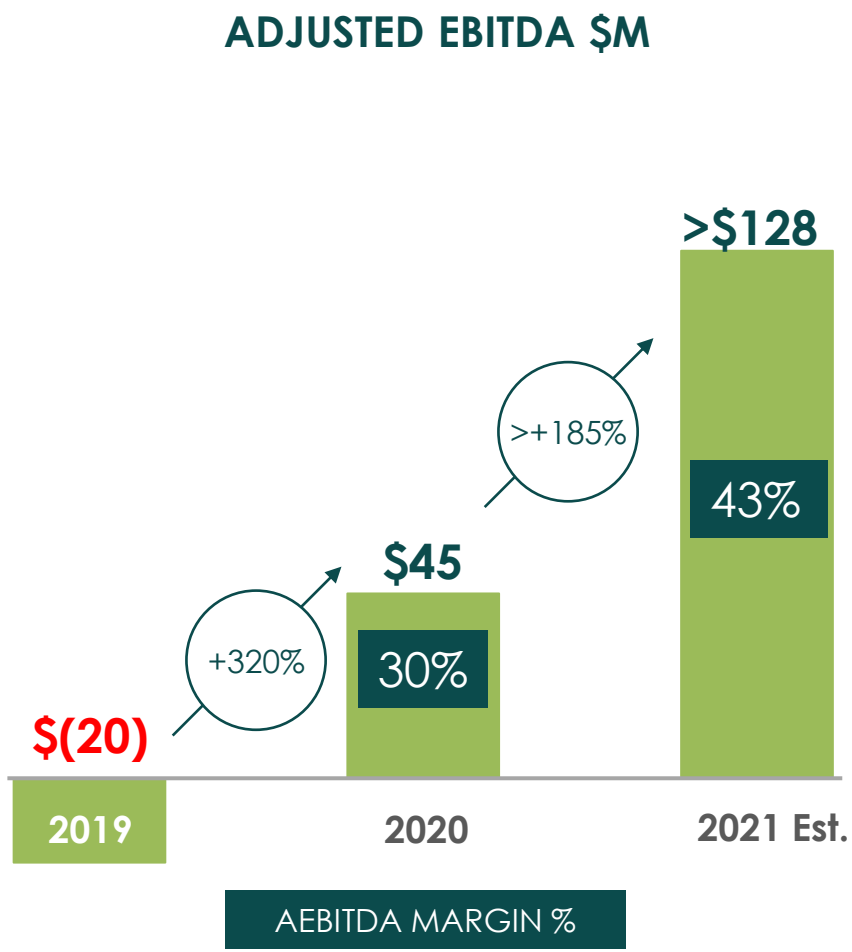


*Excludes $1.6 million of one time legal and severance costs in the first quarter of 2021

Growth and Margin Expansion Expected to Continue in FY 2021

FY 2021 Increased Guidance: Revenue to exceed US$300M and Adj EBITDA to exceed US$128M[1]





1. Beginning in Q1 2021 the Company began reporting financial results in US dollars. Conversion of previous guidance in Canadian dollars uses November 19th, 2020 CAD/USD FX rate of 1.3082 (prevailing rate at the time guidance was introduced) and corresponds to previous guidance being increased to >C$392 million in Net Sales and >C$167 million of Adjusted EBITDA.

Share Count Detail

Fully Diluted Shares Outstanding (As of May 19, 2021)	Total Shares (in millions)
Common Shares	184
Proportionate Voting Shares (As converted)	0
Preferred Shares (As converted)	14
Exchangeable Non-Voting Shares	39
Total Basic Shares Outstanding	237
Warrants and Options (Weighted Average Strike Price of $4.90)[1]	82
Total Shares Outstanding (Fully Diluted)	319

1. As of March 31, 2021

Our Focus

HAPPY CUSTOMERS

WORLD CLASS TALENT

STRONG CORE VALUES

FINANCIAL DISCIPLINE

DATA & TECHNOLOGY

TERRASCEND
Thank You