

TERRASCEND

Investor Presentation

October 2021 | [TerrAscend.com](https://www.TerrAscend.com)

(CSE: TER | OTCQX: TRSSF)



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The forward-looking information contained in this presentation represents the Company's expectations as of the date of this presentation or the date indicated, regardless of the time of delivery of the presentation. All of the forward-looking information contained in this presentation is expressly qualified by the foregoing cautionary statements. Potential investors should consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their potential investment in the Company. Risk factors that could cause actual results to differ materially from forward-looking information in this presentation include: the Company's exposure to legal and regulatory risk; the effect of the legalization of adult-use cannabis in jurisdictions where the Company operates on the medical cannabis industry is unknown and may significantly and negatively affect the Company's medical cannabis business; that the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis are not as currently expected; that adverse changes or developments affecting the Company's main or planned facilities may have an adverse effect on the Company; that the medical cannabis industry and market may not continue to exist or develop as anticipated or the Company may not be able to succeed in this market; risks related to market competition; risks related to the proposed adult-use and medical cannabis industries and markets including the Company's ability to enter into or compete in such markets; that the Company has a limited operating history and a history of net losses and that it may not achieve or maintain profitability in the future; risks related to the Company's current or proposed international operations; risks related to future third party strategic alliances or the expansion of currently existing relationships with third parties; that the Company may not be able to successfully identify and execute future acquisitions or dispositions or successfully manage the impacts of such transactions on its operations; risks inherent to the operation of an agricultural business; that the Company may be unable to attract, develop and retain key personnel; risks resulting from significant interruptions to the Company's access to certain key inputs such as raw materials, electricity, water and other utilities; that the Company may be unable to transport its cannabis products to patients in a safe and efficient manner; risks related to recalls of the Company's cannabis products or product liability or regulatory claims or actions involving the Company's cannabis products; risks related to the Company's reliance on pharmaceutical distributors, suppliers and skilled labor; that the Company, or the cannabis industry more generally, may receive unfavourable publicity or become subject to negative consumer or investor perception; that certain events or developments in the cannabis industry more generally may impact the Company's reputation or its relationships with customers or suppliers; risks related to insurance; that the Company may become subject to liability arising from fraudulent or illegal activity by its employees, contractors, consultants and others; that the Company may experience breaches of security at its facilities or losses as a result of the theft of its products; risks related to the Company's information technology systems; that the Company may be unable to sustain its revenue growth and development; that the Company may be unable to expand its operations quickly enough to meet demand or manage its operations beyond their current scale; that the Company may be unable to secure adequate or reliable sources of necessary funding; risk related to the available funds of the Company and the use of such funds; risks related to, or associated with, the Company's exposure to reporting requirements; risks related to conflicts of interest; risks related to the reliance on the expertise and judgment of senior management of the Company, and ability to retain such senior management; risks related to the management of growth; risk of litigation; risks related to energy costs; risks related to fluctuations in foreign currency exchange rates; risks related to the Company's potential exposure to greater-than-anticipated tax liabilities; risks related to the protection and enforcement of the Company's intellectual property rights, or the intellectual property that it licenses from others; that the Company may become subject to allegations that it or its licensors are in violation of the intellectual property rights of third parties; that the Company may not realize the full benefit of the clinical trials or studies that it participates in; that the Company may not realize the full benefit of its licenses if the licensed material has less market appeal than expected and the licenses may not be profitable; and any other risks that may be included in the Filings.

Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in the forward-looking information in this presentation, there may be other risk factors not presently known to the Company or that the Company presently believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information in this presentation. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers and viewers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this presentation represents the Company's expectations as of the date of this presentation or the date indicated, regardless of the time of delivery of the presentation. The Company disclaims any intention, obligation or undertaking to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

All of the forward-looking information contained in this presentation is expressly qualified by the foregoing cautionary statements. Investors and potential investors should consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment or potential investment in the Company and should carefully consider the risks described in the Filings.

Non-IFRS Measures, Reconciliation and Discussion

Certain financial measures in this presentation are non-IFRS measures, including, Adjusted Gross Profit and Adjusted EBITDA. These terms are not defined by IFRS and, therefore, may not be comparable to similar measures provided by other companies. These metrics have no direct comparable IFRS financial measure. 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 IFRS. For more information, please see "Non-IFRS Financial Measures" in the Company's Interim MD&A available on www.sedar.com.

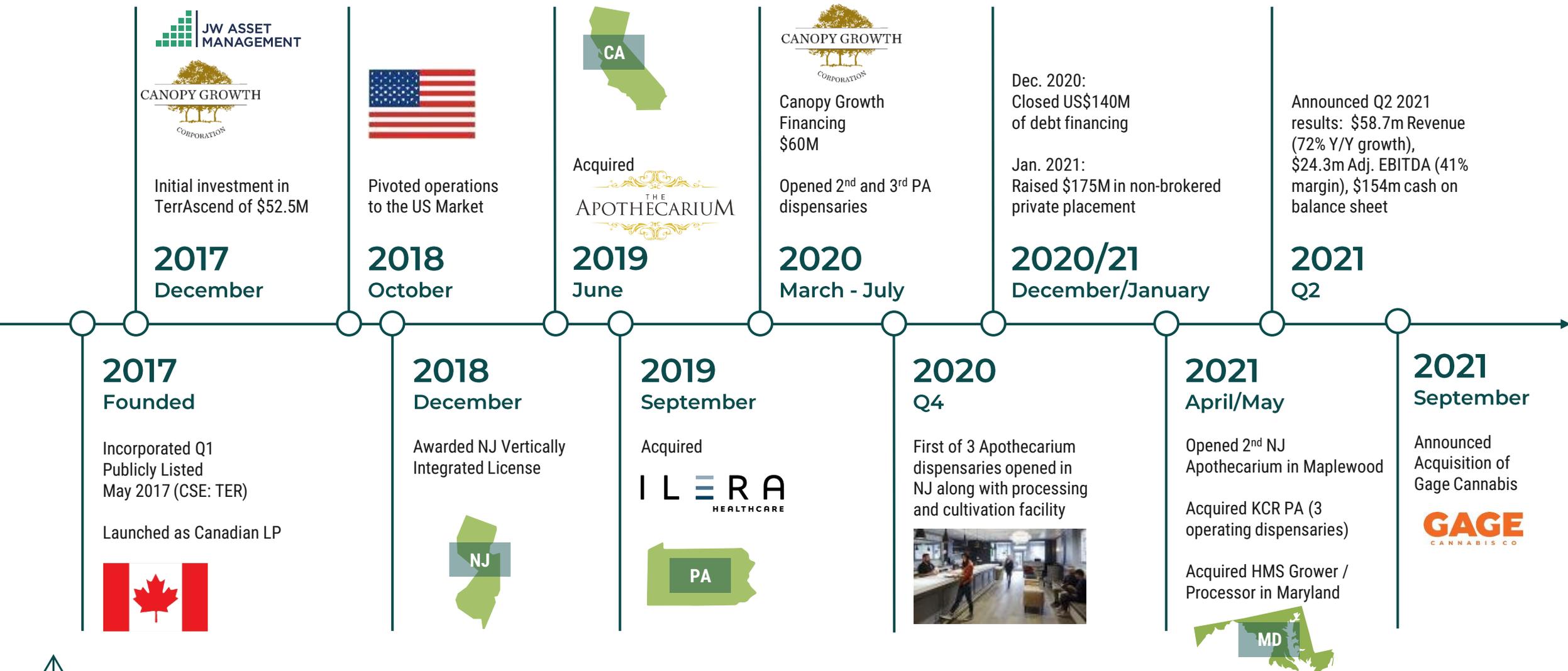
Adjusted Gross Profit and the associated margin are non-IFRS measures which management uses to evaluate the performance of the Company's business as it reflects its ongoing profitability. The Company believes that certain investors and analysts use this measure to evaluate a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in certain industries. The Company measures Adjusted Gross Profit as Gross Profit / (loss) less the cost of a one-time inventory impairments. The associated margin is Adjusted Gross Profit as a percentage of Net Sales.

Adjusted EBITDA and the associated margin are non-IFRS measures which management uses to evaluate the performance of the Company's business as it reflects its ongoing profitability. The Company believes that certain investors and analysts use this measure to evaluate a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in certain industries. The Company measures Adjusted EBITDA as EBITDA less unrealized gain on changes in fair value of biological assets and other income plus fair value changes in biological assets included in inventory sold, impairments, restructuring costs, purchase accounting adjustments, transaction costs, share based compensation, revaluation of warrants and derivatives liabilities, unrealized loss on investments or foreign exchange, settlement costs related to contractual disputes, and other one-time non-recurring items. The associated margin is Adjusted EBITDA as a percentage of Net Sales.

Third Party Information

The information contained in this presentation, including information provided by third parties, has not been independently verified and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, correctness or timeliness of the information or opinions expressed herein.

Company Journey



Our Business

Creating a leading, vertically-integrated, North American Operator

 **2017**
Year Founded

 **~1,000**
Total employees

 **4**
U.S. States

 **10**
Canadian Provinces

 **13**
Operating Dispensaries

 **9**
Award Winning Brands

 **~100%**
Wholesale Distribution¹

 **4**
U.S. Cultivation &
Production Facilities

 **\$148 M**
FY20 Net Revenue

 **122%**
YoY Revenue Growth

 **61%**
Q2 21 Adj. Gross Margin

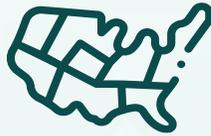
 **41%**
Q2 21 Adjusted
EBITDA Margin

1. In Pennsylvania and New Jersey

Company Strategy



Delight our customers with great brands & outstanding retail experience



Depth & Scale in Attractive Limited License States



Vertical Integration to Maximize Quality & Profitability



Operational Excellence & Financial Discipline



Industry Leading Digital & Data Capabilities

US MSO Footprint

PENNSYLVANIA

Population
12.8 Million

#1 Wholesale Market Share

Market type:

Limited License • Medical

TerrAscend Footprint:

- 144K Sq Ft Cultivation & Processing
- 6 Retail Dispensaries
- 100% Branded Product Distribution

NEW JERSEY

Population
8.9 Million

1 of 12 Vertically Integrated Licenses

Market type:

Limited License • Medical & Adult-Use*

TerrAscend Footprint:

- 140K Sq Ft Cultivation & Processing
- 2 Retail Dispensaries
- 3rd Retail Dispensary to Open Q4 2021
- 90%+ Branded Product Distribution

MARYLAND

Population
6.3 Million

Rapidly Growing Market & Scalable Footprint

Market type:

Limited License • Medical

TerrAscend Footprint:

- 20k Sq Ft Cultivation & Processing
- Cultivation and Processing Expansion in Process
- Ability to acquire up to 4 Retail Licenses
- Expanding Branded Product Distribution

CALIFORNIA

Population
39.5 Million

Super Premium Flower & Award Winning Retail

Market type:

Limited License • Adult-Use

TerrAscend Footprint:

- 20K Sq Ft Cultivation
- 5 Retail Dispensaries
- Branded Product Distribution to 110+ Dispensaries
- Valhalla Branded Products Production

* Implementation of adult-use sales in New Jersey currently pending

Pennsylvania

Market Details:

Population: 12.8 Million
Type: Medical
Size: \$1.2 Billion/year – Current¹
\$3.9 Billion/year - 2025²

TerrAscend Operations:

- 1 of 5 originally permitted vertically integrated cannabis cultivator, processor, and dispensary operators
- State-of-the-art 144K Sq Ft cultivation facility
- Distributes products to 100% of PA dispensaries
- Over 35 cannabis strains, 40+ Product SKU's in market and 23+ New Products under development
- Leading brands include: Kind Tree, Prism, and Ilera
- 50% Flower | 50% Manufactured Products



New Jersey

Market Details:

Population: 8.9 Million
Type: Medical
Size¹: \$600 Million/year – Current
\$1.8 Billion/year – 2025

TerrAscend Operations:

- 1 of 4 MSOs licensed within Northern NJ, adjacent to NYC
- 1 of 12 vertically integrated operators in the State
- Adult Use signed into law Feb '21
- 3 retail store licenses, 2 currently operational and 1 expected to open Q421
- 16-acre site with 140K Sq Ft Cultivation & Processing facility with the ability to expand up to ~240K Sq Ft
- 90%+ Branded Product Distribution



1. Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

Maryland

Market Details:

Population: 6.3 Million
Type: Medical
Size¹: \$600 Million/year – Current
\$800 Million/year – 2025

TerrAscend Operations:

- Acquired HMS Health in May 2021
- 20k Sq Ft cultivation and processing facility; further expansion currently underway
- Ability to acquire up to 4 Retail Licenses
- Branded Product Distribution Capability



1. Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

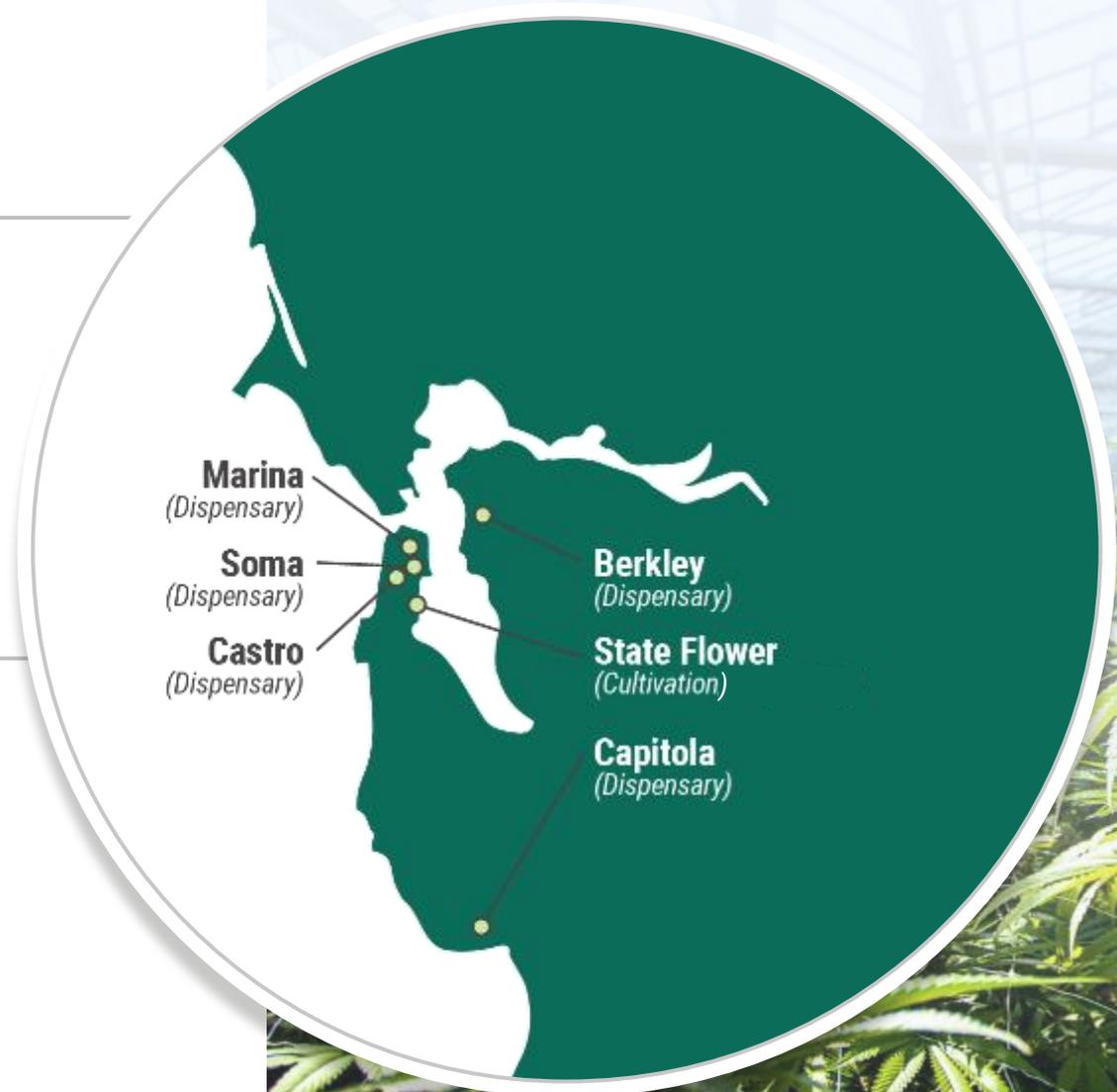
California

Market Details:

Population: 39.5 million
Type: Medical/Adult-use
Size¹: \$4.3 Billion/year – Current
\$5.7 Billion/year – 2025

TerrAscend Operations:

- Focused on San Francisco / Bay Area
- State Flower 20K Sq Ft Cultivation facility
- 5 Retail Dispensaries Open
- 110+ Dispensaries with our Brands
- Valhalla Products Production



1. Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

Canadian LP Footprint

Population

37.6 Million

Market type:

Unlimited License • Medical & Adult Use

TerrAscend Footprint:

- Headquartered in Mississauga, Ontario
- 45K Sq Ft Production Facility
- Focused on building flower market share and expanding existing portfolio of Cannabis 2.0 products, including:
 - Gummies
 - Pre-Rolls
 - Vape
 - Teas

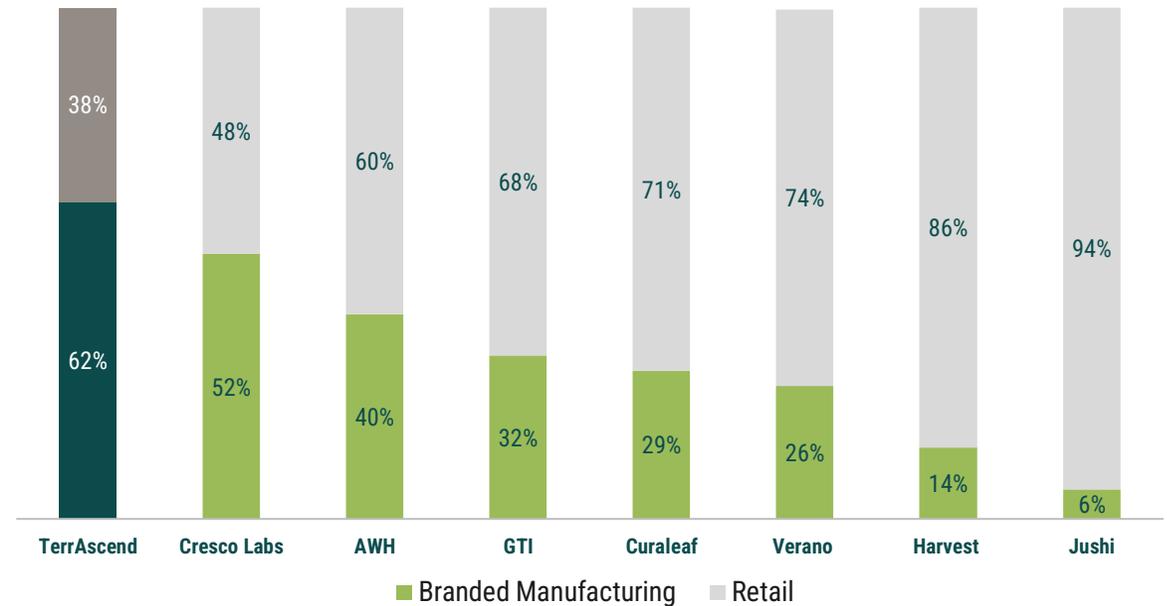
Leveraging strong retail relationships to secure placement in top Provinces/regions



Leadership in Branded Manufacturing

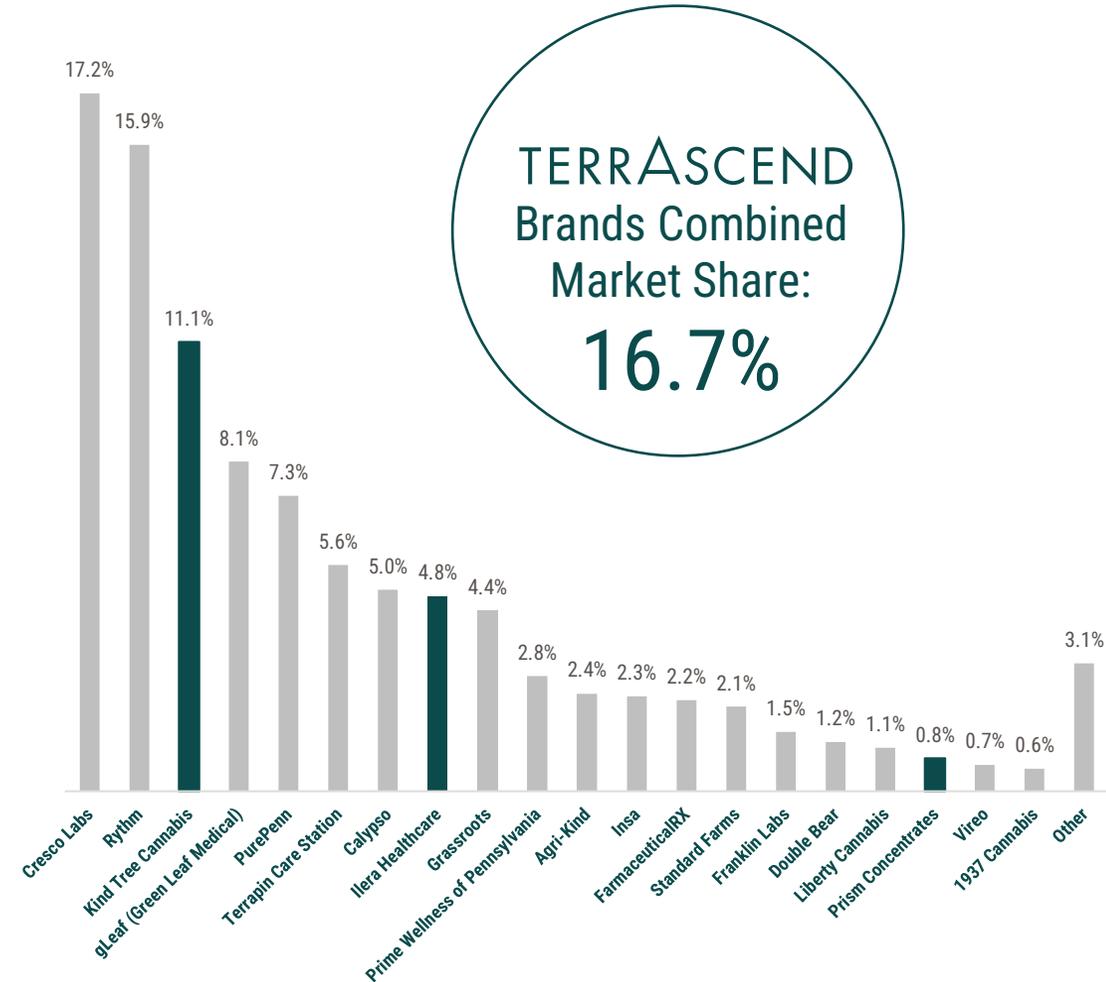
- Focusing on wholesale distribution of branded manufactured products
- Scaling cultivation and processing facilities in core markets to support demand while maintaining cost leadership
- Introducing complete portfolio of medical and consumer brands across U.S. footprint

Q2 '21 Revenue Breakdown¹:



Case Study: Patient Preferred Products Driving Competitive Position in Pennsylvania

PA TTM Brand Market Share¹



1. Source: Headset, Pennsylvania Top Brands Latest Twelve Months Ending July 2021

Expanding Portfolio of Brands Across TerrAscend's North American Footprint



Award-Winning Retail Experiences

13 operating locations across Pennsylvania, New Jersey and California

- 10 years of operating retail experience in San Francisco, CA
- Designed to provide enhanced patient and customer experiences
- Highly trained staff to provide product education
- Online ordering available for express pick-up or delivery (in select markets)



Flagship Castro store in San Francisco named the best designed dispensary in the country by Architectural Digest

TerrAscend + Cookies

Licensing Agreement to provide New Jersey with access to Cookies branded products

- Multi-Year Brand Licensing Agreement :
 - Subject to regulatory approval and certain conditions, TerrAscend will be the sole cultivator and manufacturer of Cookies products in New Jersey
 - In addition to staple Cookies flavors, TerrAscend and Cookies to develop and launch a unique Cookies menu that will only be offered in New Jersey
- Adding “Cookies Corners”, a store within a store concept, to each of the Company’s Apothecarium dispensaries in New Jersey



TerrAscend + Gage

Deal announced on September 1, 2021 will expand TerrAscend's U.S. footprint with full vertical integration in the rapidly growing Michigan market.

Transaction Highlights:

- **Leadership in a Top 3 Market:** Gage has established itself as a leader in the Michigan market, which is the third largest cannabis market in the U.S.¹ with reported cannabis sales of \$171 million in the month of July 2021, representing an annualized market size of approximately \$2.1 billion¹.
- **Premium Brands:** The transaction will provide access to Gage's sought-after brand and proprietary library of genetics as well as Gage's exclusive licensing partnerships in Michigan with COOKIES, SLANG Worldwide, Blue River, Pure Beauty, and Khalifa Kush.
- **Efficient Operating Model:** The combined company will operate 7 cultivation facilities, including 3 cultivation facilities in Michigan, in addition to Gage's 9 contract grow agreements.
- **Expanding Retail Footprint:** The combined company will operate a retail network expected to reach 34 stores over the coming months. This includes 23 currently open dispensaries across 5 states with Gage operating 10 dispensaries in Michigan in addition to TerrAscend's 13 store footprint in key markets including California, New Jersey and Pennsylvania. TerrAscend is expected to open its 14th dispensary in the fourth quarter in Lodi, New Jersey and Gage is expected to open 10 additional dispensaries across Michigan in the coming months.
- **A Leader in Experiential Retail:** Gage's award-winning retail stores generate industry leading retail metrics, including strong average basket size and premium pricing for its flower products
- **Expert Operating Teams and Best Practices:** The transaction combines management teams with similar core philosophies, strong track records of execution and operational expertise in building leading businesses in the most competitive cannabis markets in the country.



¹Marijuana Regulatory Agency – State of Michigan

Combined TerrAscend & Gage Footprint¹

5 states
7 cultivation facilities
34 planned dispensaries

CALIFORNIA

5 retail dispensaries
1 cultivation facility

MICHIGAN

10 retail dispensaries
10 planned retail
3 cultivation facilities

PENNSYLVANIA

6 retail dispensaries
1 cultivation facility

MARYLAND

1 cultivation facility

NEW JERSEY

2 retail dispensaries
1 planned retail
1 cultivation facility



1. Post-closing, anticipated in 1H2022, subject to satisfaction of closing conditions

(CSE: TER | OTCQX: TRSSF)

Gage Transaction Summary

PROPOSED TRANSACTION

- TerrAscend to acquire all of the issued and outstanding subordinate voting shares of Gage, on a fully-diluted as-converted basis, for total consideration of US\$545m based on closing price on 8/31/21 (US\$545m consideration includes TerrAscend shares reserved for issuance upon (i) the exchange of Gage exchangeable units currently held by Mike Hermiz that will remain outstanding post-closing and (ii) the exchange of all outstanding options and warrants of Gage that will be exchanged for replacement options and warrants of TerrAscend at closing). In addition, a nominal cash consideration of US\$50k will be paid to the holder of licenses supported by Gage in connection with the acquisition of such licenses by TerrAscend.
- TerrAscend will own or control all Michigan licenses supported by Gage at closing and post-closing TerrAscend will continue to acquire ownership of any controlled licenses not yet acquired.

CONSIDERATION TO GAGE SHAREHOLDERS

- 0.3001 TerrAscend share per Gage share¹, implying C\$2.66 per Gage share, or a 18% premium based on the TerrAscend and Gage closing prices on 8/31/21
- The Transaction consideration will result in an aggregate interest of approximately 19.8% in TerrAscend by Gage shareholders post-closing, on a fully-diluted as converted basis (including such TerrAscend shares reserved for issuance upon (i) the exchange of Gage exchangeable units currently held by Mike Hermiz that will remain outstanding post-closing and (ii) the exchange of all outstanding options and warrants of Gage that will be exchanged for replacement options and warrants of TerrAscend at closing).

KEY APPROVALS & CONDITIONS

- Gage shareholder approvals required for a “business combination” pursuant to Multilateral Instrument 61-101 and for Plan of Arrangement
- TerrAscend minority (disinterested) shareholder approvals required for “related party transaction” pursuant to Multilateral Instrument 61-101
- Customary Michigan regulatory, stock exchange and court approvals as well as other customary closing conditions
- Ontario court-approved Plan of Arrangement

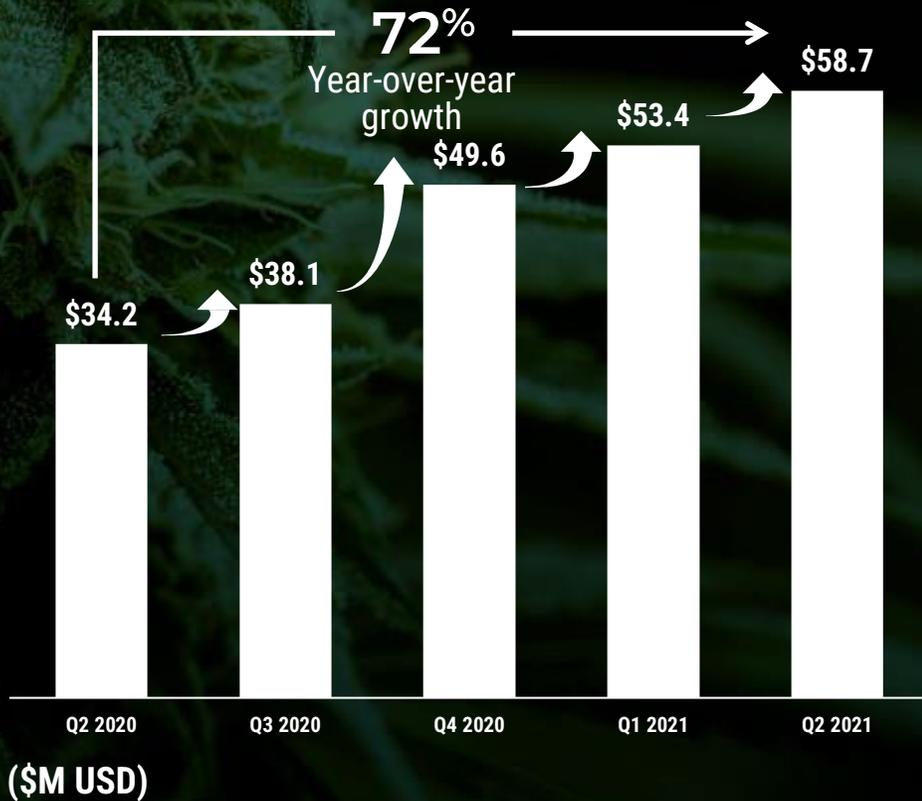
DEAL PROTECTION

- Gage shareholders holding more than 50% of the voting power of Gage shares have entered into voting support agreements in favor of the transaction (representing ~29% of disinterested vote required for Gage 61-101 minority approval vote)
- Termination fee of \$30 million if the transaction is terminated under certain circumstances

ANTICIPATED TIMING

- Gage and TerrAscend shareholder circulars and proxies expected to be delivered to shareholders in October 2021
- Gage and TerrAscend special shareholder meetings anticipated to be held in November 2021
- Anticipated closing in first half of 2022, subject to satisfaction of closing conditions and receipt of regulatory approvals

Investing for Growth and Scale in Priority Markets



1H20

- PA 3x cultivation expansion
- 1 new dispensary | PA

2H20

- PA 25% cultivation expansion and CA 4x expansion
- 4 new dispensaries across CA, PA & NJ
- First NJ branded manufacturing hits the market

1H21

- NJ cultivation & production ramp up
- 4 new dispensaries across NJ & PA (KCR acquisition)
- Completed acquisition of HMS Maryland grower/processor

2H21

- Third NJ dispensary to open in Lodi
- Additional PA/NJ/MD cultivation expansions



**Among Top 5
US MSOs across
key financial metrics**

Q2'21 Financial Metrics¹

61%

Q2 Adj.
Gross Margin

25%

Q2 SG&A
% of Revenue

\$24.3M

Q2 Adj.
EBITDA

41%

Q2 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.

Strong Balance Sheet to Deploy Towards Growth Initiatives

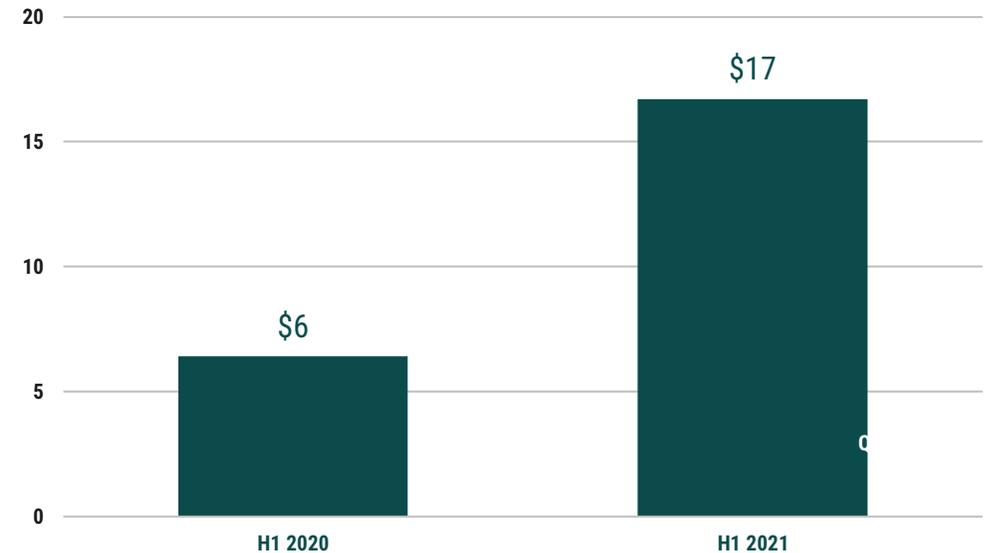
\$154 million
Q2 2021 Cash & Equivalents

\$140 million
Debt raised Q4 2020

\$175 million
Equity Raised in Q1 2021

\$34 million
TTM Cash Generated
from Operations

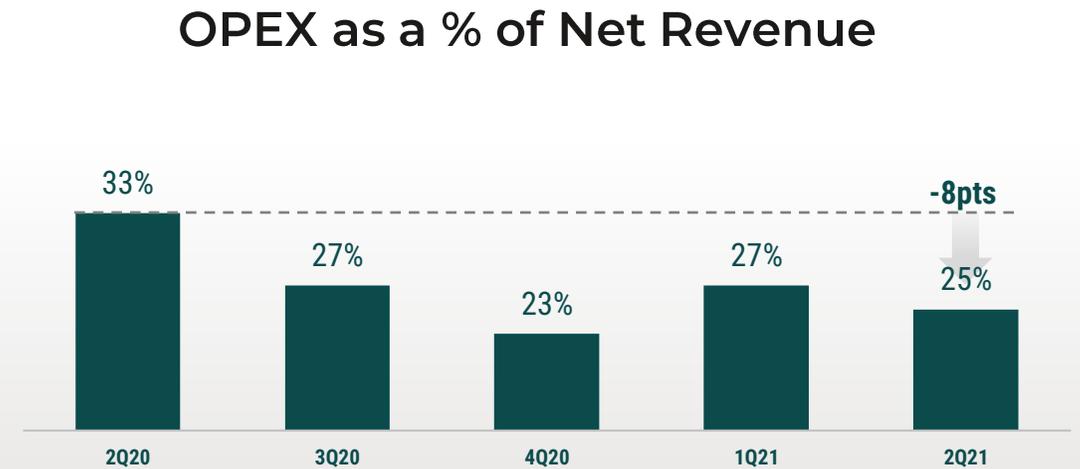
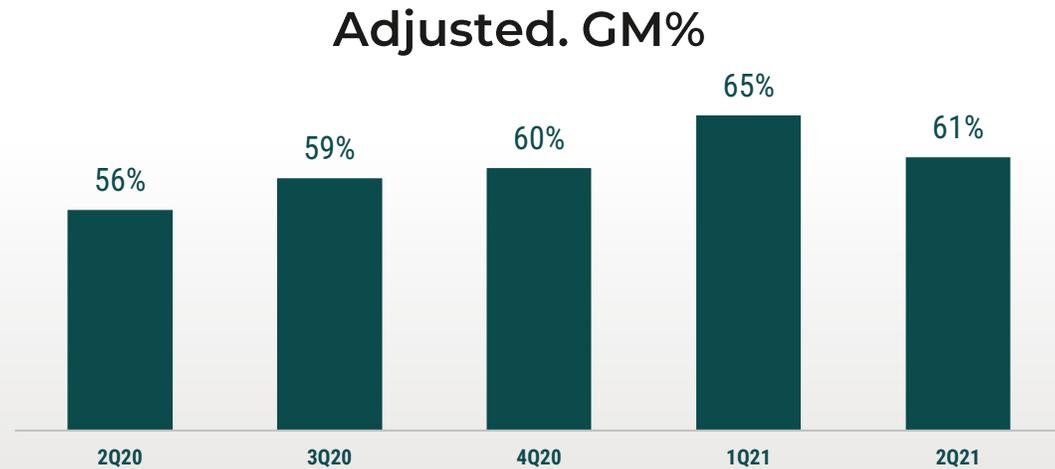
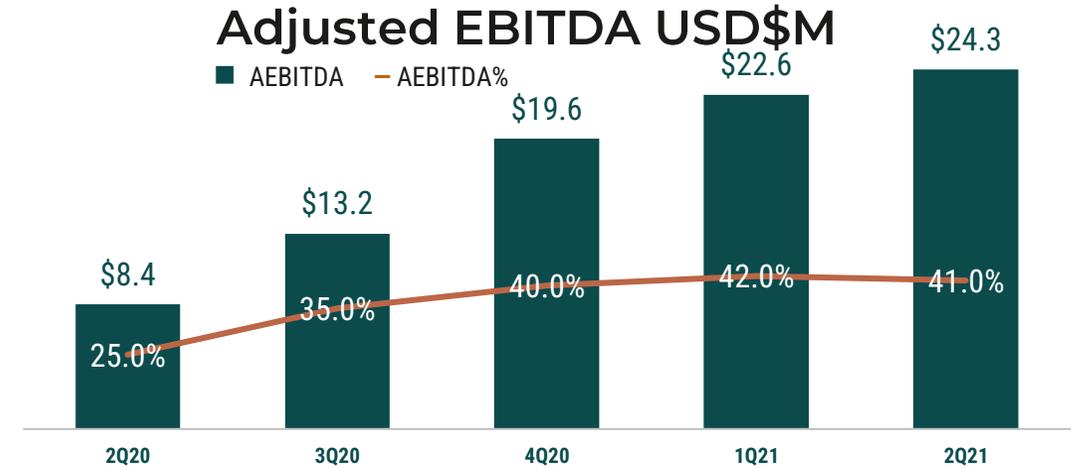
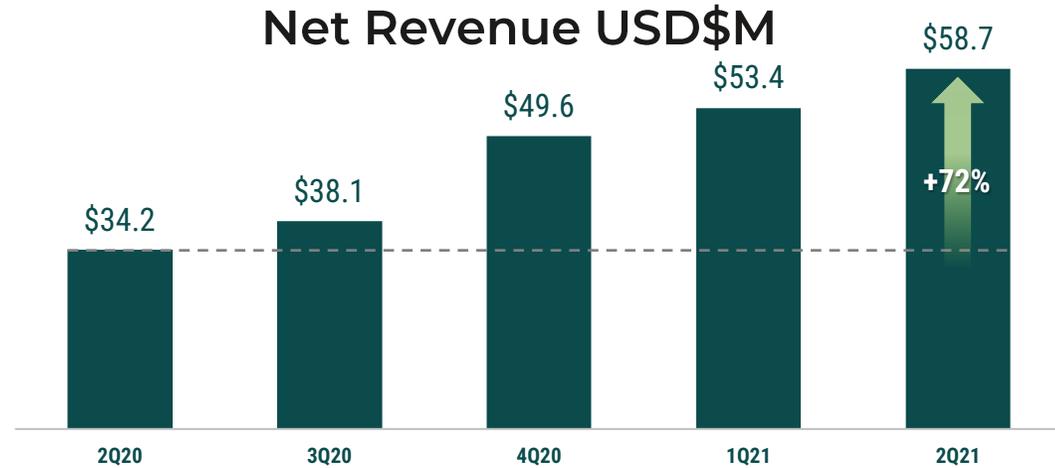
Cash Flow From Operations



**Backed by iconic industry partners
with a vested interest in our success:**



Continued Momentum Across All Key Metrics



Experienced Executive Leadership Team

Executive Leadership Team



Jason Wild
Executive Chairman



Keith Stauffer
Chief Financial Officer



David Wheeler
VP of Technology



Ryan McWilliams
EVP, North East



Michael Thomsen
EVP, West Coast



Veronique Hamel
General Manager, Canada



Share Count Detail

Fully Diluted Shares Outstanding

(As of August 18, 2021)

Total Shares

(in Millions)

Common Shares

184

Preferred Shares (as converted)

14

Exchangeable Non-voting Shares

39

Total Basic Shares Outstanding

238

Warrants and Options

(Weighted Average Strike Price of CAD\$5.09)

76

Total Shares Outstanding (Fully-Diluted)

314

Our Focus



**Happy
Customers**



**World-class
Talent**



**Strong
Core Values**



**Financial
Discipline**



**Data &
Technology**

Thank You

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