UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number 000-56363

TERRASCEND CORP.

(Exact name of Registrant as specified in its Charter)

Ontario	**N/A**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
77 City Centre Drive	
Suite 501 - East Tower	
Mississauga, Ontario, Canada	**L5B 1M5**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (717) 610-4165

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
None	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act:

Common Shares

(Title of class)

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common equity (on an as-converted basis, based on the closing price of these shares on the Toronto Stock Exchange (the "TSX")) on June 30, 2024, the last business day of the Registrant's most recently completed second fiscal quarter, held by non-affiliates of the Registrant was $235,844,793.

The number of shares of Registrant's Common Shares (as defined below) outstanding as of March 5, 2025 was 293,116,170.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement (the "Proxy Statement") relating to the 2025 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K (this "Annual Report") where indicated. The Proxy Statement will be filed with the United States Securities and Exchange Commission (the "SEC") within 120 days of the Registrant's fiscal year ended December 31, 2024.

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Cautionary Note Regarding Forward-Looking Statements

This Annual Report contains statements that TerrAscend Corp. (the "Issuer") believes are, or may be considered to be, “forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact included in this Annual Report regarding the prospects of the industry in which the Issuer, its subsidiaries, TerrAscend Growth Corp. (“TerrAscend”) and its subsidiaries (collectively, the "Company”) operate or the Company’s prospects, plans, financial position or business strategy may constitute forward-looking statements. Such statements can be identified by the use of forward-looking terminology such as "can", “expect”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “potential”, “proposed”, “estimate” and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Forward-looking statements in this Annual Report include, but are not limited to, statements with respect to:

•the projected performance of the Company’s business and operations;

•the Company’s estimates and expectations regarding revenues, expenses and need for substantial additional financing, and its ability to obtain additional financing;

•the Internal Revenue Service's (the "IRS") review of the Company's tax positions, including heightened risk of added scrutiny or increased frequency or depth of reviews or audits by the IRS;

•the Company's joint venture interests, including, as applicable, required regulatory approvals and licensing, anticipated costs and timing, expected impact thereof, and the ability to enter into future joint ventures;

•the Company's ability to complete future strategic alliances and the expected impact thereof;

•the Company's ability to source investment opportunities and complete future acquisitions, including in respect of entities in the United States, the ability to finance such acquisitions or operations in the United States, and the expected impact thereof, including potential issuances of common shares in the capital of the Company ("Common Shares");

•the Company's ability to market itself to the capital markets, including its ability to raise equity as a result of its corporate ownership structure;

•the Company's ability to continue as a going concern;

•the expected growth in the number of customers and patients using the Company's adult-use and medical cannabis, respectively;

•the expected growth in cultivation and production capacities of the Company;

•expectations with respect to future production costs;

•the expected impact of taxation on the Company's profitability and the uncertainty around timing of any legislative changes impacting unfavorable tax treatment;

•the expected methods to be used by the Company to distribute cannabis;

•the expected growth in the number of the Company's dispensaries and the jurisdictions in which the Company operates;

•the competitive conditions of the industry in which the Company operates;

•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;

•the legalization of the regulated use of cannabis for medical and/or adult-use in the United States and the related timing and impact thereof;

•laws and regulations and any amendments thereto applicable to the business and the impact thereof;

•the possibility of actions by individuals, or U.S. federal government enforcement actions, against the Company and the potential impact of such actions on the Company;

•the competitive advantages and business strategies of the Company;

•the grant, renewal and impact of any license or supplemental license to conduct activities with or without cannabis or any amendments thereof;

•the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis;

•the Company's future product offerings;

•the Company's ability to source and operate facilities in the United States;

•the Company's ability to integrate and operate the assets it acquires or may acquire in the future;

•the Company's ability to protect its intellectual property;

•the possibility that the Company's products may be subject to product recalls and returns;

•expectations regarding the Company's liquidity and the impact of its refinancing initiatives;

•expectations regarding the Company's Share Repurchase Program (as defined below); and

•other risks and uncertainties, including those listed under the section titled "*Risk Factors*" in this Annual Report

Certain of the forward-looking statements contained herein concerning the cannabis industry and the general expectations of the Company concerning the cannabis industry are based on estimates prepared by the Company using data from publicly-available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of the cannabis industry. Such data is inherently imprecise. The cannabis industry involves risks and uncertainties that are subject to change based on various factors, which factors are described further below.

With respect to the forward-looking statements contained in this Annual Report, the Company has made assumptions regarding, among other things: (i) its ability to generate cash flows from operations and obtain necessary financing on acceptable terms; (ii) general economic, financial market, regulatory and political conditions in jurisdictions in which the Company operates; (iii) the output from the Company's operations; (iv) consumer interest in the Company's products; (v) competition in the cannabis industry; (vi) anticipated and unanticipated costs; (vii) government regulation of the Company's activities and products; (viii) government regulation of licensing, taxation and environmental protection; (ix) the timely receipt of any required regulatory approvals; (x) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (xi) the Company's ability to conduct operations in a safe, efficient and effective manner; and (xii) the Company's construction plans and timeframe for completion of such plans.

Readers are cautioned that the above list of cautionary statements is not exhaustive. Known and unknown risks, many of which are beyond the control of the Company, could cause actual results to differ materially from the forward-looking statements in this Annual Report. 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 those discussed under Item 1A – "*Risk Factors*" in this Annual Report and in the "*Risk Factor Summary*" below. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Annual Report. The Company can give no assurance that such expectations will prove to have been correct. Forward-looking statements contained herein are made as of the date of this Annual Report and are based on the beliefs, estimates, expectations and opinions of management on the date such forward-looking statements are made. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking statements, except as required by applicable law.

Risk Factor Summary

Investing in the Common Shares involves risks. You should carefully consider the risks described in Item 1A – "*Risk Factors*" beginning on page 23 of this Annual Report before deciding to invest in the Common Shares. If any of these risks actually occur, the Company's business, financial condition and results of operations could likely be materially adversely affected. In such case, the trading price of the Common Shares may decline, and you may lose all or part of your investment. Set forth below is a summary of some of the principal risks that the Company faces:

•As a cannabis business, the Company may be subject to unfavorable tax treatment and risks under U.S. federal income tax law.

•Cannabis remains illegal under U.S. federal law, and enforcement of cannabis laws could change. The Company may be subject to action by the U.S. federal government due to its involvement with cannabis in the United States, and such action could materially adversely affect the Company's business.

•The Company may be at a higher risk of an IRS audit.

•The Company's business is subject to applicable anti-money laundering laws and regulations, and therefore, the Company has restricted access to capital markets, banking and other financial services, which may adversely affect the Company's business.

•The Company's business relies heavily on its ability to obtain and maintain required licenses, and failure to do so may adversely affect its business.

•Compliance with regulations regarding cannabis is difficult, because the regulation of cannabis is uncertain and frequently changes. The Company's failure to comply with applicable laws regarding cannabis may materially adversely affect the Company's business.

•Regulatory restrictions on ownership outside of the control of the Company may have a material adverse impact on the Company's operations in certain jurisdictions.

•Tax and accounting requirements may change or be interpreted in ways that are unforeseen to the Company, and the Company may face difficulty or be unable to implement and/or comply with any such changes or interpretations.

•The Company operates in a highly-regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all of the jurisdictions in which it operates, which could negatively affect its business.

•The Company is subject to the rules and policies of the TSX.

•There is a substantial risk of regulatory or political change with respect to cannabis, which could have a material adverse effect on the Company's business.

•The Company may encounter increasingly strict environmental health and safety regulations in connection with its operations, which may harm the Company's business.

•The Company's products may be subject to product recalls or returns, which may result in expenses, the commencement of legal proceedings or regulatory action, loss of sales, diminished reputation, and the diversion of management attention.

•The Company faces an inherent risk of product liability claims and other consumer protection claims as a manufacturer, processor and producer of products that are meant to be ingested by people. Addressing such claims could cause the Company to incur substantial expenses and have a material adverse effect on its business.

•The Company may be subject to constraints on and differences in marketing its products under varying regulatory restrictions among the jurisdictions in which it operates.

•Because the Company's contracts involve cannabis and cannabis-related activities, which are not legal under U.S. federal law, the Company may face difficulties in enforcing its contracts.

•If the Company (or any of its non-U.S. subsidiaries) is a "controlled foreign corporation", certain of its U.S. investors may suffer adverse tax consequences.

•Failure to comply with medical practice laws and regulations may result in impacts to the Company's operations, the imposition of monetary fines or the commencement of legal proceedings.

•If the Company is or becomes a "passive foreign investment company", its U.S. investors may suffer adverse tax consequences.

•The Company's ability to use its U.S. net operating loss carryforwards to offset its future U.S. taxable income may be subject to limitations.

•The Company may be subject to heightened scrutiny by Canadian regulatory authorities, which could negatively affect its business.

•The Company's investors, directors, officers and employees who are not U.S. citizens may be denied entry into the United States, which may negatively affect the Company's business.

•The Company's indebtedness may adversely affect its business, results of operations and financial condition. The Company's failure to comply with applicable covenants could trigger events that may materially adversely affect the Company's business, results of operations and financial condition.

•The Company may require substantial additional financing to operate its business and it may face difficulties acquiring additional financing on terms acceptable to the Company, or at all.

•Raising additional funds by issuing equity securities will cause dilution to existing shareholders. Raising additional funds through debt financings may involve restrictive covenants and raising additional funds through lending and licensing arrangements may restrict the Company's operations or require it to relinquish proprietary rights. The Company may not be able to secure additional debt or equity financing on favorable terms or at all.

•An adverse change in market conditions, including a sustained decline in the price of the Common Shares, negative changes to the Company's position in the market, or lack of growth in demand for its products and services could be considered to be an impairment triggering event. Such changes could impact valuation assumptions relating to the recoverability of assets and have resulted in, and may in the future result in, impairment charges to the Company's goodwill or long-lived asset balances, which would negatively impact the Company's operating results and harm its business.

•The Company is dependent on suppliers and key inputs for the cultivation, extraction and production of cannabis products.

•The Company's business is subject to the risks inherent in agricultural operations.

•The Company's intellectual property may be difficult to protect, and failure to do so may negatively impact its business.

•Directors and officers of the Company have faced, and may in the future face, conflicts of interest regarding the Company's business strategy.

•The Company needs to attract and retain customers and patients in order to succeed, and failure to do so may have a material adverse effect on the Company's business.

•The Company's profitability may be impacted by declining wholesale or retail cannabis prices in certain markets and shifting market conditions.

•The Company may face unfavorable publicity or consumer perception of the safety, efficacy and quality of its cannabis products.

•The Company faces reputational risks, which may negatively impact its business.

•The Company is dependent on consumer acceptance of and public demand for its products.

•The Company (and the third parties with whom it works) faces physical security risks, as well as risks related to its information technology systems data, potential cyber or phishing -attacks, and security incidents.

•The Company may be subject to growth-related risks, which could negatively affect its business.

•The Company may be adversely impacted by rising or volatile energy costs.

•The Company’s internal controls over financial reporting may not be effective, which could have a significant and adverse effect on the Company’s business.

•The Company may be required to write down intangible assets, including goodwill, due to impairment, which could have a material adverse effect on the Company's results of operations or financial position.

•The Company’s business could be adversely affected by economic downturns, inflation, increases in interest rates, natural disasters, public health crises, political crises, geopolitical events, such as the war in Ukraine and the hostilities in the Middle East, policy changes, including tariffs, or other macroeconomic conditions, which have in the past and may in the future negatively impact the Company’s business and financial performance.

•The Company faces intense competition and its business could be adversely affected by other businesses in a better competitive position.

•The Company has historically had continued losses which could have a material negative effect on the Company's business and prospects and impact its ability to continue as a going concern.

•Demand for the Company’s products is difficult to forecast due to limited and unreliable market data.

•The Company’s inability to attract and retain key personnel, or its inability to maintain relations with its employees, unions and other employee representatives, could materially adversely affect its business.

•The Company and its investors may have difficulty enforcing their legal rights.

•The Company (and the third parties with whom it works) is subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, policies and other obligations related to data privacy and security. Its actual or perceived failure (or that of the third parties with whom it works) to comply with such obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of the Company's business operations; reputational harm; loss of revenue or profits; and other adverse business consequences.

•The Company may not have access to U.S. bankruptcy protections available to non-cannabis businesses.

•The development of the Company’s products is complex and requires significant investment. Failure to develop new methodologies and products could adversely affect the Company’s business.

•The Company faces exposure to fraudulent or illegal activity by employees, contractors and consultants, which may subject the Company to investigations or other actions.

•Consolidation in the cannabis industry and other changes to the competitive environment can impact the Company's margins and profitability.

•The cannabis industry and market are relatively new, and this industry and market may not continue to exist or grow as expected.

•The Company may be affected by currency fluctuations.

•The Company’s use of joint ventures may expose the Company to risks associated with jointly owned investments.

•The success of the Company′s business depends, in part, on its ability to successfully integrate recently acquired businesses and to retain key employees of acquired businesses, and the failure to do so may negatively affect the Company′s business.

•There can be no assurance that the Company’s current and future strategic alliances will have a beneficial impact on the Company’s business, financial condition and results of operations.

•The Company may not realize the benefits of its growth strategy, which could have an adverse effect on its business.

•The Company’s voting control is concentrated.

•Additional issuances of the Company’s securities may result in dilution.

•Sales of substantial amounts of Common Shares may have an adverse effect on the market price of the Common Shares.

•An investor may face liquidity risks with an investment in the Common Shares.

•The price of the Common Shares may be volatile, and may be adversely affected by the price of cannabis.

•A return on the Company's securities is not guaranteed.

•“Cannabis related business” rules or policies may restrict certain financial institutions from holding the Company’s securities, which may make its securities less liquid.

•The Company’s management will continue to have broad discretion over the use of the proceeds the Company receives in connection with public offerings, private placements, warrant exercises and loans, as applicable, and may not apply such proceeds in ways that increase the value of the Common Shares.

•The Company cannot guarantee that it will repurchase the maximum number of Common Shares pursuant to the Share Repurchase Program (as defined below) or that the Share Repurchase Program will enhance long-term shareholder value. Share repurchases could also increase trading price volatility of the Company’s Common Shares and could diminish the Company’s cash reserves.

•The preferred shares in the capital of the Company ("Preferred Shares") have a liquidation preference over the Common Shares, which could limit the Company’s ability to make distributions to the holders of Common Shares in certain circumstances.

•Investors could be disqualified from owning a direct or indirect interest in the Company.

•The Company does not intend to pay dividends on the Common Shares for the foreseeable future and, consequently, investors' ability to achieve a return on their investment will depend on appreciation in the price of the Common Shares.

•“Penny stock” rules may make buying or selling the Company’s securities difficult, which may make its securities less liquid and make it harder for investors to buy and sell such securities.

•The Company may not be able to obtain necessary permits and authorizations.

•The Company may be subject to litigation, which could divert the attention of management and cause the Company to expend significant resources.

•Due to the uncertainty regarding the application of the Employee Retention Tax Credit to businesses in the cannabis industry, there is a risk that a determination could be made that the Company is not eligible for the Employee Retention Tax Credit distributions it has received, which may negatively impact the Company.

•The Company faces risks and hazards that may not be covered by insurance.

•The Company has incurred and will continue to incur substantial costs as a result of operating as a public company in Canada and the United States, and its management will continue to devote substantial time to new compliance initiatives.

•The Company is currently an “emerging growth company” within the meaning of the Securities Act and to the extent that the Company has taken advantage of certain exemptions from disclosure requirements available to emerging growth companies, this could make its securities less attractive to investors and may make it more difficult to compare the Company’s performance with other public companies.

PART I

ITEM 1. BUSINESS

Overview

The Company is a leading North American cannabis company. The Company has vertically-integrated licensed operations in Pennsylvania, New Jersey, Michigan, Maryland and California. In addition, the Company has retail operations in Ontario, Canada with a majority-owned dispensary in Toronto, Ontario, Canada. Notwithstanding the fact that various states in the United States have implemented medical cannabis laws or have otherwise legalized the use of cannabis, the use of cannabis remains illegal under U.S. federal law for any purpose, by way of the Controlled Substances Act of 1970 (the "Controlled Substances Act").

The Company operates under one reportable segment, which is the cultivation, production and sale of cannabis products.

The Company owns a portfolio of operating businesses, including:

•TerrAscend New Jersey (“TerrAscend NJ”), a majority-owned operation with three dispensaries, and a cultivation/processing facility;

•TerrAscend Maryland (“TerrAscend MD”), a wholly-owned operation with four dispensaries, and a cultivation/processing facility;

•TerrAscend Pennsylvania (“TerrAscend PA”), a wholly-owned operation with six dispensaries, and a cultivation/processing facility;

•TerrAscend Michigan (“TerrAscend MI”), a wholly-owned operation with twenty dispensaries, one cultivation facility, one processing facility, and two cultivation/processing facilities;

•TerrAscend California (“TerrAscend CA”), a wholly-owned operation with four dispensaries, and a cultivation facility; and;

•TerrAscend Canada (“TerrAscend Canada”), a cannabis retailer in Ontario, Canada with a majority-owned dispensary in Toronto, Ontario, Canada ("Cookies Canada").

The Issuer’s head office and registered office is located at 77 City Centre Drive, Suite 501 - East Tower, Mississauga, Ontario, L5B 1M5, Canada.

The Company’s telephone number is +1 (717) 610-4165 and its website is www.terrascend.com. Information contained on or accessible through the Company's website is not part of this Annual Report, and the inclusion of the Company's website address in this Annual Report is an inactive textual reference only.

Operating Businesses and Brands

The Company is a leading North American cannabis company. The Company has vertically integrated licensed operations in Pennsylvania, New Jersey, Michigan, Maryland and California. In addition, the Company has retail operations in Ontario, Canada with a majority-owned dispensary in Toronto, Ontario, Canada. The Company is committed to safely cultivating the highest quality cannabis products in order to elevate the lives of its patients and customers with a vision to keep growing and using the transformative power of cannabis to positively impact as many lives as possible. See the section titled “*Acquisitions*” for more information regarding the Company’s acquisitions.

The Company operates seven cultivation and processing facilities and thirty-eight operational dispensaries serving thousands of medical patients and adult-use consumers across North America. The Company offers six premium brands in a variety of product types including flower, vaporizables, concentrates, topicals, tinctures, and edibles. The Company also produces and sells an assorted product offering from three premium licensed brands, Wana, Cookies and Lemonnade.

The Company’s in-house product brand portfolio has the following brand values:

- Kind Tree Cannabis: Rich earth, clean water and pure air come together to make Kind Tree Cannabis a unique and memorable cannabis experience. Its master cultivators are dedicated to producing exceptional cannabis with respect for the earth and love for the plant.

•GAGE Cannabis: Cultivates exceptional cannabis with uncompromising high standards for those who love and respect the potency of flower. GAGE Cannabis is revered for its high quality cannabis flower and its award winning retail stores provide customers with a best-in-class experience.

•Legend: Life is complicated, your flower should not be. Legend offers good strains, grown right, at a great price. Its mission is to enhance the everyday by curating products that are both sessionable and affordable – because when the everyday is fun, it is also legendary.

•Valhalla Confections ("Valhalla"): Handmade, small batch, high quality. Valhalla's mission is to improve the quality of life for its customers by providing unique cannabis products, all made using mindful attention to detail, creativity, and innovation.

•State Flower Cannabis: Evolved from a boutique approach to cultivation, yet it remains dedicated to an ultra-premium level of quality for its flowers and pre-rolls.

•Ilera Healthcare: Rooted in science, its products start with premium flower. Ilera Healthcare has spent years perfecting the art of marijuana extraction and blending to create consistent experiences and customized effects, offering a product line of vapes, tinctures, and topicals.

The Company produces and sells products under third-party licensed brands in some markets, which consist of:

•Wana: North America’s most trusted edibles brand. As Wana’s sole manufacturer, supplier, and commercialization partner in New Jersey and Maryland, the Company produces Wana’s proprietary recipes, ensuring its highest quality ingredients and cutting-edge innovation brand standards are met.

•Cookies: A globally recognized cannabis company. The Company cultivates, manufactures, and supplies Cookies’ world-class proprietary strains and products throughout Maryland, Michigan, and New Jersey, honoring the brand’s goals of authenticity and innovative genetics. Offering a product line of flower, concentrates, cartridges, and vapes.

•Lemonnade: Voted the #1 sativa menu in the world. The Company's dispensary located in Center Line, Michigan, carries unique sativa-leaning, flavor-forward cannabis products for those searching for an upbeat and euphoric experience in addition to a variety of offerings focused on indica, hybrid, and high cannabidiol ("CBD") strains.

The Company's dispensary retail stores are branded as:

•The Apothecarium: Known for emphasizing education and customer service. The Apothecarium provides guests with in-depth, one-on-one consultations from highly trained cannabis consultants. Its guests may order their cannabis at The Apothecarium dispensaries or online for pickup or delivery.

•GAGE Cannabis Co.: Cultivates and curates experiences that empower patients and its customers to maximize plant benefits and amplify their lives. Its top-shelf dispensaries are the exclusive supplier of GAGE Cannabis and Cookies products, as described above, throughout Michigan.

•Pinnacle Emporium: As part of the GAGE Cannabis Co. family of dispensaries, Pinnacle Emporium offers a vintage experience. Customers will receive a unique and educational history of the legalization of cannabis before meeting with a highly knowledgeable wellness associate.

•TerrAscend owns and operates third-party branded dispensaries for Cookies and Lemonnade in Michigan.

•In addition, TerrAscend owns and operates other dispensary brands that will transition into a GAGE Cannabis Co. or The Apothecarium brand.

TerrAscend New Jersey

The Company is a vertically integrated cultivator, processor and dispenser in New Jersey’s northern region. The Company, through its majority-owned subsidiary TerrAscend NJ, LLC, cultivates and processes medical and adult-use cannabis, and currently operates three Apothecarium-branded dispensaries in Phillipsburg, Lodi, and Maplewood, New Jersey. The Company operates a 16-acre site in Boonton Township, Morris County that currently has a cultivation and processing facility with a total footprint of approximately 140,000 square feet with the ability to further expand on the site. In addition to cultivation, the Company is engaged in the manufacturing of a wide range of branded form factors including vaporizables, concentrates, topicals, tinctures and edibles.

The Company is the exclusive manufacturer, supplier, and commercialization partner of Wana and Cookies in New Jersey, producing these branded products for wholesale and retail distribution in the state.

TerrAscend Maryland

The Company is a vertically integrated cultivator, processor and dispenser in Maryland. The Company, through its wholly-owned subsidiary WDB Holding MD, Inc. (“WDB MD”) and TER Holding MD, Inc. (“TER MD”), holds one cultivation license, one processor license, and four retail licenses. The Company has a cultivation and processing operation, including a newly renovated state-of-the-art 150,000 square foot facility located in Hagerstown, Maryland. The Company is engaged in the extraction, processing and manufacturing of a wide-range of branded form factors including vaporizables, concentrates, topicals, tinctures and edibles. In addition, the Company operates four Apothecarium-branded retail dispensaries, in Cumberland, Salisbury, Nottingham, and Burtonsville.

The Company is the exclusive manufacturer, supplier, and commercialization partner of Wana and Cookies in Maryland, producing these branded products for wholesale and retail distribution in the state.

TerrAscend Pennsylvania

The Company is a vertically integrated cultivator, processor and dispenser in Pennsylvania. The Company, through its wholly-owned subsidiary WDB Holding PA, Inc. (“WDB PA”), holds a cultivation, a processor, and six retail licenses in Pennsylvania. The Company, through Ilera Healthcare LLC (“Ilera”), has a 150,000 square foot grower and processor operation located in Waterfall, Pennsylvania. The Company distributes its product lines, including vaporizables, tinctures, and topicals broadly across dispensaries throughout Pennsylvania. In addition, the Company operates six Apothecarium-branded retail dispensaries, in Plymouth Meeting, Lancaster, Thorndale, Bethlehem, Allentown and Stroudsburg. In addition to cultivation, the Company is engaged in the manufacturing of a wide range of branded form factors including vaporizables, concentrates, topicals, and tinctures.

The Company is the exclusive manufacturer, supplier, and commercialization partner of Cookies in Pennsylvania, producing these branded products for wholesale and retail distribution in the state.

TerrAscend Michigan

The Company is a vertically-integrated cultivator, processor and dispenser in Michigan. The Company, through its wholly-owned subsidiary WDB Holding MI, Inc. (“WDB MI”), holds nine operational “Class C” cultivation licenses, five Class C’s with local approvals, three excess grower licenses (equivalent to a Class C license), three processing licenses and twenty provisioning centers or dispensaries. The Company has cultivation and processing facilities located in Warren, Harrison and Monitor, Michigan. The Company operates nine GAGE branded dispensaries, five Pinnacle-branded dispensaries, five Cookies-branded dispensaries, and one Lemonnade-branded dispensary.

The Company is the exclusive manufacturer, supplier, and commercialization partner of Cookies in Michigan, producing these branded products for wholesale and retail distribution in the state.

TerrAscend California

The Company is a vertically-integrated cultivator and dispenser in California. The Company, through its wholly-owned subsidiary WDB Holding CA, Inc. (“WDB CA") holds licenses for cultivation, distribution, and retail operations. The Company has a cultivation operation located in San Francisco, California. The Company operates four Apothecarium-branded retail dispensaries, including three in San Francisco, and one in Berkeley.

TerrAscend Canada

TerrAscend Canada sells cannabis in Ontario, Canada from its Cookies Canada retail dispensary. TerrAscend Canada’s principal business activities include the retail sale of recreational (“recreational” or “adult-use”) cannabis to consumers. TerrAscend Canada was previously a Licensed Producer (as such term is defined in the Cannabis Act, SC 2018, c 16 (the "Cannabis Act")) of cannabis until the Company commenced an optimization of its operations in Canada, whereby the Company reduced its manufacturing footprint to focus on its Canadian retail business. Prior to the optimization of its operations, TerrAscend Canada operated out of a 67,300 square foot facility located in Mississauga, Ontario and was licensed to cultivate, process and sell cannabis for medical and adult-use purposes. These licenses allowed for sales of dried cannabis, cannabis oil and extracts, topicals, and edibles. The Company ceased operations at TerrAscend Canada’s manufacturing facility during the

three months ended December 31, 2022. As such, the Canadian Licensed Producer results are presented in discontinued operations in this Annual Report.

Reorganization

Entry into the U.S. Cannabis Market and Capital Reorganization

The Company was incorporated under the Business Corporations Act (Ontario) on March 7, 2017. At the time the Company had limited operations in the United States and did not engage in the business of, or derive any revenue from, the cultivation, distribution or possession of cannabis in the United States. On October 9, 2018, the Company announced its intention to pursue growth opportunities in the U.S. cannabis market, including potential acquisitions of operators in states that had legalized cannabis for medical or adult-use. In connection therewith, the Company began exploring potential acquisition targets with significant market share and strong brand recognition. To support this strategy, the Company entered into an arrangement agreement (the "Arrangement Agreement") with Canopy Growth Corporation, RIV Capital Inc. (formerly Canopy Rivers Inc.), and entities controlled by Jason Wild, chairman of the Company (JW Opportunities Master Fund, Ltd., JW Partners, LP, and Pharmaceutical Opportunities Fund, LP) to reorganize the capital of the Company (the "Reorganization") and obtain waivers of certain contractual covenants that at the time, restricted the Company from operating in the United States. The Reorganization was implemented by way of a statutory plan of arrangement on the terms set out in the Arrangement Agreement and was subject to court approval, the approval of the Company's shareholders, and other customary conditions. The Reorganization was completed on November 30, 2018.

TSX Listing and Capital Reorganization

On June 21, 2023, the Company received conditional approval from the TSX to list the Company's Common Shares on the TSX (the "TSX Listing"). On June 22, 2023, the shareholders of the Company approved, the reorganization of its corporate structure in order to complete the TSX Listing, as further described in the Company's Management Information Circular and Proxy Statement dated May 1, 2023. In connection with the TSX Listing, the Common Shares were voluntarily delisted from the Canadian Securities Exchange (the "CSE") on June 30, 2023. On July 4, 2023, the Common Shares commenced trading on the TSX under the ticker symbol "TSND". In connection with this, effective July 6, 2023, the Issuer changed its trading symbol on OTCQX to "TSNDF."

Acquisitions

Acquisition of Herbiculture

On July 10, 2023, the Company closed the acquisition of Herbiculture Inc. ("Herbiculture"), a medical dispensary in Maryland. Pursuant to the terms of the agreement, the Company acquired 100% of the outstanding equity interests in Herbiculture for total consideration of $7,710, comprised of: (i) $2,776 in cash (the "Herbiculture Cash Consideration"), and (ii) a promissory note of $4,934 bearing interest at a rate of 10.50%, and maturing on June 30, 2026. The Herbiculture Cash Consideration included transaction expenses and repayments of indebtedness on behalf of Herbiculture of $616 and $1,674, respectively.

Acquisition of Blue Ridge

On June 30, 2023, the Company closed the acquisition of Hempaid, LLC ("Blue Ridge"), a medical dispensary located in Parkville, Maryland. Pursuant to the terms of the agreement, the Company acquired 100% of the outstanding equity interests in Blue Ridge for total consideration of $6,277, comprised of: (i) a promissory note of $3,109 bearing interest at a rate of 7.0% and maturing on June 30, 2027 and (ii) $3,168 in cash (the "Blue Ridge Cash Consideration"). The Blue Ridge Cash Consideration included repayments of indebtedness and transaction expenses on behalf of Blue Ridge of $707 and $281, respectively. The Company relocated the Blue Ridge dispensary to a new, high-traffic retail center in Nottingham, Maryland as of May 29, 2024.

Acquisition of Peninsula

On June 28, 2023, in order to expand its retail footprint in Maryland, the Company closed the acquisition of Derby 1, LLC ("Peninsula"), a dispensary located in Salisbury, Maryland (the "Peninsula Acquisition"). Pursuant to the terms of the agreement, the Company acquired 100% of the outstanding equity interests in Peninsula for total consideration of $15,394 exclusive of assumed financing obligations of $7,226. The consideration was comprised of: (i) 5,442,282 Common Shares (the "Peninsula Share Consideration"), valued at $7,857, (ii) a $3,646 secured promissory note bearing interest at a rate of 7.25% and maturing on June 28, 2026, and (iii) $2,657 of contingent consideration in connection with the Peninsula Share Consideration ("Peninsula Contingent Consideration"), and (iv) $1,234 in cash (the "Peninsula Cash Consideration"). The Peninsula Cash Consideration included transaction expenses and repayments of indebtedness on behalf of Peninsula of $290

and $33, respectively. The Peninsula Share Consideration was subject to a statutory lock-up restriction of six months, and therefore, a share restriction discount was considered in determining the fair value of the Peninsula Share Consideration on the date of issuance. Pursuant to the terms of the agreement, the Company agreed that if within eighteen months from the date of issuance of the Peninsula Share Consideration, the aggregate gross proceeds resulting from the sales of the Common Shares plus the aggregate value of the remaining Common Shares was less than $9,000, the Company would be required to pay the difference to the sellers and in accordance with such terms, the Company issued the Peninsula Contingent Consideration.

Acquisition of Pinnacle

On August 23, 2022, the Company acquired 100% of the outstanding equity interests in Pinnacle, a dispensary operator in Michigan, and related real estate, for total consideration of $31,003, comprised of: (i) $12,327 in cash (the "Pinnacle Cash Consideration"), (ii) two promissory notes in an aggregate amount of $10,000, each bearing interest at a rate of 6.0% which was to mature on June 23, 2023, (iii) 4,803,184 Common Shares valued at $7,926 (the "Pinnacle Share Consideration"), and (iv) contingent consideration payable, valued at $750. Subject to compliance with securities laws, the Common Shares issued in connection with the Pinnacle Share Consideration were subject to a contractual lock-up period, with one-third of the Common Shares vesting on each of the 30, 60 and 90 day anniversary of the closing date of the transaction. The Pinnacle Cash Consideration included repayments of indebtedness and transaction expenses on behalf of Pinnacle of $3,913 and $619 respectively. In connection with the Pinnacle Acquisition, the Company acquired six retail dispensary licenses, five of which are currently operational and located in the cities of Addison, Buchanan, Camden, Edmore, and Morenci, Michigan.

Acquisition of Gage Growth

On March 10, 2022, the Company closed the acquisition (the "Gage Acquisition") of Gage Growth Corp. ("Gage"), pursuant to the terms of an arrangement agreement between the Company and Gage Growth (the "Gage Arrangement Agreement"). Pursuant to the terms of the Gage Arrangement Agreement, the Company acquired 100% of the issued and outstanding subordinate voting shares of Gage. Pursuant to the terms of the Gage Arrangement Agreement, Gage shareholders received 0.3001 of a Common Share for each Gage share (or equivalent) held. In connection with the Gage Acquisition, the Company issued: (i) 51,349,978 Common Shares valued at $242,884, (ii) 13,504,500 exchangeable share units valued at $66,591, (iii) 4,940,364 replacement stock options with a fair value of $13,147, and (iv) 282,023 replacement warrants with a fair value of $435.

Acquisition of AMMD

On January 27, 2023, the Company closed the acquisition of Allegany Medical Marijuana Dispensary ("AMMD"), a medical dispensary located in Cumberland, Maryland from Moose Curve Holdings, LLC). Pursuant to the terms of the agreement, the Company acquired a 100% of the outstanding equity interest in Moose Curve Holdings, LLC for total consideration of $10,000 in cash (the "AMMD Cash Consideration"). The AMMD Cash Consideration paid included a long-term lease with the option to purchase the real estate and repayments of indebtedness and transaction expenses on behalf of AMMD of $160 and $29, respectively.

New Jersey Partnership

On August 20, 2021, the Company purchased an additional 12.5% equity interest in TerrAscend NJ, LLC from BWH NJ, LLC and Blue Marble Ventures, LLC (in addition to its existing 75% equity interest). The total cash consideration was $50,000, which was paid during the year ended December 31, 2021. Upon closing of the acquisition, the Company owns 87.5% of the issued and outstanding equity of TerrAscend NJ, LLC.

The Company had the option to purchase an additional 6.25% equity interest in TerrAscend NJ, LLC, for a total equity interest of 93.75%, at a predetermined valuation during the period commencing on April 1, 2023 through June 15, 2023, but it did not elect to exercise.

Acquisition of HMS

On May 3, 2021, the Company, through WDB MD, a wholly-owned subsidiary of TerrAscend, acquired HMS Health, LLC ("HMS Health"), a cultivator of cannabis flower for the wholesale medical cannabis market in Maryland. The Company acquired 100% of the outstanding equity interests of HMS Health as well as the right to acquire 100% of the outstanding equity interest in HMS Processing, LLC ("HMS Processing"), a processor of cannabis flower, following receipt of certain regulatory approvals, for total consideration of $24,488, comprised of: (i) $22,399 in cash and (ii) a $2,089 promissory note, bearing 5.0% annual interest, which was settled when due in April 2022. On January 31, 2022, the Company acquired 100% of the

outstanding equity interest in HMS Processing, which resulted in both HMS Processing and HMS Health becoming wholly-owned subsidiaries of TerrAscend.

Acquisition of KCR

On April 30, 2021, the Company, through WDB PA, a wholly-owned subsidiary of TerrAscend, acquired Guadco, LLC and KCR Holdings LLC (collectively “KCR”). In connection with the acquisition of KCR, the Company acquired three retail dispensaries located in Bethlehem, Allentown and Stroudsburg, Pennsylvania. Prior to the acquisition, the Company owned 10% of KCR. The Company acquired the remaining 90% of the equity interest in KCR for total consideration of $69,847, comprised of: (i) $34,427 in Common Shares, (ii) $20,506 in cash, (iii) $7,101 related to the fair value of previously owned shares, (iv) a contingent consideration payable, with a value of $1,063 , and (v) a $6,750 promissory note, bearing 10% annual interest, which was settled when due in April 2022.

Acquisition of State Flower

On January 23, 2020, the Company obtained control of ABI SF, LLC ("State Flower"), a premium California cannabis brand that is currently sold through dispensaries in California. As consideration, the Company converted its previously-issued note receivable and accrued interest in the amount of $3,032 into a 49.9% equity interest in State Flower ("State Flower Acquisition"). The Company also recorded contingent consideration payable of $6,630, representing the expected consideration payable to acquire the remaining 50.1% of State Flower, which comprises 100% of its preferred shares, subject to regulatory approval. The Company retained 100% of the economics of State Flower through control of State Flower and has the right to acquire the remaining equity interests of State Flower, following receipt of certain regulatory approvals. On December 31, 2021, the final earn-out was calculated. The Company made a payment of $7,000 in January 2022. On January 19, 2024, the Company acquired the remaining 50.1% of the equity interest in State Flower for a total consideration of $250 in cash and the issuance of 782,539 Common Shares. As a result of which State Flower became a wholly-owned subsidiary of TerrAscend.

Acquisition of Ilera

On September 16, 2019, the Company, through WDB PA, a wholly-owned subsidiary of TerrAscend, acquired 100% of the outstanding equity interest of the entities comprising Ilera for total consideration of $225,000 comprised of a combination of cash and Common Shares. At closing, the Company paid the sellers $25,000 in cash, subject to customary closing adjustments, an additional $25,000 worth of proportionate voting shares in the capital of the Company (the "Proportionate Voting Shares") equivalent to approximately 5,059,102 Proportionate Voting Shares (which are each exchangeable for 1,000 Common Shares), and $601,000 in working capital adjustments. Additional cash consideration of $175,000 in aggregate was paid to the sellers based on Ilera achieving certain specified sales and profitability targets, with staggered payments made in 2020 and 2021. On June 30, 2021, the final earn-out had been calculated and remaining fair value amount of $29,700 was paid on that date.

Acquisition of the Apothecarium Dispensaries in California

On June 6, 2019, the Company closed a series of transactions to acquire controlling interests in three entities in California operating under the Apothecarium-branded retail dispensaries (the "Apothecarium 2019 Acquisition"). The transactions also included the acquisition of two additional entities that were seeking to operate retail locations in Northern California, which were ultimately opened in Berkeley and Capitola, and the acquisition of Valhalla, a leading provider of premium edible products. The Company acquired 49.9% of the outstanding equity interests of the entities operating three Apothecarium-branded retail dispensaries located in San Francisco and had the right (or, in certain circumstances, obligation) to acquire the remaining equity interests of such entities post-closing, following receipt of certain regulatory approvals. As consideration, the Company paid $71,854, comprised of: (i) $36,837 in cash, (ii) $813 in the form of a working capital adjustment, (iii) contingent consideration of $3,363 and (iv) 6,700 Proportionate Voting Shares, valued at $30,841. The Company retained 100% of the economics of the entities operating the three San Francisco locations, the Berkeley location and Capitola locations of the Apothecarium-branded dispensaries through control of such entities. On January 19, 2024, the Company acquired the remaining 50.1% of the outstanding equity interest in the three Apothecarium-branded retail dispensaries located in San Francisco, each, therefore, becoming a wholly-owned subsidiary of the Company. As consideration, the Company paid $3,700, which was satisfied by the Company with the issuance of 2,105,549 Common Shares.

Principal Products

The Company offers a competitive product portfolio, ranging from flower, concentrates, vaporizables, edibles, tinctures, topicals, and/or accessories, in the jurisdictions in which it operates. The Company strives to develop and introduce innovative products to serve patients’ and customers’ unique needs.

Principal Markets

The Company currently has operations in the United States, through TerrAscend, and in Canada, through TerrAscend Canada. In the United States, TerrAscend sells cannabis products in Michigan, Pennsylvania, New Jersey, Maryland and California. In Canada, TerrAscend Canada operates its Cookies Canada retail business. The Company's business is not generally cyclical or seasonal in nature.

Distribution Methods

In the United States, TerrAscend distributes its branded products across dispensaries in Pennsylvania, New Jersey, Maryland, Michigan and California. In Canada, the Company sells its products to consumers in Ontario through TerrAscend Canada.

Sources and Availability of Materials

The Company either grows or procures the primary component of its finished products, namely cannabis. TerrAscend's cultivation operations in the United States are dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other utilities.

Specialized Knowledge and Skills

The Company's business requires specialized skills and knowledge. The Company believes its team has developed and sourced business systems to effectively and efficiently operate its wholesale operations and retail cannabis operations in the jurisdictions in which it operates in the United States and Canada. The Company believes that the brand building, retail marketing and product development knowledge and skills that the Company's management team and employees possess will be essential to the Company becoming a respected household name within the retail cannabis industry. Please see Item 1A – "*Risk Factors*" – "*Risks Related to the Company's Business, Operations and Industry*" *– "The Company is dependent on suppliers and key inputs for the cultivation, extraction and production of cannabis products*."

Competitive Conditions

The Company currently faces, and will continue to face, competition from new and existing licensed cannabis operators, competitors with existing retail operations, government owned retailers, the illicit market, and other applicable participants in the cannabis wholesale and manufacturing industry. Some of the Company's competitors may have greater financial resources, market access, and manufacturing and marketing experience than the Company. Due to challenging market conditions in certain jurisdictions, some operators have exited the industry and in doing so have heavily discounted their products, creating pressure on pricing.

Increased competition from numerous independent cannabis retail outlets, wholesalers and larger and better-financed competitors (including new entrants), and heavily discounted products by exiting players could have a material adverse effect on the Company. In the United States, as each state continues to oversee all regulations and policies within its individual borders, each state has the power to change its guidelines, laws, and regulatory operations at any time. This includes, but is not limited to, expanding into adult-use consumption, limiting the number of dispensaries an operator can own and run in a jurisdiction, or regulating partnerships with social equity licenses.

The Company's competitors can be grouped into the following categories:

(a)Vertically-Integrated Competitors: This class of competitors (which may include licensed producers of cannabis that are able to produce cannabis and sell cannabis products at retail stores of their affiliates) includes well-financed competitors with an established operating history in North America.

(b)Existing Retail Competitors: This class of competitors includes early-stage and semi-developed retail cannabis businesses, as well as established retail cannabis businesses, which may be well capitalized, and which may also have an established and longer retail operating history in North America.

(c)Government Competitors: This class of competitors includes government wholesalers that sell directly to consumers in the Province of Ontario.

(d)Illicit Market Competitors: This class of competitors includes individuals and businesses operating in the illicit market within various jurisdictions across North America. These competitors may divert sizeable commercial opportunities from the Company.

(e)Existing Wholesale Competitors: This class of competitors includes early-stage and semi-developed wholesalers, as well as established wholesalers, which may be well capitalized, and which may also have an established and longer operating history in North America.

(f)Exiting Competitors: This class of competitors may be vertically integrated or may only operate at the retail or wholesale levels, and due to financial distress, are exiting the cannabis market. These competitors may heavily discount their products during the process of winding down their operations.

Protection of Intellectual Property

The Company believes that the ownership and protection of the Company's intellectual property rights is a significant aspect of the Company's future opportunity. Currently, the Company relies on trade secrets, technical know-how and proprietary information for its commercial strategy. The Company protects its intellectual property by seeking and obtaining registered protection where possible, developing and implementing standard operating procedures to protect trade secrets, technical know-how and proprietary information, and entering into restrictive agreements with parties that have access to the Company's inventions, trade secrets, technical know-how and proprietary information, such as the Company's partners, collaborators, employees and consultants, to protect confidentiality and intellectual property rights. The Company also seeks to preserve the integrity and confidentiality of its inventions, trade secrets, trademarks, technical know-how and proprietary information by maintaining strict operating procedures, physical security of the Company's premises and physical and electronic security of its information technology systems.

In addition, the Company has sought and will continue to seek trademark protection in the United States and Canada. The Company's ability to obtain registered trademark protection for cannabis-related goods and services, in particular for cannabis itself, is limited in the United States, where registered federal trademark protection is currently unavailable for trademarks covering cannabis-related products and services that are illegal under the Controlled Substances Act. Accordingly, the Company's ability to obtain intellectual property rights or enforce intellectual property rights against third party uses of similar trademarks may be limited in the United States. The U.S. Patent and Trademark Office released a policy on May 2, 2019, which clarifies that applications for trademarks for products that meet the definition of hemp could be accepted for registration, subject to certain exceptions.

Privacy and Cybersecurity

In the ordinary course of business, the Company processes personal or sensitive data. Accordingly, the Company is subject to numerous data privacy and security obligations, including federal, state, local, and foreign laws, regulations, guidance, and industry standards related to data privacy, security, and protection. Such obligations include, without limitation, the Federal Trade Commission Act, the Telephone Consumer Protection Act of 1991 ("TCPA"), the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, the California Consumer Privacy Act of 2018 (as amended by the California Privacy Rights Act) (together, "CCPA/CPRA"), the Canadian Personal Information Protection and Electronic Documents Act, Canada's Anti-Spam Legislation, and the Payment Card Industry Data Security Standard ("PCI-DSS"). Additionally, the Company is subject to various consumer protection laws which requires the Company to publish statements that accurately and fairly describe how the Company handles personal data and choices individuals may have about the way their personal data is handled.

The regulatory landscape around privacy and cybersecurity is evolving rapidly and becoming increasingly stringent, which may increase our compliance obligations and exposure for any noncompliance. See the section titled "*The Company (and the third parties with whom it works) is subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, policies and other obligations related to data privacy and security. Its actual or perceived failure (or that of the third parties with whom it works) to comply with such obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of business operations; reputational harm; loss of revenue or profits; and other adverse business consequences*" for additional information about the laws and regulations to which the Company is subject and about the risks to our business associated with such laws and regulations.

Human Capital

As of December 31, 2024, the Company employed 1,163 employees, 134 of whom were subject to a collective bargaining agreement. Of these employees, approximately 950 were engaged on a full-time basis. The Company believes that it has a good relationship with its employees.

The Company believes in building a diverse team, and it strives to foster a welcoming culture where employees can make an impact on the Company's success. The Company encourages talented people from all backgrounds to join the Company and is

dedicated to promoting inclusion by encouraging its employees to participate in employee resource groups and other similar initiatives.

The Company is committed to providing a safe and secure work environment in accordance with applicable labor, safety, health, anti-discrimination and other workplace laws. The Company strives for all employees to feel safe and empowered at work. To that end, The Company maintains a hotline that employees can call, with the option of remaining anonymous, to voice concerns.

Licenses and Regulatory Framework in United States

Summary of U.S. Cannabis Regulatory Regime

The cannabis industry is subject to various state and local laws, regulations and guidelines relating to the cultivation, manufacture, distribution, sale, storage and disposal of medical and adult-use cannabis, as well as laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The U.S. regulatory scheme varies in its terminology and definitions, using “cannabis”, “marijuana,” “marihuana,” and “hemp” as distinct terms. The regulatory environment governing the medical and adult-use cannabis industries in the United States, where state law permits such activities, are, and will continue to be, subject to evolving regulation by governmental authorities. Accordingly, there are a number of risks associated with investing in businesses in an evolving regulatory environment, including, without limitation, increased number of permits or licenses being issued and increased regulatory burden on operators.

The U.S. federal government classifies cannabis as a Schedule I controlled substance under the Controlled Substances Act. Cannabis and/or cannabis products having more than 0.3% concentration of delta-9 tetrahydrocannabinol ("THC"), is cannabis. Conversely, cannabis with a THC concentration of less than 0.3% is classified as hemp.

There are 40 states plus the District of Columbia, the Commonwealth of the Northern Mariana Islands, Puerto Rico, United States, Virgin Islands and Guam that have legalized medical cannabis and approximately 24 states plus the District of Columbia, Guam, and the Commonwealth of the Northern Marina Islands that have legalized adult-use cannabis. Notwithstanding the permissive regulatory environment of medical, and in some cases adult-use cannabis at the state level, cannabis remains a Schedule I drug under the Controlled Substances Act, making it illegal under U.S. federal law to cultivate, manufacture, distribute, sell 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 federal anti-money laundering legislation.

The U.S. federal government’s approach to enforcement of cannabis laws has trended toward deferring to state laws where a robust state regulatory framework exists. On August 29, 2013, the U.S. Department of Justice (the “DOJ”) issued a memorandum known as the “Cole Memorandum” to all U.S. Attorneys’ offices. The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that comply with state medical cannabis programs. The Cole Memorandum, while not legally binding and only a policy statement, assisted in managing the tension between state and federal laws concerning all medical and adult-use state-regulated cannabis businesses.

On January 4, 2018, the Cole Memorandum was rescinded by former U.S. Attorney General Jeff Sessions. While this did not create a change in federal law, the revocation added to the uncertainty of U.S. federal enforcement of the Controlled Substances Act in states where cannabis use is regulated. Former U.S. Attorney General Sessions also issued a one-page memorandum known as the “Sessions Memorandum” which confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was “unnecessary” due to existing general enforcement guidance as set forth in the U.S. Attorney’s Manual. The Sessions Memorandum did not otherwise indicate that the prosecution of cannabis-related offenses is a heightened DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such prosecutorial discretion remains in the hands of U.S. Attorneys when deciding whether or not to prosecute cannabis-related offenses.

On November 7, 2018, U.S. Attorney General Sessions resigned as U.S. Attorney General. On February 14, 2019, William Barr was confirmed by the U.S. Senate (the "Senate") as the next U.S. Attorney General. During one of his Senate confirmation hearings, Mr. Barr stated that he did not support cannabis legalization but would not prosecute cannabis businesses that comply with state laws. Mr. Barr stated further that he would not upset settled expectations that have arisen as a result of the Cole Memorandum.

On March 11, 2021, Merrick Garland was appointed U.S. Attorney General and indicated he would generally act in accordance with the Cole Memorandum, when, at his confirmation hearing, he said, “It does not seem to me a useful use of limited resources that we have, to be pursuing prosecutions in states that have legalized and that are regulating the use of cannabis, either

medically or otherwise." U.S. Attorney General. Mr. Garland has not, however, reissued the Cole Memorandum or issued substitute guidance.

On October 6, 2022, President Joseph Biden requested that the Secretary of the U.S. Department of Health and Human Services ("HHS") and the U.S. Attorney General initiate a review as to how cannabis is currently scheduled under federal law. In December 2022, President Biden signed the Medical Marijuana and Cannabidiol Research Expansion Act into law, which allows for significantly broader opportunities to study cannabis. On August 29, 2023, following a review by the U.S. Food and Drug Administration ("FDA"), the Secretary of HHS issued a recommendation to the Drug Enforcement Administration ("DEA") that cannabis be moved from Schedule I to Schedule III under the Controlled Substances Act. In December 2023, the DEA confirmed that it is in the process of conducting its review of HHS's recommendation. On May 21, 2024, the DOJ proposed to transfer cannabis from Schedule I to Schedule III under the Controlled Substances Act, consistent with the recommendation issued by HHS. The Controlled Substances Act requires that such proposed rule changes be made through formal rulemaking on the record after an opportunity for a hearing. In November 2024, it was announced that formal hearing proceedings regarding the proposed rescheduling would begin in December 2024. Subsequently, it was announced that a formal hearing on the merits would begin in January 2025. However, on January 13, 2025, the hearing was canceled and the proceedings were stayed indefinitely pending an interlocutory appeal brought by two private movants who sought to remove the DEA from its role as proponent of the proposed rescheduling through a motion which was denied.

Despite its recension, as an industry best practice, the Company abides by the following policies to ensure compliance with the guidance included in the Cole Memorandum:

- The Company's operations comply with all licensing requirements as required by the state, county, municipality, or other administrative divisions and the Company continuously monitors its operations to ensure compliance of such operations;

- The Company has implemented compliant policies and procedures to prevent the distribution of cannabis products to minors;

- The Company has implemented an inventory tracking system and other compliant procedures to track inventory and prevent the diversion of cannabis products in compliance with each jurisdiction's requirements;

- The Company's operations adhere to the scope of the regulations governing the cannabis license in the market in which the Company operates;

- The Company has implemented compliant policies and procedures to prevent the distribution of the proceeds from its operations to criminal enterprises, cartels, or gangs;

- The Company has implemented compliant quality controls to ensure all products comply with applicable regulations and contain the necessary disclaimers and warnings associated with the contents of the products to avoid adverse public health consequences; and

- The Company has implemented compliant policies and procedures to effectively monitor its state-authorized operations so that it is not used as a cover or pretense for the trafficking of illegal drugs or engaging in other illegal activity.

For the reasons set forth herein, the Company's existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States or Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction. Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in the United States or elsewhere. Among other things, such a shift could cause state and local jurisdictions to abandon initiatives or proposals to legalize medical or adult-use cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, financial condition and results of operations.

Additionally, under U.S. federal law, it may be a violation for financial institutions to take any proceeds from the sale of cannabis or any other Schedule I controlled substance. Banks and other financial institutions, particularly those that are federally chartered in the United States, could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. It may also be a violation of federal money laundering statutes for "federal health care law violations," which include violations of the Federal Food, Drug, and Cosmetic Act ("FDCA").

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities, civil forfeiture or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity, or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. For the reasons set forth above, the Company's investments and operations in the United States may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada.

The Company may also be subject to a variety of laws and regulations domestically and in the United States that relate to money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the "Bank Secrecy Act"), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada), and any other related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In February 2014, the Financial Crimes Enforcement Network of the Treasury Department issued a memorandum (the "FinCEN Memorandum") providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memorandum clarifies how financial institutions can provide services to cannabis-related businesses consistent with their Bank Secrecy Act obligations. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the Controlled Substances Act and independently lists the federal government's enforcement priorities as related to cannabis. Although the original FinCEN Memorandum is still in place, the supplementary DOJ guidance that accompanied the FinCEN Memorandum was rescinded when former U.S. Attorney General Sessions rescinded the Cole Memorandum. It is unclear whether the current administration will follow the guidelines of the FinCEN Memorandum, although immediately after the Sessions Memorandum, then-U.S. Treasury Secretary Steven Mnuchin stated that the Treasury Department had no intention to rescind the FinCEN Memorandum but, instead, wanted to improve the availability of banking services in the state-regulated cannabis space.

H.R. 1595, or the Secure and Fair Enforcement Banking Act of 2019 ("SAFE Banking Act"), which would expand financial services in the United States. to cannabis-related legitimate businesses and service providers, was introduced in the U.S. House of Representatives (the "House") on March 7, 2019 with bipartisan support. The SAFE Banking Act has passed the House six times but has yet to pass the Senate. A new version of the SAFE Banking Act known as the Secure and Fair Enforcement Regulation ("SAFER Banking Act") was introduced in the Senate on September 21, 2023, and subsequently approved by the Senate Committee on Banking. The SAFER Banking Act is now pending passage in the U.S. Senate and, if passed, will move on to the House where it faces an uncertain future.

Other legislation that has been introduced in the United States that would make cannabis transactions easier and more predictable, include the Marijuana Opportunity Reinvestment and Expungement Act (the "MORE Act") and the Cannabis Administration and Opportunities Act (the "CAOA"). The MORE Act was first introduced in July 2019 by Representative Jerrold Nadler in the House, and in the Senate by then-U.S. Senator Kamala Harris. If it were to become law, the MORE Act would remove cannabis as a Schedule I controlled substance under the Controlled Substances Act and make available U.S. Small Business Administration funding for regulated cannabis operators. The MORE Act was reintroduced in the current U.S. Congress ("Congress") by Representative Nadler on May 28, 2021, with no corresponding bill introduced in the Senate. The CAOA was released as a discussion draft by U.S. Senate Majority Leader Chuck Schumer, U.S. Senator Ron Wyden, and U.S. Senator Cory Booker in July 2022. If it were to become law, it would, among other things, remove cannabis from the definition of a controlled substance under the Controlled Substances Act, allow states to set their own regulations for cannabis, and block states from prohibiting interstate commerce of regulated cannabis across their borders. Recently introduced into Congress is another bill, the States Reform Act, introduced by Representative Nancy Mace, which would repeal the federal prohibition of cannabis.

Despite the rescission of the Cole Memorandum, Congress has passed appropriations bills in each fiscal year since FY2015, that prevents the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The continuing resolution contains, among other things, a rider known as Rohrabacher-Blumenauer Amendment (the "RBA"), which prevents the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state medical laws. However, this measure does not protect adult-use cannabis businesses. The

U.S. Ninth Circuit in *United States v. McIntosh* held that the prohibition under the RBA also prevents the DOJ from spending federal funds to prosecute individuals who are engaged in conduct that is permitted by, and in compliance with, state medical cannabis laws.

State-Level Overview

The following section presents an overview of market and regulatory conditions for the cannabis industry in the United States that the Company has or is intending to have an operating presence in, and is presented as of the date of filing, unless otherwise indicated.

New Jersey

On January 18, 2010, the Compassionate Use Medical Marijuana Act (the "CUMMA") came into force allowing patients with a limited number of qualifying medical conditions to access the state's medical marijuana program. The New Jersey Department of Health (the "NJDOH") issued regulations shortly thereafter authorizing the NJDOH to accept applications for a minimum of six alternative treatment centers (the "ATCs"), with two each to operate in the northern, central and southern regions of New Jersey.

The CUMMA permits each ATC to operate as both a cultivator and dispensary under one permit. These activities can take place at up to two locations, as long as both locations are within the same region. The application process involves two stages. Those seeking an ATC permit must first submit an application seeking authority to apply for a permit to operate. Upon the granting of the application, the prospective ATC must then complete the application for actual permitting. Applications for authority to apply for a permit may only be submitted following solicitation from the NJDOH for such applications. The first six permits for ATCs were awarded to nonprofit entities, with subsequent permits to be available to both nonprofit and for-profit entities.

Upon taking office on January 16, 2018, Governor Murphy expanded the medical program by issuing Executive Order No. 6, which ordered a 60-day review of all aspects of New Jersey's current program, "with a focus on ways to expand access to cannabis for medical purposes." In response to Executive Order No. 6, the NJDOH released its Executive Order 6 Report on March 23, 2018, which proposed significant changes to the existing medicinal program. In an effort to create greater patient access, the state immediately put into effect some of the recommended changes, including cutting registration and renewal fees, and expanding qualifying conditions.

On July 16, 2018, the Murphy Administration announced that the licensing application process would be opened for up to six additional vertically-integrated medicinal cannabis ATCs. The NJDOH released a Notice of Request for Applications outlining the reason for issuing the licenses, eligibility rules and information required for the applications. The application period opened on August 1, 2018 and closed on August 31, 2018. Winning applicants were supposed to be selected on or before November 1, 2018 but this deadline was subsequently pushed to December 2018 due to administrative constraints. On December 17, 2018, the NJDOH revealed the additional six medical cannabis ATCs it picked to add to the program. New Jersey will now have 12 vertically-integrated ATCs across the state, if these additional six applicant ATCs become operational. These six applicant ATCs now must pass background checks, provide evidence of cultivation and dispensary locations with municipal approval for each location, and comply with all regulations promulgated by the NJDOH, including safety and security requirements.

On March 25, 2019, a planned vote on a legislative package including medical expansion and adult-use legalization was pulled due to a lack of votes necessary to pass the legislation through the state Senate. This setback came after significant momentum that had helped to pass the bill through the appropriations and judiciary committees in March 2019. After the package of cannabis reforms stalled, Governor Murphy announced he would be expanding the medical program through administrative action. On December 18, 2020, Governor Murphy signed A. 5981/S. 4154 into law, which facilitated the expungement of low-level cannabis crimes and other offenses. On November 3, 2020, New Jersey voters passed a ballot measure amending the New Jersey Constitution to permit the use of cannabis for adults over 21 years of age. The ballot measure allowed New Jersey to regulate the growth, distribution, and sale of adult-use cannabis.

On February 22, 2021, Governor Murphy signed the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act into law, legalizing the use of cannabis by adults 21 years of age and older in New Jersey. On August 19, 2021, New Jersey's Cannabis Regulatory Commission ("CRC") published its first set of rules for adult-use cannabis in the state. These rules outline the details of licensing, the authority of municipalities, the operations of cannabis businesses, and the CRC's authority over adult-use cannabis. Adult-use sales in New Jersey commenced on April 21, 2022.

In September 2023, pursuant to Resolutions 2023-143 and 2023-144, the CRC waived N.J.A.C 17:30A-10.7(e), N.J.A.C 17:30-11.5(c)(3) and N.J.A.C 17:30-11.6(b) to allow the manufacturing and dispensing of additional ingestible products as an authorized form in the medical and adult-use cannabis industries.

Maryland

The Maryland medical cannabis program was signed into law on May 2, 2013. In 2016, the Maryland Medical Cannabis Commission issued preliminary licenses to 102 dispensaries, 15 cultivators, and 15 processors; the first dispensaries opened to patients in December 2017.

Maryland has three classes of cannabis licenses: dispensaries, cultivators, and processors. Wholesaling occurs between cultivators and processors, cultivators and dispensaries, and processors and dispensaries. Originally, no one company could directly control multiple licenses of the same class, but this restriction was changed in May 2019, when Governor Hogan signed a bill that permitted a single company to own or control, including the power to manage or operate, up to four dispensaries. Dispensary locations are tied to the Senate District in which they were awarded, with the exception of applicants who were awarded dispensary and cultivation licenses. These dispensaries can be located at the discretion of the license holder. Permitted products include oil-based formulations, flower, and edibles.

In April 2018, the Maryland House and Senate approved a bill, which was later signed by Governor Hogan, that expanded the license pool, allowing for a maximum of seven additional cultivation licenses, for a total of 22, and 13 additional processing licenses, for a total of 28. In November 2022, the voters in Maryland approved adult-use cannabis as a ballot question. Beginning on July 1, 2023, adults 21 or older may possess and consume up to 1.5 ounces of cannabis flower, 12 grams of concentrated cannabis, or a total amount of cannabis products that does not exceed 750 mg THC. This amount is known as the "personal use amount." Adult-use sales began around the same time. Subsequently, in July 2023, the Maryland Cannabis Administration (the "MCA") was established to oversee both Maryland's medical and adult-use cannabis programs. As of July 1, 2023, all medical license holders that chose to convert their licenses and whose conversion applications were approved by the MCA became the holders of "hybrid" medical and adult-use licenses (i.e., each license issued by the MCA permits the cultivation, processing, and dispensing of both medical and adult-use cannabis).

Pennsylvania

The Pennsylvania medical cannabis program was signed into law on April 17, 2016, under Act 16 and provided access to state residents with one or more of 17 qualifying conditions, including: epilepsy, chronic pain, and post-traumatic stress disorder. The state originally awarded only 12 licenses to cultivate/process and 27 licenses to operate retail dispensaries (which entitled holders to up to three medical dispensary locations per retail license).

On March 22, 2018, it was announced that the final phase of the Pennsylvania medical cannabis program would initiate its rollout, which included 13 additional cultivation/processing licenses and 23 additional dispensary licenses. Additionally, the list of qualifying conditions was expanded from 17 to 21. On July 20, 2019, two more qualifying medical conditions were added, bringing the total to 23.

There are two principal license categories in Pennsylvania: (1) cultivation/processing and (2) dispensary. All cultivation/processing establishments and dispensaries must register with the Pennsylvania Department of Health (the "PDOH"). Registration certificates are valid for a period of one year and are subject to annual renewals after the required fees are paid and the business remains in good standing. The PDOH must renew a permit unless it determines that the applicant is unlikely to maintain effective control against diversion of medical cannabis and the applicant is unlikely to comply with all laws as prescribed under the Pennsylvania medical cannabis program.

Under applicable laws, the licenses permit the license holder to cultivate, manufacture, process, package, sell and purchase medical cannabis pursuant to the terms of the licenses, which are issued by the PDOH under the provisions of Pennsylvania's Medical Marijuana Act and regulations promulgated thereunder. The medical cultivation/processing licenses permit the licensee to acquire, possess, cultivate, manufacture/process into medical cannabis products and/or medical cannabis-infused products, deliver, transfer, have tested, transport, supply or sell cannabis and related supplies to medical cannabis dispensaries.

The retail dispensary licenses permit the Company to purchase cannabis and cannabis products from cultivation/processing facilities, as well as allow the sale of cannabis and cannabis products.

Michigan

In November 2008, Michigan residents approved the Michigan Compassionate Care Initiative to provide a legal framework for individuals with certain debilitating medical conditions to lawfully use cannabis for medicinal purposes. In September 2016,

the Michigan Legislature passed, and Governor Snyder signed into law, the Medical Marihuana Facilities Licensing Act (the “MMFLA”) and the Marihuana Tracking Act (the “MTA”) to provide a comprehensive licensing and tracking scheme, respectively, for the state’s medical cannabis program.

In 2018, Michigan voters approved Ballot Proposal 18-1, to make cannabis legal under state and local law for adults 21 years of age or older and to control the commercial production and distribution of cannabis under a system that licenses, regulates, and taxes the businesses involved. The proposal is known as the Michigan Regulation and Taxation of Marihuana Act (the “MRTMA” and together with the Michigan Medical Marihuana Act, the MMFLA, and the MTA, the “Michigan Cannabis Laws”).

Additionally, the Michigan Department of Licensing and Regulatory Affairs (the “LARA”) and the Marijuana Regulatory Agency (the "MRA") have supplemented the Michigan Cannabis Laws with administrative rules and bulletins to further clarify the regulatory landscape surrounding the state’s medical and adult-use cannabis programs. The MRA is the main regulatory authority for the licensing and regulation of medical and adult-use cannabis businesses and is an agency within LARA.

Under the MMFLA, the MRA administrates five types of “state operating licenses” for medical cannabis businesses: (a) a “grower” license, including three different classes of licenses: (i) a Class A license that allows the licensee to cultivate up to 500 plants; (ii) a Class B license that allows the licensee to cultivate up to 1,000 plants; and (iii) a Class C license that allows the licensee to cultivate up to 1,500 plants, (b) a “processor” license, (c) a “secure transporter” license, (d) a “provisioning center” license and (e) a “safety compliance facility” license. Likewise, under the MRTMA, the MRA administers six types of “state licenses” for adult-use cannabis business: (a) a “marihuana grower” license, including three different classes of licenses: (i) a Class A license that allows the licensee to cultivate up to 100 plants; (ii) a Class B license that allows the licensee to cultivate up to 500 plants; and (iii) a Class C license that allows the licensee to cultivate up to 2,000 plants, (b) a “marihuana processor” license, (c) a “secure transporter” license, (d) a “marihuana retailer” license, (e) a “marihuana safety compliance facility” license, and (f) a “marihuana microbusiness” license. However, MRTMA also allows the MRA to create additional license types through the administrative rulemaking process. To date, the MRA has created four additional license types: (a) a “designated consumption establishment” license, (b) an “excess marihuana grower” license, (c) a “marihuana event organizer” license, and (d) a “temporary marihuana event” license. Importantly, each excess marihuana grower license allows an entity that holds five adult-use Class C grower licenses issued under MRTMA and at least two medical Class C grower licenses issued under the MMFLA to grow an additional 2,000 plants.

Under both MRTMA and the MMFLA, there are no stated limits on the number of licenses that can be made available on a state level; however, the MRA has discretion over the approval of applications and municipalities can pass additional restrictions, including limiting the number and type of licenses that can be issued within their jurisdiction. Additionally, a person or entity cannot possess or own both a grower/process/provisioning center and a secure transporter license or a safety compliance lab.

On February 11, 2022, Governor Whitmer signed an Executive Reorganization Order 2022-1 which modified the MRA to be called the Cannabis Regulatory Agency ("CRA"). This allowed for the CRA to have authority over Michigan's hemp processors and handlers under the Industrial Hemp Research and Development Act also shifting to the new CRA.

California

In 1996, California voters passed Proposition 215, also known as the Compassionate Use Act, allowing physicians to recommend cannabis for an inclusive set of qualifying medical conditions. The law established a not-for-profit patient/caregiver system but there was no state licensing authority to oversee the businesses that emerged. In September of 2015, the California legislature passed three bills, collectively known as the Medical Marijuana Regulation and Safety Act. In 2016, California voters passed The Adult Use of Marijuana Act, which legalized recreational use cannabis for adults 21 years of age and older and created a licensing system for commercial cannabis businesses. On June 27, 2017, then-Governor Jerry Brown signed Senate Bill 94 into law, which combined California’s medicinal and recreational use cannabis frameworks into one licensing structure under the Medicinal and Adult-Use of Cannabis Regulation and Safety Act (“MAUCRSA”).

Pursuant to MAUCRSA: (i) CalCannabis, a division of the California Department of Food and Agriculture, was designated to issue licenses to cannabis cultivators: (ii) the Manufactured Cannabis Safety Branch (the “MCSB”), a division of the California Department of Public Health, was designated to issue licenses to cannabis manufacturers; and (iii) the California Department of Consumer Affairs, via its agency, the Bureau of Cannabis Control (the “BCC”), was designated to issue licenses to cannabis distributors, testing laboratories, retailers, and micro-businesses. These agencies were also charged with overseeing various aspects of implementing and maintaining California’s cannabis landscape, including the statewide track and trace system. All three agencies released their initial emergency rulemakings at the end of 2017 and updated them with minor revisions in June

2018. The three agencies adopted their permanent rulemakings on January 16, 2019. All three agencies began issuing temporary licenses in January 2018 and stopped doing so on December 31, 2018, pursuant to MAUCRSA.

Local authorization is a prerequisite to obtaining a state license, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. All three state regulatory agencies require confirmation from the applicable locality that the operator is operating in compliance with local requirements and was granted authorization to continue or commence commercial cannabis operations within the locality's jurisdiction. Applicants are required to comply with all local zoning and land use requirements and provide written authorization from the property owner where the commercial cannabis operations are proposed to take place, which must dictate that the applicant has the property owner's authorization to engage in the specific state-sanctioned commercial cannabis activities proposed to occur on the premises. The State has not set a limit on the number of state licenses an entity may hold, unlike other states that have restricted how many cannabis licenses an entity may hold in total or for various types of cannabis activity. Although vertical integration across multiple license types is allowed under MAUCRSA, testing laboratory licensees may not hold any other licenses aside from a laboratory license. There are also no residency requirements for ownership of a state license under MAUCRSA.

California state licenses, and some local licenses, are renewed annually. Each year, licensees are required to submit a state renewal application to the relevant regulatory authority, and all applicable local renewal applications to the applicable local regulatory body (for local licenses).

On July 12, 2021, Governor Gavin Newsom signed AB-141 into law, triggering the consolidation of CalCannabis, the MCSB, and the BCC into the newly created Department of Cannabis Control (the "DCC"). The DCC was created in an effort to centralize regulatory authority and facilitate a more easily navigable regulatory regime. All licenses obtained under the previous regulatory authorities automatically transferred to the DCC, which is now responsible for issuing and renewing all cannabis licenses. In September 2021 the DCC issued emergency regulations, which were approved and went into effect the same month. The emergency regulations, among other things, include revised definitions clarifying who are considered to be owners or holders of a financial stake in cannabis businesses, and provisions allowing for the sale of branded products between businesses.

California's robust regulatory system is designed to ensure, monitor, and enforce compliance with all aspects of a cannabis operator's licensed operations. California's state license application process additionally requires comprehensive criminal, regulatory, financial and personal disclosures, coupled with stringent monitoring and continuous reporting requirements designed to ensure only good actors are granted licenses and that licensees continue to operate in compliance with the state regulatory program. Applicants must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with the state's seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once licensed, an operator must continue to abide by the processes described in its application and seek regulatory approval before any changes to such procedures can be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

As a condition of state licensure, operators must consent to random and unannounced inspections of their commercial cannabis facility as well as the facility's books and records, so as to monitor and enforce compliance with state law. Many localities have also enacted similar standards for inspections, and the state has already commenced site-visits and compliance inspections for operators who have received state temporary or annual licensure.

Regulatory Framework in Canada

Licenses and Regulatory Framework in Canada

The Cookies Canada License

The Company operates the Cookies Canada retail dispensary in Ontario, Canada through a subsidiary of TerrAscend Canada, which holds a retail operator's license under the Cannabis License Act (Ontario). The retail operator's license permits TerrAscend Canada, subject to further requirements set out in the regulations, to possess and sell cannabis, including cannabis extracts, topicals, edibles, and oils, in accordance with the applicable legislation and regulations promulgated thereunder, subject to certain restrictions and conditions.

The TerrAscend Canada Licensed Producer License

TerrAscend Canada held a standard cultivation license, standard processing license and license for sale for medical purposes under the Cannabis Act until February 9, 2023 when it opted to return its license.

Summary of Canadian Regulatory Framework

On October 17, 2018, the Cannabis Act and the Cannabis Regulations (the "Cannabis Regulations") came into force as law with the effect of legalizing adult-use cannabis and regulating the production, distribution and sale of cannabis and cannabis derived products (both medical and adult-use) within Canada. The Cannabis Act replaced the Controlled Drug and Substances Act (Canada) (the "CDSA"). Under the CDSA, the Access to Cannabis for Medical Purposes Regulations (the "ACMPR") set out a framework to provide individuals with access to cannabis for medical purposes and it was the governing legislation in respect of the production, sale and distribution of medical cannabis and related oil extracts in Canada. Although the ACMPR was repealed, the regulatory framework applicable to cannabis for medical purposes was substantially reproduced within the Cannabis Act with minimal changes.

The Cannabis Regulations provide a licensing and permitting scheme for activities related to cannabis, setting out the following classes of licenses that authorize activities in relation to cannabis: (i) a license for cultivation; (ii) a license for processing; (iii) a license for analytical testing; (iv) a license for sale for medical purposes; (v) a license for research; and (vi) a cannabis drug license. Each license contemplates permitting the sale of cannabis within the supply chain (i.e. to other appropriate license holders or those permitted under a provincial law) but does not include the ability to sell recreational cannabis to retail consumers which is regulated by the provinces. At the end of each term of their respective licenses, a license holder must submit an application for renewal to Health Canada containing information prescribed by the Cannabis Act.

The Cannabis Regulations, among other things, outline the rules for the legal cultivation, processing, research, testing, distribution, sale, importation and exportation of cannabis and hemp in Canada.

Pursuant to the Cannabis Act, but subject to provincial or territorial restrictions, adults who are over the age of 18 are legally able to: (i) possess up to 30 grams of legal cannabis, dried or equivalent in non-dried form in public; (ii) share up to 30 grams of legal cannabis, dried or equivalent in non-dried form with other adults; (iii) buy dried or fresh cannabis and cannabis oil from a provincially licensed retailer; (iv) grow, from licensed seed or seedlings, up to four cannabis plants per residence for personal use; and (v) make cannabis products, such as food and drinks, at home as long as dangerous organic solvents are not used to create concentrated products.

Compliance

TerrAscend believes it is in compliance with all applicable laws in the jurisdictions it operates including all state laws, the cannabis licensing framework of Maryland, Pennsylvania, New Jersey, California, and Michigan, and all provincial laws and the regulations in Ontario, and at the time of license return at the request of the Company, TerrAscend Canada believed it was in compliance with all applicable federal, provincial and territorial laws and regulations, including the Cannabis Act and the Cannabis Regulations. There are no known current incidences of material non-compliance, citations or notices of violations outstanding which may have an impact on the Company's licenses, business activities or operations where it operates. Notwithstanding the foregoing, like all businesses, the Company may, from time to time, experience incidences of non-compliance with applicable rules and regulations in the jurisdictions in which the Company operates, and such non-compliance may have an impact on the Company's licenses, business activities or operations. However, the Company takes steps to minimize, disclose and remedy all incidences of non-compliance which may have an impact on the Company's licenses, business activities or operations in the jurisdictions in which the Company operates. Notwithstanding the fact that various states in the United States have implemented medical cannabis laws or have otherwise legalized the use of cannabis, the use of cannabis remains illegal under U.S. federal law for any purpose, by way of the Controlled Substances Act.

Available Information

The Company's website address is www.terrascend.com. Through this website, the Company's filings with the SEC, including its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to such reports, will be accessible (free of charge) as soon as reasonably practicable after materials are electronically filed with or furnished to the SEC, and copies thereof are electronically filed on the System for Electronic Document Analysis and Retrieval + in Canada. Information contained on or accessible through the Company's website is not a part of this Annual Report, and the inclusion of the Company's website address in this Annual Report is an inactive textual reference only.

The SEC maintains an internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

The following risks should be carefully considered when deciding whether to make an investment in the Company. Some of the following factors are interrelated and, consequently, investors and readers should treat such risk factors as a whole. These risks and uncertainties are not the only ones that could affect the Company, and additional risks and uncertainties not currently known to the Company, or that it currently considers not to be material, may also impair the business, financial condition and results of operations of the Company and/or the value of its securities. If any of the following risks or other risks occur, they could have a material adverse effect on the Company's business, financial condition and results of operations and/or the value of the Company's securities. There is no assurance that any risk management steps taken by the Company will avoid future loss due to the occurrence of the risks described below, or other unforeseen risks.

Regulatory and Legal Risks Related to the Company's Business and the Cannabis Industry

As a cannabis business, the Company may be subject to unfavorable tax treatment and risks under U.S. federal income tax law.

Tax risk is the risk of changes in the tax environment that would have a material adverse effect on the Company′s business, results of operations, and financial condition. Currently, U.S. state licensed cannabis businesses are assessed at a comparatively high effective U.S. federal income tax rate due to Section 280E of the Internal Revenue Code of 1986, as amended (the "Code"), which prohibits businesses associated with trafficking in controlled substances (within the meaning of Schedule I and II of the Controlled Substances Act) from deducting certain expenses. The IRS has invoked Section 280E of the Code in tax audits against various cannabis businesses in the United States that are permitted under applicable U.S. state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. In addition, on June 28, 2024, the IRS published a press release reminding taxpayers that cannabis remains a Schedule I controlled substance until a final rule is published that reschedules cannabis and, therefore, cannabis is still subject to the limitations of Section 280E of the Code, and stating that taxpayers that have filed amended returns seeking a refund of taxes paid related to Section 280E of the Code are not entitled to a refund or payment and that the IRS is taking steps to address these claims. While there are currently several pending cases before various U.S. administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E of the Code favorable to cannabis businesses. Given these facts, the impact of any such challenges cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the Company.

The Company has taken the position that it does not owe taxes attributable to the application of Section 280E of the Code, including amending its U.S. federal income tax returns related to 2020, 2021, and 2022 based on legal interpretations that challenge its tax liability under Section 280E of the Code. Because the Company's tax positions could be (and, as discussed below, has been) challenged by the IRS and other taxing authorities and the Company may not be wholly successful in defending its tax positions, the Company records reserves for unrecognized tax benefits based on its assessment of the probability of successfully sustaining its tax filing positions. Management exercises significant judgment when assessing the probability of successfully sustaining the Company's tax filing positions, and in determining whether a contingent tax liability should be recorded and, if so, estimating the amount. During the year ended December 31, 2024, the Company received refunds related primarily to the Company's amended U.S. federal income tax return for 2020. During the year ended December 31, 2024, certain of the Company's amended federal income tax returns were selected for routine examinations by the IRS.

The Company may be at risk of increased scrutiny from the IRS on past and future tax filings and, in the normal course of business, the Company receives notices, from time to time, from various local, state, and federal tax agencies. If the IRS makes a determination that the Company is not in compliance with Section 280E of the Code, the Company may be required to pay any difference in the amounts owed, in addition to penalties and interest, which could equal or exceed the amounts reserved by the Company, exceed the amount of cash on hand and materially impact the Company's financial condition or results of operations.

On October 6, 2022, President Joseph Biden requested that the Secretary of HHS and the Attorney General to initiate a review as to how cannabis is currently scheduled under federal law. In August 2023, following a review by the FDA, the Secretary of HHS issued a recommendation to the DEA that cannabis be moved to Schedule III under the Controlled Substances Act. In December 2023, the DEA confirmed that it is currently conducting its review. On May 21, 2024, the DOJ published a notice of proposed rulemaking with the Federal Register to initiate a formal rulemaking process to consider transferring cannabis to Schedule III under the Controlled Substances Act. The Controlled Substances Act requires formal rulemaking on the record

after an opportunity for a hearing. The hearing has been postponed multiple times and is currently pending resolution of an interlocutory appeal brought by two private movants who sought to remove the DEA from its role as proponent of the proposed rescheduling through a motion which was denied.

If cannabis is moved to Schedule III from Schedule I under the Controlled Substances Act, it could end the effect of Section 280E of the Code on some or all of the Company's operations. However, any such change from Schedule I to Schedule III is beyond the control of the Company and cannot be predicted.

Cannabis remains illegal under U.S. federal law, and enforcement of cannabis laws could change. The Company may be subject to action by the U.S. federal government due to its involvement with cannabis in the United States, and such action could materially adversely affect the Company's business.

While some states in the United States. have legalized the use and sale of cannabis in some form, it remains illegal under U.S. federal law. On January 4, 2018, then-U.S. Attorney General Jeff Sessions issued a memorandum to U.S. Attorneys which rescinded previous guidance from the DOJ specific to cannabis enforcement in the United States, including the Cole Memorandum, which stated that the DOJ would not prioritize the prosecution of cannabis-related violations of U.S. federal law in jurisdictions that had enacted laws legalizing medical cannabis in some form and had implemented strong and effective regulatory and enforcement systems. With the Cole Memorandum rescinded, U.S. federal prosecutors have greater discretion in determining whether to prosecute medical cannabis-related violations of U.S. federal law, though there was never such a policy statement in relation to United States and its territories with adult-use cannabis programs. There can be no assurance as to the position the Trump administration or any administration may take on cannabis, and a new administration could decide to enforce federal laws against state-regulated cannabis companies. Because TerrAscend engages in cannabis-related activities in the United States, an increase in federal enforcement efforts with respect to current U.S. federal laws applicable to cannabis could cause financial damage to the Company. Further, the Company is at risk of being prosecuted under U.S. federal law and having its assets seized.

The Company's exposure to U.S. cannabis related activities are as follows:

	December 31, 2024	December 31, 2023
Current assets	102,645	101,369
Non-current assets	502,358	562,916
Current liabilities	74,743	204,455
Non-current liabilities	342,296	206,123

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Revenue, net	305,635	316,257	246,571
Gross profit	149,742	159,349	100,941
(Loss) income from operations	(2,013)	49,145	(4,994)
Net loss attributable to controlling interest	(62,751)	(73,541)	(322,461)

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities, civil forfeiture or divestiture. Any property owned by participants in the cannabis industry that is either used in the course of conducting or comprises the proceeds of a cannabis business could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owners of the property were never charged with a crime, the property in question could still be seized and subjected to an administrative proceeding by which, with minimal process, it could become subject to forfeiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the Cannabis Act, investors are cautioned that in the United States, cannabis is largely regulated at the state level. Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be

categorized as a controlled substance under the Controlled Substances Act and as such, is in violation of federal law in the United States. Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the retailing of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry.

As stated above, Congress has passed appropriations bills in each fiscal year since FY2015, that prevents the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The continuing resolution contains, among other things, the RBA, which prevents the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state medical cannabis laws.

Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations and provide no protection against businesses operating in compliance with a state's adult-use cannabis laws.

The DOJ or a federal prosecutor could allege that the Company, or its board of directors (the "Board of Directors" or the "Board") and, potentially its shareholders, "aided and abetted" violations of federal law by providing finances and services to its operating subsidiaries. Under these circumstances, it is possible that a federal prosecutor would seek to seize the assets of the Company and to recover the "illicit profits" previously distributed to shareholders resulting from any of the foregoing financing or services. In these circumstances, the Company's operations could cease, shareholders of the Company may lose their entire investment and directors, officers and/or shareholders of the Company may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison. Violations of any federal laws could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, the listing of its securities on any securities exchanges, its financial position, operating results, profitability or liquidity or the market price of its listed securities. An investor's contribution to and involvement in the Company's activities may result in federal civil and/or criminal prosecution, including forfeiture of an entire investment.

Although the Agriculture Improvement Act of 2018 (commonly known as the "2018 Farm Bill"), among other things, removes hemp from the controlled substances list under the Controlled Substances Act, it does not legalize CBD generally. In particular, the 2018 Farm Bill preserves the FDA′s authority to regulate products containing cannabis or cannabis-derived compounds. Pursuant to a statement released on December 20, 2018, *Frequently Asked Questions* on the FDA′s website, and numerous public statements, the FDA has taken the position that all CBD is a drug ingredient and therefore illegal to add to food or health products without the FDA's approval or further action. The FDA considers products containing CBD or other cannabis-derived compounds the same as any other FDA-regulated products and takes the position that they are subject to the same authorities and requirements as similarly regulated products, including but not limited to required approvals for food ingredients and dietary supplements based on safety standards. Importantly, the FDA has taken the position that it is unlawful under the FDCA to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, food or dietary supplements, regardless of whether the substances are hemp derived. The FDA has however indicated that it will work towards providing ways for companies to seek approval from the FDA to market CBD products. Further, many state criminal laws and food and drug laws prohibit or restrict the production and/or sale of hemp-derived CBD products. The Company′s U.S. hemp operations were subject to FDA oversight. There is no guarantee that the Company would be able to obtain necessary approval from regulatory authorities for its products in the United States.

TerrAscend′s activities and operations in the United States are, and will continue to be, subject to evolving regulation by governmental authorities. The approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined. The USDA will promulgate additional rules governing the production of hemp in the United States, with many states in the process of amending state laws to regulate hemp production and the sale of hemp-derived products within their borders. In addition, the FDA is expected to make determinations as to how CBD products will be regulated and is expected to issue a substantial change in its regulation of dietary supplements generally. Accordingly, there are significant changes in both federal and state law that may materially impact the Company′s operations.

The Company may be at a higher risk of an IRS audit

There may be a greater likelihood that the IRS will audit the tax returns of cannabis-related businesses and any such IRS audit may require significant management attention. Additionally, the Company filed refund claims for several of its subsidiaries, which may also increase the likelihood of an audit. Any such audit of the Company's tax returns could result in it being required to pay additional tax, interest and penalties, as well as incremental accounting and legal expenses, which could be material.

The Company's business is subject to applicable anti-money laundering laws and regulations and, therefore, the Company has restricted access to capital markets, banking and other financial services, which may adversely affect the Company's business.

Since the use of cannabis is currently illegal under U.S. federal law, and in light of considerations related to money laundering and other cannabis related criminality in the U.S. banking industry, U.S. banks have been reluctant to accept or deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding banks willing to accept its business. Likewise, cannabis businesses have limited access, if any, to credit card processing services. As a result, cannabis businesses in the United States are largely cash-based. This complicates the implementation of financial controls and increases security issues. Furthermore, the Company maintains domestic cash deposits in Federal Deposit Insurance Corporation ("FDIC") insured banks that exceed the FDIC insurance limits. Bank failures, events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, or concerns or rumors about such events, may lead to liquidity constraints. There can be no assurance that our deposits in excess of the FDIC or other comparable insurance limits will be backstopped by the United States government, or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions, or by acquisition in the event of a failure or liquidity crisis.

While the Company is not able to obtain financing in the United States from traditional banks or other certain federally regulated entities, the Company has been able to access equity financing through private markets in both the United States and Canada. Commercial banks, private equity firms, and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high-net-worth individuals and family offices that have made meaningful investments in companies and businesses similar to the Company. There is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable to the Company. The Company′s inability to raise financing to fund its operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Under the U.S. federal law, financial transactions in the United States involving proceeds generated by cannabis-related conduct can form the basis for prosecution. The FinCEN division of the U.S. Department of Treasury has provided guidance for how financial institutions can provide services to the cannabis-related businesses consistent with the obligations under the Bank Secrecy Act.

Previously, the DOJ directed its federal prosecutors to consider the federal enforcement priorities enumerated in the Cole Memorandum when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. In January 2018, the DOJ revoked the Cole Memorandum and related memorandum. While the impact remains unclear, the revocation has created uncertainty. For instance, federal prosecutors may increase enforcement activities against institutions or individuals who are engaged in financial transactions related to cannabis activities, or there may be a negative impact to the continuation of financial services in the United States with regard to cannabis-related activities. Consequently, businesses involved in the regulated cannabis industry may experience difficulties establishing banking relationships, and such difficulties may increase over time. If the Company were to experience any inability to access financial services in the United States, or have its existing financial services impacted, including its current bank accounts, this would have a direct impact on the ability for the Company to operate its businesses. This impact would increase the Company′s operating costs, and pose additional operational, logistical, and security challenges that could impede its inability to implement its business plans.

The U.S. federal prohibitions on the sale of cannabis may result in the Company and its partners being restricted from accessing the U.S. banking system and they may be unable to deposit funds in federally insured and licensed banking institutions. Banking restrictions could be imposed due to the Company′s banking institutions not accepting payments and deposits. The Company is at risk that any bank accounts it has could be closed at any time and result in increased costs for the Company. The Company′s activities in the United States, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains federally illegal in the United States. This may restrict the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on the Common Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. The guidance provided in the FinCEN Memorandum as described above may change depending on the position of the U.S. government administration at any given time and is subject to revision or retraction in the future, which may restrict the Company′s access to banking services.

The Company's business relies heavily on its ability to obtain and maintain required licenses, and failure to do so may adversely affect its business.

The Company′s ability to cultivate, manufacture and sell medicinal and adult-use cannabis in certain U.S. states and in Canada is dependent on its ability to maintain licenses with applicable regulators for the cultivation, manufacture, and sale of cannabis. Failure to comply with the requirements of its licenses or any failure to maintain its licenses could have a material adverse impact on the business, financial condition and operating results of the Company.

The Company and its subsidiaries, as applicable, will apply for, as the need arises, all necessary licenses and permits for the activities it expects to conduct in the future. However, the ability of the Company or its subsidiaries to obtain, maintain or renew any such licenses and permits on acceptable terms is subject to changes in regulations and policies, and at the discretion of the applicable authorities or other governmental agencies in each jurisdictions.

In certain jurisdictions, the cannabis laws and regulations limit, not only the number of cannabis licenses issued, but also the number of cannabis licenses that one may own. The Company believes that, where such restrictions apply, it may still capture significant share of revenue in the market through wholesale sales, exclusive marketing relations, provision of management or support services, franchising and similar arrangement with other operators. Nevertheless, limitations on the acquisition of ownership of additional licenses within certain states or enforcement by regulators in certain states against such services arrangements may limit the Company′s ability to grow organically or increase its market share in such states.

Compliance with regulations regarding cannabis is difficult, because the regulation of cannabis is uncertain and frequently changes. The Company's failure to comply with applicable laws regarding cannabis may adversely affect the Company's business.

Achievement of the Company′s business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the production and sale of its products. The Company cannot predict the impact of the compliance regime that the applicable regulatory bodies in the United States and Canada are implementing that may affect the business of the Company. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. The impact of governmental compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on the Company′s operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company′s operations, result in increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of the Company. The marketability of any product may be affected by numerous factors that are beyond the control of the Company, and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company′s earnings and could make future capital investments or the Company′s operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Regulatory restrictions on ownership outside of the control of the Company may have a material adverse impact on the Company's operations in certain jurisdictions.

The Company's business is subject to oversight by regulators in each market that the Company operates in. Regulators may limit the type or number of licenses that a single company may own. As a result, the Company may be restricted from participating in certain cannabis businesses in specific markets as a result of ownership or control of other cannabis licenses. As an example, certain markets may limit the size of a company's cultivation space, limit the number of dispensaries a single-company may own, or may obligate a company to offer certain products, like medical cannabis, to consumers.

The Company faces further risk associated with restrictions on licenses as a result of the Company's inability to control public company shareholder ownership or conflicting interpretations of control or ownership of the Company by shareholders, and therefore the Company may inadvertently have certain restrictions placed on its ability to operate as a result of third-party

ownership. Restrictions placed on the Company's ability to own specific licenses or assets in specific markets, or complexities arising from third-party ownership thresholds may materially adversely impact the Company's ability to compete in a specific market or may cause other regulatory delays in receiving regulatory approval for certain activities.

Tax and accounting requirements may change or be interpreted in ways that are unforeseen to the Company, and the Company may face difficulty or be unable to implement and/or comply with any such changes or interpretations.

The Company is subject to numerous tax and accounting requirements, and changes in existing rules or practices, varying interpretations of current rules or practices, or enactments of new rules or practices could have a significant adverse effect on the Company's financial results, the manner in which the Company conducts its business, or the marketability of any of its products. For instance, the Inflation Reduction Act enacted in 2022 imposes, among other rules, a 15% minimum tax on the book income of certain large corporations and a 1% excise tax on certain corporate stock repurchases. In many countries, including the United States, the Company is subject to transfer pricing and other tax regulations designed to ensure that appropriate levels of income are reported as earned and are taxed accordingly. Although the Company believes that it is in substantial compliance with all applicable regulations and restrictions, it is subject to the risk that governmental authorities could audit its transfer pricing and related practices and assert that additional taxes are owed or that various jurisdictions could assert that the Company should file tax returns in jurisdictions where it does not file and subject it to additional tax. In the future, the geographic scope of the Company's business may expand, and such expansion will require the Company to comply with the tax laws and regulations of additional jurisdictions. Requirements as to taxation vary substantially among jurisdictions. Complying with the tax laws and regulations of these jurisdictions can be time-consuming and expensive and could potentially subject the Company to penalties and fees in the future if it failed to comply with applicable tax laws and regulations. In the event that the Company failed to comply with applicable tax laws and regulations, this could have a material adverse effect on its business, financial condition, and results of operations.

The Company operates in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all of the jurisdictions in which it operates, which could negatively affect its business.

Given the complexity of the U.S. regulation of the cannabis industry, certain requirements may prove to be excessively onerous or otherwise impractical for the Company to comply with. This may result in the exclusion of certain business opportunities from the list of possible transactions that the Company would otherwise consider. Further, U.S. laws and regulations at the local, state, and federal levels which apply to the cannabis industry are continually changing, and it is difficult to determine if future changes could detrimentally affect the operations of the Company. Given the broad scope of cannabis laws and regulations, these are subject to evolving interpretations. This continued evolution could require the Company to incur substantial costs associated with compliance or alter its business plan. In addition, violations of these laws, or allegations of such violations, could disrupt the Company′s businesses and result in a material adverse effect on its operations.

The Company′s continued compliance with regulatory requirements enacted by government authorities and its ability to obtain all required regulatory approvals, for the sale of its products, including maintaining and renewing all applicable licenses, is crucial to the successful execution of the Company′s strategies. The cannabis industry is an emerging industry in the United States, and the Company cannot forecast the impact of each compliance regime to which they will be subject. Similarly, the Company cannot predict its ability to secure all appropriate regulatory approvals for any of its products, or the extent of testing or related documentation that may be required by governmental authorities. Delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have adverse effect on the business, financial condition, and operating results of the Company. Without limiting the foregoing, the Company′s failure to comply with the requirements of any underlying licenses or any failure to maintain any underlying licenses would have a material adverse impact on its business, financial condition, and operating results. It is uncertain whether any required licenses for the operation of the Company′s business will be extended or renewed in a timely manner, if at all, or that if they are extended or renewed, the licenses will be extended or renewed on the same or similar terms.

Furthermore, Internet websites are visible by people everywhere, not just in jurisdictions where the activities described therein are considered legal. As a result, to the extent that the Company sells services or products via web-based links targeting only jurisdictions in which such sales or services are compliant with state law, the Company may face legal action in other jurisdictions which are not the intended object of any of the Company's marketing efforts for engaging in any web-based activity that results in sales into such jurisdictions deemed illegal under applicable laws.

The Company is subject to the rules and policies of the TSX.

The Common Shares are currently listed on the TSX, and accordingly, so long as the Company chooses to continue to be listed on such stock exchange, it must comply with the TSX requirements or guidelines when conducting business, especially when

pursuing opportunities in the United States. On October 16, 2017, the TSX provided clarity regarding the application of Sections 306 (Minimum Listing Requirements) and 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the "TSX Requirements") to TSX-listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017-0009, the TSX notes that issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the TSX Requirements. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the TSX Requirements, the TSX has the discretion to initiate a delisting review. Although the Company believes that it currently complies with the TSX Requirements there is a risk that the Company's interpretation may differ from the TSX and failure to comply with the TSX Requirements could result in a delisting of the Common Shares from the TSX or the denial of an application for certain approvals, such as to have additional securities listed on the TSX, which could have a material adverse effect on the trading price of the Common Shares and could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects.

There is a substantial risk of regulatory or political change with respect to cannabis, which could have a material adverse effect on the Company and its business.

In the United States, the operations of TerrAscend and its subsidiaries are subject to a variety of laws, including, among other things, state and local regulations and guidelines relating to the cultivation, manufacture, management, transportation, distribution, sale, storage and disposal of cannabis. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's business, financial condition and results of operations. Local, state and federal laws and regulations governing cannabis for medicinal and adult-use purposes are broad in control and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company′s operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company′s operations and result in a material adverse effect on its financial performance. It is beyond the Company′s scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company′s business.

In the United States, the production and sale of cannabis is prohibited according to the Controlled Substances Act. If cannabis is re-classified or there are changes in U.S. controlled substance laws and regulations, such changes could have a material adverse effect on our business, financial condition, and results of operations. If cannabis is re-classified as a Schedule II or lower controlled substance, the resulting re-classification would result in the need for approval by FDA and DEA. As a result of such a re-classification, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products could become subject to a significant degree of regulation by the FDA and DEA. In that case, we may be required to be registered to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the manufacturing or distribution of our products. The DEA conducts periodic inspections of registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on our business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

Furthermore, should the United States federal government legalize cannabis, it is possible that the FDA would seek to regulate it under the Uniform State Food, Drug and Cosmetic Act. Additionally, the FDA may issue rules and regulations, including good manufacturing practices related to the growth, cultivation, harvesting and processing of medical and adult-use cannabis. Clinical trials may be needed to verify efficacy and safety of medical cannabis products. It is also possible that the FDA would require that facilities where cannabis is grown or manufactured register with the agency and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact on the cannabis industry is uncertain and could include the imposition of new costs, requirements, and prohibitions. If the Company is unable to comply with the regulations or registration as prescribed by the FDA, it may have an adverse effect on our business, operating results, and financial condition.

In Canada, the Cannabis Act was established on October 17, 2018, along with various related regulations. The cultivation, processing, distribution and sale of cannabis, among other things, remains subject to extensive regulatory oversight in Canada under the Cannabis Act. It is possible that these statutory requirements, including any new regulations that are subsequently issued, could significantly and adversely affect the business, financial condition and results of operations of the Company.

Furthermore, the distribution of adult-use cannabis is the responsibility of the respective provincial and territorial governments. There is no guarantee that provincial and territorial legislation regulating the distribution and sale of cannabis for adult-use purposes will continue according to their current terms, that they will not be materially amended or that such regimes will create the growth opportunities currently anticipated by the Company.

In addition, government policy changes or public opinion may also influence the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical or adult-use cannabis in Canada, the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, a shift could cause state and local jurisdictions to abandon initiatives or proposals to legalize medical or adult-use cannabis, thereby limiting the number of new state or provincial jurisdictions into which the Company could expand. Any inability to fully implement the Company′s expansion strategy may have a material adverse effect on the Company′s business, financial condition and results of operations.

The Company may encounter increasingly strict environmental health and safety regulations in connection with its operations, which may harm the Company's business.

The Company′s operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company′s operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's products may be subject to product recalls or returns, which may result in expenses, the commencement of legal proceedings or regulatory action, loss of sales, diminished reputation, and the diversion of management attention.

The Company′s products may be subject to recalls or returns for a variety of reasons, including product defects such as contamination, unintended harmful side effects or interactions with other substances, packaging safety, inadequate or inaccurate labeling disclosure, or other reasons outside of the control of the Company. In certain circumstances, state regulators may change certain regulations after products are already in the market, that may require the Company to issue a recall. If any of the Company′s products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection therewith. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all, in addition to writing off a substantial amount of inventory or materials. Additionally, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. If one of the products produced by the Company were subject to a recall, the image of that product and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company′s products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company′s operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

The Company faces an inherent risk of product liability claims and other consumer protection claims as a manufacturer, processor and producer of products that are meant to be ingested by people. Addressing such claims could cause the Company to incur substantial expenses and have a material adverse effect on its business.

As a manufacturer of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused loss or injury. In addition, the manufacturing and sale of cannabis and other products involve the risk of injury to consumers due to tampering by unauthorized third parties, product contamination, or unauthorized sale of counterfeit products. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. Furthermore, safety, efficacy and quality of cannabis in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on the Company. The Company may be also subject to various product liability claims, including, among others, that the products produced by the Company caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible inebriating effects, side effects or interactions with other substances. Consumers may unlawfully operate a vehicle or heavy equipment while under the effects of the Company's products, resulting in increased liability to the Company. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company′s reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company.

The Company′s products may be considered misbranded or adulterated, or otherwise unlawful under federal and state food and drug laws and could subject the Company to local, federal, or state enforcement or private litigation. Some states permit advertising, labeling laws, false and deceptive trade practices, and other consumer-protection laws to be enforced by state attorney generals, who may seek relief for consumers, class action certifications, class wide damages and product recalls of

products sold by the Company. Private litigation may also seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by the Company in any of the markets in which it operates. Any actions against the Company by governmental authorities or private litigants could have a material adverse effect on the Company′s business, financial condition and results of operations.

The Company may be subject to constraints on and differences in marketing its products under varying regulatory restrictions among the jurisdictions in which it operates.

The development of the Company′s business and results of operations may be hindered by applicable regulatory restrictions on sales and marketing activities. For example, regulations may prohibit certain sales and marketing activities that may be deemed to target minors or make specified health claims. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for the Company′s products, the Company′s sales and results of operations could be adversely affected.

In the United States, marketing, advertising, packaging and labeling regulations vary from state to state, potentially limiting the consistency and scale of consumer branding communication and product education efforts. Restrictions may include regulations that specify what, where and to whom product information and descriptions may appear and/or be advertised. The regulatory environment in the United States may limit the Company's ability to compete for market share in a manner similar to other industries.

Because the Company's contracts involve cannabis and cannabis-related activities, which are not legal under U.S. federal law, the Company may face difficulties in enforcing its contracts.

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal at a federal level, judges may refuse to enforce contracts in connection with activities that violate U.S. federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Company will be able to legally enforce contracts it enters into if necessary. The Company cannot be assured that it will have a remedy for breach of contract, the lack of which may have a material adverse effect on the Company′s business, revenues, operating results, financial condition or prospects.

If the Company (or any of its non-U.S. subsidiaries) is a "controlled foreign corporation," certain of its U.S. investors may suffer adverse tax consequences.

If a "United States person" for U.S. federal income tax purposes is treated as owning (directly, indirectly, or constructively) at least 10% of the total value or total combined voting power of the Company's stock, such person may be treated as a "United States shareholder" (each, a "U.S. Shareholder") with respect to each "controlled foreign corporation" ("CFC") in the Company's group (if any). A non-U.S. corporation will be a CFC if U.S. Shareholders own (directly, indirectly, or constructively) more than 50% of the total value or total combined voting power of the stock of the non-U.S. corporation. Because the Company's group includes one or more U.S. corporate subsidiaries, certain of its current or future non-U.S. corporate subsidiaries may be treated as CFCs (regardless of whether the Company is treated as a CFC). A U.S. Shareholder of a CFC may be required to annually report and include in its U.S. taxable income its pro rata share of the CFC's "Subpart F income," "global intangible low-taxed income," and investments of earnings in U.S. property (regardless of whether the CFC makes any distributions to its shareholders). Additionally, an individual U.S. Shareholder with respect to a CFC generally will not be allowed certain tax deductions or foreign tax credits that would be allowed to a corporate U.S. Shareholder. A failure to comply with CFC reporting obligations may subject a U.S. Shareholder to significant monetary penalties and prevent the statute of limitations from running with respect to the U.S. Shareholder's U.S. federal income tax return for the taxable year in which reporting was due. There can be no assurance that the Company will assist its U.S. investors in determining whether it (or any of its current or future non-U.S. subsidiaries) is treated as a CFC or whether such U.S. investors are treated as U.S. Shareholders with respect to any such CFC, or that the Company will furnish to any such U.S. Shareholders information that may be necessary to comply with their CFC reporting and tax paying obligations. U.S. investors should consult their own tax advisors regarding the CFC rules' impact in their particular circumstances.

Failure to comply with medical practice laws and regulations may result in impacts to the Company's operations, the imposition of monetary fines or the commencement of legal proceedings.

In the United States, the Health Insurance Portability and Accountability Act ("HIPAA") imposes privacy and security requirements and breach reporting obligations with respect to individually identifiable health information upon "covered entities" (health plans, health care clearinghouses and certain health care providers), and their respective business associates, which include individuals or entities that create, receive, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. HIPAA mandates the reporting of certain breaches of health information

to HHS, affected individuals and if the breach is large enough, the media. Entities that are found to be in violation of HIPAA as a result of a breach of unsecured protected health information, a complaint about privacy practices or an audit by HHS, may be subject to significant civil, criminal, and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. In addition, provisions of the Americans with Disabilities Act require confidential treatment of employee medical records.

In Canada, the Personal Information Protection and Electronics Documents Act (Canada) ("PIPEDA") and comparable legislation at the provincial level, governs the treatment of private information held by a corporation. The Office of the Privacy Commissioner of Canada has stated that it considers the personal information of cannabis users to be considered sensitive. Canadian privacy jurisprudence regarding the obligations that private sector organizations have to individual data subjects is constantly evolving. Privacy laws in Canada are also changing at the legislative level. On November 17, 2020, the Canadian Federal Government introduced Bill C-11, An Act to enact the Consumer Privacy Protection Act and the Personal Information and Data Protection Tribunal and to make consequential amendments to other Acts, for consideration in the House of Commons. Should Bill C-11 come into force, all private organizations that collect, use, and disclose personal information will become subject to new obligations and restrictions, including, without limitation, in connection with obtaining consent, access and control over personal information, deletion of personal information, data portability, de-identification of personal information, and transparency requirements. The penalties and enforcement measures available to Canadian regulators for non-compliance that are contemplated under Bill C-11 and Bill-64 are more significant than those that are available under current privacy and data protection legislation in Canada.

In addition, with respect to consumer health information, there are a number of federal, state and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. For example, the privacy rules under PIPEDA and other applicable privacy laws protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose, and may apply to its operations globally. In Canada, we may also be required to retain certain customer personal information for prescribed periods of time pursuant to the Cannabis Act.

Overall, failure to maintain adequate compliance or safeguards regarding stakeholder privacy could materially adversely impact the Company's business and result in fines, litigation, or certain government mandated actions, and could be detrimental to the Company's ability to operate its business.

If the Company is or becomes a "passive foreign investment company," its U.S. investors may suffer adverse tax consequences.

Generally, for any taxable year, if at least 75% of the Company's gross income is passive income, or at least 50% of the value of the Company's assets (generally determined based on a weighted quarterly average) is attributable to assets that produce, or are held for the production, of passive income, the Company will be a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes. For purposes of these tests, passive income generally includes dividends, interest, certain gains from the sale of investment property, and certain rents and royalties, and passive assets generally include cash. Additionally, the Company generally will be treated as directly holding and receiving its proportionate share of the assets and income, respectively, of any corporation in which it owns, directly or indirectly, 25% of its stock by value. If the Company is a PFIC for any taxable year, certain U.S. investors may suffer adverse tax consequences, including ineligibility for preferential tax rates on capital gains or dividends, interest charges on certain taxes treated as deferred, and additional tax reporting requirements.

The Company's PFIC status generally will depend on the nature and composition of the Company's income and assets and the value of the Company's assets (which generally will be determined based on the fair market value of each asset, with the value of goodwill determined in large part by reference to the market value of the Company's stock from time to time, which may be volatile). If the Company's market capitalization declines while it holds a substantial amount of cash for any taxable year, the Company may be a PFIC for such taxable year. The manner and timeframe in which the Company spends the cash it raises in any offering, the transactions it enters into, and how the Company's corporate structure may change in the future will affect the nature and composition of the Company's income and assets. Based on the nature and composition of the Company's income and assets and the value of the Company's assets, including goodwill, the Company believes that it was not a PFIC for its taxable year ended December 31, 2024. Because PFIC determination is a factual determination made annually after the end of each taxable year by applying principles and methodologies that, in some circumstances, are unclear and subject to varying interpretation, there can be no assurance that the Company will not be a PFIC for any taxable year, and the Company's U.S. counsel expresses no opinion with respect to the Company's PFIC status for any taxable year. U.S. investors should consult their own tax advisors regarding the PFIC rules' impact in their particular circumstances.

If the Company is a PFIC for any taxable year, the tax consequences that would apply if U.S. investors were able to make a valid "qualified electing fund" ("QEF") election would be different. At this time, the Company does not expect to provide U.S. investors with the information necessary for them to make a QEF election if the Company is a PFIC for any taxable year. U.S. investors should assume that a QEF election will not be available with respect to the Company's stock.

The Company's ability to use its U.S. net operating loss carryforwards to offset its future U.S. taxable income may be subject to limitations.

The Company's U.S. federal net operating loss carryforwards ("NOLs") generated in taxable years beginning before January 1, 2018, may be carried forward for 20 years. The Company's U.S. federal NOLs generated in taxable years beginning after December 31, 2017, may be carried forward indefinitely, but the utilization of such NOLs is limited. In addition, under Section 382 of the Code, a corporation that undergoes an "ownership change" (generally defined as a greater than 50% change (by value) in its stock ownership over a three-year period) is subject to limitations on its ability to utilize its pre-change U.S. federal NOLs to offset its future U.S. taxable income. If the Company has undergone an ownership change in the past, or if future changes in its stock ownership result in an ownership change, which may be outside of the Company's control, its ability to utilize its U.S. federal NOLs may be limited by Section 382 of the Code. It is uncertain if and to what extent U.S. states will conform to U.S. federal income tax law with respect to the treatment of NOLs. As a result, the Company's ability to use its U.S. NOLs to offset its future U.S. taxable income may be subject to limitations, which could increase its tax liability and decrease its cash flow.

The Company may be subject to heightened scrutiny by Canadian regulatory authorities, which could negatively affect its business.

The Company′s future investments, joint ventures and operations in the United States may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada, including placing certain restrictions on the Company's ability to operate or acquire other cannabis businesses in the United States. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company′s ability to invest in the United States or any other jurisdiction, in addition to those described herein.

Although a memorandum of understanding signed by the Canadian Depository for Securities ("CDS") and the Canadian recognized exchanges (Aequitas NEO Exchange Inc., the CSE, the TSX, and the TSX Venture Exchange) dated February 8, 2018, confirms that CDS relies on the exchanges to review the conduct of listed issuers, and therefore there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, Common Shares would become highly illiquid as and until an alternative was implemented, investors would have no ability to affect a trade of Common Shares through the facilities of a stock exchange.

The Company's investors, directors, officers, employees and contractors who are not U.S. citizens may be denied entry into the United States, which may negatively affect the Company's business.

Because cannabis remains illegal under U.S. federal law, those employed at or investing in Canadian or state regulated cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations or investments. Entry happens at the sole discretion of the U.S. Customs and Border Protection officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The Government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by U.S. federal laws, could mean denial of entry to the U.S. Business or financial involvement in the legal cannabis industry in Canada or in the United States could also be reason enough for U.S. border guards to deny entry.

Risks Related to the Company's Business, Operations and Industry

The Company's outstanding indebtedness may adversely affect its business, results of operations and financial condition. The Company's failure to comply with applicable covenants could trigger events that may materially adversely affect the Company's business, results of operations and financial condition.

The Company's outstanding indebtedness may adversely affect the Company's business, results of operations and financial condition. As of December 31, 2024, the Company had approximately $204,545 of total debt principal amounts outstanding. See the section titled "*Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*" of this Annual Report for more information regarding the Company's indebtedness. As a

result of its indebtedness, a portion of the Company's cash flow will be required to pay interest and principal on its outstanding loans. The Company's indebtedness could have important consequences. For example, it could:

- make it more difficult for the Company to satisfy its obligations with respect to any other debt it may incur in the future;
- increase the Company's vulnerability to general adverse economic and industry conditions;
- require the Company to dedicate a significant portion of its cash flow from operations to payments on its indebtedness and related interest, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- increase the Company's cost of borrowing;
- place the Company at a competitive disadvantage compared to its competitors that may have less debt; and
- limit the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or general corporate purposes.

The Company expects to use cash flow from operations and outside financings to meet its current and future financial obligations, including funding its operations, debt service and capital expenditures. The Company's ability to make these payments depends on its future performance, which will be affected by financial, business, economic and other factors, many of which the Company cannot control. The Company's business may not generate sufficient cash flow from operations in the future, which could result in the Company being unable to repay indebtedness, or to fund other liquidity needs. If the Company does not generate sufficient cash from operations, it may be forced to reduce or delay its business activities and capital expenditures, sell assets, obtain additional debt or equity capital or restructure or refinance all or a portion of its debt on or before maturity. The Company cannot make any assurances that it will be able to accomplish any of these alternatives on terms acceptable to it, or at all. In addition, the terms of existing or future indebtedness may limit the Company's ability to pursue any of these alternatives.

Furthermore, the instruments governing the Company's indebtedness include obligations and covenants that limit the Company's discretion with respect to certain business matters and require the Company to satisfy certain financial requirements. The Company may not receive consent from lenders to take certain actions such as divest assets or enter into material agreements. The Company can make no assurances that it will be able to comply with such obligations and covenants and any failure to comply could result in a default, which, if not amended, cured or waived, could permit acceleration of the indebtedness and the exercise of other remedies available to lenders. In such event, there can be no assurance that the Company would be able to obtain any amendment, cure, waiver or other relief on terms acceptable to the Company. If the Company is unable to obtain relief from an event, the relevant indebtedness may be accelerated and the related collateral may be foreclosed upon. In addition such circumstances may result in the cross-default or cross-acceleration of other debt, any of which would materially adversely affect the Company's business, results of operations, and financial condition.

The Company may require substantial additional financing to operate its business and it may face difficulties acquiring additional financing on terms acceptable to the Company, or at all.

The building and operation of the Company′s business, including its facilities, are capital intensive. In order to execute the anticipated growth strategy, the Company may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company′s inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company′s growth and may have a material adverse effect upon future profitability and solvency. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Raising additional funds by issuing equity securities will cause dilution to existing shareholders. Raising additional funds through debt financings may involve restrictive covenants and raising funds through lending and licensing arrangements may restrict the Company's operations or require it to relinquish proprietary rights. The Company may not be able to secure additional debt or equity financing on favorable terms or at all.

The Company expects that significant additional capital may be needed in the future to continue its planned operations. The Company expects to finance its cash needs through cash flow from ongoing operations and a combination of equity offerings, debt financings and other strategies. The Company cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to the Company, if at all. If the Company raises additional equity financing, its shareholders may experience significant dilution of their ownership interests, the terms of these securities may include liquidation or other preferences that could adversely affect the rights of a common shareholder, and the per-share value of the Common Shares could decline. If the Company engages in debt financing, it may be required to accept terms that restrict or limit the Company's ability to take specific actions, such as incurring additional indebtedness, making capital expenditures or declaring dividends, and other restrictive covenants that could adversely impact the Company's ability to conduct its business. In addition, weakness and volatility in the capital markets and the economy in general could limit the Company's access to the capital markets and increase its cost of borrowing.

An adverse change in market conditions, including a sustained decline in the price of the Common Shares, negative changes to the Company's position in the market, or lack of growth in demand for its products and services could be considered to be an impairment triggering event. Such changes could impact valuation assumptions relating to the recoverability of assets and have resulted in, and may in the future result in, impairment charges to the Company's goodwill or long-lived asset balances, which would negatively impact the Company's operating results and harm its business.

There are inherent uncertainties in management's estimates, judgments and assumptions used in assessing recoverability of goodwill, intangible, and other long-lived assets. Any material changes in key assumptions, including failure to meet business plans, a deterioration in the United States, Canadian and global financial markets, an increase in interest rates or an increase in the cost of equity financing by market participants within the industry or other unanticipated events and circumstances, could potentially result in an impairment charge. From time to time, the Company may be required to record a significant charge to earnings in its consolidated financial statements during the period in which any impairment of the Company's goodwill or intangible and other long-lived assets is determined, which might have a materially adverse impact on the Company's business operations and its financial position or results of operations.

The Company is dependent on suppliers and key inputs for the cultivation, extraction and production of cannabis products.

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to required equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of equipment, parts and components. Global supply challenges have added further uncertainties around availability and price of equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company′s capital expenditure plans may be significantly greater than anticipated by the Company′s management and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the business, financial condition, results of operations or prospects of the Company.

The cannabis business is dependent on a number of key inputs and their related costs including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, results of operations or prospects of the Company. In addition, any restrictions on the ability to secure required supplies or utility services or to do so on commercially acceptable terms could have a materially adverse impact on the business, financial condition and operating results. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms and/or agreeable terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Company.

The Company′s business is subject to the risks inherent in agricultural operations.

The Company′s business involves the cultivation of the cannabis plant. The cultivation of this plant is subject to agricultural risks related to insects, plant diseases, unstable growing conditions, water and electricity availability and cost, and force majeure events. Certain agricultural risks, such as insects or plant diseases, can result in a prolonged disruption of its operations. Although the Company cultivates its cannabis plants indoors or in greenhouses, each with climate-controlled rooms staffed by trained personnel, there can be no assurance that agricultural risks will not have a material adverse effect on the cultivation of its cannabis. The Company may, in the future, cultivate cannabis plants outdoors, which would also subject it to related agricultural risks.

The Company′s intellectual property may be difficult to protect, and failure to do so may negatively impact its business.

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company′s future success. The Company has no patented technology or trademarked business methods at this time, nor has it registered any patents. The Company has filed trademark applications in the United States and Canada. The Company will continue to seek trademark protection in the United States and Canada.

The Company's ability to obtain registered trademark protection for cannabis-related goods and services, in particular for cannabis itself, may be limited in certain countries outside of Canada, including the United States, where registered federal trademark protection is currently unavailable for trademarks covering cannabis-related products and services that are illegal under the Controlled Substances Act. Accordingly, the Company's ability to obtain intellectual property rights or enforce intellectual property rights against third-party uses of similar trademarks may be limited in certain countries. The U.S. Patent and Trademark Office released a policy on May 2, 2019 that clarifies that applications for trademarks for products that meet the definition of hemp could be accepted for registration, with certain exceptions.

Even if the Company moves to protect its technology with trademarks, patents, copyrights or by other means, the Company is not assured that competitors will not develop similar technology, business methods or that the Company will be able to exercise its legal rights. The Company may have limited or no enforcement options, should its intellectual property be infringed on by illicit operators. Furthermore, other countries may not protect intellectual property rights to the same standards as the United States or Canada. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources which may have a significant impact on the Company′s ability to successfully grow the business.

In addition, other parties may claim that the Company′s products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the Company′s expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages.

Directors and officers of the Company have faced, and may in the future face, conflicts of interests regarding the Company's business strategy.

Certain of the directors and officers of the Company are also directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the Company. Consequently, there exists the possibility for such directors and officers to be in a position of conflict.

In particular, the Company may also become involved in other transactions which conflict with the interests of its directors and officers, who may from time-to-time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. All decisions to be made by directors and officers of the Company are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Company. In addition, the directors and officers are required to declare their interests in, and such directors are required to refrain from voting on, any matter in which they may have a material conflict of interest. Failure to adequately manage or disclose conflicts of interest may result in public accusations, investigations, or litigation, and could have material adverse effect on the Company's business, operating results and financial condition.

The Company needs to attract and retain customers and patients in order to succeed, and failure to do so may have a material adverse effect on the Company's business.

The Company′s success depends on its ability to attract and retain customers and patients. There are many factors which could impact the Company′s ability to attract and retain customers and patients, including but not limited to the Company′s ability to continually produce desirable and effective products and, the successful implementation of a customer and patient-acquisition plan. The Company′s failure to acquire and retain customers and patients would have a material adverse effect on the Company′s business, operating results and financial condition.

The Company's profitability may be impacted by declining wholesale or retail cannabis prices in certain markets and shifting market conditions.

The Company's gross profits may decline as a result of a reduction in wholesale or retail cannabis prices. The Company's profitability is sensitive to fluctuations in wholesale and retail prices caused by crop seasonality, disruptions to supply chains, increased competition, government taxes or levies, and other market conditions, all of which are factors beyond the Company's

control. There is currently not an established market price for cannabis and the price of cannabis may change rapidly. Any price decline may have a material adverse effect on the Company.

If a significant number of new licenses are granted by a regulator in a market in which the Company operates, the Company may experience increased competition for market share and may experience downward price pressure on its products as new entrants increase production. The Company may also face competition from illegal cannabis dispensaries that are selling cannabis to individuals despite not having a valid license. The continued declining wholesale and retail price will impact the Company's overall business.

The Company may face unfavorable publicity or consumer perception of the safety, efficacy and quality of its cannabis products.

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis distributed to such consumers. Consumer perception of the Company′s products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company′s products and the business, results of operations, financial condition of the Company. In particular, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Company′s products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on the Company. Although the Company uses quality control processes and procedures to ensure our consumer packaged goods meet the Company's standards, a failure or alleged failure of such processes and procedures could result in negative consumer perception of products or legal claims against the Company. Adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

The Company offers certain vaporizer or "vape" products. The use of vape products and vaping may pose health risks. According to the Centers for Disease Control, vape products may contain ingredients that are known to be toxic to humans and may contain other ingredients that may not be safe. Because clinical studies about the safety and efficacy of vape products have not been submitted to the FDA, consumers currently have no way of knowing whether they are safe for their intended use or what types or concentrations of potentially harmful chemicals or by-products are found in these products. It is also uncertain what implications the use of vape or other inhaled products, such as cannabis flower that is smoked, may have on respiratory illnesses. Although the Company believes that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Adverse findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of vape or other inhaled products, including adverse publicity regarding underage use of vape or other inhaled products, may result in reputation loss and in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company′s overall ability to advance its business, thereby having a material adverse impact on the financial condition and results of operations of the Company.

The Company faces reputational risks, which may negatively impact its business.

Damage to the Company′s reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all shareholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations, and an impediment to the Company′s overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows, and growth prospects. Further, the parties with which the Company

does business may perceive that they are exposed to reputational risk as a result of the Company′s cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

The Company is dependent on consumer acceptance of and public demand for its products.

The Company's ability to generate revenue and be successful in the implementation of its business plan is dependent on consumer acceptance of and demand for its products. Acceptance of the Company's products depends on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety and reliability. If customers do not accept the Company's products, or if such products fail to adequately meet customers' needs and expectations, the Company's ability to generate revenue could be negatively impacted. As the number of available licenses increase in the markets in which the Company operates, and the illicit market and psychoactive hemp-based products proliferate, additional competition and increased product availability may result in competitors undercutting the Company's prices. From time to time, the Company may need to reduce its prices in response to competitive and customer pressures and to maintain its market share, which could materially reduce the Company's revenue.

The Company (and the third parties with whom it works) faces physical security risks, as well as risks related to its information technology systems, data, potential cyber or phishing attacks, and security incidents or other interruption.

In the ordinary course of its business, the Company, and the third parties with whom it works, collects, receives, stores, processes, generates, uses, transfers, discloses, makes accessible, protects, secures, disposes of, transmits, and shares personal data about its patients, adult-use customers and guests and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, sensitive third-party data, business plans, transactions, and financial information (collectively, "sensitive data").

If there was a breach in physical security systems and the Company became victim to a robbery or theft or if there was a failure of information technology systems or a component of information technology systems, or if the Company's sensitive data were otherwise compromised, it could, depending on the nature of any such security incident or other interruption, adversely impact the Company′s reputation, business continuity and results of operations. Any such security incident or other interruption could expose the Company to additional liability and to potentially costly litigation, government enforcement actions, additional reporting requirements and/or oversight, indemnification obligations, negative publicity, increase expenses relating to the resolution and future prevention of these security incident or other interruption and may deter potential customers from choosing the Company′s products.

A security incident or other interruption may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Cyber-attacks, malicious internet-based activity, online and offline fraud such as phishing schemes, and other similar activities threaten the confidentiality, integrity, and availability of the Company's sensitive data and information technology systems, and those of the third parties with whom it works. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors.

Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, the Company, and the third parties with whom it works are vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt its systems and operations, supply chain, and ability to produce, sell and distribute its goods and services.

The Company and the third parties with whom it works are subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks, credential stuffing attacks, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, attacks enhanced or facilitated by AI, cable cuts, damage to physical plants, power loss, vandalism, theft, and other similar threats.

In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in the Company's operations, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but the Company may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

Remote work has increased risks to the Company's information technology systems and data, as its employees utilize network connections, computers, and devices outside its premises or network, including working at home, while in transit and in public locations. Additionally, future or past business transactions (such as acquisitions or integrations) could expose the Company to additional cybersecurity risks and vulnerabilities, as its systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, the Company may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into the Company's information technology environment and security program should any security issues be identified.

In addition, the Company's reliance on third parties could introduce new cybersecurity risks and vulnerabilities, including supply-chain attacks, and other threats to its business operations. The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with its operations. The Company attempts to ensure SOX compliance by requiring vendors that interact with financially material data to provide SOC certification (Type 1 or Type 2) of their internal controls. Additionally, every new software provider Company works with is required to go through a security audit of their infrastructure and security practices. However, the Company's ability to ensure these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If these third parties experience a security incident or other interruption, the Company could experience adverse consequences. While the Company may be entitled to damages if these third parties fail to satisfy their privacy or security-related obligations to the Company, any award may be insufficient to cover the Company's damages, or the Company may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and the Company cannot guarantee that third parties' infrastructure in its supply chain or the third parties' with whom it works supply chains have not been compromised.

The Company′s operations depend, in part, on how well it and the third parties with whom it works protect networks, equipment, information technology systems and software against compromise or damage from of the aforementioned or similar threats. The Company′s operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures.

The Company expends resources or may have to modify its business activities to try to protect against security incidents or other interruption. Additionally, certain data privacy and security obligations require the Company to implement and maintain specific security measures or industry-standard or reasonable security measures to protect its information technology systems and sensitive data.

In 2024, the Company identified and quickly contained and remediated several non-material cybersecurity incidents. The Company takes steps designed to detect, mitigate and remediate vulnerabilities in its information systems (such as its hardware or software, including that of third parties with whom it works), but it may not be able to detect and remediate all such vulnerabilities, including on a timely basis. Further, the Company may in the future experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident or other interruption.

While the Company has implemented security measures designed to protect against security incidents and other interruptions, there can be no assurance that these measures will be effective. It may be difficult or costly to detect, investigate, mitigate, contain, and remediate a security incident or other interruption. Despite the Company's efforts to detect, investigate, mitigate, contain, and remediate a security incident, the Company may not be successful. Actions taken by the Company or the third parties with whom it works to detect, investigate, mitigate, contain, and remediate a security incident or other interruption could result in outages, data losses, and disruptions of the Company's business. Threat actors may also gain access to other networks and systems after a compromise of the Company's networks and systems.

Certain of the previously identified or similar threats have in the past and may in the future cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to the Company's sensitive data or its information technology systems, or those of the third parties with whom it works.

For example, in September 2024, the Company became aware of a security incident where a contractor's firewall VPN account was accessed. This allowed a threat actor to scan a site's network and attempt to login to devices unsuccessfully, as the incident was immediately detected and stopped. A security incident or other interruption could disrupt the Company's ability (and that of the third parties with whom it works) to provide its goods and services.

Applicable data privacy and security obligations may require the Company, or it may voluntarily choose, to notify relevant stakeholders (including affected individuals, customers, regulators, and investors) of security incidents or other interruptions, or to take other actions, such as providing credit monitoring and identity theft protection services. Such disclosures and related actions are costly, and the disclosure or the failure to comply with applicable requirements could lead to adverse consequences.

Some of the Company's contracts do not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in its contracts are sufficient to protect it from liabilities, damages, or claims related to its data privacy and security obligations. The Company cannot be sure that its insurance coverage will be adequate or sufficient to protect it from, or to mitigate liabilities arising out of its privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

In addition to experiencing a security incident or other interruption, third parties may gather, collect, or infer sensitive data about it from public sources, data brokers, or other means that reveals competitively sensitive details about the Company and could be used to undermine its competitive advantage or market position. Additionally, sensitive information of the Company or its customers could be leaked, disclosed, or revealed as a result of or in connection with its employees', personnel's, or vendors' use of generative AI technologies.

The Company may be subject to growth-related risks, which could negatively affect its business.

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company′s business, financial condition, results of operations and prospects.

The Company may be adversely impacted by rising or volatile energy costs.

The Company′s cannabis growing and manufacturing operations consume considerable energy, which make the Company vulnerable to rising energy costs. Accordingly, rising or volatile energy costs have and may further adversely impact the Company's business and profitability. Furthermore, the Company may face challenges in accessing sufficient utilities to meet the energy, water or sewage requirements for cannabis growing and manufacturing operations.

The Company's internal controls over financial reporting may not be effective, and the Company's independent auditors may not be able to certify as to their effectiveness, which could have a significant and adverse effect on the Company's business.

The Company is subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"). Pursuant to Section 404 of the Sarbanes-Oxley Act, the Company is required to perform system and process evaluation and testing of its internal control over financial reporting to allow Company management to report on the effectiveness of its internal control over financial reporting. Furthermore, if at such time, the Company no longer qualifies as an "emerging growth company," its independent registered public accounting firm will be required to issue an annual report that attests to the effectiveness of the Company's internal control over financial reporting.

The Company incurs expenses and diversion of Company management's time in its efforts to comply with Section 404 of the Sarbanes-Oxley Act regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for the Company to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause the Company to fail to meet its reporting obligations. In addition, any testing by the Company conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by the Company's independent registered public accounting firm when required, may reveal deficiencies in the Company's internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to the Company's consolidated financial statements or identify other areas for further attention or improvement. Moreover, the Company's internal controls over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objective will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected. If the Company is unable to assert that its internal control over financial reporting is effective, investors could lose confidence in the Company's reported financial information, the trading price of the Common Shares could decline and the Company could be subject to sanctions or investigations by the SEC or other regulatory authorities.

The Company may be required to write down intangible assets, including goodwill, due to impairment, which could have a material adverse effect on the Company's results of operations or financial position.

The Company may be required to write down intangible assets, including goodwill, due to impairment, which would reduce earnings. The Company periodically calculates the fair value of its reporting units and intangible assets to test for impairment.

This calculation may be affected by several factors, including general economic conditions, regulatory developments, market and economic conditions, impact on operations due to changing consumer preferences, successful execution of product launches and overall competitive activity within the market. Certain events can also trigger an immediate review of goodwill and intangible assets. If the carrying value of its reporting unit and other intangible assets exceed their fair value and the loss in value is other than temporary, the goodwill and other intangible assets are considered impaired, which would result in impairment losses and could have a material adverse effect on the Company's consolidated financial position or results of operations. We may be required to perform a quantitative goodwill impairment assessment in future periods for the Company, to the extent the Company experiences declines in the price of its Common Shares.

The Company's business could be adversely affected by economic downturns, fluctuating inflation, high interest rates, natural disasters, public health crises, political crises, geopolitical events, such as the war in Ukraine and the hostilities in the Middle East, policy changes, including tariffs, or other macroeconomic conditions, which have in the past and may in the future negatively impact the Company's business and financial performance.

The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including, among other things, severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, supply chain shortages, fluctuating inflation rates and interest rates and uncertainty about economic stability. Increased inflation rates can adversely affect the Company by increasing the Company's costs, including labor and employee benefit costs. Higher interest rates, coupled with reduced government spending and volatility in financial markets may increase economic uncertainty and affect consumer spending. In addition, if the equity and credit markets deteriorate, including as a result of political unrest or war, such as the war in Ukraine and the hostilities in the Middle East, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, and more costly or more dilutive.

The Company faces intense competition and its business could be adversely affected by other businesses in a better competitive position.

The introduction of an adult-use model for cannabis production and distribution may impact the growth in the existing medical cannabis market. The impact of this potential development may be negative for the Company and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates, in addition to potential gross margin reduction. There is potential that the Company will face intense competition from other companies, particularly larger multi-state operators, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company, and result in lower than anticipated growth in both the existing medical cannabis market and the adult-use market.

If the number of users of medical cannabis in North America increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company may require a continued high level of investment in research and development, marketing, sales and client support, or reduction in product prices. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company has historically had continued losses which could have a material negative effect on the Company's business and prospects.

As of December 31, 2024, the Company had an accumulated deficit of approximately $778,514. The Company incurred losses in fiscal years 2022, 2023 and 2024. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. Because the cannabis industry and market are relatively new and rapidly evolving, it is difficult for the Company to predict its future operating results. As a result, it may incur future losses that may be larger than anticipated. In addition, the Company may continue to increase operating expenses as it implements initiatives to continue to grow its business. The Company's ability to execute on its growth strategy requires additional financing. The Company may need to raise additional funds in order to operate its business and meet obligations as they become due. However, financing may not be available to the Company in the necessary time frame, in amounts that the Company requires, on terms that are acceptable to the Company, or at all. If the Company is unable to raise the necessary funds when needed, it will be required to take additional actions to address its liquidity needs, including cost reduction measures, it would materially and adversely impact the Company's ability to execute on its operating plans. These actions may cause the Company's shareholders to lose all or part of their investment in the Common Share. If the Company′s sales do not increase to offset any increases in costs and operating expenses, the Company will not be profitable. Furthermore, if the Company's future growth and operating

performance fail to meet investor or analyst expectations, or if it has future negative cash flow or losses resulting from its investment in product development or marketing, its financial condition and share price could be materially adversely affected.

Demand for the Company's products is difficult to forecast due to limited and unreliable market data.

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, the Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. Market research and projections by the Company of estimated total retail sales, demographics, demand, and similar consumer research are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of the Company′s management team as of the date of this Annual Report. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

The Company's inability to attract and retain key personnel, or its inability to maintain relations with its employees, unions and other employee representatives, could materially adversely affect its business.

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management, which are key personnel. Moreover, the Company′s future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The Company does not maintain "key man" insurance policies on the lives of its key personnel, or the lives of any of its other employees. In order to induce valuable employees to continue their employment with the Company, the Company has provided certain key personnel stock options and restricted stock units that vest over time. The value to employees of such equity grants that vest over time is significantly affected by movements in the price of the Common Share that are beyond the Company's control, and may at any time be insufficient to counteract more lucrative offers from other companies. The Company is limited in its ability to address declines in the value of employee equity grants in an effort to retain key personnel, Should the Company pursue any stock option re-grant or re-pricing efforts, such efforts may not be approved by the Company's shareholders or the stock exchanges on which the Common Shares are listed. Additionally, if the Company were to reprice any share option without the approval of our shareholders, as permitted under certain circumstances, then proxy advisory firms may issue a negative recommendation on certain of our compensation-related proposals at future annual meetings of our shareholders. In addition, if the Company's share-based compensation otherwise ceases to be viewed as a valuable benefit, the Company's ability to attract, retain and motivate key personnel could be weakened, which could harm its business. The loss of the services of key personnel, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company′s ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. While employment agreements are customarily used as a primary method of retaining the services of such key personnel these agreements cannot assure the continued services of such employees.

There is no assurance that any of the Company′s existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by such key personnel to maintain or renew their security clearance would result in a material adverse effect on the Company′s business, financial condition and results of operations. In addition, if any key personnel leave the Company, and the Company is unable to find a suitable replacement that has a security clearance in a timely manner, or at all, it could have a material adverse effect on the Company′s business, financial condition and results of operations.

The Company may not be able to attract or retain qualified management and other key employees in the future due to the intense competition for a limited number of qualified personnel in its industry. Many of the other cannabis companies that it competes against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than the Company does. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high quality candidates than what the Company has to offer. If the Company is unable to continue to attract and retain high quality personnel, the rate and success at which it can develop and market its products will be limited.

In addition, certain of the Company's employees are covered by collective bargaining agreements. These agreements typically contain provisions regarding the general working conditions of such employees, including provisions that could affect the Company's ability to restructure its operations, close facilities, or reduce the number of its employees. The Company may not be able to extend existing collective bargaining agreements or, upon the expiration of such agreements, negotiate such agreements in a favorable and timely manner or without work stoppages, strikes or similar actions. Any deterioration of the relationships with its employees, unions and other employee representatives, or any material work stoppage, strike or similar action could have a material adverse effect on the Company's business results, cash flows, financial condition or prospects.

Furthermore, the Company's actions or responses to any such negotiations, labor disputes, work stoppages or strikes could negatively impact its corporate reputation and have adverse effects on its business.

The Company and its investors may have difficulty enforcing their legal rights.

In the event of a dispute arising from TerrAscend's U.S. operations, TerrAscend may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, to the extent that the Company's assets are located outside of Canada, investors may have difficulty collecting from the Company any judgments obtained in the Canadian courts and predicated on the civil liability portions of securities provisions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

In addition, certain of the Company's directors and officers reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Company shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Company shareholders to effect service of process within Canada upon such persons. Courts in the United States may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a United States court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process.

The Company (and the third parties with whom it works) is subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, policies and other obligations related to data privacy and security. Its actual or perceived failure (or that of the third parties with whom it works) to comply with such obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of business operations; reputational harm; loss of revenue or profits; and other adverse business consequences.

The Company's data processing activities subject it to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). For example, there are a number of federal, state, and local laws protecting the confidentiality of certain health-related information of the Company's patients and customers, including their health-related records, and restricting the use and disclosure of that information.

Additionally, numerous U.S. states have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact the Company's business and ability to provide its products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the CCPA applies to personal data of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for fines and allows private litigants affected by certain data breaches to recover significant statutory damages.

Similar laws have passed or are being considered in several other states, as well as at the federal and local levels, and more states are expected to pass similar laws in the future. To the extent applicable, these developments will further complicate compliance efforts, as well as increase legal risk and compliance costs for us and the third parties with whom it works.

Furthermore, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 and the TCPA impose specific requirements on communications with customers. For example, the TCPA imposes various consumer consent requirements and other restrictions on certain telemarketing activity and other communications with consumers by phone, fax or text message. TCPA violations can result in significant financial penalties, including penalties or criminal fines imposed by the Federal Communications Commission or fines of up to $1,500 per violation imposed through private litigation or by state authorities. Outside the United States, an increasing number of laws, regulations, and industry standards may govern data privacy and security. For example, Canada's PIPEDA imposes strict requirements for processing personal data.

In addition to data privacy and security laws, the Company is bound by other obligations related to data privacy and security, including contractual obligations and self-regulatory standards (e.g., PCI-DSS), and its efforts to comply with such obligations may not be successful. For example, the Company relies on third parties to process payment card data who are subject to PCI-DSS, and its business may be negatively impacted if these third parties are fined or suffer other consequences as a result of PCI-DSS noncompliance. Additionally, the Company publishes privacy policies, marketing materials, and other public or external facing statements concerning data privacy and security. If found to be deficient, lacking in transparency, deceptive, unfair, misleading or misrepresentative of facts or its practices, the Company may be subject to investigation, enforcement actions by regulators, or experience other adverse consequences.

The Company's employees and personnel may use generative artificial intelligence ("AI") technologies to assist with their work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. The Company's use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. If the Company are unable to use generative AI, this could make its business less efficient and result in competitive disadvantages.

Obligations related to data privacy and security (and consumer's data privacy expectations) are quickly changing, becoming increasingly stringent, and creating uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires the Company to devote significant resources and may necessitate changes to its services, information technologies, systems, and practices and to those of any third parties with whom it works.

The Company may at times fail, or be perceived to have failed, in its efforts to comply with its data privacy and security obligations. Moreover, despite its efforts, the Company's personnel or third parties with whom it works may fail to comply with such obligations, which could negatively impact its business operations. If the Company or the third parties with whom it works fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, it could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims); additional reporting requirements and/or oversight; bans on processing personal data; and orders to destroy or not use personal data. In particular, plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations.

Any of these events could have a material adverse effect on the Company's reputation, business, or financial condition, including but not limited to: loss of customers; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize its products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to its business model or operations.

The Company may not have access to U.S. bankruptcy protections available to non-cannabis businesses.

Because cannabis is a Schedule I controlled substance under the Controlled Substances Act, courts may deny cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on their investments in the cannabis industry in the event of a bankruptcy. If the Company were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to the Company, which would have a material adverse effect on us and may make it more difficult for us to obtain debt financing.

The development of the Company's products is complex and requires significant investment. Failure to develop new methodologies and products could adversely affect the Company's business.

The introduction of new products embodying new methodologies, including new manufacturing processes, and the emergence of new industry standards may render the Company′s products obsolete, less competitive or less marketable. The process of developing the Company′s products is complex and requires significant continuing costs, development efforts and third-party commitments. The Company′s failure to develop new methodologies and products and the obsolescence of existing methodologies could adversely affect the business, financial condition and operating results of the Company. The Company may be unable to anticipate changes in its potential customer requirements that could make the Company′s existing methodologies obsolete.

The development of the Company′s proprietary methodologies entails significant technical and business risks. The Company may not be successful in using its new methodologies or exploiting its niche markets effectively or adapting its businesses to evolving customer or medical requirements or preferences or emerging industry standards.

The Company faces exposure to fraudulent or illegal activity by employees, contractors and consultants, which may subject the Company to investigations or other actions.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal, state and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company′s business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company′s operations, any of which could have a material adverse effect on the Company′s business, financial condition, results of operations or prospects.

Consolidation in the cannabis industry and other changes to the competitive environment can impact the Company's margins and profitability.

The markets for cannabis in the United States and Canada are becoming increasingly competitive and are evolving rapidly. The Company may face intense and increasing competition from existing operators and new entrants in each of the markets in which the Company operates. Some of these competitors may have longer operating histories or offer competitive products. There is also the potential that the cannabis industry will undergo further consolidation that may pose a risk to the Company's ability to compete.

As a result of this competition, the Company may be unable to maintain its operations or develop them as currently intended. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect its business, financial condition and results of operations. If the Company is unable to achieve its business objectives, such failure could materially adversely affect the Company's business.

As the emerging cannabis industry continues to rapidly evolve, the Company may not be able to create and maintain a competitive advantage in the marketplace. The Company's success will depend on its ability to respond to, among other things, changes in consumer preferences, regulatory conditions, and general competitive pressures. Should the Company be unable to adequately respond to such changes, it could have a material adverse effect on the Company's business, financial condition, operating results, liquidity, cash flow and operational performance.

In each market the Company operates in, the number of licenses granted, and the number of license holders ultimately authorized by the regulator, or previously authorized licenses becoming more commercially active, could have an impact on its business. If the number of users of medical and/or adult-use cannabis increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company may require increased levels in research and development, sales and customer support. The Company may not have sufficient resources to maintain research and development, sales and customer support efforts on a competitive basis which could have a material adverse effect on the Company's business, financial condition and results of operations.

The cannabis industry and market are relatively new, and this industry and market may not continue to exist or grow as expected.

The Company is operating its business in a relatively new industry and market. Competitive conditions, consumer preferences, patient requirements and spending patterns in this new industry and market are relatively unknown and may have unique circumstances that differ from existing industries and markets. Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the cannabis industry and market could have a material adverse effect on the Company′s business, financial condition and results of operations.

The Company′s success in North America is dependent on the market building out direct to consumer channels including but not limited to retail outlets. There are many factors which could impact the Company′s ability to gain market share and distribute its products, including but not limited to the continued growth and expansion of retail outlets in the North American market which may have a material adverse effect on the Company′s business, operating results and financial condition. The

Company′s ability to continue to grow, process, store and sell medical cannabis and participate in the adult-use cannabis markets is dependent on the maintenance and validity of the Company′s licenses from regulatory authorities.

The Company may be affected by currency fluctuations.

The Company may face exposure to currency fluctuations because of its present operations in the United States. Substantially all of the Company's revenue is earned in U.S. dollars, but its shares, and some of its employee stock options and certain warrants issued to holders of the Company's notes are denominated in Canadian dollars, which can provide variability for results of operations. The Company does not have currency hedging arrangements in place and there is no expectation that it will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Company's business, financial position or results of operations.

Risks Related to the Company's Investment and Acquisition Business Strategies

The Company's use of joint ventures may expose it to risks associated with jointly owned investments.

The Company currently operates parts of its business through joint ventures with other companies, and it may enter into additional joint ventures or partnerships in the future. Joint venture investments and partnerships may involve risks not otherwise present for investments made solely by the Company, including: (i) the Company may not control the joint ventures; (ii) the Company's joint venture partners may not agree to distributions that it believe are appropriate; (iii) where the Company does not have substantial decision-making authority, it may experience impasses or disputes with the Company's joint venture partners on certain decisions, which could require it to expend additional resources to resolve such impasses or disputes, including litigation or arbitration; (iv) the Company's joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or fail to fulfil their obligations as a joint venture partner; (v) the arrangements governing the Company's joint ventures may contain certain conditions or milestone events that may never be satisfied or achieved; (vi) the Company's joint venture partners may have business or economic interests that are inconsistent with the Company's and may take actions contrary to the Company's interests; (vii) the Company may suffer losses as a result of actions taken by the Company's joint venture partners with respect to the Company's joint venture investments; and (viii) it may be difficult for the Company to exit a joint venture if an impasse arises or if the Company desires to sell its interest for any reason. Any of the foregoing risks could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the Company may, in certain circumstances, be liable for the actions of its joint venture partners.

The success of the Company′s business depends, in part, on its ability to successfully integrate recently acquired businesses and to retain key employees of acquired businesses and the Company's failure to do so may negatively affect the Company′s business.

The Company may not be able to successfully integrate and combine the operations, personnel, and technology infrastructure of any such acquired company with its existing operations. If integration is not managed successfully by the Company′s management, the Company may experience interruptions to its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Company′s business, financial condition, and results of operations. The Company may experience difficulties in combining corporate cultures, maintaining employee morale, and retaining key employees. The integration of any such acquired companies may also impose substantial demands on management. There is no assurance that these acquisitions will be successfully integrated in a timely manner, or at all.

There can be no assurance that the Company's current and future strategic alliances will have a beneficial impact on the Company's business, financial condition, and results of operations.

The Company currently has, and may in the future, enter into strategic alliances with third parties it believes will complement or augment its existing business. The Company′s ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance the Company′s business, and may involve risks that could adversely affect the Company, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that the Company′s existing strategic alliances will continue to achieve, the expected benefits to the Company′s business or that the Company will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on the Company′s business, financial condition and results of operations.

The Company may not realize the benefits of its growth strategy, which could have an adverse effect on its business.

As part of its growth strategy, the Company will continue, in its existing efforts to go deeper in existing states and initiate new efforts to expand its footprint, and brands. Such expansion is dependent on availability of capital funding, continuing to enter into successful business arrangements and receiving satisfactory regulatory and shareholder approvals, as required. The failure to successfully implement its strategic initiatives could have a material adverse effect on the Company's business and results of operations.

Risks Related to the Common Shares

The Company's voting control is concentrated.

Mr. Jason Wild, Executive Chairman of the Company's Board, beneficially owns, directly or indirectly, or exercises control or direction over shares representing approximately 31.04% of the voting capital stock of the Company as of March 6, 2025. As a result, Mr. Wild exerts significant control over matters that may be put forward for the consideration of all of the Company shareholders, including for example, the approval of a potential business combination or consolidation, a liquidation or sale of all or substantially all of the Company′s assets, electing members to the Board, and adopting amendments to the Company′s constating documents, including its articles of incorporation, as amended (the "Articles") and by-laws.

Additional issuances of the Company's securities may result in dilution.

The Company may issue additional securities in the future, which may dilute a shareholder of the Company's holdings in the Company. The Company′s Articles permit the issuance of an unlimited number of Proportionate Voting Shares, Exchangeable Shares, Preferred Shares and Common Shares, and shareholders of the Company will have no pre-emptive rights in connection with such further issuance. The Board has discretion to determine the price and the terms of issue of further issuances, and such terms could include rights, preferences and privileges superior to those existing holders. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company′s stock option plan (the "Stock Option Plan") and upon the exercise of outstanding warrants and upon the conversion of Proportionate Voting Shares, Exchangeable Shares and Preferred Shares. To the extent holders of the Company's stock options or other convertible securities convert or exercise their securities and sell the Common Shares they receive, the trading price of the Common Shares may decrease due to the additional amount of Common Shares available in the market. The Company cannot predict the size or nature of future issuances or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and economic interest in the Company.

Sales of substantial amounts of Common Shares may have an adverse effect on the market price of the Common Shares.

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of Common Shares.

An investor may face liquidity risks with an investment in the Common Shares.

The Common Shares are listed on the TSX and the OTCQX, however, there can be no assurance that an active and/or liquid market for Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company. For example, given the heightened risk profile associated with cannabis in the United States, capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the U.S. cannabis industry, which may prohibit or significantly impair the ability of securityholders in the United States to trade the Company's securities. In the event residents of the United States are unable to settle trades of the Company's securities, this may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

The price of the Common Shares may be volatile, and may be adversely affected by the price of cannabis.

The market price of the Common Shares may be subject to wide price fluctuations, and the price of the Common Shares, as well as the Company′s financial results, may be significantly and adversely affected by a decline in the price of cannabis. There is currently no established market price for cannabis and the price of cannabis is affected by several factors beyond the Company′s control. For example, price fluctuations may be in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic

conditions, legislative changes, community support for the cannabis industry and other events and factors outside of the Company′s control. In addition, stock markets have from time-to-time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares.

A return on the Company's securities is not guaranteed.

There is no guarantee that the Common Shares will earn any positive return in the short term or long term. A holding of Common Shares is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Holding of Common Shares is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

"Cannabis related business" rules or policies may restrict certain financial institutions from holding the Company's securities, which may make its securities less liquid.

Certain financial institutions have implemented "cannabis related business" rules or policies that prohibit or restrict the trading in cannabis related securities. Trading in the Company securities may be prohibited by certain financial institutions and therefore the Company's securities may have limited liquidity. Holders of the Company securities may face limitations or be unable to deposit their securities with a brokerage institution.

The Company's management will continue to have broad discretion over the use of the proceeds the Company receives in its public offerings, private placements, warrant exercises and loans, as applicable, and may not apply the proceeds in ways that increase the value of shareholders' investment.

The Company's management will continue to have broad discretion to use the net proceeds from its public offerings, private placements warrant exercises and loans, as applicable, and shareholders will be relying on the judgment of the Company's management regarding the application of these proceeds. The Company's management might not apply the Company's net proceeds in ways that ultimately increase the value of shareholders' investment. Because of the number and variability of factors that will ultimately influence how the Company uses net proceeds from its public offerings and other financing transactions, the Company's use of proceeds may vary substantially from their currently intended use. If the Company does not invest or apply the net proceeds from its public offerings, private placements, warrant exercises and loans in ways that enhance shareholder value, it may fail to achieve the expected financial results, which could cause its share price to decline.

The Company cannot guarantee that it will repurchase the maximum number of Common Shares pursuant to the Share Repurchase Program or that the Share Repurchase Program will enhance long-term shareholder value. Share repurchases could also increase the volatility of the trading price of the Common Shares and could diminish the Company's cash reserves.

While the Share Repurchase Program became effective on August 22, 2024, the Company is not obligated to repurchase any specific dollar amount or acquire any specific number of Common Shares pursuant to the Share Repurchase Program. If management determines that it has a better use for its cash reserves, it is under no obligation to continue to purchase Common Shares and Common Share repurchases may be suspended or terminated at any time at the Company's discretion. The actual timing and number of Common Shares repurchased pursuant to the Share Repurchase Program remains subject to a variety of factors, including market conditions at the time and securities laws requirements, and other general business considerations. The Company's ability to repurchase Common Shares pursuant to the Share Repurchase Program will expire on August 21, 2025, and there is no guarantee that the Company will repurchase the maximum number of Common Shares pursuant to the Share Repurchase Program or that, if it does, such repurchases will enhance long-term shareholder value. The Company's failure to repurchase Common Shares after announcing the Share Repurchase Program may negatively impact the price of the Common Shares, the Company's reputation, and investor confidence in the Company.

Furthermore, the Company's implementation of the Share Repurchase Program could affect the trading price of the Common Shares, increase volatility, cause the price of the Common Share to be higher than it otherwise would be, or reduce the market liquidity for the Common Shares. Although the Share Repurchase Program is intended to enhance long-term shareholder value, there is no assurance that it will do so because the market price of the Common Shares may decline below the levels at which the Company repurchases Common Shares, and short-term price fluctuations could reduce the effectiveness of the Share Repurchase Program. Should the Company repurchase any Common Shares pursuant to the Share Repurchase Program, the amount of cash the Company has available to fund working capital, capital expenditures, strategic acquisitions or investments, other business opportunities, and other general corporate projects, as well as to invest in securities to generate returns on the Company's cash balance may decrease if not offset by other cash-generating initiatives. The Company also may fail to realize the anticipated long-term shareholder value of the Share Repurchase Program.

The Preferred Shares have a liquidation preference over the Common Shares, which could limit the Company's ability to make distributions to the holders of Common Shares in certain circumstances.

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, the Preferred Shares are entitled to receive any distribution available to be paid out of the assets of the Company before the Proportionate Voting Shares, Common Shares and non-participating non-voting exchangeable shares in the capital of the Company ("Exchangeable Shares"). Accordingly, should the Company be liquidated, dissolved or wound-up, the Company may be unable to make any distribution to the holders of the Common Shares.

Investors could be disqualified from owning a direct or indirect interest in the Company.

An individual with an ownership interest in the Company could become disqualified from having such ownership interest in the Company under a U.S. state cannabis agency's interpretation of the relevant state laws and regulations if such owner is convicted of a certain type of felony or fails to meet the residency requirements, if any, for owning equity in a company like the Company The loss of such equity holder could potentially have a material adverse effect on the Company.

The Company does not intend to pay dividends on the Common Shares for the foreseeable future and, consequently, investors' ability to achieve a return on their investment will depend on appreciation in the price of the Common Shares.

The Company's policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Company′s businesses. Therefore, the Company does not anticipate paying cash dividends on Common Shares in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. As a result, investors may not receive any return on investment in Common Shares unless they sell them for a share price that is greater than that at which such investors purchased them.

"Penny stock" rules may make buying or selling the Company's securities difficult, which may make its securities less liquid and make it harder for investors to buy and sell such securities.

Trading in the Company's securities is subject to the SEC's "penny stock" rules and it is anticipated that trading in the Company's securities will continue to be subject to the penny stock rules for the foreseeable future. The SEC has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to certain exceptions. These rules require that any broker-dealer who recommends the Company's securities to persons other than prior customers and accredited investors must, prior to the sale, make a special written suitability determination for the purchaser and receive the purchaser's written agreement to execute the transaction. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated with trading in the penny stock market. In addition, broker-dealers must disclose commissions payable to both the broker-dealer and the registered representative and current quotations for the securities they offer. The additional burdens imposed upon broker-dealers by these requirements may discourage broker-dealers from recommending transactions in the Company's securities, which could severely limit the liquidity of such securities and consequently adversely affect the market price for such securities.

General Risk Factors

The Company may not be able to obtain necessary permits and authorizations.

The Company may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where its products are manufactured and/or sold. There can be no assurance that the Company will be able to obtain or maintain any necessary licenses, permits or approvals. Any material delay or inability to receive these items is likely to delay and/or inhibit the Company′s ability to conduct its business, and would have an adverse effect on its business, financial condition and results of operations.

The Company may be subject to litigation, which could divert the attention of management and cause the Company to expend significant resources.

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company′s ability to continue operating and the market price for Common Shares. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

Due to the uncertainty regarding the application of the Employee Retention Tax Credit to businesses in the cannabis industry, there is a risk that that a determination could be made that the Company is not eligible for the Employee Retention tax Credit distributions it has received, which may negatively impact the Company.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law and includes, among other things, the Employee Retention Tax Credit ("ERC"), a refundable tax credit. The Company has received ERC distributions in the amount of approximately $14.9 million, and there is no guarantee that the Company will receive any remaining distributions.

No formal determination has been made regarding the Company's eligibility to receive ERC distributions or if companies in the cannabis industry are generally eligible to receive ERC distributions. There is a risk that a determination could be made that the Company, due to its operations or the nature of its business, is not eligible for the ERC distributions it has received. Additionally, there is a risk that if this determination is made that the Company may not be able to repay the funds in the required timeframe and could be subject to additional penalties, which may negatively impact the Company.

The Company faces risks and hazards that may not be covered by insurance.

The Company′s business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Company has incurred and will continue to incur substantial costs as a result of operating as a public company in Canada and the United States, and its management will continue to devote substantial time to new compliance initiatives.

The Common Shares are listed on the TSX under the ticker symbol "TSND." The Common Shares also trade over the counter in the United States on OTCQX under the ticker symbol "TSNDF." As a public company, the Company incurs substantial legal, accounting, and other expenses that it would not incur as a private company. For example, the Company is subject to the reporting requirements of the Exchange Act, the applicable requirements of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the SEC. The Exchange Act and Securities Act (Ontario) require, among other things, that the Company file annual, quarterly, and current reports with respect to its business, financial condition and results of operations. Compliance with these rules and regulations increase the Company's legal and financial compliance costs and increase demand on its systems, particularly after the Company is no longer an emerging growth company. In addition, as a public company, the Company may be subject to shareholder activism, which can lead to additional substantial costs, distract management and impact the manner in which the Company operates its business in ways it cannot currently anticipate. As a result of disclosure of information in filings required of a public company, the Company's business and financial condition are more visible, which may result in threatened or actual litigation, including by competitors.

The Company is currently an "emerging growth company" within the meaning of the Securities Act, and to the extent the Company has taken advantage of certain exemptions from disclosure requirements available to emerging growth companies, this could make its securities less attractive to investors and may make it more difficult to compare the Company's performance with other public companies.

The Company is an "emerging growth company" within the meaning of the Securities Act, as modified by the JOBS Act (as defined below), and the Company may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in the Company's periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, the Company's shareholders may not have access to certain information they may deem important. The Company could be an emerging growth company for up to five years, although circumstances could cause the Company to lose that status earlier, including if the market value of its Common Shares held by non-affiliates exceeds $700,000 as of the last business day of the Company's most recent second fiscal quarter, in which case

the Company would no longer be an emerging growth company as of the following fiscal year. The Company cannot predict whether investors will find its securities less attractive because it will rely on these exemptions. If some investors find the Company's securities less attractive as a result of its reliance on these exemptions, the trading prices of its securities may be lower than they otherwise would be, there may be a less active trading market for the securities and the trading prices of its securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company, which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk management and strategy

The Company has implemented and maintain various information security processes designed to identify, assess, and manage material risks from cybersecurity threats to its critical computer networks, third-party hosted services, communications systems, hardware and software, and its critical data, including intellectual property, confidential information that is proprietary, strategic or competitive in nature, and patient data ("Information Systems and Data").

The Company's cybersecurity function, led by its Chief Information Officer ("CIO") and Senior Director of Information Technology ("IT"), as well as its Enterprise Security Architect and third-party service providers, helps identify, assess, and manage the Company's cybersecurity threats and risks. The Company's CIO has over twenty-five years of technology leadership experience including infrastructure design and management, software development, system implementation, cybersecurity, and network design administration. The Company's CIO also has experience in data protection for systems and has supported a complex global public enterprise environment with operations in over 200 countries. The Company's Senior Director of IT has over 11 years of experience developing and leading healthcare solutions and has led the development in web and infrastructure design, serverless architecture, database integrations, SMS, mass-email and mass phone notification solutions and holds a Sarbanes-Oxley Act (SOX) certification. The Company's Enterprise Security Architect has over seven years of experience in assessing risk and protecting data in various technologies from client/server software to cloud based solutions and holds a Certified Information Systems Security Professional designation, a GIAC Certified Incident Handler Certification, and Sarbanes-Oxley Act (SOX) certifications. The Company's Senior Director of IT and the Enterprise Security Architect also have experience dealing directly with numerous cyber security threats, breaches, detection and containment activities and strategies under strict requirements and expectations for HIPAA covered entities. The Company's cybersecurity function works, in certain circumstances, in partnership with its managed security service provider ("MSSP") and managed service provider ("MSP") to help identify, assess, and respond to risks from cybersecurity threats, including by monitoring and evaluating its threat environment using various methods including, for example: manual tools, automated tools, subscribing to reports and services that identify cybersecurity threats, analyzing reports of threats and actors, conducting scans of the threat environment, evaluating the Company's and its industry's risk profile, evaluating certain threats reported to us, coordinating with law enforcement concerning certain threats, conducting internal and/or external audits, conducting threat assessments for certain internal and external threats, third-party threat assessments, conducting vulnerability assessments to identify vulnerabilities, and use of external intelligence feeds. The Company's Security Incident Response Team leverages a cybersecurity managed detection and response partner, which monitors certain of its endpoints, cloud infrastructure, and networks for irregular activity.

Depending on the environment and system, the Company implements and maintains various technical, physical, and organizational measures, processes, standards, and policies designed to manage and mitigate material risks from cybersecurity threats to its Information Systems and Data, including, for example: an incident response plan, incident detection and response measures, monitoring and response services, network and system access controls, physical security measures, an employee cybersecurity training program, dedicated cybersecurity personnel, asset management and recovery processes, encryption of certain data, segregation of certain data, implementation of security standards/certifications, a vendor risk management program, penetration testing, dark web monitoring, monthly environment risk reviews, external threat intelligence reports, regular digital infrastructure scans, internally reported threats, data back-up measures, and cybersecurity insurance.

The Company's assessment and management of material risks from cybersecurity threats are integrated into the Company's overall risk management processes. For example, cybersecurity risk is identified in the Company's risk register detailing certain known and potential risk items; the Company's IT operations department works with its MSSP/MSP vendor partners to review certain identified threats and its cybersecurity practices in an effort to prioritize and mitigate cybersecurity threats that are more likely to lead to a material impact on its business; and its CIO regularly presents to senior management, the Board and Audit Committee to evaluate material risks relative to its overall business objectives.

The Company uses third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats including, for example, managed cybersecurity service providers, cybersecurity software providers, penetration testing firms, threat intelligence service providers, cybersecurity consultants, dark web monitoring services, forensic investigators, and professional services firms, including legal counsel.

The Company uses third-party service providers to perform a variety of functions throughout its business, such as enterprise resource planning, point of sale, eCommerce, wholesale sales, application providers, and web hosting. The Company has a vendor management program to manage cybersecurity risks associated with its use of these providers. The Company's vendor management program includes completion of a cybersecurity questionnaire and review of the vendor's security program for certain vendors designed to help us evaluate the potential cybersecurity risks associated with its use of the vendor. Depending on the nature of the services provided, the sensitivity of the Information Systems and Data at issue, and the identity of the provider, its vendor management process may involve different levels of assessment designed to help identify cybersecurity risks associated with a provider and imposition of contractual obligations related to cybersecurity on the provider.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see the risk factors under *Item 1A. "Risk Factors"* in this Annual Report, including "The Company (and the third parties with whom it works) faces physical security risks, as well as risks related to its information technology systems, data, potential cyber or phishing-attacks, and security incidents."

Governance

The Board addresses the Company's cybersecurity risk management as part of its general oversight function. The Company's Audit Committee is responsible for overseeing the Company's cybersecurity risk management processes, including oversight and mitigation of risks from cybersecurity threats.

The Company's cybersecurity risk assessment and management processes are implemented and maintained by certain Company management, including the CIO and the Senior Director of IT. The CIO is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel. The CIO is responsible for approving budgets, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

Our cybersecurity incident response and vulnerability management processes are designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including the security management department, CIO, Chief Financial Officer ("CFO"), Chief Executive Officer ("CEO") and others. The security management department, CIO, CFO, CEO, and others work with the Company's incident response team to help the Company mitigate and remediate cybersecurity incidents of which they are notified. In addition, the Company's incident response and vulnerability management processes includes reporting to the Board for certain cybersecurity incidents.

The Board receives regular reports from the CIO concerning the Company's significant cybersecurity threats and risks and the processes the Company has implemented to address them. These reports also include materials related to certain cybersecurity trends the Company has identified, potential cybersecurity threats and risk, and proposed mitigation measures.

Item 2. Properties

TerrAscend's corporate headquarters is located in King of Prussia, Pennsylvania and the Issuer's registered office is in Mississauga, Ontario, Canada. In addition, the Company has various other offices, manufacturing, cultivation and/or processing facilities and dispensaries across the United States. The Company believes that its current offices and facilities are suitable and adequate to meet its current needs. The Company intends to add new facilities or expand existing facilities as it adds employees, and it believes that suitable additional or substitute space will be available as needed to accommodate any such expansion of the Company's operations.

The following tables set forth the Company's material physical properties as of March 6, 2025.

Corporate Properties

Type	Location	Leased / Owned
Office	IHC Management LLC / TerrAscend Corp. King of Prussia, PA	Leased*
Office	Corporate Office (West) Santa Rosa, CA	Leased
Office	Corporate Office (Midwest)	Leased

Troy, MI

Production and Storage Properties

Type	Location	Leased / Owned
Manufacturing, Cultivation	Ilera – Grow PA Waterfall, PA	Owned*
Manufacturing, Cultivation	TerrAscend NJ LLC Boonton, NJ	Owned
Cultivation	State Flower San Francisco, CA	Leased
Manufacturing, Cultivation	HMS Health Hagerstown, MD	Owned
Cultivation	GAGE Cannabis Co. Warren, MI	Owned
Processing	GAGE Cannabis Co. Harrison, MI	Owned
Cultivation, Processing	GAGE Cannabis Co. Harrison, MI	Owned
Cultivation, Processing	GAGE Cannabis Co. Monitor, MI	Owned

Retail Properties

Type	Location	Leased / Owned
Dispensary	Cookies Toronto, Canada	Leased
Dispensary	The Apothecarium Plymouth Meeting, PA	Leased*
Dispensary	The Apothecarium Lancaster, PA	Leased*
Dispensary	The Apothecarium Thorndale, PA	Leased*
Dispensary	The Apothecarium Allentown, PA	Owned*
Dispensary	The Apothecarium Bethlehem, PA	Leased*
Dispensary	The Apothecarium Stroudsburg, PA	Leased*
Dispensary	The Apothecarium Phillipsburg, NJ	Owned*

Dispensary	The Apothecarium Maplewood, NJ	Leased*
Dispensary	The Apothecarium Lodi, NJ	Leased*
Dispensary	The Apothecarium Cumberland, MD	Leased*
Dispensary	The Apothecarium Salisbury, MD	Leased
Dispensary	The Apothecarium Nottingham, MD	Leased*
Dispensary	The Apothecarium Burtonsville, MD	Leased
Dispensary	The Apothecarium – Castro San Francisco, CA	Leased*
Dispensary	The Apothecarium – Marina San Francisco, CA	Leased*
Dispensary	The Apothecarium – Soma San Francisco, CA	Leased *
Dispensary	The Apothecarium Berkeley, CA	Leased*
Dispensary	Cookies Ann Arbor, MI	Leased*
Dispensary	GAGE Cannabis Co. Adrian, MI	Leased*
Dispensary	GAGE Cannabis Co. Battle Creek, MI	Leased*
Dispensary	GAGE Cannabis Co. Burton, MI	Leased*
Dispensary	Cookies Detroit, MI	Owned*
Dispensary	GAGE Cannabis Co. Ferndale, MI	Leased*
Dispensary	GAGE Cannabis Co. Grand Rapids, MI	Leased*
Dispensary	Cookies Kalamazoo, MI	Leased*
Dispensary	GAGE Cannabis Co. Kalamazoo, MI	Owned*
Dispensary	GAGE Cannabis Co. Lansing, MI	Leased*

Dispensary	GAGE Cannabis Co. Traverse City, MI	Leased*
Dispensary	Pinnacle Emporium Addison, MI	Owned*
Dispensary	Pinnacle Emporium Buchanan, MI	Owned*
Dispensary	Pinnacle Emporium Camden, MI	Owned*
Dispensary	Pinnacle Emporium Edmore, MI	Leased*
Dispensary	Pinnacle Emporium Morenci, MI	Owned*
Dispensary	GAGE Cannabis Co. Bay City, MI	Owned☐*
Dispensary	GAGE Cannabis Co. Oxford, MI	Leased*
Dispensary	Lemonnade Centerline, MI	Owned*
Dispensary	GAGE Cannabis Co. Coleman, MI	Owned☐*
Dispensary	GAGE Cannabis Co. Sturgis, MI	Owned☐*
Dispensary	GAGE Cannabis Co. Mt. Morris, MI	Owned☐*
Dispensary	Cookies Jackson, MI	Leased*
Dispensary	GAGE Cannabis Co. Detroit, MI	Owned*

* Property or lease on the property is subject to an encumbrance as described below.

☐ Not operational.

Properties Subject to an Encumbrance

FocusGrowth Term Loan

The Company, as per a senior secured term loan with an aggregate principal amount of $140,000, entered into on August 1, 2024, and amended pursuant to a joinder agreement dated September 30, 2024 (the "FG Loan"), by and between the Company and TerrAscend USA, Inc., as guarantors, and each of WDB Holding CA, Inc., WDB Holding PA, Inc., WDB Holding MI, Inc. Moose Curve Holdings, LLC, and Hempaid, LLC, as borrowers (collectively, the "Borrowers"), and FG Agency Lending LLC, as the Administrative Agent, has pledged substantially all of the assets of the Borrowers as collateral to secure its obligations.

Pelorus Term Loan

The Company, as per a single-draw senior secured term loan with an aggregate principal amount of $45,478, entered into on October 11, 2022 ("Pelorus Term Loan"), by and between TerrAscend NJ, LLC, HMS Health, HMS Processing, HMS Hagerstown, LLC ("HMS Hagerstown") and Pelorus Fund REIT, LLC ("Pelorus") has pledged the following collateral to secure its obligations: (i) TerrAscend NJ assets, unless otherwise excluded by the loan agreement; (ii) HMS Health; (iii) HMS Processing; and (iv) and HMS Hagerstown, (v) Cultivation and Processing – Boonton, NJ, (vi) The Apothecarium Dispensary – Phillipsburg, NJ, (vii) Cultivation and Processing – Hagerstown, MD, and (viii) interests of TerrAscend NJ, LLC in the leases of The Apothecarium – Maplewood, NJ and The Apothecarium – Lodi, NJ.

See the section titled "*Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations—Debt Facilities*" of this Annual Report for more information regarding the Company's indebtedness.

Item 3. Legal Proceedings

Legal Proceedings

In the ordinary course of business, the Company is involved in a number of lawsuits incidental to its business, including litigation related to intellectual property, product liability, employment, and commercial matters. Although it is difficult to predict the ultimate outcome of these matters, management believes that any ultimate liability would not have a material adverse effect on the Company’s Consolidated Balance Sheets or results of operations. For additional information regarding legal proceedings, if any, see Note 24, "Commitments and contingencies" to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. We believe there are currently no pending lawsuits that could reasonably be expected to have a material effect on the results of the Company’s consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

The Common Shares were traded on the CSE, under the ticker symbol "TER," from May 3, 2017 until July 4, 2023, when the Common Shares commenced trading on the TSX under the ticker symbol "TSND". On October 22, 2018, the Common Shares began trading on the OTCQX under the ticker symbol "TRSSF," which was changed to "TSNDF" effective July 6, 2023. Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Shareholders

The Company had 444 shareholders of record as of March 5, 2025. This does not include shares held in the name of a broker, bank or other nominees (typically referred to as being held in "street name").

Dividends

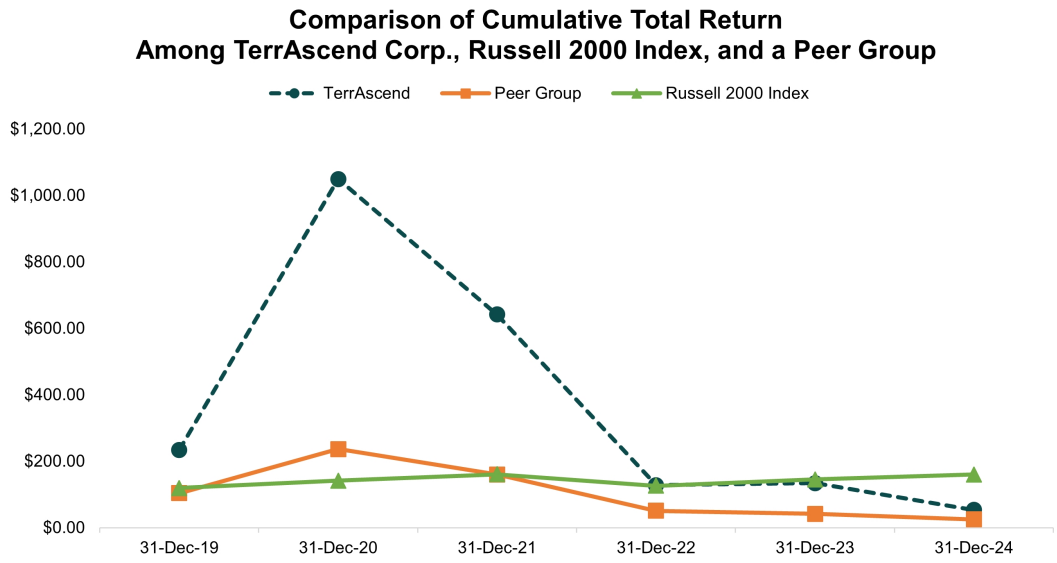
The Company has not declared any dividends or made any distributions. Furthermore, the Company has no current intention to declare dividends on the Common Shares in the foreseeable future. Any decision to pay dividends on the Common Shares in the future will be at the discretion of the Board and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant.

Stock Performance Graph

The following shall not be deemed incorporated by reference into any of the Company's other filings under the Exchange Act, except to the extent the Company specifically incorporates it by reference into such filings.

The following compares the cumulative total return for an investment of $100 in the Common Shares, Russell 2000 Index and a selected peer group of companies for the five years ended December 31, 2024. The comparison assumes all dividends have been reinvested (if any). Effective July 4, 2023, the Company commenced trading its Common Shares on the TSX, under the ticker symbol "TSND".

The comparisons in this graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of the Common Shares.



The following specific companies were included in the peer group:

- •Green Thumb Industries Inc.
- •Curaleaf Holdings, Inc.
- •Trulieve Cannabis Corp.
- •Cresco Labs Inc.
- •Verano Holdings Corp.
- •Jushi Holdings Inc.
- •AYR Wellness Inc.
- •Ascend Wellness Holdings, Inc.
- •The Cannabist Company Holdings Inc.

Recent Unregistered Sales of Equity Securities

The following information represents securities sold by the Company during the fiscal year ended December 31, 2024, which were not registered under the Securities Act. Included are new issues, securities issued in exchange for property, services or other securities, securities issued upon conversion from other Company share classes and new securities resulting from the modification of outstanding securities. The Company sold all of the securities listed below pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act, or Regulation D or Regulation S promulgated thereunder.

On January 19, 2024, the Company amended the definitive agreements entered into in connection with the State Flower Acquisition and the Apothecarium Acquisition and, among other things, issued an aggregate of 2,888,088 Common Shares in consideration for the acquisition of the remaining equity interest in the State Flower and The Apothecarium businesses. The Company provided price protection on the Common Shares issued in connection with such acquisitions. Accordingly, on September 13, 2024, the Company issued an additional 874,730 Common Shares in connection with such price protection provisions, using the Black-Scholes Option Pricing Model.

Securities Authorized for Issuance Under Equity Compensation Plans

Information regarding our equity compensation plans and the securities authorized for issuance thereunder is set forth in Part III, Item 12 of this Annual Report.

Use of Proceeds from Initial Public Offering of Common Shares

Not applicable.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

On August 20, 2024, the Board approved a normal course issuer bid ("Share Repurchase Program") to repurchase up to $10,000 of the Company's common shares ("Shares"). The share repurchase program authorizes the Company to repurchase up to 10,000,000 common shares of the Company at any time, or from time to time, from August 22, 2024 until August 21, 2025. The share repurchase program authorizes the Company to repurchase up to 65,361 Shares daily, which represents 25% of the Company's average daily trading volume on the Toronto Stock Exchange of 261,445 Shares. Any repurchases under the program may be made by means of open market transactions, negotiated block transactions, or otherwise, including pursuant to a repurchase plan administered in accordance with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended. The size and timing of any repurchases will depend on price, market and business conditions, and other factors. Common Shares may be purchased on the TSX, the OTCQX, or alternative trading systems and are subject to the limitations and rules imposed by U.S. and Canadian securities regulations. The actual number of Common Shares purchased, timing of purchases and share price depend upon market conditions at the time and securities law requirements. Any Common Shares acquired pursuant to the Share Repurchase Program will be returned to treasury and cancelled. Shareholders may obtain a copy of the Form 12 – Notice of Intention to make a Normal Course Issuer Bid filed by the Company with the TSX, without charge, by contacting the Company. During the fourth quarter of 2024, the Company repurchased Shares as set forth below:

Period	Total Number of Shares Purchased	Weighted Average Price Paid per Share	Total Number of Shares as Part of a Publicly Announced Program	Number of Shares that may yet be Purchased under the Program
October 1 through October 31, 2024	—	$ —	—	9,892,600
November 1 through November 30, 2024	—	$ —	—	9,892,600
December 1 through December 31, 2024	129,500	$ 0.68	129,500	9,763,100
For the Quarter Ended December 31, 2024	129,500	$ 0.68	129,500	9,763,100

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations of TerrAscend Corp., its subsidiaries, TerrAscend Growth Corp. and its subsidiaries should be read in conjunction with the Company's audited consolidated financial statements as of December 31, 2024 and December 31, 2023 and for the years ended December 31, 2024, December 31, 2023, and December 31, 2022 (the "Consolidated Financial Statements") appearing elsewhere in this Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report, including information with respect to the Company's plans and strategy for its business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth under "Risk Factors" appearing elsewhere in this Annual Report, the Company's actual results could differ materially from the results described in or implied by the forward-looking information contained in this Annual Report and in the following discussion and analysis.

Unless otherwise noted, dollar amounts in this Item 7 are in thousands of U.S. dollars.

Overview

The Company is a leading North American cannabis company. The Company has vertically-integrated licensed operations in Pennsylvania, New Jersey, Michigan, Maryland and California. In addition, the Company has retail operations in Ontario, Canada with a majority-owned dispensary in Toronto, Ontario, Canada. Notwithstanding the fact that various states in the U.S. have implemented medical marijuana laws or have otherwise legalized the use of cannabis, the use of cannabis remains illegal under U.S. federal law for any purpose, by way of the Controlled Substances Act.

The Company operates under one reportable segment, which is the cultivation, production and sale of cannabis products.

The Company owns a portfolio of operating businesses, including:

•TerrAscend NJ, a majority-owned operation with three dispensaries, and a cultivation/processing facility;

•TerrAscend MD, a wholly-owned operation with four dispensaries, and a cultivation/processing facility;

•TerrAscend PA, a wholly-owned operation with six dispensaries, and a cultivation/processing facility;

•TerrAscend MI, a wholly-owned operation with twenty dispensaries, one cultivation facility, one processing facility, and two cultivation/processing facilities;

•TerrAscend CA, a wholly-owned operation with four dispensaries, and a cultivation facility; and;

•TerrAscend Canada, a cannabis retailer in Ontario, Canada with a majority-owned dispensary in Toronto, Ontario, Canada.

Recent Developments

•On November 5, 2024, the Company signed a definitive agreement to acquire the assets of Ratio Cannabis LLC, a dispensary located in Goshen Township, Ohio.

•On October 15, 2024, the statute of limitations for the Company's 2020 amended tax returns expired, which resulted in refunds received of $8,361 being recognized as a tax benefit and no longer recognized as an uncertain tax position.

•On October 1, 2024, the Company paid the outstanding principal amount of the promissory note assumed in connection with the Gage Acquisition of $539 and cancelled the promissory note.

•On August 20, 2024, the Company's Board approved the Share Repurchase Program (as defined below), pursuant to which the Company is authorized to repurchase up to 10 million Common Shares of the Company at any time, or from time to time, over a 12-month period commencing on August 22, 2024 and ending on August 21, 2025.

•On August 13, 2024, the Company paid off and retired two promissory notes issued in connection with the Pinnacle Acquisition (as defined below) with a payment of $5,582.

•On August 1, 2024, the Company entered into the FG Term Loan (as defined below). Proceeds from the FG Term Loan were used to retire the Ilera Term Loan, the Stearns Loan (as defined below), the Chicago Atlantic Term Loan and certain other short-term indebtedness (collectively, the "Retired Loans"), in addition to being used for working capital and general corporate purposes. Each outstanding obligation under the Retired Loans was repaid in full and subsequently terminated.

On September 30, 2024, the Borrowers and FG Agency Lending LLC, as the Administrative Agent, entered into an amendment to the FG Loan to amend certain schedules and definitions.

•On July 19, 2024, the Company made a prepayment of the Chicago Atlantic Term Loan (as defined below) of $1,500 at par.

•On April 30, 2024, the Company made a prepayment of the Ilera Term Loan of $3,200 at par.

•On January 19, 2024, the Company acquired the remaining 50.1% equity in State Flower, a California cultivator, with a payment of $250 in cash and the issuance of an aggregate of 782,539 Common Shares. The Company also acquired the remaining 50.1% equity interest in three Apothecarium-branded dispensaries in California with a payment of $1,233 in stock for each entity. As a result of these acquisitions, the Company now wholly owns State Flower and the three Apothecarium dispensaries in California.

•On January 15, 2024, the Company paid off the IHC Real Estate LP promissory note with a final payment of $5,000.

•On January 2, 2024, the Company made a prepayment of the Ilera Term Loan (as defined below) of $4,800 at par.

Components of Results of Operations

The following discussion sets forth certain components of our Consolidated Statements of Comprehensive Income (Loss) as well as factors that impact those items.

Revenue, net

The Company generates revenue from the sale of cannabis products, brands, and services to the United States and Canadian markets. Revenues consist of wholesale and retail sales in the legal medical and adult-use market across Canada and in several U.S. states where cannabis has been legalized for medical or adult-use cannabis.

Cost of sales

Cost of sales primarily consists of expenses related to providing cannabis products and services to the Company's customers, including personnel-related expenses, the depreciation of property and equipment, amortization of acquired intangible assets, certain royalties, and other overhead costs.

Operating Expenses

General and administrative

General and administrative ("G&A") expenses consist primarily of personnel costs related to finance, human resources, legal, certain royalties, and other administrative functions. Additionally, G&A expenses include professional fees to third parties, as well as marketing expenses. Moreover, G&A expenses include share-based compensation on options, restricted share units and warrants. The Company expects that G&A expenses will increase in absolute dollars as the business grows.

Amortization and depreciation

Amortization and depreciation includes the amortization of intangible assets. Amortization is calculated on a straight-line basis over the following terms:

Brand intangibles - indefinite lives	Indefinite useful lives
Brand intangibles - definite lives	3 years
Software	5 years
Licenses	15-30 years
Non-compete agreements	3 years

Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful life of the asset using the following terms:

Buildings and improvements	15-30 years
Land	Not depreciated
Machinery & equipment	5-15 years
Office furniture & production equipment	3-5 years
Right of use assets	Lease term
Assets in process	Not depreciated

Impairment of intangible assets and goodwill

Goodwill and indefinite lived intangible assets are reviewed for impairment annually and whenever there are events or changes in circumstances that indicate that the carrying amount has been impaired. The Company first performs a qualitative assessment. If based on the results of a qualitative assessment it has been determined that it is more likely than not that the carrying value of a reporting unit exceeds its fair value, an additional quantitative impairment test is performed which compares the carrying value of the reporting unit to its estimated fair value. If the carrying value exceeds the estimated fair value, an impairment is recorded.

The Company evaluates the recoverability of definite lived assets based on whether events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable. The assets, or asset group, are assessed for impairment based on the estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the undiscounted cash flows are less than the carrying value, the Company measures the fair value of the asset group. If the carrying value of an asset group exceeds its fair value, an impairment loss is recorded for the excess of the asset group's carrying value over its estimated fair value.

Impairment of property and equipment

The Company evaluates the recoverability of property and equipment based on whether events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable. The assets, or asset group, are assessed for impairment based on the estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the undiscounted cash flows are less than the carrying value, the Company measures the fair value of the asset group. In certain circumstances, an appraisal was obtained to determine the fair value of certain long-lived assets. If the carrying value of an asset group exceeds its fair value, an impairment loss is recorded for the excess of the asset group's carrying value over its estimated fair value.

Other operating income

Other operating income primarily represents (gains) losses on lease terminations and (gains) losses on disposal of fixed assets.

Loss (gain) from revaluation of contingent consideration

As a result of some of its acquisitions, the Company recognizes a contingent consideration payable, which is an obligation to transfer additional assets to the seller if future events occur. The liability is revalued at the end of each reporting period to determine its fair value. A gain or loss is recognized as a result of the revaluation.

Gain on fair value of derivative liabilities and purchase option derivative assets

The Company issues warrants that are remeasured to fair value at the end of each reporting period using the Black-Scholes Option Pricing Model (the "Black-Scholes Model"). A gain or loss is recognized as a result of the revaluation.

Finance and other expenses

Finance and other expenses consist primarily of interest and accretion expense on the Company's outstanding debt obligations.

Transaction and restructuring costs

Transaction costs include costs incurred in connection with the Company's acquisitions, such as expenses related to professional fees, consulting, legal and accounting. Restructuring costs are those costs associated with severance and restructuring of business units.

Unrealized and realized foreign exchange loss (gain)

Unrealized and realized foreign exchange loss (gain) represents the loss recognized on the remeasurement of U.S. dollar ("USD") denominated cash and other assets recorded in the Canadian dollars ("CAD") functional currency at the Company's Canadian operations.

Unrealized and realized loss (gain) on investments

The Company accounts for its investment in equity securities without readily determinable fair values using a valuation technique which maximizes the use of relevant observable inputs, with subsequent holding changes in fair value recognized in unrealized gain or loss on investments in the Consolidated Statement of Comprehensive Loss.

Loss (gain) on extinguishment of debt

Loss (gain) on extinguishment of debt represents the Company's debt that was retired prior to its scheduled maturity at a different amount than the book value and the amount paid.

Provision for income taxes

Provision for income taxes consists of U.S. federal and state income taxes in certain jurisdictions in which the Company conducts business.

Results from Operations - Years ended December 31, 2024, December 31, 2023, and December 31, 2022

The following tables represent the Company’s results from operations for the years ended December 31, 2024, December 31, 2023, and December 31, 2022:

Revenue, net

	For the Years Ended		
	December 31, 2024	**December 31, 2023**	**December 31, 2022**
Revenue, net	**$ 306,677**	**$ 317,328**	**$ 247,829**
$ change	$ (10,651)	$ 69,499	
% change	-3 %	28 %	

Revenue decreased from $317,328 to $306,677 during the year ended December 31, 2024 as compared to the year ended December 31, 2023 driven by a decline in retail sales in Michigan and New Jersey. The decline in retail sales was related to less foot traffic due to a reduction of discounts and promotions in Michigan related to the Company's ongoing efforts to expand gross margin in the state combined with increased competitive retail landscape pressure in New Jersey. These declines were partially offset by retail and wholesale revenue growth in Maryland due to a full year of adult-use sales in that market, and growth in wholesale in both New Jersey and Pennsylvania.

Revenue increased from $247,829 to $317,328 during the year ended December 31, 2023 as compared to the year ended December 31, 2022 driven by an increase of $55,938 in retail revenue and $13,561 in wholesale revenue. The increase was primarily a result of growth from adult-use sales in New Jersey and implementation of adult-use sales in Maryland during 2023,

along with the acquisitions of AMMD (as defined below), Peninsula, Blue Ridge (as defined below), and Herbiculture (as defined below) in Maryland.

Cost of sales

	For the Years Ended		
	December 31, 2024	**December 31, 2023**	**December 31, 2022**
Cost of sales	$ 156,717	$ 156,645	$ 137,243
Non-cash adjustment of inventory	—	985	9,082
Total cost of sales	**$ 156,717**	**$ 157,630**	**$ 146,325**
$ change	$ (913)	$ 11,305	
% change	-1 %	8 %	
Cost of sales as a % of revenue	51 %	50 %	59 %

Cost of sales was $156,717 or 51% of revenue for the year ended December 31, 2024, remaining relatively flat compared to $156,645 or 50% of revenue for the year ended December 31, 2023.

The increase in cost of sales for the year ended December 31, 2023 as compared to the year ended December 31, 2022 is mainly due to increased sales as noted above. The reduction in cost of sales as a percentage of revenue is driven by increased yields in New Jersey, improved utilization in Maryland, lower costs in Pennsylvania as a result of scaling back the cultivation facility, and reduced discounting combined with improved verticalization in Michigan.

General and administrative expense

	For the Years Ended		
	December 31, 2024	**December 31, 2023**	**December 31, 2022**
General and administrative expense	$ 111,596	$ 115,189	$ 115,588
$ change	$ (3,593)	$ (399)	
% change	-3 %	0 %	

The decrease of $3,593 in general and administrative expenses for the year ended December 31, 2024 as compared to the year ended December 31, 2023 was primarily related to a bad debt recovery of $4,188 as well as an insurance recovery of $871.

The decrease in general and administrative expenses for the year ended December 31, 2023 as compared to the year ended December 31, 2022 was primarily driven by a bad debt expense of $10,331 taken in 2022 offset by an increase in general and administrative expenses in 2023 primarily due to acquisitions in Maryland and the implementation of adult-use sales in the state.

Impairment of intangible assets

	For the Years Ended		
	December 31, 2024	**December 31, 2023**	**December 31, 2022**
Impairment of intangible assets	$ 39,334	$ 51,303	$ 140,727
$ change	$ (11,969)	$ (89,424)	
% change	-23 %	-64 %	

During the year ended December 31, 2024, the Company recognized impairment of $39,334 consisting of $17,134 related to Michigan licenses and $22,200 related to the Gage (as defined below) brand name and retail banner. The impairment was primarily driven by declining revenue expectations in Michigan as a result of increased competition. As a result, the Company no longer has any remaining intangible assets associated with its Michigan reporting unit as of December 31, 2024.

During the year ended December 31, 2023, the Company performed an impairment analysis over its definite lived retail licenses in California and determined that its carrying value was greater than its fair value, and therefore, recorded impairment of $15,518. In the Michigan market, during each of the years ended December 31, 2023 and December 31, 2022, the Company performed an impairment analysis over its indefinite lived intangible assets acquired through the Gage Acquisition (as defined below) as the changes in the market expectations of cash flows as well as increased competition and supply in the state were determined to be indicators of impairment. As a result of the impairment analysis performed in 2023, the Company determined

that it was more likely than not that the carrying value of the Gage brand name and Gage retail banner was greater than its fair value, and therefore, recorded impairment of $34,185 and $ 1,600 for the Gage brand name and Gage retail banner, respectively.

As a result of the impairment analysis performed in 2022, the Company determined that it was more likely than not that the carrying value of its definite lived retail and cultivation and processing licenses was greater than its fair value, and therefore recorded impairment of $79,462 and $42,065 for the retail license and the cultivation and processing licenses, respectively, reducing both the carrying values to $nil at December 31, 2022. Additionally, the Company recorded impairment of its indefinite lived brand intangible assets acquired through the Gage Acquisition of $19,200.

Impairment of goodwill

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Impairment of goodwill	$ —	$ 4,690	$ 170,357
$ change	$ (4,690)	$ (165,667)	
% change	-100 %	-97 %	

There was no impairment of goodwill recognized during the year ended December 31 ,2024.

During the year ended December 31, 2023, it was determined that it was more likely than not that the California reporting unit's fair value was less than its carrying value. As a result of this quantitative test, the Company recorded impairment of goodwill of $4,690 related to the State Flower Acquisition, reducing the carrying value of goodwill within the California reporting unit, to $nil.

During the year ended December 31, 2022, as it was determined that it was more likely than not that the Michigan reporting unit's fair value was less than its carrying value, a one-step goodwill quantitative impairment test was performed. As a result of the quantitative test, the Company recorded impairment of goodwill of $170,357 related to the Gage Acquisition and Pinnacle Acquisition, reducing the carrying value of goodwill within the Michigan reporting unit, to zero.

Impairment of property and equipment, and right of use assets

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Impairment of property and equipment and right of use assets	$ 8,511	$ 2,079	$ 1,089
$ change	$ 6,432	$ 990	
% change	309 %	91 %	

During the year ended December 31, 2024, the Company recognized impairment of $8,511. The increase of $6,432 for the year ended December 31, 2024, compared to the year ended December 31, 2023 was primarily driven by the impairment of certain owned Michigan and California properties.

During the year ended December 31, 2023, the Company recognized impairment of $2,079. The increase of $990 for the year ended December 31, 2023, compared to the year ended December 31, 2022 was primarily driven by the impairment of certain Michigan assets in process.

Other operating income

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Other operating income	$ (1,198)	$ (3,131)	$ —
$ change	$ 1,933	$ (3,131)	
% change	-62 %	100 %	

During the year ended December 31, 2024, the Company transferred a California lease to a third party, resulting in a lease termination and a recognized gain of $1,169.

During the year ended December 31, 2023, the Company entered into a lease termination agreement in Florida. As a result of the lease termination, the Company recorded a gain on lease termination of $1,217.

Loss (gain) from revaluation of contingent consideration

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Loss (gain) from revaluation of contingent consideration	$ 2,465	$ (645)	$ (1,061)
$ change	$ 3,110	$ 416	
% change	-482 %	-39 %	

During the year ended December 31, 2024, the Company recognized a loss from revaluation of contingent consideration of $2,465, an increase in loss of $3,110 for the year ended December 31, 2024, compared to the year ended December 31, 2023. The increase in loss was primarily driven by a decrease in TerrAscend's share price, partially offset by the expiration of the contingent consideration in connection with the Peninsula Acquisition on June 28, 2023.

For the year ended December 31, 2023, the Company recognized a gain of $645 due to a reduction in the contingent liability in connection with the Peninsula Acquisition, which was a result of the increase in the price of the Common Shares from the grant date.

Loss (gain) on extinguishment of debt

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Loss (gain) on extinguishment of debt	$ 1,662	$ —	$ (4,153)
$ change	$ 1,662	$ 4,153	
% change	100 %	100 %	

During the year ended December 31, 2024, the Company recognized a loss on extinguishment of debt related to the extinguishment of the Retired Loans, which included the write-off of deferred financing costs.

There was no extinguishment of debt for the year ended December 31, 2023.

During the year ended December 31, 2022, the Company recognized a gain on extinguishment of debt related to the debt settlement arrangement with Canopy USA, in which the Company converted CAD$125,500 in loans and accrued interest into 4,601,467 non-participating non-voting exchangeable shares in the capital of the Company and 22,474,130 new Common Share purchase warrants (see Note 13 included in Item 8, *"Financial Statements and Supplementary Data*" in this Annual Report for further details. This transaction resulted in a $4,153 gain, reflecting the fair value difference between the settled debt and the consideration issued.

Gain on fair value of derivative liabilities and purchase option derivative assets

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Gain on fair value of derivative liabilities and purchase option derivative assets	$ (4,549)	$ (322)	$ (58,523)
$ change	$ (4,227)	$ 58,201	
% change	1,313 %	-99 %	

The derivative liabilities were remeasured to fair value as of December 31, 2024, resulting in a gain of $4,549, primarily due to a decline in the price of the Common Shares during the year.

The warrant liability was remeasured to fair value as of December 31, 2023, using the Black-Scholes Model. The Company recognized a gain of $322 for the year ended December 31, 2023, primarily due to a decline in share price since the warrant issuance date. Additionally, the purchase option derivative asset expired during the year, resulting in a recorded loss of $50.

Finance and other expenses

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Finance and other expenses	$ 34,370	$ 37,041	$ 35,893
$ change	$ (2,671)	$ 1,148	
% change	-7 %	3 %	

The decrease in finance and other expenses for the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily driven by the refinancing of higher-interest debt and the repayment of certain other debt during the year.

The increase in finance and other expenses for the year ended December 31, 2023 as compared to the year ended December 31, 2022 was primarily due to the increase of accretion expense related to the change to the effective interest rate method for the Company's debt facilities.

Provision for (benefit from) income taxes

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Provision for (benefit from) income taxes	$ 20,438	$ 23,453	$ (10,783)
$ change	$ (3,015)	$ 34,236	
% change	-13 %	-317 %	

The reduction in provision for income taxes of $3,015 for the year ended December 31, 2024, compared to December 31, 2023, was primarily due to a decline in gross profit.

The increase in provision for income taxes for the year ended December 31, 2023 as compared to December 31, 2022 was primarily related to decreases in the pre-tax book loss due to operational results compared to December 31, 2022, as well as the goodwill impairment that reduced tax expense for the Company in 2022. The Company's effective tax rate was (40.0)% for the year ended December 31, 2023, as compared to 3.5% for the year ended December 31, 2022. The Company's effective tax rate for the year ended December 31, 2023 was higher than the federal statutory tax rate of 21% primarily driven by the impact of Section 280E of the Code on the Company’s taxes due.

The Company's effective tax rate can vary each reporting period depending on, among other factors, the geographic and business mix of the Company's earnings, changes to the valuation allowance, and permanently non-deductible expenses. Certain

of these and other factors, including the Company's history and projections of pre-tax earnings, are considered in assessing the Company's ability to realize any deferred tax assets including net operating losses.

Liquidity and Capital Resources

	December 31, 2024	December 31, 2023
Cash and cash equivalents	$ 26,381	$ 22,241
Restricted Cash	606	3,106
Current assets	104,433	102,889
Non-current assets	502,797	563,629
Current liabilities	78,529	207,000
Non-current liabilities	351,885	218,778
Working capital	25,904	(104,111)
Total shareholders' equity	$ 176,816	$ 240,740

The calculation of working capital provides additional information and is not defined under GAAP. The Company defines working capital as current assets less current liabilities. This measure should not be considered in isolation or as a substitute for any standardized measure under GAAP.

Liquidity and going concern

The Company previously concluded that substantial doubt existed as to its ability to continue as a going concern primarily due to the Company's current liabilities exceeding its current assets related to its loans maturing within the current year. On August 1, 2024, the Company entered into a four-year $140,000 senior secured term loan which was primarily used to retire a majority of the Company's loans coming due within the next year. Following the retiring and financing of the Company’s loans coming due within the next year, along with its ability to identify access to future capital, and continued improvement in cash flow from the Company's consolidated operations, management has determined that substantial doubt no longer exists in the Company's ability to continue as a going concern.

Since its inception, the Company's primary sources of capital have been through the issuance of equity securities or debt facilities, and the Company has received aggregate net proceeds from such transactions totaling $782,388 as of December 31, 2024.

The Company expects to fund any additional future requirements through the following sources of capital:

•cash from ongoing operations.

•private placements and public offerings of equity or debt securities.

•additional debt from additional creditors.

•sale of real property.

•sale leaseback transactions.

•exercise of options and warrants.

Capital requirements

The Company has $204,545 in principal amounts of loans payable at December 31, 2024. Of this amount, $8,106 in principal are due in the next twelve months.

The Company has entered into leases for certain premises and offices for which it owes monthly lease payments. The Company has $88,003 in lease obligations. Of this amount, $9,433 of lease payments are due in the next twelve months.

The Company's undiscounted contingent consideration payable is $3,293 at December 31, 2024, of which, $3,121 is due in the next twelve months. The contingent consideration payable relates to the Company's acquisition of the remaining 50.1% equity in both State Flower and three Apothecarium dispensaries in California. The contingent considerations are based upon the price protection of Common Shares issued under the terms of the applicable acquisition agreements. The contingent considerations are measured at fair value using the Black-Scholes Model and revalued at the end of each reporting period.

At December 31, 2024, the Company had accounts payable and accrued liabilities of $46,725 and corporate income taxes payable of $11,531.

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's results of operations or financial condition, including and without limitation, such consideration as liquidity and capital resources.

The Company intends to meet its capital commitments through any or all of the sources of capital noted above. The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations and finance future obligations.

Debt facilities

	Principal Paid in 2024	Principal Outstanding as of December 31, 2024
FocusGrowth Term Loan	$ —	$ 140,000
Pelorus Term Loan	—	45,478
Maryland Acquisition Loans	2,447	18,029
Chicago Atlantic Term Loan	25,113	—
Ilera Term Loan	76,927	—
Stearns Loan	24,809	—
Other Loans	16,863	1,038
Total	**$ 146,159**	**$ 204,545**

FocusGrowth Term Loan

On August 1, 2024, the Company and TerrAscend USA, Inc., as guarantors, and the Borrowers, and FG Agency Lending LLC, as the Administrative Agent, and certain lenders entered into the FG Loan. The FG Loan provides for a four-year, $140,000 senior-secured term loan whereby the Borrowers borrowed an initial principal amount of $114,000 on August 1, 2024 (the “Initial Draw”) and borrowed the remaining principal amount of $26,000 on September 30, 2024 (the “Delayed Draw”). Net proceeds of the FG Loan were received in an amount equal to 95% of the $140,000.

The FG Loan bears interest at 12.75% per annum and matures on August 1, 2028 (the "FG Loan Maturity Date"). The FG Loan is guaranteed by the Company and TerrAscend USA, Inc. and is secured by substantially all of the assets of the Borrowers. Depending on the timing of repayment, an exit fee of between 2.0% and 4.0% of the outstanding principal balance of the FG Loan (the "Exit Fee") will be due upon either the date of prepayment or the FG Loan Maturity Date.

Proceeds from the FG Loan were used to retire the Ilera Term Loan, the Stearns Loan, the Chicago Atlantic Term Loan and certain other short-term indebtedness, in addition to being used for working capital and general corporate purposes. Each outstanding obligation under the Retired Loans was repaid in full and subsequently terminated.

As of December 31, 2024, there was an outstanding principal amount of $140,000 under the FG Loan.

Pelorus Term Loan

On October 11, 2022, subsidiaries of, TerrAscend, among others, entered into the Pelorus Term Loan with Pelorus, in an aggregate principal amount of $45,478. The Pelorus Term Loan is based on a variable rate tied to one month SOFR, subject to a base rate, plus 9.5%, with interest-only payments for the first 36 months and matures on October 11, 2027. The base rate is defined as, on any day, the greatest of: (i) 2.5%, (b) the effective federal funds rate in effect on such day plus 0.5%, and (c) one month SOFR in effect on such day. The obligations of the borrowers under the Pelorus Term Loan are guaranteed by the Company, TerrAscend USA and certain other subsidiaries of the Company and are secured by all of the assets of TerrAscend's New Jersey businesses and certain assets of TerrAscend's Maryland business, including certain real estate in Maryland. The Pelorus Term Loan is not secured by any of the MD dispensaries.

On April 17, 2023, TerrAscend NJ agreed to an amendment to the Pelorus Term Loan to, among other things: (i) permit changes necessary for the TSX Transaction (as defined in the Pelorus Term Loan), and (ii) waive certain tax provisions. On June 22, 2023, TerrAscend NJ agreed to a further amendment to the Pelorus Term Loan to permit the Company to incur certain indebtedness. This amendment was not considered an extinguishment of debt under ASC 470 *Debt.*

As of December 31, 2024, there was an outstanding principal amount of $45,478 under the Pelorus Term Loan.

Maryland Acquisition Loans

In connection with the Peninsula acquisition the acquisition of Blue Ridge and the acquisition of Herbiculture (collectively, the "Maryland Acquisitions"), the Company entered into a series of promissory notes with an aggregate principal amount of $20,625 that bear interest at rates ranging from 7.0% to 10.5% with maturity dates ranging from June 28, 2025 to June 30, 2027.

As of December 31, 2024, there was an outstanding principal amount of $18,029 under the Maryland Acquisition promissory notes.

Chicago Atlantic Term Loan

In connection with the Gage Acquisition, the Company assumed a senior secured term loan (the "Chicago Atlantic Term Loan") with an acquisition date fair value of $53,857. The credit agreement bore interest at a rate equal to the greater of (i) the Prime Rate plus 7% or (ii) 10.25%. The Chicago Atlantic Term Loan was payable monthly and had a maturity date of November 30, 2022. The Chicago Atlantic Term Loan was secured by a first lien on all Gage's assets.

On July 19, 2024, the Company made a prepayment of the Chicago Atlantic Term Loan in the amount of $1,500 at par. On August 1, 2024, as described above, the Company entered into the FG Loan, of which, a portion of the proceeds from the Delayed Draw, which occurred on September 30, 2024, was used to retire the then outstanding principal of the Chicago Atlantic Term Loan in the amount of $22,557. Due to the early retirement of the Chicago Atlantic Term Loan, the Company paid an exit fee of $500 and recognized a loss on extinguishment of debt of $500 on the Consolidated Statements of Operations and Comprehensive Loss.

Ilera Term Loan

On December 18, 2020, WDB PA, a subsidiary of TerrAscend, entered into a senior secured term loan with a syndicate of lenders in the amount of $120,000 ("Ilera Term Loan"). The Ilera Term Loan was solely secured by the Company’s Pennsylvania-based Ilera. The Ilera Term Loan bore interest at 12.875% and was set to mature on December 17, 2024.

On January 2, 2024, the Company completed a prepayment of the Ilera Term Loan of $4,800 at the prepayment price of 100% to par. On April 30, 2024, the Company made a prepayment of $3,200 of the Ilera Term Loan, at the prepayment price of 100% to par. In accordance with ASC 470, *Debt*, these amendments were not considered extinguishment of debt.

On August 1, 2024, as described above, the Company entered into the FG Loan, of which, a portion of the proceeds from the Initial Draw was used to retire the Ilera Term Loan and pay the outstanding principal amount of $68,927. Due to the early retirement of the Ilera Term Loan, the Company recognized a loss on extinguishment of debt of $1,272 on the Consolidated Statements of Operations and Comprehensive Loss.

Stearns Loan

On June 26, 2023, the Company closed on a $25,000 commercial loan with Stearns Bank, secured by the Company's cultivation facility in Pennsylvania and its AMMD dispensary in Cumberland, Maryland (the "Stearns Loan"). The Stearns Loan bore an interest rate of prime plus 2.25% and was set to mature on December 26, 2024.

On August 1, 2024, as described above, the Company entered into the FG Loan, of which, a portion of the proceeds from the Initial Draw was used to retire the Stearns Loan and pay the outstanding principal amount of $24,638. Due to the early retirement of the Stearns Loan, the Company recognized a loss on extinguishment of debt of $369 on the Consolidated Statements of Operations and Comprehensive Loss.

Pinnacle Loans

In connection with the Pinnacle Acquisition, the Company entered into two promissory notes in an aggregate amount of $10,000 (the "Pinnacle Promissory Notes") to pay down all Pinnacle liabilities and encumbrances. Each of the Pinnacle Promissory Notes was set to mature on June 30, 2023 and bore an interest rate of 6%. On June 27, 2023, Spartan Partners Properties, LLC, agreed to an amendment to the Pinnacle Promissory Notes to, among other things, that extended the obligation date of the Pinnacle Promissory Notes until December 1, 2023. On August 13, 2024, the Company paid the outstanding principal amount of $5,582 and retired the Pinnacle Promissory Notes.

Class A Shares of TerrAscend

In connection with the Reorganization, TerrAscend issued $1,000 of class A shares (the "Class A Shares") with a 20% guaranteed annual dividend to an investor (the "Investor") pursuant to the terms of a subscription agreement between TerrAscend and the Investor dated April 20, 2023 (the "Subscription Agreement"). Pursuant to the terms of the Subscription Agreement, TerrAscend holds a call right to repurchase all of the Class A Shares issued to the Investor for an amount equal to the sum of: (a) the Repurchase/Put Price (as defined in the Subscription Agreement); plus (b) the amount equal to 40% of the subscription amount less the aggregate dividends paid to the Investor as of the date of the exercise of the option. In addition, the Investor holds a put right that is exercisable at any time after four months' advanced written notice following the five-year anniversary of the closing of the investment to put all (and only all) of the Class A Shares owned by the Investor to TerrAscend at the Repurchase/Put Price, payable in cash or shares. The instrument is considered as a debt for accounting purposes due to the economic characteristics and risks. As of December 31, 2024, there was an outstanding principal amount of $1,000.

Stadium Ventures

In connection with the Gage Acquisition, the Company assumed existing indebtedness in the form of a promissory note in the amount of $4,500, which was set to mature on January 1, 2025. The promissory note bore interest at a rate of 6%. On October 1, 2024, the Company paid the outstanding principal amount of $539 and retired the promissory note.

IHC Real Estate LP Loan

On June 26, 2023, the Company acquired a minority equity interest in IHC Real Estate LP, and in connection therewith, the Company entered into a promissory note in the amount of $7,500. The promissory note bore interest at a rate of 15% and matured on January 15, 2024. On June 28, 2023 and July 31, 2023, the Company made payments of $1,500 and $1,000, respectively.

On January 15, 2024, the Company paid off all amounts owed under the promissory note with a payment of $5,000.

Share Repurchases

On August 20, 2024, the Board approved a share repurchase program to repurchase up to $10,000 of the Company's Shares. The share repurchase program authorizes the Company to repurchase up to 10,000,000 Common Shares of the Company at any time, or from time to time, from August 22, 2024 until August 21, 2025. The share repurchase program authorizes the Company to repurchase up to 65,361 Shares daily, which represents 25% of the Company's average daily trading volume on the Toronto Stock Exchange of 261,445 Shares. Any repurchases under the program may be made by means of open market transactions, negotiated block transactions, or otherwise, including pursuant to a repurchase plan administered in accordance with Rules 10b5-1 and 10b-18 under the Exchange Act. The size and timing of any repurchases will depend on price, market and business conditions, and other factors.

During the year ended December 31, 2024, the Company repurchased 236,900 Common Shares under the share repurchase program for total consideration of approximately $215, including excise tax. Of which, the Company canceled 107,400 Common Shares that were repurchased. As of December 31, 2024, the Company had a total of 9,763,100 shares remaining that can be authorized for repurchase.

Cash Flows

Cash flows provided by (used in) operating activities

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Net cash provided by (used in) operating activities	$ 37,950	$ 27,471	$ (26,123)

The increase of $10,479 in net cash provided by operating activities for the year ended December 31, 2024 as compared to December 31, 2023 is primarily driven by an income tax refund of $8,361 related to the amended federal tax return for tax year 2020, partially offset by increased prior and current year tax payments and $2,881 of cash received for a bad debt recovery.

The increase of $53,594 in net cash provided by operating activities for the year ended December 31, 2023 as compared to December 31, 2022 is primarily due to an increase in income from operations and reduced tax payments, partially offset by an increase in working capital.

Cash flows used in investing activities

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Net cash used in investing activities	$ (12,247)	$ (16,219)	$ (27,579)

The net cash used in investing activities for the year ended December 31, 2024 primarily relates to the investment in property and equipment of $9,362 and the investment in note receivable of $1,556 related to a settlement agreement.

The net cash used in investing activities for the year ended December 31, 2023 primarily relates to $16,789 of cash paid for the acquisition of four dispensaries in Maryland. Additionally, the Company increased the investment in property and equipment by $7,762 during 2023. The Company also paid the success fee of $3,750 related to Alternative Treatment Center licenses issued by the New Jersey Department of Health. These investments were partially offset by proceeds from the sale of the Company's Canadian facility of $14,285.

The net cash used in investing activities for the year ended December 31, 2022 is mainly due to investment in property and equipment of $39,631, primarily related to the buildout of a cultivation site in Maryland, continuing renovations at the Company's Pennsylvania and Michigan cultivation sites, and the completion of the Company's Lodi alternative treatment center in New Jersey. Additionally, the Company had investments in intangible assets of $2,261, primarily related to adult-use licenses in New Jersey, as well as the acquisition of a retail license in Michigan. The cash used in investing activities was offset by cash inflows of $24,716 related to cash and restricted cash acquired through the Gage Acquisition, offset by net cash paid for consideration for the Pinnacle Acquisition of $8,489.

Cash flows (used in) provided by from financing activities

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Net cash (used in) provided by financing activities	$ (24,716)	$ (12,500)	$ 3,719

Net cash used in financing activities for the year ended December 31, 2024 was primarily due to net loan principal payments of $16,777, distributions to non-controlling interests of $7,324, and the repurchase of common shares of $215.

Net cash used in financing activities for the year ended December 31, 2023 was primarily due to loan principal payment of $50,154 and distributions to minority partners of $11,621 and offset by the cash inflow of transfer with recourse of ERC of $12,677, net proceeds from the commercial loan with Stearns Bank N.A. of $23,869, and net proceeds from private placements of $20,822. Additionally, the Company recorded cash outflow of $5,539 from discontinued operation.

Net cash provided by financing activities for the year ended December 31, 2022, was primarily due to loan net proceeds from Pelorus in the amount of $43,419 and proceeds from exercises of Common Share warrants and stock options of $24,342. The cash provided by financing activities was offset by principal payments on loans and loan modification fees of $42,221 and

$4,977, respectively, payments made to non-controlling interests of $7,550, and payments of contingent consideration related to the acquisition of State Flower of $6,630.

Reconciliation of Non-GAAP Measures

In addition to reporting the financial results in accordance with GAAP, the Company reports certain financial results that differ from what is reported under GAAP. Non-GAAP measures used by management do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. The Company believes that certain investors and analysts use these measures to measure a company's ability to meet other payment obligations or as a common measurement to value companies in the cannabis industry, and the Company calculates: (i) Free cash flow from net cash provided by operating activities from continuing operations less capital expenditures for property and equipment which management believes is an important measurement of the Company's ability to generate additional cash from its business operations, and (ii) EBITDA from continuing operations and Adjusted EBITDA from continuing operations as net loss, adjusted to exclude provision for income taxes, finance expenses, depreciation and amortization, share-based compensation, loss on extinguishment of debt, loss (gain) from revaluation of contingent consideration, loss (gain) on disposal of fixed assets, impairment of property and equipment and right of use assets, bad debt recovery, unrealized and realized loss on investments, (gain) loss on lease termination and derecognition of finance lease, unrealized and realized foreign exchange, gain on fair value of derivative liabilities and purchase option derivative assets, Employee Retention Credits and Transfer Fee, and certain other items, which management believes is not reflective of the ongoing operations and performance of the Company. 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 GAAP.

The Company believes Adjusted EBITDA from continuing operations is a useful performance measure to assess the performance of the Company as it provides more meaningful ongoing operating results by excluding the effects of expenses that are not reflective of the Company's underlying business performance and other one-time or non-recurring expenses. The table below reconciles net loss to EBITDA from continuing operations and Adjusted EBITDA from continuing operations for the years ended December 31, 2024, December 31, 2023, and December 31, 2022:

	Notes	For the Years Ended December 31, 2024	December 31, 2023	December 31, 2022
Net loss		**$ (72,670)**	**$ (86,730)**	**$ (325,351)**
Loss from discontinued operations		—	4,444	25,949
Loss from continuing operations		(72,670)	(82,286)	(299,402)
Add (deduct) the impact of:				
Provision for income taxes		20,438	23,453	(10,783)
Finance expenses		35,402	35,106	39,059
Amortization and depreciation		20,103	20,382	22,624
EBITDA from continuing operations	(a)	**3,273**	**(3,345)**	**(248,502)**
Add (deduct) the impact of:				
Impairment of goodwill and intangible assets	(b)	39,334	55,993	311,084
Share-based compensation	(c)	9,706	7,707	12,162
Loss (gain) from revaluation of contingent consideration	(d)	2,465	(645)	(1,061)
Impairment of property and equipment and right of use assets	(e)	8,511	2,079	1,089
Loss (gain) on extinguishment of debt	(f)	1,662	—	(4,153)
Unrealized and realized foreign exchange loss (gain)	(g)	940	(53)	712
Unrealized and realized loss (gain) on investments	(h)	238	2,603	(43)
Gain on disposal of fixed assets	(i)	(30)	(1,914)	—
(Gain) loss on lease termination and derecognition of finance lease	(j)	(1,220)	(1,012)	1,162
Bad debt (recovery) expense	(k)	(4,169)	—	9,941
Gain on fair value of derivative liabilities and purchase option derivative assets	(l)	(4,549)	(322)	(58,523)
Other one-time items	(m)	4,533	3,808	5,207
Employee Retention Credits and Transfer Fee	(n)	—	2,236	(9,440)
Restructuring costs and executive severance	(o)	—	921	472
Legal settlements	(p)	—	746	623
Non-cash write down of inventory	(q)	—	—	5,894
Indemnification asset release	(r)	—	—	3,973
Vape recall	(s)	—	—	2,965
Relief of fair value upon acquisition	(t)	—	—	2,770
Loan modification fees	(u)	—	—	2,507
Adjusted EBITDA from continuing operations		**$ 60,694**	**$ 68,802**	**$ 38,839**

The table below reconciles net cash provided by (used in) operating activities from continuing operations to free cash flow for the years ended December 31, 2024, December 31, 2023 and December 31, 2022:

	For the Years Ended December 31, 2024	December 31, 2023	December 31, 2022
Net cash provided by (used in) operating activities - continuing operations	**$ 37,950**	**$ 31,131**	**$ (21,835)**
Capital expenditures for property and equipment	(9,362)	(7,762)	(39,631)
Free Cash Flow	**$ 28,588**	**$ 23,369**	**$ (61,466)**

a)EBITDA from continuing operations is a non-GAAP measure and is calculated from net (loss) income.

b)Represents impairment charges taken on the Company's intangible assets and goodwill.

c)Represents non-cash share-based compensation expense.

d)Represents the revaluation of the Company's contingent consideration liabilities.

e)Represents impairment charges taken on the Company's property and equipment.

f)Represents the loss (gain) on extinguishment of debt recorded as a result of the extinguishment of the loans.

g)Represents the remeasurement of USD denominated cash and other assets recorded in CAD functional currency.

h)Represents unrealized and realized loss (gain) on fair value changes on strategic investments.

i)Represents the gain taken on the disposal of property and equipment.

j)Represents the (gain) loss taken as a result on lease termination and derecognition of right of use assets.

k)Represents recovery and (expense) of one-time write offs of accounts receivable related to one customer that were deemed uncollectible.

l)Represents the gain on fair value of warrants, including effects of the foreign exchange of the U.S. denominated Preferred Share warrants, as well as the revaluation of the fair value of the purchase option derivative asset.

m)Includes one-time fees incurred in connection with the Company's acquisitions, such as expenses related to professional fees, consulting, legal, and accounting, that would otherwise not have incurred. In addition, includes one-time charges for Sarbanes Oxley Act of 2022 implementation, as well as work completed in preparation of becoming a U.S. filer. These fees are not indicative of the Company's ongoing costs.

n)Represents income recorded from ERC as a result of the CARES Act and its transfer fee.

o)Represents costs associated with executive severance and restructuring of business units.

p)Represents one-time legal settlement charges.

q)Represents inventory write downs outside of the normal course of operations. These inventory write-downs were related to the write down of aged inventory to lower of cost or market which was related to the Company's operational reconfiguration of its cultivation facility in Pennsylvania.

r)Represents the reduction to the indemnification asset related to the State Flower tax audit settlement and statute expirations for tax years ended September 30, 2014 and September 30, 2015.

s)On February 4, 2022, more than 500 vape products were recalled by the Pennsylvania's Department of Health, including several of the Company's SKUs. As a result of the recall the Company recorded sales returns of $1,040 and write-downs of inventory of $1,925 for the twelve months ended December 31, 2022.

t)In connection with the Company's acquisitions, inventory was acquired at fair value, which included a markup or markdown for profit. Recording inventory at fair value in purchase accounting has the effect of increasing or decreasing inventory and thereby increasing or decreasing cost of sales as compared to the amounts the Company would have recognized if the inventory was sold through at cost. The write-up or down of acquired inventory represents the incremental cost of sales that were recorded during purchase accounting.

u)Represents loan modification fees related to the modification of the Chicago Atlantic Term Loan and the Ilera Term Loan. These fees do not meet the criteria for capitalization under ASC 470, *Debt.*

The decrease in Adjusted EBITDA from continuing operations for the year ended December 31, 2024, as compared to December 31, 2023 was primarily due to a decrease in revenue.

The increase in Adjusted EBITDA from continuing operations for the year ended December 31, 2023, as compared to December 31, 2022 was primarily due to the implementation of adult-use sales in New Jersey and Maryland along with the reduction of general and administrative expenses.

Changes in or Adoption of Accounting Principles

New standards, amendments and interpretations adopted:

Information regarding the Company's adoption of new accounting and reporting standards is discussed in Note 2 to the accompanying Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data" in this Annual Report.

Critical Accounting Estimates and Policies

The preparation of the Company's Consolidated Financial Statements requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

While the Company's significant accounting policies are described in more detail in Note 2 to the accompanying Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data" in this Annual Report, the accounting estimates and assumptions discussed in this section are those that the Company considers to be the most critical in the preparation of the Consolidated Financial Statements. An accounting estimate or assumption is considered critical if both (a) the nature of the estimate or assumption is material due to the levels of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimate and assumption is material to the financial condition.

A quantitative sensitivity analysis is provided where information is available to reasonably estimate the impact and provides material information to investors.

Income taxes

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company generating future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in classifying transactions and assessing probable outcomes of tax positions taken, and in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities. If the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Impairment of goodwill, intangible assets, and long-lived assets

The Company assesses goodwill, intangible assets, and long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Goodwill and indefinite-lived intangible assets are tested for impairment annually, while finite-lived intangible assets and long-lived assets are evaluated whenever indicators of impairment exist.

The Company's impairment evaluation process involves significant estimates and assumptions, including identifying impairment indicators, determining asset groupings, forecasting future cash flows, selecting discount rates, and measuring fair value. Management applies judgment in assessing triggers such as declining financial performance, adverse market conditions, regulatory changes, and increased competition. The Company evaluates whether assets should be tested individually or as part of an asset group, ensuring the test is performed at the lowest level for which identifiable cash flows exist. For quantitative impairment tests, the Company forecasts future financial performance, considering historical trends, market conditions, and business strategies. Fair value is typically determined using a discounted cash flow approach, incorporating an appropriate discount rate based on the Company's weighted average cost of capital, market risks, and asset-specific risk factors. Property and equipment may also be valued using third-party appraisals or market-based approaches when necessary.

Due to the subjective nature of these estimates, actual results may differ from estimates. Changes in financial performance, economic conditions, or industry trends could require the Company to make estimate changes to future impairment tests.

Variable Interest Entity

The Company consolidates legal entities in which it holds a controlling financial interest. Determining whether it has a controlling financial interest in VIE is subject to significant judgment and estimates. There is inherent uncertainty in evaluating who has the power to direct the activities of the VIE that most significantly impact the entity's economic performance. Our considerations include, but are not limited to, voting interests of the VIE, management, service and other agreements with the VIE, involvement in the VIE's initial design and the existence of explicit or implicit financial guarantees. Management has applied significant judgment when evaluating the facts and circumstances of the VIE (see Note 3 included in Item 8, "*Financial Statements and Supplementary Data*").

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that the Company (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the Company's Consolidated Financial Statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

The Company will remain an emerging growth company until the earlier to occur of: (i) December 31, 2027 (a) in which the Company has total annual gross revenue of $1,235,000 or more, or (b) in which the Company is deemed to be a large accelerated filer, which means the market value of the Common Shares that is held by non-affiliates exceeds $700,000 as of the last business day of the Company's most recent second fiscal quarter; and (ii) the date on which the Company has issued more than $1,000,000 in non-convertible debt during the prior three-year period.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact the Company's financial position due to adverse changes in financial market prices and rates. The Company's market risk exposure is primarily a result of exposure due to potential changes in inflation and interest rates. The Company does not hold financial instruments for trading purposes.

Financial Instruments and Risk Management

Financial Instruments

Financial instruments recorded at fair value are estimated by applying a fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy is summarized as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 - inputs other than quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
- Level 3 - inputs for assets and liabilities not based upon observable market data

Risk Management

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, net and notes receivable. The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date. The carrying amounts of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the Consolidated Statements of Operations and Comprehensive Loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses.

Subsequent recoveries of amounts previously written off are credited against operating expenses in the Consolidated Statements of Operations and Comprehensive Loss. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company had no customers whose balance is greater than 10% of total trade receivables as of December 31, 2024.

(b) Liquidity risk

The Company is exposed to liquidity risk, or the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through ongoing review of its capital requirements. the Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations.

(c) Market Risk

The significant market risk exposures to which the Company is exposed are foreign currency risk and interest rate risk.

i) Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and U.S. dollar and other foreign currencies will affect the Company's operations and financial results.

The Company holds cash and cash equivalents in currencies other than its functional currency. The Company does not currently engage in currency hedging activities to limit the risks of currency fluctuations. Consequently, fluctuations in foreign currencies could have a negative impact on the profitability of the Company's operations. However, as of the year ended December 31, 2024, a 10% change in the value of the U.S. dollar compared to the Canadian dollar would not result in a material impact on unrealized foreign exchange for the Company.

ii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. In respect of financial assets, the Company's policy is to invest excess cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact the value of cash equivalents. The Company's investments in guaranteed investment certificates bear a fixed rate and are cashable at any time prior to maturity date.

The Company does not have significant cash equivalents for the year ended December 31, 2024. The Pelorus term loan has a variable interest rate that is tied to the U.S. "prime rate" and SOFR. At December 31, 2024, a 10% change to each of the interest rates would not result in a material impact. The remainder of the Company's loans payable have fixed interest rates from 7.00% to 12.75% per annum. All other financial liabilities are non-interest-bearing instruments.

Item 8. Financial Statements and Supplementary Data

All information required by this item may be found on pages F-1 through F-52 of this Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Internal control over financial reporting is defined in Rule 13a-15(f) promulgated under the Exchange Act, as a process designed by, or under the supervision of, the Company's principal executive officer and principal financial officer and effected by the Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's management, with the participation of its President and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Annual Report. Based upon that evaluation, management, including the President and Chief Financial Officer, determined that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2024.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the Company's disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Management's Annual Report on Internal Controls Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's management, under the supervision and with the participation of its President and Chief Financial Officer, conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. This assessment was based on criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2013 framework). This evaluation included a review of the documentation of controls, an evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on the outcome of the evaluation. Based on the results of its assessment, the Company's management concluded that its internal control over financial reporting was effective as of December 31, 2024.

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding the effectiveness of its internal control over financial reporting due to its exemption as an emerging growth company. Management's report was not subject to audit by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report.

Changes in Internal Control Over Financial Reporting

There have been no changes to the Company's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the year ended December 31, 2024, that have materially affected, or were reasonably likely to materially affect, the Company's internal controls over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by Item 10 of Part III will be included in the Company's Proxy Statement relating to the Company's 2025 Annual Meeting of Shareholders (the "2025 Annual Meeting") and is incorporated herein by reference.

Information regarding the Company's Code of Business Conduct and Ethics (the "Code of Conduct") required by this item will be contained in the Proxy Statement relating to the 2025 Annual Meeting and is hereby incorporated by reference. If the Company makes any substantive amendments to the Code of Conduct or grants any waiver from a provision of the Code of Conduct to any executive officer or director, it will promptly disclose the nature of the amendment or waiver on its website. The full text of the Code of Conduct is available at the Investor Relations section of the Company's website at https://ir.terrascend.com/. The reference to the Company's website address does not constitute incorporation by reference of the information contained at or available through the website, and you should not consider it to be a part of this Annual Report.

Item 11. Executive Compensation

Information required by Item 11 of Part III will be included in the Company's Proxy Statement relating to the 2025 Annual Meeting and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by Item 12 of Part III will be included in the Company's Proxy Statement relating to the 2025 Annual Meeting and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by Item 13 of Part III will be included in the Company's Proxy Statement relating to the 2025 Annual Meeting and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information required by Item 14 of Part III will be included in the Company's Proxy Statement relating to the 2025 Annual Meeting and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)The following documents are filed as part of this Annual Report:

1.*Financial Statements*

The accompanying Index to Consolidated Financial Statements on page F-1 of this Annual Report is provided in response to this item and is incorporated into this item by reference.

2.*List of Financial Statement Schedules.*

All schedules are omitted because the required information is either not present, not present in material amounts or presented within the Consolidated Financial Statements.

(a)The exhibits listed in the following "Exhibit Index" are filed, furnished or incorporated by reference as part of this Annual Report.

Exhibit Index

Exhibit Number	Exhibit Title	Incorporated By Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
2.1*	Arrangement Agreement, dated October 8, 2018, by and among TerrAscend Corp., Canopy Growth Corporation, Canopy Rivers Corporation, JW Opportunities Master Fund, Ltd., JW Partners, LP and Pharmaceutical Opportunities Fund, LP.	10-12G	000-56363	2.1	11/2/2021	
2.2*	Securities Purchase Agreement, dated February 10, 2019, by and among BTHHM Berkeley, LLC, PNB Noriega, LLC, V Products, LLC, certain limited liability company interest holders of each of the forgoing entities, Michael Thomsen and TerrAscend Corp. and WDB Holding CA, Inc.	10-12G	000-56363	2.2	11/2/2021	
2.3*†	Securities Purchase Agreement, dated February 10, 2019, by and among RHMT, LLC, Deep Thought, LLC, Howard Street Partners, LLC, certain limited liability company interest holders of each of the forgoing entities, Michael Thomsen, and TerrAscend Corp. and WDB Holding CA, Inc.	10-12G	000-56363	2.3	11/2/2021	
2.4*	Securities Purchase and Exchange Agreement, dated August 1, 2019, by and among Ilera Holdings LLC, Mera I LLC, Mera II LLC, TerrAscend Corp., WDB Holding PA, Inc. and Osagie Imasogie.	10-12G	000-56363	2.4	11/2/2021	
2.5*	Membership Interest Purchase Agreement, dated August 31, 2021, by and between WDB Holdings MI, Inc. and 3 State Park, LLC, AEY Holdings, LLC, AEY Capital, LLC, AEY Thrive, LLC and Seller.	10-12G	000-56363	2.7	11/2/2021	
2.6	First Amendment to Membership Interest Purchase Agreement, dated November 9, 2021, by and between WDB Holdings MI, Inc. and 3 State Park, LLC, AEY Holdings, LLC, AEY Capital, LLC, AEY Thrive, LLC and Seller.	10-12G/A	000-56363	2.8	12/22/2021	
2.7†	Second Amendment to Membership Interest Purchase Agreement, dated March 8, 2022, by and between WDB Holdings MI, Inc. and 3 State Park, LLC, AEY Holdings, LLC, AEY Capital, LLC, AEY Thrive, LLC, Seller and Gage Growth Corp.	8-K	000-56363	10.1	03/14/2022	
2.8*	Arrangement Agreement, dated August 31, 2021, by and between TerrAscend Corp. and Gage Growth Corp.	10-12G	000-56363	2.6	11/2/2021	
2.9	Amending Agreement, dated October 4, 2021, by and between TerrAscend Corp. and Gage Growth Corp.	10-12G	000-56363	2.8	11/2/2021	
2.10	Second Amending Agreement, dated March 8, 2022, by and between TerrAscend Corp. and Gage Growth Corp.	8-K	000-56363	10.2	03/14/2022	

3.1	Articles of TerrAscend Corp., dated March 7, 2017.	10-12G	000-56363	3.1	11/2/2021	
3.2	Articles of Amendment to the Articles of TerrAscend Corp., dated November 30, 2018.	10-12G/A	000-56363	3.2	12/22/2021	
3.3	Articles of Amendment to the Articles of TerrAscend Corp., dated May 22, 2020.	10-12G/A	000-56363	3.3	12/22/2021	
3.4	By-laws of TerrAscend Corp., dated March 7, 2017.	10-12G	000-56363	3.3	11/2/2021	
4.1	Description of Securities.					X
4.2	Form of Non-Affiliate Gage Growth Corp. Replacement Warrants dated March, 2022.	10-K	000-56363	4.6	03/16/2023	
4.3	Form of Warrant Certificate dated December, 2022.	10-K	000-56363	4.7	03/16/2023	
4.4	Warrant Indenture.	10-K	000-56363	4.1	06/29/2023	
10.1	Form of Voting Support Agreement.	10-12G	000-56363	10.1	11/2/2021	
10.2*	Subscription Agreement, dated April 20, 2023, by and between TerrAscend Growth Corp. and TerInvest LLC.	8-K/A	000-56363	10.1	04/26/2023	
10.3*	Protection Agreement, dated April 20, 2023, by and between TerrAscend Growth Corp. and TerrAscend Corp.	8-K/A	000-56363	10.2	04/26/2023	
10.4*	Form of Subscription Agreement for Equity Offering.	8-K	000-56363	10.1	06/29/2023	
10.5*	Form of Subscription Agreement for Equity Offering with Registered Broker-Dealer.	8-K	000-56363	10.2	06/29/2023	
10.6*	Form of Subscription Agreement for Debenture Offering.	8-K	000-56363	10.3	06/29/2023	
10.7*	Form of Convertible Debenture.	8-K	000-56363	10.4	06/29/2023	
10.8	Form Unit Purchase Agreement, dated January 19, 2024, by and among RHMT, LLC, Deep Thought, LLC, Howard Street Partners, LLC, Anthony and Jamie Shira, Arion Luce, Michael Thomsen, Ryan Hudson and WDB Holding CA, Inc., a wholly-owned subsidiary of TerrAscend Corp.	10-Q	000-56363	10.1	05/9/2024	
10.9*†	Loan Agreement, dated August 1, 2024, by and among TerrAscend USA, Inc., as Borrower Representative, the subsidiaries and affiliates of the Borrower Representative, as Borrowers, and FG Agency Lending LLC, as the Administrative Agent.	10-Q	000-56363	10.1	11/6/2024	
10.10*	Amendment No. 1, dated September 30, 2024, by and among TerrAscend USA, Inc., as Borrower Representative, the subsidiaries and affiliates of the Borrower Representative, as Borrowers, and FG Agency Lending LLC, as the Administrative Agent.	10-Q	000-56363	10.2	11/6/2024	

10.11	Credit Agreement, dated December 18, 2020, by and among WDB Holding PA, Inc., the lenders party thereto and Acquiom Agency Services LLC, as Administrative Agent.	10-12G	000-56363	10.3	11/2/2021
10.12	Amendment No. 1 to Credit Agreement, dated April 28, 2022, by and among WDB Holding PA, Inc., the Loan Parties party thereto and Acquiom Agency Services LLC, as Administrative Agent and Collateral Agent.	10-Q	000-56363	10.7	08/11/2022
10.13	Amendment No. 2 to Credit Agreement, dated November 11, 2022, by and among WDB Holding PA, Inc., the Loan Parties party thereto and Acquiom Agency Services LLC, as Administrative Agent and Collateral Agent.	10-K	000-56363	10.4	03/16/2023
10.14	Amendment No. 3 to Credit Agreement, dated December 15, 2022, by and among WDB Holding PA, Inc., the Loan Parties party thereto and Acquiom Agency Services LLC, as Administrative Agent and Collateral Agent.	10-K	000-56363	10.5	03/16/2023
10.15	Amendment No. 4 to Credit Agreement, dated March 15, 2023 by and among WDB Holding PA, Inc., the Loan Parties party thereto and Acquiom Agency Services LLC as Administrative Agent and Collateral Agent.	10-K	000-56363	10.6	03/16/2023
10.16	Amendment No. 5 to Credit Agreement, dated April 17, 2023 by and among WDB Holding PA, Inc., the Loan Parties party thereto and Acquiom Agency Services LLC as Administrative Agent and Collateral Agent.	10-Q	000-56363	10.7	08/10/2023
10.17	Amendment No. 6 to Credit Agreement, dated June 22, 2023 by and among WDB Holding PA, Inc., the Loan Parties party thereto and Acquiom Agency Services LLC as Administrative Agent and Collateral Agent.	10-Q	000-56363	10.8	08/10/2023
10.18	Amendment No. 7 to Credit Agreement, dated December 5, 2023 by and among WDB Holding PA, Inc., the Loan Parties party thereto and Acquiom Agency Services LLC as Administrative Agent and Collateral Agent.	10-K	000-56363	10.15	03/14/2024
10.19	Credit Agreement, dated November 2, 2021, by and among Gage Growth Corp. and its subsidiaries, as Borrowers, and Chicago Atlantic Admin, LLC, as Administrative Agent and Collateral Agent.	10-K	000-56363	10.21	03/17/2022
10.20*	Joinder, First Amendment to Credit Agreement and Security Agreements and Consent, dated as of August 10, 2022, among WDB Holding MI, Inc., Gage Growth Corp., Gage Innovations Corp., Cookies Retail Canada Corp., other borrower and lender parties thereto, and Chicago Atlantic Admin, LLC, as administrative agent for the lenders and Chicago	10-Q	000-56363	10.8	11/14/2022

	Atlantic, as collateral agent for the secured parties thereto.				
10.21	Joinder and Second Amendment to Credit Agreement and Security Agreements and Consent, dated November 29, 2022, by and among WDB Holding MI, Inc., Gage Growth Corp., Gage Innovations Corp., Cookies Retail Canada Corp., the borrowers and lenders party thereto, and Chicago Atlantic Admin, LLC, as administrative agent for the lenders and as collateral agent for the secured parties thereto.	10-K	000-56363	10.9	03/16/2023
10.22	Third Amendment to Credit Agreement and Security Agreements and Consent, dated as of June 9, 2023, among Gage Growth Corp., Gage Innovations Corp., Cookies Retail Canada Corp., WDB Holding MI, Inc., the other Borrowers party thereto, the Lenders party thereto, and Chicago Atlantic Admin, LLC, as Administrative Agent for the Lenders and Chicago Atlantic, as Collateral Agent for the Secured Parties thereto.	10-Q	000-56363	10.9	08/10/2023
10.23	Loan Agreement, dated October 11, 2022, by and among subsidiaries of TerrAscend Corp., TerrAscend NJ LLC, HMS Processing LLC, HMS Hagerstown, LLC, HMS Health, LLC, as Borrowers, and Pelorus Fund REIT, LLC, as Lender.	10-K	000-56363	10.10	03/16/2023
10.24	Amendment No. 1, dated April 17, 2023, by and among TerrAscend NJ LLC, HMS Processing, LLC, HMS Hagerstown, LLC, HMS Health, LLC, as Borrowers, TerrAscend Corp. and TerrAscend USA, Inc., Well and Good, Inc. and WDB Holding MD, Inc., as Guarantors, and Pelorus Fund REIT, LLC, as Lender.	10-Q	000-56363	10.10	08/10/2023
10.25	Amendment No. 2, dated June 22, 2023, by and among TerrAscend NJ LLC, HMS Processing, LLC, HMS Hagerstown, LLC, HMS Health, LLC, as Borrowers, TerrAscend Corp. and TerrAscend USA, Inc., Well and Good, Inc. and WDB Holding MD, Inc., as Guarantors, and Pelorus Fund REIT, LLC, as Lender.	10-Q	000-56363	10.11	08/10/2023
10.26	Amendment No. 3 to Loan Agreement, dated November 29, 2023, by and among TerrAscend NJ LLC, HMS Processing, LLC, HMS Hagerstown, LLC, and HMS Health, LLC, as Borrowers, TerrAscend Corp. and TerrAscend USA, Inc., Well and Good, Inc. and WDB Holdings MD, Inc., as Guarantors, and Pelorus Fund REIT, LLC, as Lender.	10-K	000-56363	10.23	03/14/2024
10.27	Promissory Note, dated October 11, 2022, by and among TerrAscend Corp., TerrAscend NJ LLC, BWH NJ LLC and Blue Marble Ventures LLC.	10-K	000-56363	10.11	03/16/2023
10.28	Debt Settlement Agreement, dated December 9, 2022, by and among TerrAscend Corp., Arise Bioscience, Inc., Canopy USA, LLC, Canopy USA I	10-K	000-56363	10.12	03/16/2023

	Limited Partnership and Canopy USA III Limited Partnership.					
10.29#	Executive Employment Agreement, dated March 29, 2023, by and between TerrAscend USA, Inc. and Ziad Ghanem.	8-K	000-56363	10.1	03/31/2023	
10.30#	Amended and Restated Employment Agreement, dated November 9, 2023, by and between TerrAscend USA, Inc. and Keith Stauffer.	10-Q	000-56363	10.1	11/09/2023	
10.31#	Employment Agreement, dated May 23, 2022, by and between TerrAscend Corp. and Lynn Gefen.	10-Q	000-56363	10.2	11/09/2023	
10.32#	Amendment to Employment Agreement, dated February 18, 2025, by and between TerrAscend Corp. and Lynn Gefen.					X
10.33#	Form of Indemnity Agreement.	10-12G	000-56363	10.15	11/2/2021	
10.34#	TerrAscend Corp. Stock Option Plan.					X
10.35#	Form of Option Agreement.					X
10.36#	TerrAscend Corp. Share Unit Plan.					X
10.37#	Form of Share Unit Agreement.					X
19.1	TerrAscend Corporation Insider Trading Policy					X
21.1	List of Subsidiaries of TerrAscend Corp.					X
23.1	Consent of MNP LLP.					X
24.1	Power of Attorney (contained in the signature page to this Annual report on Form 10-K).					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.					

101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Document
104	Cover page formatted as Inline XBRL and contained in Exhibit 101

* Certain confidential information has been excluded from this exhibit because it is both (i) not material and (ii) is the type of information of the Company treats as private or confidential.

Indicates management contract or compensatory plan.

† Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request.

** Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Exchange Act and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

The agreements and other documents filed as exhibits to this Annual Report on Form 10-K are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Item 16. Form 10-K Summary

Not Applicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TerrAscend Corp.

Date: March 6, 2025

By: /s/ Ziad Ghanem
Ziad Ghanem
President and Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Ziad Ghanem, Keith Stauffer and Lynn Gefen, jointly and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that all said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ziad Ghanem Ziad Ghanem	President and Chief Executive Officer (*Principal Executive Officer*)	March 6, 2025
/s/ Keith Stauffer Keith Stauffer	Chief Financial Officer (*Principal Financial Officer and Principal Accounting Officer*)	March 6, 2025
/s/ Jason Wild Jason Wild	Director	March 6, 2025
/s/ Ira Duarte Ira Duarte	Director	March 6, 2025
/s/ Craig Collard Craig Collard	Director	March 6, 2025
/s/ Ed Schutter Ed Schutter	Director	March 6, 2025
/s/ Kara DioGuardi Kara DioGuardi	Director	March 6, 2025

TerrAscend Corp.
Index to the Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of TerrAscend Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of TerrAscend Corp. (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024, and 2023, and the results of its consolidated operations and its consolidated cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ **MNP LLP**

Chartered Professional Accountants,
Licensed Public Accountants

We have served as the Company's auditor since 2017.

Toronto, Canada
March 6, 2025

Consolidated Balance Sheets

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	At December 31, 2024	At December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 26,381	$ 22,241
Restricted cash	606	3,106
Accounts receivable, net	20,880	19,048
Investments	1,727	1,913
Inventory	48,799	51,683
Prepaid expenses and other current assets	6,040	4,898
Total current assets	104,433	102,889
Non-current assets		
Property and equipment, net	184,019	196,215
Deposits	168	337
Operating lease right of use assets	41,355	43,440
Intangible assets, net	169,604	215,854
Goodwill	106,929	106,929
Other non-current assets	722	854
Total non-current assets	502,797	563,629
Total assets	**$ 607,230**	**$ 666,518**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 46,725	$ 49,897
Deferred revenue	5,129	4,154
Loans payable, current	6,761	137,737
Contingent consideration payable, current	3,121	6,446
Operating lease liability, current	2,511	1,244
Derivative liability, current	92	—
Lease obligations under finance leases, current	1,864	2,030
Corporate income tax payable	11,531	4,775
Other current liabilities	795	717
Total current liabilities	78,529	207,000
Non-current liabilities		
Loans payable, non-current	183,461	61,633
Operating lease liability, non-current	42,469	45,384
Lease obligations under finance leases, non-current	—	407
Derivative liability, non-current	451	5,162
Convertible debt	9,114	7,266
Deferred income tax liability	8,428	17,175
Contingent consideration payable, non-current	172	—
Liability on uncertain tax position	106,991	79,627
Other long term liabilities	799	2,124
Total non-current liabilities	351,885	218,778
Total liabilities	430,414	425,778
Commitments and contingencies		
Shareholders' equity		
Share capital		
Series A, convertible preferred stock, no par value, unlimited shares authorized; 12,350 and 12,350 shares outstanding as of December 31, 2024 and December 31, 2023, respectively	—	—
Series B, convertible preferred stock, no par value, unlimited shares authorized; 600 and 600 shares outstanding as of December 31, 2024 and December 31, 2023, respectively	—	—
Exchangeable shares, no par value, unlimited shares authorized; 63,492,038 and 63,492,038 shares outstanding as of December 31, 2024 and December 31, 2023, respectively	—	—
Common shares, no par value, unlimited shares authorized; 293,232,131 and 288,327,497 shares outstanding as of December 31, 2024 and December 31, 2023, respectively	—	—
Treasury stock, no par value; 129,500 and nil shares outstanding as of December 31, 2024 and December 31, 2023, respectively	—	—
Additional paid in capital	952,463	944,859
Accumulated other comprehensive income	3,011	1,799
Accumulated deficit	(778,514)	(704,162)
Non-controlling interest	(144)	(1,756)
Total shareholders' equity	176,816	240,740
Total liabilities and shareholders' equity	**$ 607,230**	**$ 666,518**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations and Comprehensive Loss

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Revenue, net	**$ 306,677**	**$ 317,328**	**$ 247,829**
Cost of sales	**156,717**	**157,630**	**146,325**
Gross profit	**149,960**	**159,698**	**101,504**
Operating expenses:			
General and administrative	111,596	115,189	115,588
Amortization and depreciation	8,823	9,433	9,658
Impairment of intangible assets	39,334	51,303	140,727
Impairment of goodwill	—	4,690	170,357
Impairment of property and equipment and right of use assets	8,511	2,079	1,089
Other operating income	(1,198)	(3,131)	—
Total operating expenses	**167,066**	**179,563**	**437,419**
Loss from operations	**(17,106)**	**(19,865)**	**(335,915)**
Other expense (income)			
Loss (gain) from revaluation of contingent consideration	2,465	(645)	(1,061)
Loss (gain) on extinguishment of debt	1,662	—	(4,153)
Gain on fair value of derivative liabilities and purchase option derivative assets	(4,549)	(322)	(58,523)
Finance and other expenses	34,370	37,041	35,893
Transaction and restructuring costs	—	344	1,445
Unrealized and realized foreign exchange loss (gain)	940	(53)	712
Unrealized and realized loss (gain) on investments	238	2,603	(43)
Loss from continuing operations before provision for income taxes	**(52,232)**	**(58,833)**	**(310,185)**
Provision for (benefit from) income taxes	20,438	23,453	(10,783)
Net loss from continuing operations	**$ (72,670)**	**$ (82,286)**	**$ (299,402)**
Discontinued operations:			
Loss from discontinued operations, net of tax	$ —	$ (4,444)	$ (25,949)
Net loss	**$ (72,670)**	**$ (86,730)**	**$ (325,351)**
Foreign currency translation adjustment	(1,212)	286	738
Comprehensive loss	**$ (71,458)**	**$ (87,016)**	**$ (326,089)**
Net loss from continuing operations attributable to:			
Common and proportionate Shareholders of the Company	$ (80,232)	$ (91,101)	$ (303,959)
Non-controlling interests	$ 7,562	$ 8,815	$ 4,557
Comprehensive loss attributable to:			
Common and proportionate Shareholders of the Company	$ (79,020)	$ (95,831)	$ (330,646)
Non-controlling interests	$ 7,562	$ 8,815	$ 4,557
Net loss per share - basic & diluted:			
Continuing operations	$ (0.28)	$ (0.33)	$ (1.24)
Discontinued operations	—	(0.02)	(0.11)
Net loss per share - basic & diluted	$ (0.28)	$ (0.35)	$ (1.35)
Weighted average number of outstanding common shares	291,513,878	279,285,588	244,351,028

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	Number of Shares		Convertible Preferred Stock									
	Common Shares	Exchangeable Shares	Series A	Series B	Series C	Common Shares Equivalent	Treasury Stock	Additional paid in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Non-controlling interest	Total
Balance at December 31,2021	**190,930,800**	**38,890,571**	13,708	**610**	**36**	**244,175,394**	**—**	**$535,418**	**$2,823**	**$(314,654)**	**$5,367**	**$228,954**
Shares issued - stock options, warrant and RSU	10,633,857	—	—	—	—	10,633,857	—	25,927	—	—	—	**25,927**
Shares, options and warrants issued - acquisitions	56,812,852	13,504,500	—	—	—	70,317,352	—	331,983	—	—	—	**331,983**
Shares issued - liability settlement	101,203	—	—	—	—	101,203	—	264	—	—	—	**264**
Shares issued - conversion	1,145,819	—	(1,100)	(10)	(36)	—	—	—	—	—	—	**—**
Shares issued - Canopy USA arrangement	—	24,601,467	—	—	—	24,601,467	—	55,520	—	—	—	**55,520**
Share-based compensation expense	—	—	—	—	—	—	—	12,162	—	—	—	**12,162**
Options and warrants expired/forfeited	—	—	—	—	—	—	—	(26,302)	—	26,302	—	**—**
Capital distributions	—	—	—	—	—	—	—	—	—	—	(7,550)	**(7,550)**
Net loss for the year	—	—	—	—	—	—	—	—	—	(329,908)	4,557	**(325,351)**
Foreign currency translation	—	—	—	—	—	—	—	—	(738)	—	—	**(738)**
Balance at December 31, 2022	**259,624,531**	**76,996,538**	**12,608**	**600**	**—**	**349,829,273**	**—**	**$934,972**	**$2,085**	**$(618,260)**	**$2,374**	**$321,171**
Shares issued - stock options, warrant and RSU	1,913,641	—	—	—	—	1,913,641	—	98	—	—	—	**98**
Shares, options and warrants issued - acquisitions	5,913,963	—	—	—	—	5,913,963	—	8,601	—	—	—	**8,601**
Shares, options and warrants issued - legal settlement	532,185	—	—	—	—	532,185	—	794	—	—	—	**794**
Warrants issued for services performed	—	—	—	—	—	—	—	1,000	—	—	—	**1,000**
Shares issued - conversion	13,762,500	(13,504,500)	(258)	—	—	—	—	—	—	—	—	**—**
Private placement net of share issuance costs	6,580,677	—	—	—	—	6,580,677	—	7,507	—	—	—	**7,507**
Share-based compensation expense	—	—	—	—	—	—	—	7,707	—	—	—	**7,707**
Options and warrants expired/forfeited	—	—	—	—	—	—	—	(9,643)	—	9,643	—	**—**
Capital distributions	—	—	—	—	—	—	—	—	—	—	(11,622)	**(11,622)**
Acquisition of non-controlling interest	—	—	—	—	—	—	—	(6,177)	—	—	(1,323)	**(7,500)**
Net loss for the year	—	—	—	—	—	—	—	—	—	(95,545)	8,815	**(86,730)**
Foreign currency translation	—	—	—	—	—	—	—	—	(286)	—	—	**(286)**
Balance at December 31, 2023	**288,327,497**	**63,492,038**	**12,350**	**600**	**—**	**364,769,739**	**—**	**$944,859**	**$1,799**	**$(704,162)**	**$(1,756)**	**$240,740**
Shares issued - stock options, warrant and RSU	1,249,216	—	—	—	—	1,249,216	—	—	—	—	—	**—**
Shares issued - price protection adjustment	874,730	—	—	—	—	874,730	—	693	—	—	—	**693**
Share-based compensation expense	—	—	—	—	—	—	—	9,706	—	—	—	**9,706**
Options and warrants expired/forfeited	—	—	—	—	—	—	—	(5,880)	—	5,880	—	**—**
Capital distributions	—	—	—	—	—	—	—	—	—	—	(7,324)	**(7,324)**
Repurchase of common stock, including excise tax	(107,400)	—	—	—	—	(107,400)	(129,500)	(215)	—	—	—	**(215)**
Acquisition of non-controlling interest	2,888,088	—	—	—	—	2,888,088	—	3,300	—	—	1,374	**4,674**
Net loss for the year	—	—	—	—	—	—	—	—	—	(80,232)	7,562	**(72,670)**
Foreign currency translation	—	—	—	—	—	—	—	—	1,212	—	—	**1,212**
Balance at December 31, 2024	**293,232,131**	**63,492,038**	**12,350**	**600**	**—**	**369,674,373**	**(129,500)**	**$952,463**	**$3,011**	**$(778,514)**	**$(144)**	**$176,816**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	For the Years Ended December 31, 2024	December 31, 2023	December 31, 2022
Operating activities			
Net loss from continuing operations	$ (72,670)	$ (82,286)	$ (299,402)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Non-cash adjustments of inventory	—	985	9,082
Accretion expense	11,622	10,674	9,740
Depreciation of property and equipment and amortization of intangible assets	20,103	20,382	22,624
Amortization of operating right-of-use assets	2,882	2,319	1,980
Share-based compensation	9,706	7,707	12,162
Deferred income tax recovery	(8,746)	(18,615)	(35,299)
Gain on fair value of derivative liabilities and purchase option derivative assets	(4,549)	(322)	(58,523)
Gain on disposal of fixed assets	(30)	(1,914)	—
Unrealized and realized loss (gain) on investments	238	2,603	(43)
Loss (gain) from revaluation of contingent consideration	2,465	(645)	(1,061)
Impairment of goodwill and intangible assets	39,334	55,993	311,084
Impairment of property and equipment and right of use assets	8,511	2,079	1,089
(Gain) loss on lease termination and derecognition of finance lease	(1,220)	(1,217)	1,163
Release of indemnification asset	—	—	3,973
Bad debt (recovery) expense	(1,136)	—	9,941
Employee Retention Credits recorded in other income	—	—	(9,440)
Loss (gain) on extinguishment of debt	1,662	—	(4,153)
Debt modification fees	—	—	2,507
Unrealized and realized foreign exchange loss (gain)	940	(53)	712
Changes in operating assets and liabilities			
Receivables	(2,950)	(9,259)	2,862
Inventory	4,166	(5,185)	676
Prepaid expense and other current assets	307	1,198	856
Deposits	169	500	3,666
Other assets	78	797	711
Accounts payable and accrued liabilities and other payables	(5,288)	644	(12,103)
Operating lease liability	(2,351)	(1,861)	(1,314)
Other liability	(388)	(2,070)	(13,846)
Uncertain tax position liabilities	27,364	66,404	3,905
Contingent consideration payable	—	—	(410)
Corporate income tax payable	6,756	(18,946)	14,598
Deferred revenue	975	1,219	428
Net cash provided by (used in) operating activities- continuing operations	37,950	31,131	(21,835)
Net cash used in operating activities - discontinued operations	—	(3,660)	(4,288)
Net cash provided by (used in) operating activities	37,950	27,471	(26,123)
Investing activities			
Investment in property and equipment	(9,362)	(7,762)	(39,631)
Investment in note receivable, net of interest received	(1,460)	—	—
Investment in intangible assets	(1,187)	(1,666)	(2,261)
Principle payments received on lease receivable	—	—	515
Insurance recovery for property and equipment	871	—	—
Success fees related to Alternative Treatment Center license	—	(3,012)	—
Deposits for business acquisition	—	—	(1,065)
Payment for land contracts	(859)	(1,275)	(1,271)
Cash portion of consideration paid in acquisitions, net of cash of acquired	(250)	(16,789)	16,227
Net cash used in investing activities - continuing operations	(12,247)	(30,504)	(27,486)
Net cash provided by (used in) investing activities - discontinued operations	—	14,285	(93)
Net cash used in investing activities	(12,247)	(16,219)	(27,579)
Financing activities			
Transfer of Employee Retention Credit	—	12,677	—
Proceeds from loan payable, net of transaction costs	129,382	23,869	43,419
Proceeds from options and warrants exercised	—	98	24,342
Loan principal paid	(146,159)	(50,154)	(42,221)
Loan amendment fee paid and prepayment premium paid	—	(1,178)	(4,977)
Tax distributions to NJ partners	—	—	(1,539)
Capital distributions paid to non-controlling interests	(7,324)	(11,621)	(7,550)
Proceeds from contingent consideration	—	—	(6,630)
Proceeds from private placement, net of share issuance costs	—	20,822	—
Payments made for financing obligations and finance lease	(400)	(1,474)	(1,125)
Repurchases of common shares	(215)	—	—
Net cash (used in) provided by financing activities- continuing operations	(24,716)	(6,961)	3,719
Net cash used in financing activities- discontinued operations	—	(5,539)	—
Net cash (used in) provided by financing activities	(24,716)	(12,500)	3,719
Net increase (decrease) in cash and cash equivalents and restricted cash during the year	987	(1,248)	(49,983)
Net effects of foreign exchange	653	(168)	(2,896)
Cash and cash equivalents and restricted cash, beginning of the year	25,347	26,763	79,642
Cash and cash equivalents and restricted cash, end of the year	$ 26,987	$ 25,347	$ 26,763

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows (Continued)

(Amounts expressed in thousands of United States dollars, except for per share amounts)

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Supplemental disclosure with respect to cash flows			
Cash (received) paid for income tax, net	$ (6,229)	$ 3,280	$ (9,917)
Interest paid	23,847	23,037	26,840
Lease termination fee paid	271	379	3,300
Non-cash transactions			
Equity and warrant liability issued for acquisitions and non-controlling interest	$ 4,674	$ 8,601	$ 338,739
Equity issued for price protection on contingent consideration	693	—	—
Change in accrued capital expenditures	(1,098)	1,494	2,187
Warrant issued as consideration for services	—	1,000	—
Promissory note issued as consideration for acquisitions	—	11,689	10,000
Shares issued for legal and liability settlement	—	794	264
Shares issued by Canopy USA arrangement	—	—	55,520

The accompanying notes are an integral part of these consolidated financial statements.

1.Nature of operations

TerrAscend Corp. (the "Issuer") was incorporated under the Business Corporations Act (Ontario) on March 7, 2017. The Issuer, through its subsidiaries, TerrAscend Growth Corp. (“TerrAscend”) and its subsidiaries (collectively, the "Company”), is a leading North American cannabis company. TerrAscend has vertically-integrated licensed operations in Pennsylvania, New Jersey, Michigan, Maryland and California. In addition, the Company has retail operations in Ontario, Canada with a majority-owned dispensary in Toronto, Ontario, Canada. In the United States, TerrAscend’s cultivation and manufacturing provide product selection to both the medical and legal adult-use markets. Notwithstanding the fact that various states in the United States have implemented medical marijuana laws or have otherwise legalized the use of cannabis, the use of cannabis remains illegal under U.S. federal law for any purpose, by way of the Controlled Substances Act of 1970 (the "Controlled Substances Act").

The Company operates under one reportable segment, which is the cultivation, production and sale of cannabis products.

The Company owns a portfolio of operating businesses, including:

•TerrAscend New Jersey (“TerrAscend NJ”), a majority-owned operation with three dispensaries, and a cultivation/processing facility;

•TerrAscend Maryland (“TerrAscend MD”), a wholly-owned operation with four dispensaries, and a cultivation/processing facility;

•TerrAscend Pennsylvania (“TerrAscend PA”), a wholly-owned operation with six dispensaries, and a cultivation/processing facility;

•TerrAscend Michigan (“TerrAscend MI”), a wholly-owned operation with twenty dispensaries, one cultivation facility, one processing facility, and two cultivation/processing facilities;

•TerrAscend California (“TerrAscend CA”), a wholly-owned operation with four dispensaries, and a cultivation facility; and;

•TerrAscend Canada Inc. (“TerrAscend Canada”), a cannabis retailer in Ontario, Canada with a majority-owned dispensary in Toronto, Ontario, Canada ("Cookies Canada").

The common shares in the capital of the Company ("Common Shares") commenced trading on the Canadian Securities Exchange ("CSE") on May 3, 2017 under the ticker symbol "TER" and continued trading on the CSE until the listing of the Common Shares on the Toronto Stock Exchange (the "TSX"). Effective July 4, 2023, the Common Shares commenced trading on the TSX under the ticker symbol "TSND". The Common Shares commenced trading on OTCQX on October 22, 2018 under the ticker symbol "TRSSF", which was subsequently changed to "TSNDF", effective July 6, 2023. The Company’s registered office is located at 77 City Centre Drive, Suite 501, Mississauga, Ontario, L5B 1M5, Canada.

2. Summary of significant accounting policies

(a) Basis of presentation and measurement and going concern

These consolidated financial statements as of December 31, 2024 and December 31, 2023 and for the years ended December 31, 2024, December 31, 2023, and December 31, 2022 (the “Consolidated Financial Statements”) of the Company were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The accompanying Consolidated Financial Statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

The Company previously concluded that substantial doubt existed as to its ability to continue as a going concern primarily due to the Company's current liabilities exceeding its current assets related to its loans maturing within the current year. During the year ended on December 31, 2024, the Company entered into a four-year $140,000 senior secured term loan which was

primarily used to retire a majority of the Company's loans coming due within the next year. See Note 10 for more information regarding the refinancing.

Following the retiring and financing of the Company's loans coming due within the next year, along with its ability to identify access to future capital, and continued improvement in cash flow from the Company's consolidated operations, management has determined that substantial doubt no longer exists in the Company's ability to continue as a going concern.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation. Specifically, (Gain) loss on disposal of fixed assets has been reclassified out of Impairment of property and equipment and right of use assets and into Other operating income on the Consolidated Statements of Operations and Comprehensive Loss.

(b) Functional and presentation currency

All operations in the United States have a functional currency of the U.S dollar ("USD"). Canadian operations have a functional currency of Canadian dollars ("CAD"). The Company's presentation currency is in USD. All amounts are presented in USD unless otherwise specified. References to CAD are to Canadian dollars.

(c) Basis of consolidation

These Consolidated Financial Statements include the financial information of the Company. The Company consolidates legal entities in which it holds a controlling financial interest. The Company has a two-tier consolidation model: one focused on voting rights (the voting interest model) and the second focused on a qualitative analysis of power over significant activities and exposure to potentially significant losses or benefits (the variable interest model). All entities are first evaluated to determine whether they are variable interest entities ("VIE"). If an entity is determined not to be a VIE, it is assessed on the basis of voting and other decision-making rights under the voting interest model ("VOE").

Voting Interest Entities

A VOE is an entity in which (i) the total equity investment at risk is deemed sufficient to absorb the expected losses of the entity, (ii) the at-risk equity holders, as a group, have all of the characteristics of a controlling financial interest and (iii) the entity is structured with substantive voting rights. The Company consolidates its Canadian operations under a VOE model based on the controlling financial interest obtained through Common Shares with substantive voting rights.

Variable Interest Entities

A VIE is an entity that lacks one or more characteristics of a controlling financial interest defined under the voting interest model. The Company consolidates VIE when it has a variable interest that provide it with (i) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance (power) and (ii) the obligation to absorb losses of the VIE that potentially could be significant to the VIE or the right to receive benefits from the VIE that potentially could be significant to the VIE (benefits).

The accounts of the subsidiaries are prepared for the same reporting period using consistent accounting policies. For further information on VIEs, see Note 3.

All intercompany balances and transactions were eliminated on consolidation.

(d) Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash on hand at retail locations, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Cash held in money market investments are carried at fair value, cash held in financial institutions and cash held at retail locations have carrying values that approximate fair value. Restricted cash consists of cash held with financial institutions which are subject to certain withdrawal restrictions.

(e) Accounts Receivable

Accounts receivable are recorded net of current expected credit losses. The Company estimates current expected credit losses based on existing contractual payment terms, actual payment patterns of its customers and individual customer circumstances.

(f) Inventory

Inventories of harvested and purchased finished goods as well as packaging materials are valued at the lower of cost or net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the reasonably predictable costs of completion, disposal and transportation. The direct and indirect costs of inventory include materials, labor and depreciation expense on property and equipment involved in packaging, labeling and inspection. Inventories are generally maintained with the weighted average cost method. Amortization of acquired cannabis production licenses as well as royalties paid relating to the production of inventory are also considered to be indirect costs of inventory. All direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded within cost of sales on the Consolidated Statements of Operations and Comprehensive Loss at the time cannabis is sold.

Products for resale and supplies and consumables are valued at the lower of cost or net realizable value. The Company reviews inventory for obsolete, redundant, and slow-moving goods, and any such inventories are written down to net realizable value.

(g) Property and equipment and long-lived assets held for sale

Property and equipment is measured at cost, including capitalized borrowing costs, less accumulated depreciation and impairment losses. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms:

Buildings and improvements	15-30 years
Land	Not depreciated
Machinery & equipment	5-15 years
Office furniture & production equipment	3-5 years
Right of use assets	Lease term
Assets in process	Not depreciated

Assets in process are transferred to the appropriate asset type when available for use and depreciation of the assets commences at that point.

The Company classifies assets and liabilities (the "disposal group") as held for sale in the period when all of the relevant criteria to be classified as held for sale are met. Long-lived assets held for sale are recorded at the lower of their carrying value or fair value less costs to sell. Any loss resulting from the measurement is recognized in the period during which the held for sale criteria is met. The Company discontinues depreciation on these assets.

An asset’s residual value, useful life and depreciation method are reviewed annually, or when events or circumstances indicate that the current estimate or depreciation method are no longer applicable. Changes are adjusted prospectively if appropriate. Gains and losses on disposal of an asset are determined by comparing the proceeds from disposal with the carrying amount of the items and are recognized in the Consolidated Statements of Operations and Comprehensive Loss.

The Company evaluates the recoverability of property and equipment whenever events or changes in circumstances indicate that the carrying value of the asset or asset group may not be recoverable. See – *Impairment of long-lived assets* information within this note for detailed information on the Company’s impairment assessment of its property and equipment.

The Company capitalizes interest and borrowing costs on significant qualifying capital construction projects. Upon the asset becoming available for use, capitalization of borrowing costs ceases, and depreciation commences on a straight-line basis over the estimated useful life of the related asset.

(h) Leases

Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified assets. The majority of the Company’s leases are operating leases used primarily for corporate offices, retail

dispensaries, and cultivation and manufacturing facilities. The remaining operating lease periods range from 1 to 24 years. Additionally, the Company has one finance lease at December 31, 2024 and two finance leases at December 31, 2023 The remaining lease period for the finance lease is less than one year.

The Company's leases include fixed payments, as well as in some cases, scheduled base rent increases over the term of the lease. Certain leases require variable payments of common area maintenance, operating expenses, and real estate taxes applicable to the property. Variable payments are excluded from the measurements of lease liabilities and are expensed as incurred. Any tenant improvement allowances received from the lessor are recorded as a reduction to rent expense over the term of the lease. None of the Company's lease agreements contain residual value guarantees or material restrictive covenants.

The Company determines if an arrangement is a lease at the inception of the contract. Lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term for those arrangements where there is an identified asset and the contract conveys the right to control its use. The right-of-use ("ROU") asset is measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, and initial direct costs. For operating leases, right-of-use assets are reduced over the lease term by the straight-line expense recognized, less the amount of accretion of the lease liability determined by using the effective interest rate method. Finance leases are included in property and equipment in the Company's Consolidated Balance Sheets.

Operating lease expense is recognized on a straight-line basis over the term of the lease and is included in cost of sales and general and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Loss. Finance lease cost includes amortization, which is recognized on a straight-line basis over the expected life of the lease asset, and interest expense, which is recognized following an effective interest rate method and is included in finance and other expenses in the Company's Consolidated Statements of Operations and Comprehensive Loss.

The majority of the Company's leases do not provide an implicit rate that can be easily determined. Therefore, the Company applies its incremental borrowing rate to the lease based on the information available at the commencement date (see Note 11).

Certain leases include one or more options to renew or terminate the lease at the Company's discretion. The Company regularly evaluates lease renewal and termination options and, when they are reasonably certain of the exercise of the option to renew or terminate a lease, incorporates the renewal or termination term for accounting purposes.

The Company evaluates its ROU assets for impairment consistent with its impairment of long-lived assets. See – *Impairment of long-lived assets* information within this note for detailed information on the Company's impairment assessment of its right-of-use assets.

In some instances, the Company subleases excess office space to third-party tenants. The Company, as sublessor, continues to account for the head lease. If the lease cost for the term of the sublease exceeds the Company's anticipated sublease income for the same period, this indicates that the ROU asset associated with the head lease should be assessed for impairment under the long-lived asset impairment provisions. Sublease income is included in Finance (expense) income in the Company's Consolidated Statements of Operations and Comprehensive Loss.

The Company accounts for non-lease and lease components to which they relate as a single lease component. Additionally, the Company recognized lease payments under short-term leases with an initial term of twelve months or less, as well as low value assets, as an expense on a straight-line basis over the lease term without recognizing the lease liability and ROU asset.

(i) Goodwill

Goodwill is recorded at the time of acquisition and represents the excess of the aggregate consideration paid for an acquisition over the fair value of the net tangible and intangible assets acquired. Goodwill is not subject to amortization and is tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that they might be impaired. See – *Impairment of goodwill and intangible assets* information within this note for detailed information on the Company's impairment assessment of its goodwill and intangible assets.

(j) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis

over the assets' estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Amortization is calculated on a straight-line basis over the following terms:

Brand intangibles - indefinite lives	Indefinite useful lives
Brand intangibles - definite lives	3 years
Software	5 years
Licenses	15-30 years
Non-compete agreements	3 years

Licenses relating to cultivation and dispensaries are amortized using a useful life consistent with the property and equipment to which they relate.

Intangible assets that have indefinite useful lives, which include brand names, are not subject to amortization but the carrying value is tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that they may be impaired. See – *Impairment of long-lived assets* information within this note for detailed information on the Company's impairment assessment of its goodwill and intangible assets.

(k) Impairment of indefinite lived intangible assets and goodwill

The Company operates as one reportable segment. For the purposes of testing goodwill, the Company has identified six reporting units. The Company analyzed its reporting units by first reviewing the operating statements based on the jurisdictions in which the Company conducts business (or each market).

Goodwill is reviewed for impairment annually and whenever there are events or changes in circumstances that indicate the carrying amount has been impaired. The Company has the option to first assess qualitative factors to determine whether a quantitative goodwill impairment test is necessary. If the Company concludes it is more likely than not that the fair value of a reporting unit exceeds its carrying value, a quantitative fair value test is performed. If the carrying value of the reporting unit exceeds the estimated fair value, a goodwill impairment charge is recorded.

Indefinite lived intangible assets are tested for impairment annually or more frequently if events or changes in circumstances between annual tests indicate that the asset may be impaired. Impairment losses on indefinite lived intangible assets are recognized based on a comparison of the fair value of the asset to its carrying value.

(l) Impairment of long-lived assets and definite lived intangible assets

The Company evaluates the recoverability of long-lived assets, including property and equipment, ROU assets, and definite lived intangible assets, based on whether events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable.

When the Company determines that the carrying value of the long-lived asset may not be recoverable based upon the existence of one or more indicators, the assets are assessed for impairment based on the estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the undiscounted cash flows are less than the carrying value, the Company measures the fair value of the asset group. In certain circumstances, an appraisal was obtained to determine the fair value of certain long-lived assets. If the carrying value of an asset group exceeds its fair value, an impairment loss is recorded for the excess of the asset group's carrying value over its estimated fair value.

(m) Revenue recognition

Revenue is recognized by the Company in accordance with ASU 2014-09 *Revenue from Contracts with Customers* (Topic 606). The standard requires sales to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the

performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize sales when (or as) the entity satisfies a performance obligation.

Revenues consist of wholesale and retail sales, which are recognized when control of the goods has transferred to the purchaser and the collectability is reasonably assured. This is generally when goods have been delivered, which is also when the performance obligations have been fulfilled under the terms of the related sales contract. Revenue from retail sales of cannabis to customers for a fixed price is recognized when the Company transfers control of the goods to the customer at the point of sale and the customer has accepted and paid for the goods. Revenue for wholesale sales for a fixed price is recognized upon delivery to the customer. Sales are recorded net of returns and discounts and incentives, but inclusive of freight. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy. All shipping and handling activities are performed before the customers obtain control of products and are accounted for as cost of sales.

From time to time, the Company enters into sales agreements with suppliers pursuant to which it also purchases inventory. As part of the five-step revenue model, the Company assesses whether instances of bulk sales made to suppliers of goods have commercial substance and should be recognized as revenue, or whether they should be assessed under Accounting Standards Codification ("ASC") 845, *Nonmonetary Transactions.*

Local authorities will often impose excise or cultivation taxes on the sale or production of cannabis products. Excise and cultivation taxes are effectively a production tax which become payable when a cannabis product is delivered to the customer and are not directly related to the value of sales. The Company has made a policy election to exclude from the measurement of transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with the specific revenue-producing transaction and collected by the Company from a customer. Therefore, the net revenue on the Consolidated Statements of Operations and Comprehensive Loss is netted for any excise or cultivation taxes.

(n) Business combinations

The Company accounts for business combinations using the acquisition method when control is obtained by the Company (see Note 2(c)). The Company measures the consideration transferred, the assets acquired, and the liabilities assumed in a business combination at their acquisition-date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred, and the services are received, except for the costs to issue debt or equity securities which are recognized according to specific requirements. The excess of the consideration transferred to obtain control, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Contingent consideration for a business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as a liability is measured at subsequent reporting dates at fair value with the corresponding gain or loss being recognized in profit or loss.

If the acquiree's former owners contractually indemnify the Company for a particular uncertainty, an indemnification asset is recognized on a basis that matches the indemnified item, subject to the contractual provisions or any collectability considerations.

(o) Investments

The majority of the Company's investments are initially recorded at cost. Management assesses investments for impairment on an annual basis, or when events or changes in circumstances indicate that the carrying value of the investment may not be recoverable.

(p) Non-controlling interests

Non-controlling interests ("NCI") represents equity interests owned by outside parties. NCI is initially measured at fair value as of the acquisition date (see Note 2z(vii)).

(q) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the Consolidated Statements of Operations and Comprehensive Loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates

enacted at period-end, adjusted for amendments to tax payable with regard to previous years. Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The Internal Revenue Service (the "IRS") has taken the position that cannabis companies are subject to the limits of Section 280E of the Internal Revenue Code of 1986, as amended (the "Code"), under which they are only allowed to deduct expenses directly related to the cost of producing the products or cost of production. The Company has taken the position that it does not owe taxes attributable to the application of Section 280E the Code. This position is treated as an unrecognized tax benefit, and is recorded on the Consolidated Balance Sheets as a liability on uncertain tax position and other long term liabilities.

(r) Share capital

Common Shares

Common Shares are classified as equity. The proceeds from the exercise of stock options and warrants are recorded as share capital. Incremental costs directly attributable to the issuance of Common Shares are recognized as a deduction from equity.

Equity units

Equity units are comprised of Common Shares and one-half warrants. Warrants issued during the year are classified as liabilities. The proceeds are allocated first to warrants based on their fair value, measured using the Black-Scholes Option Pricing Model (the "Black-Scholes Model"), and the residual is allocated to Common Shares.

Treasury Stock

Repurchases of Common Shares are accounted for at cost and are included as a component of shareholders’ equity in the Consolidated Balance Sheets. The Common Shares are then canceled in subsequent transactions.

(s) Share-based compensation

The Company has a stock option plan in place (the "Stock Option Plan"). The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense on a straight-line basis over the vesting period. Fair value is measured using the Black-Scholes Model. In estimating fair value, management is required to make certain assumptions and estimates such as the expected term of the award, volatility of the future price of the Common Shares, risk free rates, and future dividend yields at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results. Forfeitures are accounted for as they occur rather than estimating for them at the grant date.

Upon exercise of stock options and warrants that are classified as equity, any historical fair value in the warrants and share-based compensation reserve is allocated to additional paid in capital. Amounts recorded for expired unexercised stock options and warrants are transferred to deficit in the year of expiration.

The fair value of restricted share units is based on the closing price of the Company’s stock as of the grant date. Compensation expense is recognized on a straight-line basis, by amortizing the grant date fair value over the vesting period.

(t) Convertible instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815, *Derivatives and Hedging Activities*.

The Company issued convertible debentures with detachable share purchase warrants at various times to raise capital to expand its business and support general corporate needs. The convertible instruments also included embedded derivatives in the form of conversion features and put options. Management evaluated the convertible debentures to determine the proper accounting and whether the embedded derivatives required bifurcation from the host instrument.

In accordance with ASC 815, *Derivatives and Hedging*, the conversion option was bifurcated from the host instrument as the instrument's strike price is denominated in a currency other than the functional currency of the Issuer. The proceeds are allocated first to the conversion option based on its fair value, measured using the Black-Scholes Model, and the residual was allocated to the host instrument and recorded as convertible debt at amortized cost.

(u) Convertible preferred stock and detachable warrants

The Company evaluates convertible preferred stock in accordance with ASC 470-20-35-7, *Debt with Conversion and Other Options*. The preferred shares in the capital of the Company (the "Preferred Shares") are convertible into Common Shares at a conversion ratio of one Preferred Share for 1,000 Common Shares. All series of Preferred Shares are classified as shareholders' equity in the Company's Consolidated Balance Sheets. The fair value of the related Preferred Shares is based on the closing price of the Common Shares on the day of issuance of the Preferred Shares.

Included in the issuance were detachable warrants to purchase Preferred Shares. The detachable purchase warrants were evaluated for equity or liability classification and were determined to meet liability classification. The warrants are legally detachable and separately exercisable from the Preferred Shares.

(v) Warrant liability

The Company may issue Common Share warrants with debt, equity or as a standalone financing instrument that is recorded as either liabilities or equity in accordance with the respective accounting guidance. Warrants recorded as equity are recorded at their relative fair value determined at the issuance date and remeasurement is not required. Warrants recorded as liabilities are recorded at their fair value, within warrant liability on the Consolidated Balance Sheets, and remeasured on each reporting date with changes recorded in the Company's Consolidated Statements of Operations and Comprehensive Loss.

(w) Embedded derivative liabilities

The Company evaluates its financial instruments to determine if those instruments or any embedded components of those instruments qualify as derivatives that need to be separately accounted for in accordance with ASC 815, *Derivatives and Hedging*. Embedded derivatives satisfying certain criteria are recorded at fair value at issuance and marked-to-market at each balance sheet date with the change in the fair value recorded as income or expense. In addition, upon the occurrence of an event that requires the derivative liability to be reclassified to equity, the derivative liability is revalued to fair value at that date.

(x) (Loss) earnings per share

The Company presents basic and diluted (loss) earnings per share data for its ordinary shares. Basic (loss) earnings per share is calculated using the treasury stock method, by dividing the (loss) income attributable to holders of Common Shares and proportionate voting shares in the capital of the Company ("Proportionate Voting Shares") by the weighted average number of Common Shares and Proportionate Voting Shares outstanding during the period. Contingently issuable shares (including shares held in escrow) are not considered outstanding Common Shares and consequently are not included in the (loss) earnings per share calculations. The Company has the following categories of potentially dilutive Common Share equivalents: RSUs (as defined below), stock options, warrants, Preferred Shares, non-participating non-voting exchangeable shares in the capital of the Company ("Exchangeable Shares") and convertible debentures.

In order to determine diluted (loss) earnings per share, it is assumed that any proceeds from the exercise of dilutive instruments would be used to repurchase Common Shares at the average market price during the period. The Company also considers all outstanding convertible securities, such as the Preferred Shares, convertible debentures, and outstanding Exchangeable Shares as if such instruments were converted into Common Shares.

Diluted (loss) earnings per share is determined by adjusting the (loss) income attributable to common shareholders and the weighted average number of Common Shares and Proportionate Voting Shares outstanding, adjusted for the effects of all dilutive potential Common Shares and Proportionate Voting Shares. Proportionate Voting Shares are converted to their

Common Share equivalent of one thousand Common Shares for every one Proportionate Voting Share for the purposes of calculating basic and diluted (loss) earnings per share. In a period of losses, all of the potentially dilutive Common Share equivalents are excluded in the determination of dilutive net loss per share because their effect is antidilutive. During the years ended December 31, 2024, December 31, 2023 and December 31, 2022, no potentially dilutive Common Share equivalents were included in the computation of diluted loss per share because their impact would have been anti-dilutive.

(y) Discontinued operations

The Company deems it appropriate to classify a part of the business as discontinued operations if the related disposal group meets all of the following criteria: (i) the disposal group is a component of the Company, (ii) the component meets the held-for-sale criteria, and (iii) the disposal of the component represents a strategic shift that has a major effect on the Company's operations and financial results. A disposal group that represents a strategic shift to the Company is reflected as discontinued operations on the Consolidated Statements of Operations and Comprehensive Loss and prior periods are recast to reflect the earnings or losses as income from discontinued operations.

TerrAscend Canada is a cannabis retailer in Ontario, Canada. TerrAscend Canada operates the Company's a majority-owned Cookies Canada dispensary in Toronto, Ontario, Canada. TerrAscend Canada was previously a Licensed Producer (as such term is defined in the Cannabis Act) of cannabis until the Company commenced an optimization of its operations in Canada, whereby the Company reduced its manufacturing footprint in order to focus on its Canadian retail business. The Company ceased operations at TerrAscend Canada's manufacturing facility during the three months ended December 31, 2022.

All prior year amounts from discontinued operations have been reclassified for consistency with the current year presentation.

(z) Use of significant estimates and judgments

The preparation of the Company’s Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Management has applied significant estimates and judgments related to the following:

i)*Inventory*

The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price the Company expects to realize by selling the inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company’s inventory valuation and gross profit.

The impact of inventory reserves is reflected in cost of sales.

ii)*Revenue recognition*

From time to time, the Company partakes in sales agreements with suppliers in which it also purchases inventory. As part of the five-step revenue model, the Company assesses whether instances of bulk sales made to suppliers of goods have commercial substance and should be recognized as revenue, or whether they should be assessed under ASC 845, *Nonmonetary Transactions*, which requires management judgment to determine if the transaction has commercial substance.

iii)*Share-based payments*

In calculating share-based compensation expense, key estimates are used such as the expected term of the award, the volatility of the Company’s stock price, and the risk-free interest rate.

iv)*Warrant liability and contingent consideration*

The Company calculates the fair value of warrants issued and contingent consideration from business combinations using key estimates, including stock price volatility and the risk-free interest rate. The Company exercises judgment in selecting valuation methods and performing fair value calculations, both at the initial measurement upon issuance or acquisition and during subsequent recurring remeasurements.

v)*Income taxes*

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company generating future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in classifying transactions and assessing probable outcomes of tax positions taken, and in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities.

vi)*Impairment of goodwill, intangible assets, and long-lived assets*

The Company assesses goodwill, intangible assets, and long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Goodwill and indefinite-lived intangible assets are tested for impairment annually, while finite-lived intangible assets and long-lived assets are evaluated whenever indicators of impairment exist. The Company's impairment loss calculation contains significant estimates and assumptions while applying judgment to qualitative factors as well as estimating future cash flows and asset fair values, including forecasting projected financial information and selecting the discount rate that reflects the risk inherent in future cash flows.

vii)*Business combinations*

Classification of an acquisition as a business combination or an asset acquisition depends on whether the asset acquired constitutes a business, which can be a complex judgment. The Company has determined that its acquisitions in Note 5 are business combinations under ASC, 805 *Business Combinations*.

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company may utilize an independent external valuation expert to develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

viii)*Incremental borrowing rates*

Lease payments are discounted using the rate implicit in the lease if that rate is readily available. If that rate cannot be easily determined, the lessee is required to use its incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Company estimates it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The Company calculates its incremental borrowing rate as the interest rate the Company would pay to borrow funds necessary to obtain an asset of similar value over similar

terms taking into consideration the economic factors and the credit risk rating at the commencement date of the lease.

ix)*Control, joint control or level of influence*

When determining the appropriate basis of accounting for the Company's interests in affiliates, the Company makes judgments about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities.

x)*Employee Retention Tax Credit*

The Employee Retention Tax Credit ("ERC"), introduced under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provided refundable tax credits to eligible businesses affected by COVID-19-related shutdowns or revenue declines from March 13, 2020, to December 31, 2021. The Company elected to account for the ERC as a government grant under International Accounting Standard ("IAS") 20, *Accounting for Government Grants and Disclosure of Government Assistance*, due to limited applicable U.S. GAAP guidance. The collectability of the ERC requires significant judgment, including an assessment of eligibility. No formal determination has been made regarding the Company's eligibility to receive the ERC, and there remains a risk that a regulatory determination could deem the Company ineligible, potentially impacting amounts previously recognized.

xi)*Variable Interest Entity*

The Company consolidates legal entities in which it holds a controlling financial interest. Determining whether it has a controlling financial interest in VIE is subject to significant judgment and estimates. There is inherent uncertainty in evaluating who has the power to direct the activities of the VIE that most significantly impact the entity's economic performance. Our considerations include, but are not limited to, voting interests of the VIE, management, service and other agreements with the VIE, involvement in the VIE's initial design and the existence of explicit or implicit financial guarantees. Management has applied significant judgment when evaluating the facts and circumstances of the VIE (see Note 3).

xii)Current Expected Credit Losses

Management determines the current expected credit losses by evaluating individual receivable balances along with the consideration of other financial and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the balance sheet date.

(aa) New standards, amendments and interpretations adopted

(i)In November 2023, the FASB issued ASU 2023-07, *Segment Reporting* (Topic 280): Improvements to Reportable Segment Disclosures, which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The expanded annual disclosures are effective for the financial year ended December 31, 2024, and the expanded interim disclosures will be effective for the financial year ending 2025 and will be applied retrospectively to all prior periods presented. The Company adopted this standard during the year ended December 31, 2024, see Note 21

(ab) New standards, amendments and interpretations not yet adopted

(i)In November 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-03, Income Statement – Reporting Comprehensive Loss – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, a new accounting standard to improve the disclosures about an entity's expenses and address requests from investors for more detailed information about the types of expenses included in commonly presented expense captions. The new standard will be effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with retrospective application permitted. The Company is currently evaluating the

(In thousands, except per share/unit amounts)

impact of ASU 2024-03 on its Consolidated Financial Statements; however, the Company does not expect the adoption of ASU 2024-03 to have a material impact on its Consolidated Financial Statements.

(ii)In December 2023, the FASB issued ASU 2023-09, *Income Taxes* (Topic 740): Improvements to Income Tax Disclosures, which requires, among other things, additional disclosures primarily related to the income tax rate reconciliation and income taxes paid. The expanded annual disclosures will be effective for the financial year ending December 31, 2025. The Company is currently evaluating the impact that ASU 2023-09 will have on its Consolidated Financial Statements and whether we will apply the standard prospectively or retrospectively.

3. Consolidation

In connection with the listing of the Common Shares on the TSX, the Company reorganized its ownership structure to segregate the Company's Canadian retail operations from TerrAscend's cultivation and manufacturing operations in the United States (the "Reorganization"). Following the completion of the Reorganization, the Company owns 95% of its Canadian retail business. The Company continues to consolidate both its Canadian and U.S. cannabis operations under two different consolidation models.

In connection with the Reorganization, TerrAscend issued and sold, on a private placement basis, Class A shares in the capital of TerrAscend ("Class A Shares") for aggregate gross proceeds of $1,000 to an investor ("Investment"). See Note 10 for accounting treatment of the Class A Shares. Following the closing of the Investment, the Class B shares ("Class B Shares") in the capital of TerrAscend held by the Company, representing all of the issued and outstanding Class B shares, were automatically exchanged for non-voting, non-participating exchangeable shares in the capital of TerrAscend ("Non-Voting Shares"), representing approximately 99.8% of the issued and outstanding shares of TerrAscend on an as-converted basis. As a result of the limited rights associated with Non-Voting Shares that the Company holds following the closing of the Investment, the Company and TerrAscend entered into a protection agreement dated April 18, 2023 ("Protection Agreement"). The Protection Agreement provides for certain negative covenants in order to preserve the value of the Non-Voting Shares until such time as the Non-Voting Shares are converted into Class A Shares.

The Issuer determined TerrAscend is a VIE, as all of the Company's U.S. activities continue to be conducted on behalf of the Company which has disproportionately few voting rights. After conducting an analysis of the following VIE factors; purpose and design of the VIE, the Protection Agreement in place, the structure of the Company's board of directors (the "Board"), and substantive kick-out rights of the holders of the Class A Shares, it was determined that the Company has the power to direct the activities of TerrAscend. In addition, given the structure of the Class A Shares where all of the losses and substantially all of the benefits of TerrAscend are absorbed by the Company, the Company consolidates as the primary beneficiary in accordance with ASC 810, *Consolidation*.

The Company's U.S. operations are consolidated through the VIE model. Therefore, substantially all of the Company's current assets, non-current assets, current liabilities and non-current liabilities are consolidated through the VIE model. The Company's assets and liabilities that are not consolidated through the VIE model include convertible debt and derivative liability. The Company also consolidates a minimal amount of assets and liabilities within Canada, see Note 21 for more information.

4. Accounts receivable, net

The following table presents the Company's accounts receivable balances, including the allowance for credit losses:

	December 31, 2024	December 31, 2023
Trade receivables	$ 20,243	$ 28,403
Sales tax receivable	970	408
Other receivables	1,024	1,154
Provision for current expected credit losses	(1,357)	(10,917)
Total receivables, net	**$ 20,880**	**$ 19,048**

The following table presents the aging of trade receivables, including the allowance for credit losses:

(In thousands, except per share/unit amounts)

	December 31, 2024	December 31, 2023
Trade receivables	$ 20,243	$ 28,403
Less: provision for current expected credit losses	(1,357)	(10,917)
Total trade receivables, net	**$ 18,886**	**$ 17,486**
Of which		
Current	12,114	13,799
31-90 days	4,040	2,837
Over 90 days	4,089	11,767
Less: current expected credit losses	(1,357)	(10,917)
Total trade receivables, net	**$ 18,886**	**$ 17,486**

The following is a roll-forward of the provision for expected credit losses and sales returns and allowances related to trade accounts receivable:

	December 31, 2024	December 31, 2023
Beginning of the year	$ 10,917	$ 10,556
Provision for sales returns	—	14
Expected credit losses	31	668
Write-offs charged against provision	(9,591)	(321)
Total provision for current expected credit losses	**$ 1,357**	**10,917**

During the year ended December 31, 2024, the Company settled accounts receivable that had been previously accounted for as expected credit losses which resulted in a bad debt recovery of $4,188 within General and administrative expenses on the Consolidated Statements of Operations and Comprehensive Loss. All trade receivables and provision for current expected credit losses relating to this settlement has been written off as at December 31, 2024.

5. Acquisitions

2023 Acquisitions

AMMD

On January 27, 2023, in order to establish its retail footprint in Maryland, the Company acquired Allegany Medical Marijuana Dispensary ("AMMD"), a medical dispensary located in Cumberland, Maryland from Moose Curve Holdings, LLC. Pursuant to the terms of the agreement, the Company acquired a 100% equity interest in AMMD for total consideration of $10,000 in cash (the "AMMD Cash Consideration"). The AMMD Cash Consideration paid included a long-term lease with the option to purchase the real estate and repayments of indebtedness and transaction expenses on behalf of AMMD of $160 and $29, respectively.

(In thousands, except per share/unit amounts)

The following table presents the fair value of assets acquired and liabilities assumed as of the January 27, 2023 acquisition date and allocation of the consideration to net assets acquired:

Cash and cash equivalents	$	20
Inventory		303
Prepaid expense		4
Operating right of use asset		1,499
Fixed assets		416
Intangible asset		5,330
Goodwill		6,312
Accounts payable and accrued liabilities		(366)
Deferred tax liability		(2,097)
Corporate income taxes payable		(291)
Operating lease liability		(1,499)
Net assets acquired	**$**	**9,631**
Cash		10,000
Working capital adjustment		(369)
Total consideration	**$**	**9,631**

The acquired intangible assets include a medical license, which is treated as a definite-lived intangible asset and amortized over a 30-year period.

The consideration paid reflected the synergies, economies of scale, and workforce. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

Costs related to this transaction were $191, including legal, accounting, due diligence, and other transaction-related expenses. Of the total amount of transaction costs, $99 were recorded during the year ended December 31, 2023.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been $12,289 for the year ended December 31, 2023 and net income estimates would have been $3,775. Actual sales and net income for the year ended December 31, 2023 since the date of acquisition are $11,610 and $3,531, respectively.

Peninsula

On June 28, 2023, in order to expand its retail footprint in Maryland, the Company closed the acquisition (the "Peninsula Acquisition") of Derby 1, LLC ("Peninsula"), a dispensary located in Salisbury, Maryland. Pursuant to the terms of the agreement, the Company acquired a 100% equity interest in Peninsula for total consideration of $15,394 exclusive of assumed financing obligations of $7,226 (see Note 10). The consideration was comprised of: (i) 5,442,282 Common Shares (the "Peninsula Share Consideration"), valued at $7,857 using the trading price of the Common Shares on the acquisition date less an applicable share restriction discount, (ii) a $3,646 secured promissory note bearing interest at a rate of 7.25% and maturing on June 28, 2026, (iii) $2,657 of contingent consideration in connection with the Peninsula Share Consideration ("Peninsula Contingent Consideration"), and (iv) $1,234 in cash (the "Peninsula Cash Consideration"). The Peninsula Cash Consideration included transaction expenses and repayments of indebtedness on behalf of Peninsula of $290 and $33, respectively.

The Peninsula Share Consideration was subject to a statutory lock-up restriction of six months, and therefore, a share restriction discount was considered in determining the fair value of the Peninsula Share Consideration on the date of issuance, using the Finnerty Model.

Pursuant to the terms of the agreement, the Company agreed that if within eighteen months from the date of issuance of the Peninsula Share Consideration, the aggregate gross proceeds resulting from the sales of the Common Shares plus the aggregate value of the remaining Common Shares was less than $9,000, the Company would be required to pay the difference to the sellers and in accordance with such terms, the Company issued the Peninsula Contingent Consideration. . The fair value of Peninsula Contingent Consideration was calculated using the Black-Scholes Model.

(In thousands, except per share/unit amounts)

The following table presents the fair value of assets acquired and liabilities assumed as of the June 28, 2023 acquisition date and allocation of the consideration to net assets acquired:

Cash and cash equivalents		217
Inventory		468
Prepaid expense		187
Operating right of use asset		1,168
Fixed assets		70
Intangible asset		19,224
Goodwill		3,484
Accounts payable and accrued liabilities		(1,030)
Loans payable		(7,226)
Operating lease liability		(1,168)
Net assets acquired	**$**	**15,394**
Cash		1,234
Common shares of TerrAscend		7,857
Loans payable		3,646
Contingent consideration		2,657
Total consideration	**$**	**15,394**

The acquired intangible assets include a license, which is treated as a definite-lived intangible asset and amortized over a 30-year period.

The consideration paid reflected the synergies, economies of scale, and workforce. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

Costs related to this transaction were $626, including legal, accounting, due diligence, and other transaction-related expenses and were recorded during the year ended December 31, 2023.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been $17,791 for the year ended December 31, 2023 and net income estimates would have been $3,483. Actual sales and net income for the year ended December 31, 2023 since the date of acquisition are $11,004 and $1,708, respectively.

Blue Ridge

On June 30, 2023, in order to expand its retail footprint in Maryland, the Company closed the acquisition of Hempaid, LLC ("Blue Ridge"), a medical dispensary located in Parkville, Maryland. The Company relocated the Blue Ridge dispensary to a new, high-traffic retail center in Nottingham, Maryland as of May 29, 2024. Pursuant to the terms of the agreement, the Company acquired a 100% equity interest in Blue Ridge for total consideration of $6,277, comprised of: (i) a promissory note of $3,109, bearing interest at a rate of 7.0% and maturing on June 30, 2027 (see Note 10) and (ii) $3,168 in cash (the "Blue

(In thousands, except per share/unit amounts)

Ridge Cash Consideration"). The Blue Ridge Cash Consideration included repayments of indebtedness and transaction expenses on behalf of Blue Ridge of $707 and $281, respectively.

The following table presents the fair value of assets acquired and liabilities assumed as of the June 30, 2023 acquisition date and allocation of the consideration to net assets acquired:

Inventory		231
Prepaid expense		113
Operating right of use asset		2,325
Intangible asset		4,799
Goodwill		4,161
Other asset		91
Corporate income tax payable		(154)
Deferred tax liability		(1,665)
Accounts payable and accrued liabilities		(706)
Operating lease liability		(2,325)
Liability on uncertain tax position		(593)
Net assets acquired	**$**	**6,277**
Cash		3,168
Loans payable		3,109
Total consideration	**$**	**6,277**

The acquired intangible assets include a license, which is treated as a definite-lived intangible asset and amortized over a 30-year period.

The consideration paid reflected the synergies, economies of scale, and workforce. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

Costs related to this transaction were $401, including legal, accounting, due diligence, and other transaction-related expenses and were recorded during the year ended December 31, 2023.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been $5,402 for the year ended December 31, 2023 and net income estimates would have been $993. Actual sales and net income for the year ended December 31, 2023 since the date of acquisition are $3,404 and $621, respectively.

Herbiculture

On July 10, 2023, in order to expand its retail footprint in Maryland, the Company closed the acquisition of Herbiculture Inc. (“Herbiculture”), a medical dispensary in Maryland. Pursuant to the terms of the agreement, the Company acquired 100% equity interest in Herbiculture for total consideration of $7,710, comprised of: (i) $2,776 in cash (the "Herbiculture Cash Consideration"), and (ii) a promissory note of $4,934, bearing interest at a rate of 10.50% and maturing on June 30, 2026. The Herbiculture Cash Consideration included transaction expenses and repayments of indebtedness on behalf of Herbiculture of $616 and $1,674, respectively.

(In thousands, except per share/unit amounts)

The following table presents the fair value of assets acquired and liabilities assumed as of the July 10, 2023 acquisition date and allocation of the consideration to net assets acquired:

Inventory	$	140
Prepaid expense		38
Accounts receivable		10
Fixed assets		230
Operating right of use asset		525
Intangible asset		3,543
Goodwill		7,334
Deferred tax liability		(1,327)
Accounts payable and accrued liabilities		(602)
Corporate income taxes payable		(199)
Operating lease liability		(525)
Liability on uncertain tax position		(1,457)
Net assets acquired	**$**	**7,710**
Cash		2,776
Loans payable		4,934
Total consideration	**$**	**7,710**

The acquired intangible assets include a license, which is treated as a definite-lived intangible asset and amortized over a 30-year period.

The consideration paid reflected the synergies, economies of scale, and workforce. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

Costs related to this transaction were $786, including legal, accounting, due diligence, and other transaction-related expenses and were recorded during the year ended December 31, 2023.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been $3,281 for the year ended December 31, 2023 and net loss estimates would have been $110. Actual sales and net loss for the year ended December 31, 2023 since the date of acquisition are $1,426 and $82, respectively.

Contingent consideration

Contingent consideration recorded relates to the Company’s business acquisitions. Contingent consideration is based upon the potential earnout of the underlying business unit and is measured at fair value using a projection model for the business and the formulaic structure for determining the consideration under the terms of the agreement.

(In thousands, except per share/unit amounts)

The balance of contingent consideration is as follows:

	State Flower	Apothecarium	Pinnacle	Peninsula	Total
Carrying amount, December 31, 2022	**$ 1,406**	**$ 3,028**	**$ 750**	**$ —**	**$ 5,184**
Amount recognized on acquisition	—	—	—	2,657	2,657
Payments of contingent consideration	—	—	(750)	—	(750)
Gain on revaluation of contingent consideration	—	—	—	(645)	(645)
Carrying amount, December 31, 2023	**$ 1,406**	**$ 3,028**	**$ —**	**$ 2,012**	**$ 6,446**
Settlement of contingent consideration	(1,334)	(3,591)	—	—	(4,925)
Payments of contingent consideration	(188)	(505)	—	—	(693)
Loss (gain) on revaluation of contingent consideration	903	3,188	—	(1,626)	2,465
Carrying amount, December 31, 2024	**$ 787**	**$ 2,120**	**$ —**	**$ 386**	**$ 3,293**
Less: current portion	(741)	(1,994)	—	(386)	(3,121)
Non-current contingent consideration	**$ 46**	**$ 126**	**$ —**	**$ —**	**$ 172**

On January 19, 2024, the Company amended the original purchase agreement and issued an aggregate of 2,888,088 Common Shares and paid $250 of cash to the sellers of its previously acquired State Flower and The Apothecarium businesses. The issuance of Common Shares fully settled the previous contingent consideration balances. The remaining balance owing relates to a price protection the Company provided on the Common Shares issued. On September 13, 2024, the Company issued an additional 874,730 Common Shares related to the price protection clause.

On December 28, 2024 the Company settled its contingent consideration associated with the Peninsula acquisition in the amount of $386. This amount was paid subsequent to the year end. In connection with the settlement, management recognized a gain on revaluation of contingent consideration in the amount of $1,626 on the consolidated statements of operations and comprehensive loss.

6. Inventory

The Company’s inventory of dry cannabis and oil includes both purchased and internally produced inventory. The Company’s inventory is comprised of the following items:

	December 31, 2024	December 31, 2023
Raw materials	$ 826	$ 378
Finished goods	19,710	18,821
Work in process	25,489	28,451
Accessories, supplies and consumables	2,774	4,033
Total inventory	$ 48,799	$ 51,683

During the year ended December 31, 2023, the Company adjusted inventory by $985 mainly due to defective cartridges.

7. Discontinued operations

TerrAscend Canada operated out of a 67,300 square foot facility located in Mississauga, Ontario and was licensed to cultivate, process and sell cannabis for medical and adult-use purposes. These licenses allowed for sales of dried cannabis, cannabis oil and extracts, topicals, and edibles. The Company ceased operations at TerrAscend Canada’s manufacturing facility during the three months ended December 31, 2022. As such, TerrAscend Canada's Licensed Producer (as such term is defined in the Cannabis Act) results are presented in discontinued operations.

(In thousands, except per share/unit amounts)

The results of operations for the discontinued operations includes revenues and expenses directly attributable to the disposed of operations. Corporate and administrative expenses, including interest expense, not directly attributable to the operations were not allocated to the Canadian Licensed Producer business. The results of discontinued operations were as follows:

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Revenue, net	**$ —**	**$ —**	**$ 2,678**
Cost of Sales	—	—	12,029
Gross profit	**—**	**—**	**(9,351)**
Operating expenses:			
General and administrative	—	900	5,141
Amortization and depreciation	—	48	1,623
Impairment of property and equipment	—	3,036	7,870
Total operating expenses	**—**	**3,984**	**14,634**
Loss from discontinued operations	**—**	**(3,984)**	**(23,985)**
Other expense			
Finance and other expenses	—	460	1,964
Net loss from discontinued operations	**$ —**	**$ (4,444)**	**$ (25,949)**

8. Property and equipment, net

Property and equipment consisted of:

	December 31, 2024	December 31, 2023
Land	$ 6,469	$ 6,103
Assets in process	18,622	24,211
Buildings & improvements	155,750	151,989
Machinery & equipment	37,293	35,370
Office furniture & equipment	9,262	9,066
Assets under finance leases	1,489	2,362
Total cost	228,885	229,101
Less: accumulated depreciation	(44,866)	(32,886)
Property and equipment, net	$ 184,019	$ 196,215

Assets in process represent construction in progress related to both cultivation and dispensary facilities not yet completed, or otherwise not placed in service.

During the years ended December 31, 2024, and December 31, 2023, borrowing costs were not capitalized because the assets in process did not meet the criteria of a qualifying asset.

Depreciation expense was $12,413 ($8,448 included in cost of sales) for the year ended December 31, 2024, $11,517 ($8,049 included in cost of sales) for the year ended December 31, 2023, and $10,043 ($7,611 included in cost of sales) for the year ended December 31, 2022.

Impairment of Property and Equipment

The impairment test for property and equipment follows the same criteria as finite-lived intangible assets (see Note 9) with the exception of obtaining independent appraisals for certain properties to determine the fair value of the asset groups. During the

(In thousands, except per share/unit amounts)

years ended December 31, 2024 and December 31, 2023, the Company determined that the carrying value of the certain assets may not be recoverable. As a result, the Company recorded an impairment loss of $6,073 and $2,079 for certain Michigan properties during the years ended December 31, 2024 and December 31, 2023, respectively.

During the year ended December 31, 2024, the Company recorded an impairment loss of certain property and equipment of $2,438 due to the wind-down of one of its California dispensaries.

9. Intangible assets, net and goodwill

Intangible assets consisted of the following:

At December 31, 2024	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets			
Software	$ 2,708	$ (964)	$ 1,744
Licenses	167,459	(24,371)	143,088
Non-compete agreements	280	(280)	—
Total finite lived intangible assets	170,447	(25,615)	144,832
Indefinite lived intangible assets			
Brand intangibles	24,772	—	24,772
Total indefinite lived intangible assets	24,772	—	24,772
Intangible assets, net	**$ 195,219**	**$ (25,615)**	**$ 169,604**

At December 31, 2023	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets			
Software	$ 2,050	$ (720)	$ 1,330
Licenses	186,624	(20,216)	166,408
Brand intangibles	1,144	(1,144)	—
Non-compete agreements	280	(280)	—
Total finite lived intangible assets	190,098	(22,360)	167,738
Indefinite lived intangible assets			
Brand intangibles	48,116	—	48,116
Total indefinite lived intangible assets	48,116	—	48,116
Intangible assets, net	**$ 238,214**	**$ (22,360)**	**$ 215,854**

Amortization expense was $7,636 ($2,832 included in cost of sales) for the year ended December 31, 2024, $8,865 ($2,900 included in cost of sales) for the year ended December 31, 2023, and $12,581 ($5,355 included in cost of sales) for the year ended December 31, 2022.

Estimated future amortization expense for finite lived intangible assets for the next five years is as follows:

2025	$ 6,145
2026	6,067
2027	6,017
2028	5,903
2029	5,903
Thereafter	114,797
Total	$ 144,832

(In thousands, except per share/unit amounts)

As of December 31, 2024, the weighted average amortization period remaining on intangible assets was 25.8 years.

The Company's goodwill is allocated to one reportable segment. The following table summarizes the activity in the Company's goodwill balance:

Balance at December 31, 2022	$	90,328
Additions at acquisition date		21,291
Impairment of goodwill		(4,690)
Balance at December 31, 2023	$	106,929
Additions at acquisition date		—
Impairment of goodwill		—
Balance at December 31, 2024	$	106,929

Impairment of Intangible Assets

The Company recorded the following impairment losses by category of intangible assets:

	December 31, 2024	December 31, 2023	December 31, 2022
Finite lived intangible assets			
Licenses	$ 17,134	$ 15,518	$ 121,527
Total impairment of finite lived intangible assets	17,134	15,518	121,527
Indefinite lived intangible assets			
Brand intangibles	22,200	35,785	19,200
Total impairment of indefinite lived intangible assets	22,200	35,785	19,200
Total impairment of intangible assets	**$ 39,334**	**$ 51,303**	**$ 140,727**

The Company evaluates the recoverability of long-lived assets, including definite lived intangible assets, whether events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

During the year ended December 31, 2024, the Company determined that changes in market expectations of cash flows in its Michigan business related to increased competition and supply, were indicators that an impairment test was appropriate for the reporting unit and respective asset groups.

During the year ended December 31, 2023, the Company determined that changes in market expectations of cash flows in its Michigan and California businesses, as well as increased competition and supply in those states, were indicators that an impairment test was appropriate for each of these reporting units.

During the year ended December 31, 2022, the Company determined that changes in market expectations of cash flows in its Michigan, Pennsylvania and California businesses, as well as increased competition and supply in those states, were indicators that an impairment test was appropriate for each of these reporting units.

Impairment of indefinite lived assets

Indefinite lived intangible assets are reviewed for impairment annually and whether there are events or changes in circumstances that indicate that the carrying amount has been impaired.

The impairment indicators previously noted for Michigan indicate that the fair value of the indefinite lived intangible assets associated with the Gage brand are more likely than not lower than their carrying value. As such, the Company performed an quantitative impairment analysis and determined the fair value of its brands intangible assets using the relief of royalty method on the following key assumptions:

- Cash flows: estimated cash flows were projected based on actual operating results from internal sources, as well as industry and market trends. The forecasts were extended through a discrete projection period, after which a terminal value was applied to reflect the remaining economic useful life of the assets;

- Royalty rate: estimated royalty rate was projected based on industry and market trends.
- Post-tax discount rate: the post-tax discount rate is reflective of the weighted average cost of capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta premium, and after-tax cost of debt based on corporate bond yields; and
- Tax rate: the tax rates used in determining future cash flows were those substantively enacted at the respective valuation date.

As a result of the quantitative analysis, the Company recognized impairment of the Gage brand of $22,200, $35,785 and $19,200, for the year ended December 31, 2024, 2023, and 2022, respectively.

Impairment of finite lived intangible assets

When testing for the impairment of finite lived intangible assets, management first calculates the undiscounted cash flows relating to each asset group. If the undiscounted cash flows are less than the carrying value, the Company measures the fair value of the asset group. If the fair value is less than the carrying value of the asset group, then impairment is indicated.

The fair value of each asset group was calculated using a discounted cash flow approach based on the following key assumptions:

- Cash flows: estimated cash flows were projected based on actual operating results from internal sources, as well as industry and market trends. The forecasts were extended through the estimated useful lives of the assets;
- Post-tax discount rate: the post-tax discount rate is reflective of the WACC. The WACC was estimated based on the risk-free rate, equity risk premium, beta premium, and after-tax cost of debt based on corporate bond yields; and
- Tax rate: the tax rates used in determining future cash flows were those substantively enacted at the respective valuation date.

During the year ended December 31, 2024, for the Michigan asset group, the Company compared the carrying value of certain retail licenses to their fair value and determined that the carrying value exceeded the fair value. The Company recorded impairment charges of $17,134, reducing its carrying values to $nil.

During the year ended December 31, 2023, for the California asset group, the Company compared the carrying value of the retail license to its fair value and determined that the carrying value exceeded the fair value. The Company recorded impairment charges of $15,518, reducing its carrying values to $nil.

During the year ended December 31, 2022, for the Michigan reporting unit, the Company determined the fair value of the asset groups and allocates the impairment to the assets, being the (i) cultivation and processing licenses, and (ii) retail licenses, acquired through the Gage Acquisition. The Company compared the carrying value of the assets to its fair value and determined that the carrying value exceeded the fair value for both the retail and the cultivation and processing licenses. As such, the Company recorded impairment charges of $79,462 and $42,065 for the cultivation and processing licenses and retail licenses, respectively, reducing both the carrying values to $nil.

Impairment of Goodwill

Goodwill is reviewed for impairment annually and whenever there are events or changes in circumstances that indicate the carrying value has been impaired.

Based on the indicators of impairment noted previously, the Company determines whether a quantitative impairment test is necessary to assess that the fair value of its reporting units are more likely than not lower than its carrying value at some of its reporting units.

The following significant assumptions were applied in the determination of the fair value of the reporting units using a discounted cash flow model:

- Cash flows: estimated cash flows were projected based on actual operating results from internal sources, as well as industry and market trends. The forecasts were extended to a total of five years (with a terminal value thereafter);

- Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators and projected industry growth;

- Post-tax discount rate: the post-tax discount rate is reflective of the WACC. The WACC was estimated based on the risk-free rate, equity risk premium, beta premium, and after-tax cost of debt based on corporate bond yields; and

- Tax rate: the tax rates used in determining future cash flows were those substantively enacted at the respective valuation date.

Based on the impairment indicators noted previously, during the year ended December 31, 2024, the Company recorded no impairment of goodwill.

Based on the impairment indicators noted previously, during the year ended December 31, 2023, the Company recorded impairment of goodwill of $4,690 at its California reporting unit, reducing its carrying value to $nil.

During the year ended December 31, 2022, the Company recorded impairment of goodwill of $170,357 at its Michigan reporting unit, reducing the carrying value of the goodwill acquired through the Gage Acquisition and Pinnacle Acquisition to $nil.

(In thousands, except per share/unit amounts)

10. Loans payable

	December 31, 2024	December 31, 2023
Ilera term loan retired August 2024		
Principal amount	$ —	$ 76,927
Deferred financing cost	—	(3,191)
Net carrying amount	$ —	$ 73,736
Stearns loan retired August 2024		
Principal amount	$ —	$ 24,809
Deferred financing cost	—	(791)
Net carrying amount	$ —	$ 24,018
Chicago Atlantic term loan retired September 2024		
Principal amount	$ —	$ 24,611
Deferred financing cost	—	—
Net carrying amount	$ —	$ 24,611
Pelorus term loan due October 2027		
Principal amount	$ 45,478	$ 45,478
Deferred financing cost	(1,168)	(1,490)
Net carrying amount	$ 44,310	$ 43,988
Maryland Acquisition loans (1)		
Principal amount	$ 18,029	$ 19,873
Unamortized discount	(746)	(1,403)
Net carrying amount	$ 17,283	$ 18,470
FocusGrowth loan due August 2028		
Principal amount	$ 140,000	$ —
Unamortized discount and deferred financing cost	(12,799)	—
Exit fee accretion	390	—
Net carrying amount	$ 127,591	$ —
Other loans	$ 1,038	$ 2,698
Short-term debt	—	11,849
Total debt, net	$ 190,222	$ 199,370
Loans payable, current	6,761	137,737
Loans payable, non-current	183,461	61,633
Total principal	$ 204,545	$ 206,453

(1) For maturity breakout, refer to Maryland Acquisition Loans section below.

Total interest paid on all loan payables was $23,847, $23,037, and $26,840, for the years ended December 31, 2024, 2023 and 2022, respectively. The Company had accrued interest for its loan payables of $2,537 and $3,491 as of December 31, 2024 and December 31, 2023, respectively, included in accounts payable and accrued liabilities on the Consolidated Balance Sheets.

FocusGrowth Term Loan

On August 1, 2024, the Company and TerrAscend USA, Inc. ("TerrAscend USA"), as guarantors, and each of WDB Holding CA, Inc., WDB Holding PA, Inc., Moose Curve Holdings, LLC, Hempaid, LLC and pursuant to a joinder agreement dated September 30, 2024, WDB Holding MI, Inc., including certain of each of their respective subsidiaries, as borrowers (collectively, the “Borrowers”), and FG Agency Lending LLC, as the Administrative Agent, and certain lenders entered into a loan agreement (the “FG Loan”). The FG Loan provides for a four-year, $140,000 senior-secured term loan with an initial draw on August 1, 2024 of $114,000 (the “Initial Draw”) and a delayed draw on September 30, 2024 of $26,000 (the “Delayed Draw”). Net proceeds of the FG Loan were received in an amount equal to 95% of the $140,000.

The FG Loan bears interest at 12.75% per annum and matures on August 1, 2028 (the "FG Loan Maturity Date"). The FG Loan is guaranteed by the Company and TerrAscend USA, Inc. and is secured by substantially all of the assets of the Borrowers. Depending on the timing of repayment, an exit fee of between 2.0% and 4.0% of the outstanding principal balance of the FG Loan (the "Exit Fee") will be due upon either the date of prepayment or the FG Loan Maturity Date.

Proceeds from the FG Loan were used to retire the Ilera Term Loan, the Stearns Loan, the Chicago Atlantic Term Loan and certain other short-term indebtedness (collectively, the “Retired Loans”), in addition to being used for working capital and general corporate purposes. Each outstanding obligation under the Retired Loans was repaid in full and subsequently terminated.

As of December 31, 2024, there was an outstanding principal amount of $140,000 under the FG Loan.

Pelorus Term Loan

On October 11, 2022, subsidiaries of, TerrAscend, among others, entered into a loan agreement with Pelorus Fund REIT, LLC ("Pelorus") for a single-draw senior secured term loan (the “Pelorus Term Loan") in an aggregate principal amount of $45,478. The Pelorus Term Loan is based on a variable rate tied to the one month Secured Overnight Financing Rate ("SOFR"), subject to a base rate, plus 9.5%, with interest-only payments for the first 36 months and matures on October 11, 2027. The base rate is defined as, on any day, the greatest of: (i) 2.5%, (b) the effective federal funds rate in effect on such day plus 0.5%, and (c) one month SOFR in effect on such day. The obligations of the borrowers under the Pelorus Term Loan are guaranteed by the Company, TerrAscend USA and certain other subsidiaries of the Company and are secured by all of the assets of TerrAscend's New Jersey businesses and certain assets of TerrAscend's Maryland business, including certain real estate in Maryland. The Pelorus Term Loan is not secured by any of the MD dispensaries.

As of December 31, 2024, there was an outstanding principal amount of $45,478 under the Pelorus Term Loan.

Maryland Acquisition Loans

In connection with the Peninsula Acquisition, the acquisition of Blue Ridge, and the acquisition of Herbiculture (collectively, the "Maryland Acquisitions"), the Company entered into a series of promissory notes with an aggregate principal amount of $20,625 that bear interest at rates ranging from 7.0% to 10.5% with maturities ranging from June 28, 2025 to June 30, 2027.

As of December 31, 2024, there was an outstanding principal amount of $18,029 under the Maryland Acquisition promissory notes.

Chicago Atlantic Term Loan

In connection with the Gage Acquisition, the Company assumed a senior secured term loan (the "Chicago Atlantic Term Loan") with an acquisition date fair value of $53,857. The credit agreement bore interest at a rate equal to the greater of (i) the Prime Rate plus 7% or (ii) 10.25%. The Chicago Atlantic Term Loan was payable monthly and had a maturity date of November 30, 2022. The Chicago Atlantic Term Loan was secured by a first lien on all Gage's assets.

On July 19, 2024, the Company made a prepayment of the Chicago Atlantic Term Loan of $1,500 at par. On August 1, 2024, as described above, the Company entered into the FG Loan, of which, a portion of the proceeds from the Delayed Draw, which occurred on September 30, 2024, was used to retire the then outstanding principal of the Chicago Atlantic Term Loan in the amount of $22,557. Due to the early retirement of the Chicago Atlantic Term Loan, the Company paid an exit fee of $500 and recognized a loss on extinguishment of debt of $500 on the Consolidated Statements of Operations and Comprehensive Loss.

Ilera Term Loan

On December 18, 2020, WDB PA, a subsidiary of TerrAscend, entered into a senior secured term loan with a syndicate of lenders in the amount of $120,000 ("Ilera Term Loan"). The Ilera Term Loan was solely secured by the Company’s Pennsylvania-based Ilera Healthcare LLC (“Ilera”). The Ilera Term Loan bore interest at 12.875% and was set to mature on December 17, 2024.

On January 2, 2024, the Company completed a prepayment of the Ilera Term Loan of $4,800 at the prepayment price of 100% to par. On April 30, 2024, the Company made a prepayment of $3,200 of the Ilera Term Loan, at the prepayment price of 100% to par. In accordance with ASC 470, *Debt*, these amendments were not considered extinguishment of debt.

On August 1, 2024, as described above, the Company entered into the FG Loan, of which, a portion of the proceeds from the Initial Draw was used to retire the Ilera Term Loan and pay the entire outstanding principal amount of $68,927. Due to the early retirement of the Ilera Term Loan, the Company recognized a loss on extinguishment of debt of $1,272 on the Consolidated Statements of Operations and Comprehensive Loss.

Stearns Loan

On June 26, 2023, the Company closed on a $25,000 commercial loan with Stearns Bank, secured by the Company's cultivation facility in Pennsylvania and its AMMD dispensary in Cumberland, Maryland (the "Stearns Loan"). The Stearns Loan bore an interest rate of prime plus 2.25% and was set to mature on December 26, 2024.

On August 1, 2024, as described above, the Company entered into the FG Loan, of which, a portion of the proceeds from the Initial Draw was used to retire the Stearns Loan and pay the outstanding principal amount of $24,638. Due to the early retirement of the Stearns Loan, the Company recognized a loss on extinguishment of debt of $369 on the Consolidated Statements of Operations and Comprehensive Loss.

Other loans

Class A Shares of TerrAscend

In connection with the Reorganization (see Note 3), TerrAscend issued $1,000 of Class A shares with a 20% guaranteed annual dividend to an investor (the “Investor”) pursuant to the terms of a subscription agreement between TerrAscend and the Investor dated April 20, 2023 (the “Subscription Agreement”). Pursuant to the terms of the Subscription Agreement, TerrAscend holds a call right to repurchase all of the Class A Shares issued to the Investor for an amount equal to the sum of: (a) the Repurchase/Put Price (as defined in the Subscription Agreement); plus (b) the amount equal to 40% of the subscription amount less the aggregate dividends paid to the Investor as of the date of the exercise of the option. In addition, the Investor holds a put right that is exercisable at any time after four months’ advanced written notice following the five-year anniversary of the closing of the investment to put all (and only all) of the Class A Shares owned by the Investor to TerrAscend at the Repurchase/Put Price, payable in cash or shares. The instrument is considered as a debt for accounting purposes due to the economic characteristics and risks.

Stadium Ventures

In connection with the Gage Acquisition, the Company assumed existing indebtedness in the form of a promissory note in the amount of $4,500, which was set to mature on January 1, 2025. The promissory note bore interest at a rate of 6%. On October 1, 2024, the Company paid the outstanding principal amount of $539 and retired the promissory note.

Short-Term Debt

On January 15, 2024, the Company paid off the IHC Real Estate LP promissory note with a payment of $5,000.

On August 1, 2024, as described above, the Company entered into the FG Loan, of which, a portion of the proceeds from the Initial Draw was used to retire certain short-term debt and pay an outstanding principal amount of $1,333. The Company recognized a gain on extinguishment of debt of $45 on the Consolidated Statements of Operations and Comprehensive Loss.

On August 13, 2024, the Company paid off and retired two promissory notes entered into in connection with the Pinnacle Acquisition with a payment of $5,582. The Company recognized a gain on extinguishment of debt of $434 on the Consolidated Statements of Operations and Comprehensive Loss.

(In thousands, except per share/unit amounts)

Maturities of loans payable

Stated maturities of loans payable over the next five years are as follows:

	December 31, 2024
2025	$ 8,106
2026	10,932
2027	44,490
2028 (1)	141,007
2029	7
Thereafter	3
Total principal payments	$ 204,545

(1) Balance excludes the Exit Fee, as described above within this note.

11. Leases

Amounts recognized in the Consolidated Balance Sheets were as follows:

	December 31, 2024	December 31, 2023
Operating leases:		
Operating lease right-of-use assets	$ 41,355	$ 43,440
Operating lease liability classified as current	2,511	1,244
Operating lease liability classified as non-current	42,469	45,384
Total operating lease liabilities	**$ 44,980**	**$ 46,628**
Finance leases:		
Property and equipment, net	$ 1,370	$ 2,112
Lease obligations under finance leases classified as current	1,864	2,030
Lease obligations under finance leases classified as non-current	-	407
Total finance lease obligations	**$ 1,864**	**$ 2,437**

The Company recognized operating lease expense of $7,826 ($369 included in cost of sales), $6,098 ($558 included in cost of sales), and $5,028 ($723 included in cost of sales) for the years ended December 31, 2024, 2023 and 2022, respectively.

Other information related to operating leases consisted of the following:

	December 31, 2024	December 31, 2023
Weighted-average remaining lease term (years)		
Operating leases	12.0	12.5
Finance leases	0.75	1.2
Weighted-average discount rate		
Operating leases	11.45%	11.43 %
Finance leases	9.44%	9.47 %

(In thousands, except per share/unit amounts)

Supplemental cash flow information related to leases were as follows:

	December 31, 2024	December 31, 2023
Cash paid for amounts included in measurement of operating lease liabilities	$ 7,390	$ 6,264
Right-of-use assets obtained in exchange for operating lease obligations	1,594	16,603
Cash paid for amounts included in measurement of finance lease liabilities	75	153

Undiscounted lease obligations as of December 31, 2024 are as follows:

	Operating	Finance	Total
2025	$ 7,421	$ 2,000	$ 9,421
2026	7,204	—	7,204
2027	7,089	—	7,089
2028	6,888	—	6,888
2029	6,931	—	6,931
Thereafter	50,470	—	50,470
Total lease payments	86,003	2,000	88,003
Less: interest	(41,023)	(136)	(41,159)
Total lease liabilities	$ 44,980	$ 1,864	$ 46,844

A sale-leaseback transaction occurs when an entity sells an asset it owns and then immediately leases the asset back from the buyer. The seller then becomes the lessee and the buyer becomes the lessor. Under ASC 842, *Leases*, both parties must assess whether the buyer-lessor has obtained control of the asset and a sale has occurred. Through the Gage Acquisition, the Company entered into leaseback transactions on six properties of owned real estate. The Company has determined that these transactions do not qualify as a sale because control was not transferred to the buyer-lessor. Therefore, the Company has classified the lease portion of the transaction as a finance lease and continues to depreciate the asset.

During the third fiscal quarter of 2023, five out of the six agreements were amended to remove the purchase option which qualified the transactions as a sale. As a result, the Company derecognized underlying assets of $8,725 and its related financial obligations in the amount of $10,528, resulting in a gain of $1,803. The Company concurrently recognized an operating right of use asset and operating lease liability of $10,518 for the five dispensaries.

During the fourth quarter of 2023, the Company issued a promissory note to buy back the remaining property for $1,430. As a result, the Company derecognized the financial obligation in the amount of $983, recognizing $447 of adjustment to accretion expense in accordance with ASC 842, *Leases*.

12. Convertible debt

In June and August 2023, the Company closed the private placements of a total of 10,355 senior unsecured convertible debentures at a price of $1,000 per debenture for total gross proceeds of $10,355. Unless repaid or converted earlier, the outstanding principal and accrued and unpaid interest on the debentures will be due and payable 36 months following the closing of the debenture offering (the “Debenture Maturity Date”). Each debenture bears interest at a rate of 9.9% per annum from the date of issuance, calculated and compounded semi-annually, and payable on the Debenture Maturity Date. Each holder has the option to elect to receive up to 4.95% per annum of such interest payable in cash on a semi-annual basis. Each debenture is convertible into Common Shares, at the option of the holder, at any time or times prior to the close of business on the last business day immediately preceding the Maturity Date, at a conversion price of $2.01. Holders converting their debentures will receive accrued and unpaid interest for the period from and including the date of the last interest payment date, to and including, the date of conversion.

In accordance with ASC 815, *Derivatives and Hedging*, the conversion option was bifurcated from the host instrument as the instrument's strike price is denominated in a currency other than the functional currency of the Issuer. It was recorded at fair value, using the Black-Scholes Model (see Note 23). The proceeds are allocated first to the conversion option based on its fair

(In thousands, except per share/unit amounts)

value of $3,600, and the residual was allocated to the host instrument and recorded as convertible debt at a residual value of $6,755.

The following table summarizes the convertible debt activity for the year-ended December 31, 2024:

	December 31, 2024	December 31, 2023
Convertible debt proceeds, net of transaction costs - Maturing June 2026	$ 10,098	$ 10,098
Allocation to conversion option	3,600	3,600
Allocation to debt	6,498	6,498
Interest and accretion	2,616	768
Net carrying amount	**$ 9,114**	**$ 7,266**

The Company had accrued interest for its convertible debt of $1,200 and $380 as of December 31, 2024 and December 31, 2023, respectively, included in accounts payable and accrued liabilities on the Consolidated Balance Sheets.

13. Shareholders' equity

The Company is authorized to issue an unlimited number of Common Shares, an unlimited number of Proportionate Voting Shares, an unlimited number of Exchangeable Shares, and an unlimited number of Preferred Shares, issuable in series. The Company's board of Directors ("Board") has the discretion to determine the rights, preferences, privileges, and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges, and liquidation preferences, of each class of the Company's capital stock.

Unlimited Number of Preferred Shares

The Board has authorized the Company to issue an unlimited number of Series A, Series B, Series C and Series D Preferred Shares. The Preferred Shares of each series will, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntarily or involuntarily, rank on parity with the Preferred Shares of every other series, and will be entitled to preference over the Proportionate Voting Shares, Common Shares and Exchangeable Shares.

Voting Rights

Holders of Preferred Shares are not entitled to receive notice of, or to attend or to vote at any meeting of the shareholders of the Company.

Dividends

Holders of Preferred Shares are not entitled to receive any dividends, except if the Company issues a dividend when necessary to comply with contractual provisions in respect of an adjustment to the conversion ratio in connection with any dividend paid on the Common Shares.

Conversion Rights

Holders of Preferred Shares are entitled to convert each outstanding Preferred Share into 1,000 Common Shares of the Company (or the economic equivalent in Proportionate Voting Shares for U.S. investors) at the option of the holder, subject to customary anti-dilution provisions.

The Preferred Shares will be automatically converted into Proportionate Voting Shares at the then-effective conversion ratio, instead of being redeemed for cash and other assets, in the event of a change in control.

Redemption Rights

The Company classified the Preferred Shares as permanent equity in the financial statements given that the terms do not obligate the Company to buy back the shares of Preferred Shares in exchange for cash or other assets, nor do the shares represent an

obligation that must or may be settled with a variable number of shares, which are debt-like features. No other redemption provisions exist within the terms of the instrument.

Liquidation Preference

In the event of liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, each Preferred Share entitles the holder thereof to receive and to be paid out of the assets of the Company available for distribution, before any distribution or payment may be made to a holder of any Common Shares, Proportionate Voting Shares, Exchangeable Shares or any other shares ranking junior in such liquidation, dissolution, or winding up to the Preferred Shares, an amount per Preferred Share equal to the fair market value of the consideration paid for such Preferred Share upon issuance.

The Company's Series A, Series B, Series C and Series D Preferred Shares have a liquidation preference that is initially equal to $2,000, $2,000, $3,000 and $3,000, respectively, per Preferred Share; provided that if the Company makes a distribution to holders of all or substantially all of the respective series of Preferred Shares, or if the Company effects a share split or share consolidation of the respective series of Preferred Shares, then the liquidation preference will then be adjusted on the effective date of such event by a rate computed as (i) the number of respective series of Preferred Shares outstanding immediately before giving effect to such event divided by (ii) the number of respective series of Preferred Shares outstanding immediately after such event.

After payment to the holders of the Preferred Shares of the full liquidation preference to which they are entitled in respect of outstanding Preferred Shares (which, for greater certainty, have not been converted prior to such payment), such Preferred Shares will have no further right or claim to any of the assets of the Company.

The liquidation preference will be payable to holders of Preferred Shares in cash; provided, however, that to the extent the Company has, having exercised commercially reasonable efforts to make such payment, insufficient cash available to pay the liquidation preference in full in cash, the portion of the liquidation preference with respect to which the Company has insufficient cash may be paid in property or other assets of the Company. The value of any property or assets not consisting of cash that is distributed by the Company in satisfaction of any portion of the liquidation preference will equal the fair market value on the date of distribution. As of December 31, 2024, the Convertible Preferred Series A and B Shares had an aggregate liquidation value of $25,900, or $2,000 per share.

Unlimited Number of Proportionate Voting Shares

Holders of Proportionate Voting Shares are entitled to receive, as and when declared by the Board, dividends in cash or property of the Company. No dividend may be declared on the Proportionate Voting Shares unless the Company simultaneously declares dividends on the Common Shares in an amount equal to the dividend declared per Proportionate Voting Share divided by 1,000.

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Proportionate Voting Shares are entitled to participate pari passu with the holders of Common Shares in an amount equal to the amount of such distribution per Common Share multiplied by 1,000.

Holders of Proportionate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of shares, or bonds, debentures or other securities of the Company.

There may be no subdivision or consolidation of the Proportionate Voting Shares unless, simultaneously, the Common Shares and Exchangeable Shares are subdivided or consolidated using the same divisor or multiplier.

Proportionate Voting Shares carry 1,000 votes per share.

Unlimited Number of Exchangeable Shares

Voting Rights

Holders of Exchangeable Shares will not be entitled to receive notice of, attend or vote at meetings of the shareholders of the Company; provided that the holders of Exchangeable Shares will, however, be entitled to receive notice of meetings of

shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its assets, or a substantial part thereof, but holders of Exchangeable Shares will not be entitled to vote at such meeting of the shareholders of the Company.

Dividends

Holders of Exchangeable Shares will not be entitled to receive any dividends.

Dissolution

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, holders of Exchangeable Shares will not be entitled to receive any amount, property or assets of the Company.

Exchange Rights

Each issued and outstanding Exchangeable Share may, at any time following the exchange start date applicable to the holder of such Exchangeable Share, at the option of the holder and subject to any restrictions or limitations, be exchanged for one Common Share.

Unlimited Number of Common Shares

Voting Rights

Holders of Common Shares are entitled to receive notice of, and to attend, all meetings of the shareholders of the Company and shall have one vote per each Common Share held at all meetings of the Company, except for meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series.

Dividend Rights

Holders of Common Shares are entitled to receive, subject to the rights of the holder of any other class of shares, any dividends declared by the Company. If, as and when dividends are declared by the directors, each Common Share will be entitled to 0.001 times the amount paid or distributed per Proportionate Voting Share (or, if a stock dividend is declared, each Common Share will be entitled to receive the same number of Common Shares per Common Share of Proportionate Voting Shares entitled to be received per Proportionate Voting Share).

Dissolution

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares will, subject to the rights of any other class of shares, be entitled to receive the remaining property of the Company on the basis that each Common Share will be entitled to 0.001 times the amount distributed per Proportionate Voting Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares.

Conversion Rights

Each issued and outstanding Common Share may at any time, at the option of the holder, be converted into 0.001 of a Proportionate Voting Share.

Description of Transactions:

Common Shares (Private Placements)

In June 2023, concurrently with convertible debenture placements (see Note 12), the Company closed three tranches of private placements and issued 6,580,677 units at a price of $1.50 per unit for total proceeds of $9,476, net of share issuance costs of $395 (the "Private Placements"). Each unit is comprised of one Common Share and one-half of one Common Share purchase

warrant. Each warrant entitles the holder to acquire one Common Share at a price of $1.95 per Common Share for a period of 24 months following the date of issuance.

Detachable warrants issued in a bundled transaction are accounted for separately. Under ASC 815, *Derivatives and Hedging*, the detachable warrants meet the definition of derivative because the exercise price is denominated in a currency that is different from the functional currency of the Company. It was recorded at a fair value of $2,216, using the Black-Scholes Model. The proceeds are allocated first to the warrants based on their fair value, and the residual of $7,655 was allocated to the equity (Note 23). As of December 31, 2023, the warrants were revalued at $1,830, and for the year ended December 31, 2023, a gain of $386 was recorded in (Gain) loss on fair value of warrants and purchase option derivative asset on the Company's Consolidated Statements of Operations and Comprehensive Loss.

On January 28, 2021, the Company completed a private placement and issued 18,115,656 Common Shares at a price of $9.64 per Common Share for total proceeds of $173,477, net of share issuance costs of $1,643.

Share Repurchase Authorization

On August 20, 2024, the Board approved a normal course issuer bid ("Share Repurchase Program") to repurchase up to $10,000 of the Company’s common shares (“Shares”). The share repurchase program authorizes the Company to repurchase up to 10,000,000 common shares of the Company at any time, or from time to time, from August 22, 2024 until August 21, 2025. The share repurchase program authorizes the Company to repurchase up to 65,361 Shares daily, which represents 25% of the Company’s average daily trading volume on the Toronto Stock Exchange of 261,445 Shares. Any repurchases under the program may be made by means of open market transactions, negotiated block transactions, or otherwise, including pursuant to a repurchase plan administered in accordance with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended. The size and timing of any repurchases will depend on price, market and business conditions, and other factors. Common Shares may be purchased on the TSX, the OTCQX, or alternative trading systems and are subject to the limitations and rules imposed by U.S. and Canadian securities regulations. The actual number of Common Shares purchased, timing of purchases and share price depend upon market conditions at the time and securities law requirements. Any Common Shares acquired pursuant to the Share Repurchase Program will be returned to treasury and cancelled. Shareholders may obtain a copy of the Form 12 – Notice of Intention to make a Normal Course Issuer Bid filed by the Company with the TSX, without charge, by contacting the Company.

During the year ended December 31, 2024, the Company repurchased 236,900 common shares under the share repurchase program for total consideration of approximately $215, including excise tax. As of December 31, 2024, the Company had a total of 9,763,100 shares remaining that can be authorized for repurchase.

	For the Year Ended December 31,	
	2024	2023
	(In thousands, except per share data)	
Total shares repurchased	236,900	—
Shares canceled	107,400	—
Weighted average price per share	$ 0.93	$ —
Total cost	$ 206	$ —
Excise tax (1)	$ 9	$ —

(1) The excise tax accrued in connection with the share repurchases was recorded as an adjustment to the cost basis of repurchased shares in treasury stock and within accrued expenses on the Company’s Consolidated Balance Sheets as of December 31, 2024.

(In thousands, except per share/unit amounts)

Warrants

The following is a summary of the outstanding warrants for Common Shares:

	Number of Common Share Warrants Outstanding	Number of Common Share Warrants Exercisable	Weighted Average Exercise Price $	Weighted Average Remaining Life (years)
Outstanding, December 31, 2021	**30,995,473**	**8,855,066**	**$ 4.20**	**5.66**
Replacement warrants granted on acquisition of Gage	282,023		6.47	
Exercised	(7,989,436)		2.50	
Expired	(47,730)		3.61	
Outstanding, December 31, 2022	**23,240,330**	**728,715**	**$ 4.49**	**9.72**
Granted	435,212	435,212	1.81	2.50
Expired	(345,000)	(345,000)	3.14	—
Outstanding, December 31, 2023	**23,330,542**	**818,927**	**$ 4.56**	**8.74**
Granted	344,140	344,140	2.17	2.75
Expired	(304,055)	(304,055)	5.64	—
Outstanding, December 31, 2024	**23,370,627**	**859,012**	**$ 4.14**	**7.77**

On December 9, 2022, the Company entered into an arrangement with Canopy USA, LLC ("Canopy USA") and certain of its subsidiaries to convert CAD$125,500 in aggregate loans plus accrued interest in exchange for 24,601,467 Exchangeable Shares at a notional price of CAD$5.10 per Exchangeable Share and 22,474,130 new Common Share purchase warrants (the "New Warrants") to acquire Common Shares at a weighted average exercise price of CAD$6.07 per Common Share. In addition, the Company, TerrAscend Canada and Arise Bioscience, Inc. (collectively, "TerrAscend Entities") and Canopy USA, Canopy USA I Limited Partnership ("Canopy USA LP I") and Canopy USA III Limited Partnership ("Canopy USA LP III") entered into a debt settlement agreement (the "Debt Settlement Agreement"), pursuant to which the TerrAscend Entities are required to deliver to Canopy USA LP I and Canopy USA LP III an aggregate of 24,601,467 Exchangeable Shares and New Warrants with exercise prices ranging from CAD$3.74 to CAD$17.19 as consideration for extinguishing the debt obligations, including all principal and interest on the amounts outstanding thereunder. All of the New Warrants expire on December 31, 2032. Additionally, all of the existing warrants held by Canopy USA LP I and Canopy USA LP III, consisting of 22,474,130 warrants (the "Prior Warrants") originally issued to Canopy Growth Corporation and RIV Capital Inc. (previously Canopy Rivers Corporation) between 2019 and 2020 were canceled. The Exchangeable Shares can be converted to Common Shares at Canopy USA LP I and Canopy USA LP III's option, subject to certain conditions.

The fair value of the New Warrants was determined using the Black-Scholes Model using the following inputs and assumptions:

	December 9, 2022
Volatility	78.98 %
Risk-free interest rate	2.87 %
Expected life (years)	10.06
Dividend yield	0 %

Pursuant to the terms of the Gage Acquisition, each holder of a warrant to purchase subordinate voting shares of Gage (a "Gage Warrant") was replaced with a warrant to purchase Common Shares (a "Replacement Warrant") on the basis of 0.3001 of a Replacement Warrant for each Gage Warrant held. Each Replacement Warrant is exercisable into Common Shares at an exercise price ranging from $3.83 to $7.00. The Replacement Warrants expire at various dates from October 6, 2022 to July 2, 2025. Refer to Note 5 for the determination of fair value of Replacement Warrants acquired.

(In thousands, except per share/unit amounts)

The following is a summary of the outstanding warrant liabilities that are exchangeable into Common Shares.

	Number of Common Share Warrants Outstanding	Number of Common Share Warrants Exercisable	Weighted Average Exercise Price $	Weighted Average Remaining Life (years)
Outstanding, December 31, 2021	—	—	**$ —**	—
Granted	7,129,517	—	**$ —**	—
Outstanding, December 31, 2022	**7,129,517**	**7,129,517**	**$ 8.66**	**0.99**
Granted	3,590,334	—	$ 1.95	1.48
Expired	(7,129,517)	(7,129,517)		
Outstanding, December 31, 2023	**3,590,334**	**—**	**$ 1.95**	**1.48**
Granted	—	—	—	—
Expired	—	—	—	—
Outstanding, December 31, 2024	**3,590,334**	**—**	**$ 1.95**	**0.48**

14. Share-based compensation plans

Share-based payments expense

Total share-based payments expense was as follows:

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Stock options	$ 6,993	$ 4,424	$ 9,485
Restricted share units	2,713	3,283	$ 2,677
Total share-based payments	**$ 9,706**	**$ 7,707**	**$ 12,162**

As of December 31, 2024, the total unrecognized compensation cost related to nonvested stock options was $5,254. The weighted average period over which it is expected to be recognized is 2.24 years for options.

Stock Options

The Company’s 15% rolling Stock Option Plan was originally adopted and approved by the Board effective March 8, 2017. The Stock Option Plan governs the grant, administration and exercise of options to purchase Common Shares, which may be granted to employees, directors or consultants ("Eligible Persons") of the Company. The number of Common Shares reserved for issuance to any one person under an option granted pursuant to the Stock Option Plan, when combined with the number of Common Shares reserved for issuance under all awards granted within the one-year period prior to the date of grant under all other share compensation plans, including the Stock Option Plan and the Company’s share unit plan (the “RSU Plan”), may not exceed 5% of the issued and outstanding Common Shares at the date of grant on a non-diluted basis, unless the Company has obtained disinterested shareholder approval. Options to purchase Common Shares granted under the Stock Option Plan will have an exercise price not less than the “fair market value” of a Common Share on the date of grant, being the five-day volume weighted average price of the Common Shares based on the date of grant of the option. The exercise price, term and vesting of options to purchase Common Shares shall otherwise be as approved by the Board. Unless otherwise determined by the Board, options to purchase Common Shares typically vest and become exercisable at a rate of 25% on each of the first four anniversary dates from the date of grant.

The options to purchase Common Shares outstanding noted below consist of service-based options granted to employees, the majority of which vest over a one to four-year period and have a five to ten-year contractual term. These awards are subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company.

(In thousands, except per share/unit amounts)

The following table summarizes the stock option activity:

	Number of Stock Options	Weighted average remaining contractual life (in years)	Weighted Average Exercise Price (per share) $	Aggregate intrinsic value
Outstanding, December 31, 2021	**12,854,519**	**4.84**	**$ 4.85**	**$ 27,557**
Granted	7,058,840	—	3.69	—
Replacement options granted on acquisition of Gage	4,940,364	—	2.99	—
Exercised	(778,245)	—	0.62	—
Forfeited	(3,397,021)	—	5.96	—
Expired	(567,211)	—	7.14	—
Outstanding, December 31, 2022	**20,111,246**	**4.86**	**$ 3.63**	**$ 320**
Granted	2,191,627	—	1.69	—
Exercised	(416,852)	—	0.23	—
Forfeited	(3,478,453)	—	4.45	—
Expired	(2,129,188)	—	3.85	—
Outstanding, December 31, 2023	**16,278,380**	**4.74**	**$ 3.35**	**$ 658**
Granted	3,355,000	—	1.90	—
Exercised	(30,625)	—	1.55	—
Forfeited	(913,145)	—	2.22	—
Expired	(2,568,691)	—	3.53	—
Outstanding, December 31, 2024	**16,120,919**	**5.90**	**$ 3.13**	**$ 32**
	.			
Exercisable, December 31, 2024	**11,169,004**	**4.72**	**$ 3.51**	**$ 32**

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Company's closing stock price at the end of the year and the exercise price, multiplied by the number of the in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options on December 31, 2024, 2023, and 2022, respectively.

The total pre-tax intrinsic value (the difference between the market price of the Common Shares on the exercise date and the price paid by the options to exercise the option) related to stock options exercised is presented below:

	For the Years Ended		
	December 31, 2024	**December 31, 2023**	**December 31, 2022**
Exercised	$ 6	$ 558	$ 1,355

Pursuant to the terms of the Gage Acquisition, each holder of a stock option to purchase subordinate voting shares of Gage (a "Gage Option") was replaced with an option to purchase Common Shares (a "Replacement Option") on the basis of 0.3001 of a Replacement Option for each Gage Option held. The Company issued 4,940,364 Replacement Options in connection with the Gage Acquisition. The Replacement Options vest over a one to three year period. The fair value of the Replacement Options is estimated using the Black-Scholes Model with the following assumptions:

	March 10, 2022
Volatility	55.0%-80.0%
Risk-free interest rate	1.22%-1.94%
Expected life (years)	1.00-5.00
Dividend yield	0 %

(In thousands, except per share/unit amounts)

The fair value of the various stock options granted were estimated using the Black-Scholes Model with the following weighted average assumptions:

	December 31, 2024	December 31, 2023	December 31, 2022
Volatility	70.54% - 78.31%	77.79% - 80.16%	77.55% - 77.89%
Risk-free interest rate	3.18% - 4.45%	2.85% - 4.26%	1.63% - 3.51%
Expected life (years)	4.01 - 10.01	9.78 - 10.01	9.62 - 10.01
Dividend yield	0.00 %	0.00 %	0.00 %

Volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that the options issued are expected to be outstanding. The risk-free rate is based on U.S. treasury bond issues with a remaining term approximately equal to the expected life of the options. Dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay cash dividends in the foreseeable future.

The total estimated fair value of stock options that vested during the years ended December 31, 2024, 2023, and 2022, was $5,943, $5,552, and $8,352, respectively.

Restricted Share Units

The Company's RSU Plan was approved by the Board effective November 19, 2019. The RSU Plan governs the grant, administration and release of share units ("RSUs") which may be granted to Eligible Persons of the Company. Pursuant to the RSU Plan, the number of Common Shares that may be reserved for issuance under the RSU Plan and under any other share compensation plans of the Company, including the Stock Option Plan, may not exceed (in the aggregate) 10% of the outstanding Common Shares on the date of grant on a non-diluted basis. The Company is required, at all times during the term of the RSU Plan, to reserve and keep available the number of Common Shares necessary to satisfy the requirements of the RSU Plan.

The following table summarizes the activities for the RSUs:

	Number of RSUs
Outstanding, December 31, 2021	**192,171**
Granted	1,176,397
Vested	(669,478)
Forfeited	(283,450)
Outstanding, December 31, 2022	**415,640**
Granted	2,387,275
Vested	(1,596,814)
Forfeited	(127,517)
Outstanding, December 31, 2023	**1,078,584**
Granted	2,449,011
Vested	(1,581,997)
Forfeited	(345,293)
Outstanding, December 31, 2024	**1,600,305**

RSUs granted during the year ended December 31, 2024, vest over a three month to four year term. Of the RSUs granted in 2023, 602,183 vested on the grant date, with the remainder vesting over a six month to four year term. Of the RSUs granted in 2022, 106,840 vested on the grant date, with the remainder vesting over a six month to four year term.

As of December 31, 2024, there was $3,420 of total unrecognized compensation cost related to unvested RSUs.

(In thousands, except per share/unit amounts)

15. Non-controlling interest

Non-controlling interest consists mainly of a 12.5% minority ownership interest in TerrAscend's New Jersey operations.

On January 19, 2024, the Company reduced its non-controlling interest through the acquisition of the remaining 50.1% equity in both State Flower and the three Apothecarium dispensaries in California. The carrying amount of non-controlling interest was adjusted by $1,374 and recognized in additional paid in capital and attributed to the parent's equity holders.

On June 26, 2023, the Company reduced its non-controlling interest through a buyout of the minority interest in IHC Real Estate LP (Note 10). The transaction was accounted for as an equity transaction. The carrying amount of the non-controlling interest was adjusted by $1,323 to reflect the change in the net book value ownership interest. The difference from the consideration paid of $7,500 is recognized in additional paid in capital and attributed to the parent's equity holders.

The following table summarizes the non-controlling interest activity for the years ended:

	December 31, 2024	December 31, 2023
Opening carrying amount	$ (1,756)	$ 2,374
Capital distributions	(7,324)	(11,622)
Acquisition of non-controlling interest	1,374	(1,323)
Net income attributable to non-controlling interest	7,562	8,815
Ending carrying amount	**$ (144)**	**$ (1,756)**

16. Related parties

The amounts due to/from related parties consisted of:

(a)*Loans payable:* During the year ended December 31, 2024, certain funds controlled by Jason Wild, a related party of the Company, invested $5,500 of the total loan principal balance of the FG Loan (see Note 10), as a member of the loan syndicate.

(b)*Private Placements*: The Private Placements constitute a related party transaction because related persons, which consisted of key management and directors of the Company participated in the transaction. The Company's Executive Chairman, participated, directly and indirectly, in the Private Placement and acquired 800,002 units for gross proceeds of $1,200. In total, the related persons acquired, in the aggregate, 2,000 debentures and 825,734 units in connection with the Private Placements for aggregate gross proceeds of $3,239.

17. Income taxes

The domestic and foreign components of loss from continuing operations before provision for income taxes are as follows:

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Domestic	(38,237)	(45,490)	(337,019)
Foreign	(13,995)	(13,343)	26,834
Loss before income taxes	**$ (52,232)**	**$ (58,833)**	**$ (310,185)**

The Company has computed its provision for income taxes based on the actual effective tax rate for the year as the Company believes this is the best estimate for the annual effective tax rate. The Company is subject to income taxes in the United States and Canada.

Significant judgment is required in evaluating the Company's uncertain tax positions and determining the provision for income taxes. The Company recognizes benefits from uncertain tax positions based on the cumulative probability method whereby the

(In thousands, except per share/unit amounts)

largest benefit with a cumulative probability of greater than 50% is recorded. An uncertain tax position is not recognized if it has less than a 50% likelihood of being sustained.

The provision for income taxes consists of:

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Current:			
Federal	27,372	30,727	21,692
State	1,812	11,279	2,718
Foreign	—	62	106
Total Current	$ 29,184	$ 42,068	$ 24,516
Deferred:			
Federal	(7,284)	(13,363)	(29,297)
State	(1,462)	(5,271)	(6,002)
Foreign	—	19	—
Total Deferred	$ (8,746)	$ (18,615)	$ (35,299)
Total Income Tax Provision	$ 20,438	$ 23,453	$ (10,783)

The following table reconciles the expected statutory federal income tax to the actual income tax provision:

	December 31, 2024		December 31, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent	Amount	Percent
Loss income before taxes	**$ (52,232)**		**$ (58,833)**		**$ (310,185)**	
Expected income benefit at statutory tax rate	(10,969)	21.0%	(12,355)	21.0%	(65,139)	21.0%
U.S. state income taxes	(5,927)	11.4%	(2,218)	3.8%	(7,067)	-4.4%
IRC 280E adjustment	32,192	-61.6%	31,960	-54.3%	28,607	-8.4%
Share based compensation	2,038	-3.9%	1,619	-2.8%	2,554	-1.7%
Return to provision true-up	(2,021)	3.9%	5,342	-9.1%	(7,359)	0.0%
Impairment of goodwill and intangible assets	—	0.0%	985	-1.7%	35,775	0.0%
Changes in unrecognized tax benefits	1,030	-2.0%	3,041	-5.2%	10,662	2.4%
Extinguishment of debt	105	-0.2%	173	-0.3%	(8,239)	0.0%
Canada income taxes at different statutory rates	(458)	0.9%	(413)	0.7%	(2,511)	0.4%
Changes in valuation allowance	(1,111)	2.1%	155	-0.3%	19,146	5.4%
Revaluation of equity/warrants	(955)	1.8%	(68)	0.1%	(12,290)	-19.9%
Revaluation of contingent consideration	518	-1.0%	(136)	0.2%	(223)	-3.4%
Investment in partnerships	3,740	-7.2%	2,938	-5.0%	—	-3.4%
Other	2,256	-4.3%	(7,570)	12.9%	(4,699)	0.6%
Actual income tax provision	**$ 20,438**	**-39.1 %**	**$ 23,453**	**-39.8 %**	**$ (10,783)**	**-9.2 %**

As the operations of the Company are predominantly U.S. based, the Company has prepared the tax rate table using the U.S. Federal tax rate of 21%.

(In thousands, except per share/unit amounts)

The following table presents a reconciliation of unrecognized tax benefits:

	December 31, 2024	December 31, 2023
Balance at beginning of year	**$ 84,485**	**$ 18,883**
Increase based on tax positions related to current periods	37,278	37,337
Increase based on tax positions related to prior periods	40,986	30,250
Settlements with tax authorities	(13,770)	(1,985)
Balance at end of year	**$ 148,979**	**$ 84,485**

A reconciliation of the beginning and ending amount of uncertain tax liabilities, inclusive of accruals for related penalties and interest, recorded in the consolidated balance sheets for the years presented:

	December 31, 2024	December 31, 2023
Balance, beginning of year	**$ 79,627**	**$ 13,223**
Increases based on tax positions related to prior years	4,536	4,613
Additions based on tax positions related to the current year	26,825	59,248
Additions based on refunds received related to prior years	10	—
Reclass of tax payments on deposit and other	(4,007)	2,543
Ending carrying amount (1)	**$ 106,991**	**$ 79,627**

(1) Related to uncertain tax liabilities, the Company accrued $8,006 in interest and $4,803 in penalties as of December 31, 2024, and $1,531 in interest and $1,567 in penalties as of December 31, 2023.

The increase in uncertain tax positions is primarily due to legal interpretations that challenge the application of Section 280E of the Code to the Company ("280E Tax Position"). The Company believes that it is reasonably possible that the unrecognized tax benefits will increase over the next 12 months due to its 280E Tax Position.

The principal component of deferred taxes are as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets		
Net operating losses	$ 49,222	$ 50,440
Reserves	63	286
Share issuance costs	1,039	1,039
Intangible assets	4,667	5,267
Investment in partnerships	9,182	10,867
Lease liability	8,510	4,974
Other	2,171	2,116
Total deferred tax assets	74,854	74,989
Valuation allowance	(61,497)	(62,608)
Net deferred tax assets	**$ 13,357**	**$ 12,381**
Deferred tax liabilities		
Intangible assets	$ (14,013)	$ (24,949)
Property and equipment	—	(52)
Right of use asset	(7,772)	(4,555)
Total deferred tax liabilities	**$ (21,785)**	**$ (29,556)**
Net deferred tax liabilities	**$ (8,428)**	**$ (17,175)**

The Company assesses available positive and negative evidence to estimate if it is more likely than not to use certain jurisdiction-based deferred tax assets including net operating loss carryovers. On the basis of this assessment, the Company continues to maintain a valuation allowance on certain deferred tax assets for the year ended December 31, 2024.

(In thousands, except per share/unit amounts)

As of December 31, 2024, the Company had $163,630 of Canadian net operating loss carryovers that expire at different times, the earliest of which is 2035 for $547. As of December 31, 2024, the Company had $24,859 of domestic federal net operating loss carryovers with no expiration date. As of December 31, 2024, the Company had various state net operating loss carryovers that expire at different times. The statute of limitations with respect to our federal returns remains open for tax years 2021 and forward. Over the next twelve months, the Company believes it is reasonably possible that various statutes of limitation will expire which would have the effect of reducing the balance of unrecognized tax benefits by $31,919.

As the Company operates in the cannabis industry, the IRS takes the position that the Company is subject to the limitations of Section 280E of the Code, under which the Company is only allowed to deduct expenses directly related to sales of product. Application of Section 280E results in permanent differences between ordinary and necessary business expenses deemed non-deductible under Section 280E of the Code. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

Related to its 280E Tax Position, the Company has filed amended federal and state returns for tax years 2020 through 2022. During the year ended December 31, 2024, the Company received refunds related primarily to the amended federal tax return for tax year 2020 in the amount of $8,699, including interest. During the year ended December 31, 2024, certain of the Company's amended federal income tax returns were selected for routine examinations by the Internal Revenue Service. The Company does not currently anticipate completion of the audits within the next twelve months. During the year ended December 31, 2024, the Company released a portion of its uncertain tax benefits in the amount of $16,568.

18. General and administrative expenses

The Company's general and administrative expenses were as follows:

	For the Years Ended		
	December 31, 2024	**December 31, 2023**	**December 31, 2022**
Office and general	$ 14,774	$ 15,673	$ 15,669
Professional fees	12,451	13,119	12,942
Lease expense	7,918	6,441	5,302
Facility and maintenance	4,953	5,180	4,050
Salaries and wages	60,348	57,336	44,814
Share-based compensation	9,706	7,707	12,162
Sales and marketing	6,135	9,658	10,318
Bad debt (recovery) expense	(3,818)	75	10,331
Insurance recovery for property and equipment	(871)	—	—
Total	**$ 111,596**	**$ 115,189**	**$ 115,588**

19. Revenue, net

The Company's disaggregated revenue by source, primarily due to the Company's contracts with its external customers were as follows:

	For the Years Ended		
	December 31, 2024	**December 31, 2023**	**December 31, 2022**
Retail	$ 208,170	$ 239,957	184,019
Wholesale	98,507	77,371	$ 63,810
Total	**$ 306,677**	**$ 317,328**	**$ 247,829**

For the years ended December 31, 2024, 2023, and 2022, the Company did not have any single customer that accounted for 10% or more of the Company's revenue.

As a result of the vape recall in Pennsylvania, the Company recorded sales returns of $1,040 during the year ended December 31, 2022.

(In thousands, except per share/unit amounts)

20. Finance and other expense

Finance and other expenses were as follows:

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Interest and accretion	$ 35,402	$ 35,106	$ 39,059
Employee retention credits and transfer fee	—	2,236	(9,440)
Indemnification asset release	—	—	3,973
Debt modification fees	—	—	2,507
Other income	(1,032)	(301)	(206)
Total	**$ 34,370**	**$ 37,041**	**$ 35,893**

The indemnification asset release is the reduction of the indemnification asset related to the expiration of the escrow agreement related to the acquisition of The Apothecarium. The debt modification fees relate to amounts paid to modify the Gage Amended Term Loan which did not meet the criteria to capitalize under ASC 470, *Debt.*

21. Segment information

Operating Segment

The Company has determined that it operates as one reportable segment focused on the production and sale of cannabis products. While the Company manages its operations through state-level operating segments, these segments have been aggregated into one reportable segment due to similar long-term economic characteristics and other required criteria of similarity outlined in ASC 280, *Segment Reporting*, and in accordance with ASU 2023-07. The Chief Operating Decision Maker ("CODM") was determined to be the Chief Executive Officer of the Company. The CODM regularly evaluates the performance of the single reportable segment using gross profit margin as its closest measure to GAAP. Gross margin is a measure that is calculated as total revenue minus cost of goods sold, divided by total revenue. The CODM monitors this metric to assess the efficiency of the Company's production and distribution processes, as well as the effectiveness of pricing strategies.

	For the Years Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Revenue, net	$ 306,677	$ 317,328	$ 247,829
Cost of sales	156,717	157,630	146,325
Gross profit	149,960	159,698	101,504
Gross profit margin	***48.9 %***	***50.3 %***	***41.0 %***

Assets

The measure of reportable segment assets is consistent with the presentation of total consolidated assets as reported on the balance sheet

Revenue

For the year ended, December 31, 2024, the Company did not have any single customer that accounted for 10% or more of the Company's revenue.

Geography

The Company has subsidiaries located in Canada and the United States. For each of the twelve months ended December 31, 2024 and 2023, net revenue was primarily generated from sales in the United States. As a result of the Reorganization (see

(In thousands, except per share/unit amounts)

Note 3), the Company consolidated its retail location in Canada and generated $1,042 and $925 for the year ended December 31, 2024 and 2023, respectively.

The Company had non-current assets by geography of:

	December 31, 2024	December 31, 2023
United States	$ 502,260	$ 562,854
Canada	537	775
Total	**$ 502,797**	**$ 563,629**

22. Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to achieve this objective, the Company prepares a capital budget to manage its capital structure. The Company defines capital as borrowings, equity comprised of issued share capital, share-based payments, accumulated deficit, as well as funds borrowed from related parties.

Since inception, the Company has primarily financed its liquidity needs through the issuance of share capital and debt. The equity issuances are outlined in Note 13, debt financings are outlined in Note 10, and convertible debt is outlined in Note 12.

The Company is subject to financial covenants as a result of its loans payable with various lenders. The Company was in compliance with its debt covenants as of December 31, 2024. In the event that, in future periods, the Company's financial results are below levels required to maintain compliance with any of its covenants, the Company will assess and undertake appropriate corrective initiatives with a view to allowing it to continue to comply with its covenants. Other than these items related to loans payable, the Company is not subject to externally imposed capital requirements.

23. Financial instruments and risk management

Assets and liabilities measured at fair value

Financial instruments recorded at fair value are estimated by applying a fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy is summarized as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 - inputs other than quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
- Level 3 - inputs for assets and liabilities not based upon observable market data

The following table represents the fair value amounts of financial assets and financial liabilities measured at estimated fair value on a recurring basis:

	At December 31, 2024			At December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	$ 26,381	—	—	$ 22,241	—	—
Restricted cash	606	—	—	3,106	—	—
Total Assets	**$ 26,987**	—	—	**$ 25,347**	—	**$ —**
Liabilities						
Contingent consideration payable	—	3,293	—	—	2,012	4,434
Detachable warrants	—	451	—	—	3,332	—
Bifurcated conversion options	—	92	—	—	1,830	—
Total Liabilities	**$ —**	**$ 3,836**	**$ —**	**$ —**	**$ 7,174**	**$ 4,434**

(In thousands, except per share/unit amounts)

There were no transfers between the levels of fair value hierarchy during the years ended December 31, 2024 or December 31, 2023.

The valuation approaches and key inputs for each category of assets or liabilities that are classified within Level 1, Level 2 and Level 3 of the fair value hierarchy are presented below.

Level 1

Cash, cash equivalents, and restricted cash represent financial instruments for which the carrying amount approximates fair value due to their short-term maturities.

Level 2

The Company's derivative liability consists of a detachable warrant liability issued through the private placement (see Note 13) and a conversion option related to the convertible debenture offering (see Note 12).

The following table summarizes the changes in the derivative liability:

Balance at December 31, 2022	**$**	**711**
Conversion option issued in 2023 private placement		3,600
Detachable warrants issued in 2023 private placement		2,216
Fair value gain on revaluation of warrants and conversion option		(1,372)
Effects of movements in foreign exchange		7
Balance at December 31, 2023	**$**	**5,162**
Fair value gain on revaluation of warrants and conversion option		(4,549)
Effects of movements in foreign exchange		(70)
Balance at December 31, 2024	**$**	**543**

The warrant liability is remeasured each year using the Black-Scholes Model. The Company recognized a gain on fair value of warrants of $4,549, $1,372, and $59,341 for the year ended December 31, 2024, 2023, and 2022, respectively.

Detachable Warrants

The detachable warrants issued as a part of the June 2023 private placement (see Note 13) have been measured at fair value as of December 31, 2024. Key inputs and assumptions used in the Black-Scholes Model were as follows:

	December 31, 2024	**December 31, 2023**
Common Stock Price of TerrAscend Corp.	$ 0.65	$ 1.63
Option exercise price	$ 1.95	$ 1.95
Annual volatility	107.5 %	74.7 %
Annual risk-free rate	4.24 %	4.23 %
Expected term (in years)	0.48	1.48

Bifurcated conversion options

The conversion option issued as a part of the June and August 2023 private placement (see Note 12) has been measured at fair value as of December 31, 2024. Key inputs and assumptions used in the Black-Scholes Model were as follows:

	December 31, 2024	**December 31, 2023**
Common Stock Price of TerrAscend Corp.	$ 0.65	$ 1.63
Option exercise price	$ 2.01	$ 2.01
Annual volatility	86.9 %	70.1 %
Annual risk-free rate	4.25 %	4.23 %
Expected term (in years)	1.48 - 1.59	2.48 - 2.59

(In thousands, except per share/unit amounts)

Level 3

The purchase option derivative asset expired during the second quarter of 2023.

Contingent Consideration Payable

The fair value of the State Flower and The Apothecarium contingent considerations were calculated using the Black-Scholes Model. Key inputs and assumptions were as follows:

	December 31, 2024	January 19, 2024
Common Stock Price of TerrAscend Corp.	$ 0.65	$ 1.95
Option exercise price	$ 1.33	$ 1.76
Annual volatility	106.6 %	68.7 %
Annual risk-free rate	4.24 %	5.21 %
Expected term (in years)	1.05	2.00

On December 28, 2024 the company settled it's contingent consideration associated with the Peninsula acquisition in the amount of $386. This amount was paid subsequent to the year end.

Risk Management

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, and accounts receivable, net. The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date. The carrying amounts of trade receivables are reduced through the use of an allowance account and the amount of the loss is recognized in the Consolidated Statements of Operations and Comprehensive Loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses.

Subsequent recoveries of amounts previously written off are credited against operating expenses in the Consolidated Statements of Operations and Comprehensive Loss. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company had no customers whose balance is greater than 10% of total trade receivables as of December 31, 2024.

(b) Liquidity risk

The Company is exposed to liquidity risk, or the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through ongoing review of its capital requirements. The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations.

(c) Market Risk

The significant market risk exposures to which the Company is exposed are foreign currency risk and interest rate risk.

i)Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and U.S. dollar and other foreign currencies will affect the Company's operations and financial results.

The Company holds cash and cash equivalents in currencies other than their functional currency. The Company does not currently engage in currency hedging activities to limit the risks of currency fluctuations. Consequently, fluctuations in foreign currencies could have a negative impact on the profitability of the Company's operations.

However, as of the year ended December 31, 2024, a 10% change in the value of the U.S. dollar compared to the Canadian dollar would not result in a material impact on unrealized foreign exchange for the Company.

ii)Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. In respect of financial assets, the Company's policy is to invest excess cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return.

Fluctuations in interest rates impact the value of cash equivalents. The Company’s investments in guaranteed investment certificates bear a fixed rate and are cashable at any time prior to maturity date.

The Company does not have significant cash equivalents for the year ended December 31, 2024. The Pelorus Term Loan has a variable interest rate that is tied to the U.S. "prime rate" and SOFR. At December 31, 2024, a 10% change to each of the interest rates would not result in a material impact. The remainder of the Company’s loans payable have fixed interest rates from 7.00% to 12.75% per annum. All other financial liabilities are non-interest-bearing instruments.

24. Commitments and contingencies

Commitments

On November 6, 2024, the Company entered into a definitive agreement to acquire Ratio Cannabis LLC ("Ratio Cannabis"), a dispensary in Ohio. Under the terms of the agreement, the Company will acquire all of the assets of Ratio Cannabis for total consideration to the sellers of $10,300 will be comprised of $5,000 million in cash, $1,320 in Company common shares and a seller’s note for $3,980 million bearing 6% interest with a two-year maturity. The transaction is subject to customary closing conditions and regulatory approvals.

Legal proceedings

In the ordinary course of business, the Company is involved in a number of lawsuits incidental to its business, including litigation related to intellectual property, product liability, employment, and commercial matters. Although it is difficult to predict the ultimate outcome of these matters, management believes that any ultimate liability would not have a material adverse effect on the Company’s Consolidated Balance Sheets or Consolidated Statements of Operations and Comprehensive Loss. At December 31, 2024, there were no pending lawsuits that could reasonably be expected to have a material effect on the results of the Company’s Consolidated Financial Statements, except for the proceedings described below.

Pure X Litigation

On August 9, 2023, AEY Capital LLC (“AEY”), a licensed subsidiary of TerrAscend, filed a lawsuit in Oakland County Circuit Court (the "Oakland Court") against Pure X, LLC (“Pure X”) seeking damages in the amount of $14,969 (the “AEY Claim”). The AEY Claim alleged breach of contract, quantum meruit/unjust enrichment, account stated and statutory conversion. AEY’s alleged damages were related to Pure X’s failure to pay for various cannabis products sold by AEY. This matter was settled between the parties and dismissed with prejudice by the Oakland Court on June 28, 2024.

25. Subsequent events

The Company has evaluated subsequent events and determined that no events or transactions met the definition of a subsequent event for purposes of recognition or disclosure in the Consolidated Financial Statements.

Exhibit 4.1

DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES
EXCHANGE ACT OF 1934

TerrAscend Corp. ("TerrAscend" or the "Company") only has common shares, no par value ("Common Shares"), registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, the Company has authorized Series A Convertible Preferred Shares, no par value, Series B Convertible Preferred Shares, no par value, Series C Convertible Preferred Shares, no par value, Series D Convertible Preferred Shares, no par value, Exchangeable Shares, no par value and Proportionate Voting Shares, no par value, which are not registered under Section 12 of the Exchange Act.

The following description sets forth certain material provisions of these securities. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of the Company's articles of incorporation, as amended (the "Articles"), the Company's By-laws, and forms of warrants, each of which is filed as an exhibit to the Company's Annual Report on Form 10-K of which this Exhibit 4.1 is a part. We encourage you to review the terms and provisions set forth therein for additional information.

Description of the Company's Securities

Common Shares

TerrAscend Corp. is authorized to issue an unlimited number of the Company's Common Shares.

Voting Rights, Dividends and Dissolution
The holders of the Common Shares are entitled to one vote per share at all meetings of the shareholders of the Company, except for meetings at which only holders of another specified class or series of shares are entitled to vote separately as a class or series. The holders of the Common Shares are entitled to receive, subject to the rights of the holders of any other class of shares, any dividend declared by the Company. If, as and when dividends are declared by the directors of the Company, each Common Share is entitled to 0.001 times the amount paid or distributed per proportionate voting share of the Company ("Proportionate Voting Share"). In the event of a dissolution, liquidation or winding-up of the Company, the holders of the Common Shares are, subject to the rights of any other class of shares, entitled to receive the remaining property of the Company on the basis that each Common Share is entitled to 0.001 times the amount distributed per Proportionate Voting Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares.

Conversion at Option of Holder
Each issued and outstanding Common Share may at any time, at the option of the holder, be converted into 0.001 of a Proportionate Voting Share. The conversion right may be exercised at any time and from time to time in the manner specified in the Articles of the Company. Exercise of the conversion right requires delivery of a written notice to the Company's transfer agent signed by the registered holder of the Common Shares (or by his, her or its duly authorized representative) and be accompanied by the certificate or certificates representing the Common Shares, or, if uncertificated, such other evidence of ownership as the transfer agent may require, in respect of which the holder wishes to exercise the right of conversion. This conversion right of the holders of the Common Shares terminates on the occurrence of a Proportionate Share Conversion Event (as defined below).

Effect of Proportionate Voting Shares, Exchangeable Shares and Preferred Shares on Common Shares
The Company is authorized to issue an unlimited number of Proportionate Voting Shares, exchangeable shares of the Company ("Exchangeable Shares") and preferred shares of the Company ("Preferred Shares") in one or more series. Currently, there are four series of Preferred Shares: Series A, Series B, Series C and Series D.

Voting Rights
The holders of Proportionate Voting Shares are entitled to 1,000 votes for each Proportionate Voting Share at all meetings of the shareholders of the Company, except for meetings at which only holders of another specified class or

series of shares of the Company are entitled to vote separately as a class or series. The holders of Exchangeable Shares and Preferred Shares are not entitled to vote at meetings of the shareholders of the Company.

Conversion and Exchange Rights

Each issued and outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 1,000 Common Shares. The conversion right may be exercised from time to time in the manner specified in the

Articles of the Company. If the directors of the Company, in good faith, determine that it is no longer advisable to maintain the Proportionate Voting Shares as a separate class of shares, then, effective on the date approved by the directors, all of the Proportionate Voting Shares shall, without any further action on the part of any holder of Proportionate Voting Shares, immediately and automatically be converted into Common Shares at the conversion ratio of 1,000 Common Shares for each Proportionate Voting Share (a "Proportionate Share Conversion Event").

Each issued and outstanding Exchangeable Share may, at the option of the holder, be exchanged for one Common Share at any time following the Exchange Start Date, as specified in the Articles of the Company. "Exchange Start Date" means the date following the satisfaction of the following terms and conditions: (i) the Triggering Event has occurred; and (ii) all stock exchanges upon which the securities of the holder of the Exchangeable Share (or any entity of which the holder is a subsidiary) are listed for trading have approved the exchange of the Exchangeable Share into a Common Share, to the extent that any such approval is required. In this paragraph, "Triggering Event" means the earlier of: (i) the date that federal laws regarding the cultivation, distribution or possession of marijuana in the United States are changed, such that the Company is fully compliant with federal regulation in the United States; and (ii) the date that all stock exchanges upon which the securities of the holder of the Exchangeable Share (or any entity of which the holder is a subsidiary) are listed for trading have amended their policies to permit listed issuers to invest in entities that are engaged in the cultivation, distribution or possession of marijuana in states in the United States where it is legal to do so, such that the holder of the Exchangeable Share (and any entity of which the holder is a subsidiary) is fully compliant with all rules and regulations of all stock exchanges upon which the securities of the holder of the Exchangeable Shares (or any entity of which the holder is a subsidiary) are listed for trading.

Each Preferred Share may, at any time at the option of the holder, be converted into Common Shares, as specified in the Articles of the Company. Each Series A and Series C Preferred Share is convertible into one Common Share, subject to certain adjustments. Each Series B and D Preferred Share is convertible into 1,000 Common Shares, subject to certain adjustments. The Preferred Shares are also subject to automatic conversion in the event of certain change of control transactions.

Dividends and Dissolution

The holders of the Proportionate Voting Shares are entitled to receive, subject to the rights of the holders of any other class of shares, any dividend declared by the Company. If, as and when dividends are declared by the Company's Board of Directors, each Proportionate Voting Share is entitled to 1,000 times the amount paid or distributed per Common Share. In the event of a dissolution, liquidation or winding-up of the Company, the holders of the Proportionate Voting Shares are, subject to the rights of any other class of shares, entitled to receive the remaining property of the Company on the basis that each Proportionate Voting Share is entitled to 1,000 times the amount distributed per Common Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares. In the event of a dissolution, liquidation or winding-up of the Company, the holders of the Proportionate Voting Shares are, subject to the rights of any other class of shares, entitled to receive the remaining property of the Company on the basis that each Proportionate Voting Share is entitled to 1,000 times the amount distributed per Common Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares.

The holders of Exchangeable Shares are not entitled to receive any dividends. In the event of a dissolution, liquidation or winding-up of the Company, the holders of the Exchangeable Shares are not entitled to receive any amount, property or assets of the Company.

The holders of Preferred Shares are not entitled to receive any dividends, though the Preferred Shares are entitled to certain conversion ratio adjustments in the event the Company pays certain dividends. The Preferred Shares of each series, with respect to the distribution of assets of the Company in the event of the liquidation, dissolution or winding-up, rank on a parity with the Preferred Shares of every other Series of Preferred Shares, and are entitled to preference over the Proportionate Voting Shares, Common Shares and Exchangeable Shares of the Company. The liquidation preference of the Series A and Series B Preferred Shares is $2,000 per share and the liquidation preference of the Series C and D Preferred Shares is $3,000 per share, with each amount subject to adjustment in various events.

Foreign Ownership of Common Shares

There is no limitation imposed by TerrAscend Articles or by-laws on the right of non-Canadian residents to hold Common Shares or exercise voting rights on Common Shares. The following provides a brief summary of certain limitations imposed by Canadian laws on the rights of non-Canadian residents to hold Common Shares or exercise voting rights on Common Shares, but should not be deemed to be comprehensive or complete in any part, and any such holder or potential holder of Common Shares should undertake a more thorough review of such applicable laws, or consult the advice or services of a qualified expert or professional.

Competition Act

Limitations on the ability to acquire and hold Common Shares may be imposed by the Competition Act (Canada). The legislation permits the Commissioner of Competition of Canada ("Commissioner"), to review any acquisition or establishment, directly or indirectly, including through the acquisition of shares, of control over or of a significant interest in the Company. This legislation grants the Commissioner jurisdiction, for up to one year after the acquisition has been substantially completed, to seek a remedial order, including an order to prohibit the acquisition or require divestitures, from the Canadian Competition Tribunal, which order may be granted where the Competition Tribunal finds that the acquisition prevents or lessens, or is likely to prevent or lessen, competition substantially.

This legislation also requires any person or persons who intend to acquire more than 20% of Common Shares or, if such person or persons already own more than 20% of Common Shares prior to the acquisition, more than 50% of Common Shares, to file a notification with the Canadian Competition Bureau if certain financial thresholds are exceeded. Where a notification is required, unless an exemption is available, the legislation prohibits completion of the acquisition until the expiration of the applicable statutory waiting period, unless the Commissioner either waives or terminates such waiting period.

Investment Canada Act

Under the Investment Canada Act an "acquisition of control" of a Canadian business by a "non-Canadian" (as determined pursuant to the Investment Canada Act) involving the "acquisition of control" are either (i) subject to review prior to completion (a "Reviewable Transaction") or (ii) subject to a requirement to submit a notification in prescribed form with the responsible Canadian federal government department or departments not later than 30 days after closing. An investment will be a Reviewable Transaction where the applicable financial threshold is met. Subject to certain exemptions, a Reviewable Transaction may not be implemented until an application for review has been filed and the responsible Minister or Ministers of the federal cabinet has determined that the investment is likely to be of "net benefit to Canada" taking into account certain factors set out in the Investment Canada Act.

The Investment Canada Act contains various rules to determine if there has been an "acquisition of control" by a non-Canadian. For example, for purposes of determining whether an investor has acquired control of a corporation by acquiring shares, the following general rules apply, subject to certain exceptions: the acquisition of a majority of the undivided ownership interests in the voting shares of the corporation is deemed to be acquisition of control of that corporation; the acquisition of less than a majority, but one third or more, of the voting shares of a corporation or of an equivalent undivided ownership interest in the voting shares of the corporation is presumed to be acquisition of control of that corporation unless it can be established that, on the acquisition, the corporation is not controlled in fact by the acquirer through the ownership of voting shares; and the acquisition of less than one third of the voting shares of a corporation or of an equivalent divided ownership interest in the voting shares of the corporation is deemed not to be acquisition of control of that corporation.

The Investment Canada Act, also includes a discretionary national security review regime which allows the federal government to review a much broader range of investments by a non-Canadian to "acquire, in whole or part, or to establish an entity carrying on all or any part of its operations in Canada" where the federal government believes that the investment by a non-Canadian could be "injurious to national security." No financial threshold applies to a national security review. The federal government has broad discretion to determine whether an investor is a non-Canadian and therefore subject to national security review. A national security review may occur on a pre- or post-closing basis.

Exchange Controls

There are no government laws, decrees or regulations in Canada which restrict the export or import of capital or which affect the remittance of dividends, interest or other payments to non-resident holders of Common Shares. Any remittances of dividends to United States residents and to other non-residents are, however, subject to withholding tax.

Certain Canadian Federal Income Taxation

The following general summary describes the principal Canadian federal income tax consequences applicable to a holder of Common Shares who is a resident of the US, who is not, will not be and will not be deemed to be a resident of Canada for purposes of the *Income Tax Act* (Canada) (the "Tax Act") and who does not use or hold, and is not deemed to use or hold, his, her or its Common Shares in the capital of the Company in connection with carrying on a business in Canada (a "Non-Resident Holder").

This summary is based on the current provisions of the Tax Act and the regulations thereunder, the Canada-United States Tax Convention as amended by the Protocols thereto (the "Canada-US Treaty") and the Company's understanding of the current publicly available administrative practices and assessing policies of the Canada Revenue Agency (the "CRA"). This summary also takes into account all specific proposals to amend the Tax Act and the regulations (the "Proposed Amendments") announced by or on behalf of the Minister of Finance (Canada) in writing prior to the date hereof and assumes that all Proposed Amendments will be enacted in the form proposed although there can be no assurance that the Proposed Amendments will be enacted in the form proposed or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action or decision, nor does it take into account other federal or any provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below. There can be no assurance that the CRA will not change its administrative policies or assessing practices. This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder or prospective holder of Common Shares, and no opinion or representation with respect to the tax consequences to any holder or prospective holder of Common Shares is made. Accordingly, holders and prospective holders of Common Shares should consult their own tax advisors with respect to the income tax consequences of purchasing, owning and disposing of Common Shares in their particular circumstances.

Dividends
Dividends paid or credited or deemed to be paid or credited by the Company to a Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of such withholding to which the Non-Resident Holder is entitled under an applicable income tax treaty between Canada and the country where the Non-Resident Holder is resident. For example, under the Canada-US Treaty, the withholding tax rate in respect of a dividend paid to a Non-Resident Holder who is the beneficial owner of the dividend and is resident in the United States for purposes of, and entitled to full benefits under, the Canada-US Treaty, is generally reduced to 15% (or to 5% for a company that holds at least 10% of the voting stock of the corporation paying the dividend).

Capital Gains
A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of Common Shares of the Company, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Shares disposed of constitute "taxable Canadian property" of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under the Canada-US Treaty. Provided that, at the time of disposition, the Common Shares are listed on a "designated stock exchange", as defined in the Tax Act, the Common Shares generally will not constitute "taxable Canadian property" of a Non-Resident Holder at that time, unless, at any time in the sixty (60) month period preceding the disposition the following two conditions were met concurrently: (a) 25% or more of the issued shares of any class or series of the capital stock of the Company were owned by any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm's length and (iii) partnerships in which persons referred to in (i) or (ii) hold a membership interest (directly or indirectly through one or more partnerships); and (b) more than 50% of the fair market value of the Common Shares was derived, directly or indirectly, from any combination of (i) real or immovable property situated in Canada, (ii) "Canadian resource properties" (as defined in the Tax Act), (iii) "timber resource properties" (as defined in the Tax Act), and (iv) options
in respect of, or an interest in, or for civil law rights in, the property described in (i) to (iii), whether or not such property exists. Notwithstanding the foregoing, a Common Share may in certain circumstances be deemed to be taxable Canadian property of a Non-Resident Holder for purposes of the Tax Act.

Warrants

Warrants to Purchase Common Shares

As of December 31, 2024, there were 26,960,963 warrants to purchase Common Shares outstanding (the "Common Share Warrants") at a weighted average exercise price of $3.90 per share. Each Common Share Warrant entitles the registered holder to purchase one Common Share at a price per share described below and subject to adjustment as discussed below.

Exercisability. The Common Share Warrants are exercisable:
•With respect to all 26,960,963 Common Share Warrants outstanding, such Common Share Warrants may be converted into Common Shares at the holder's option.

Exercise Price. The exercise price per Common Share purchasable upon exercise of the Common Share Warrants is:
• USD$1.62 as to 344,140 Common Share Warrants outstanding;
• USD$1.81 as to 435,212 Common Share Warrants outstanding;
• USD$1.95 as to 3,590,334 Common Share Warrants outstanding;
• CAD$3.74 as to 2,152,733 Common Share Warrants outstanding;
• CAD$5.14 as to 15,656,242 Common Share Warrants outstanding;
• CAD$5.95 as to 2,225,714 Common Share Warrants outstanding;
• CAD$6.49 as to 333,723 Common Share Warrants outstanding;
• USD$7.00 as to 117,147 Common Share Warrants outstanding;
• CAD$15.28 as to 1,926,983 Common Share Warrants outstanding; and
• CAD$17.19 as to 178,735 Common Share Warrants outstanding, each subject to adjustment, as described below.

Expiration. The Common Share Warrants will expire on:
• December 31, 2032 as to 22,474,130 Common Share Warrants outstanding;
• July 2, 2027 as to 344,140 Common Share Warrants outstanding;
• July 7, 2026 as to 435,212 Common Share Warrants outstanding;
• July 2, 2025 as to 117,147 Common Share Warrants outstanding; and
• June 23, 2025 as to 3,590,334 Common Share Warrants outstanding.

Transferability. Subject to applicable laws, the Common Share Warrants may be transferred at the option of the holders upon completion and delivery to the Company of the transfer form.

Adjustments; Change in Control Transaction. The exercise price and Common Shares issuable upon exercise of the Common Share Warrants are subject to appropriate adjustment in the event of certain share dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Company's Common Shares. Further, the exercise price and Common Shares issuable upon exercise of the Common Share Warrants are subject to appropriate adjustment in the event the Company consummates certain change in control or capital reorganization transactions (each as defined in such Common Share Warrant) as set forth in such Common Share Warrants.

The exercise price and Common Shares issuable upon exercise of the Common Share Warrants are subject to adjustment pursuant to a formula provided for in the Common Share Warrant in the event the Company shall provide a rights offering to purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the current market price.

Additionally, with respect to 22,474,130 Common Share Warrants, in the event the Company consummates an issuer bid or tender exchange offer at a price greater than the current market price, the exercise price shall be adjusted according to the formula set forth in such Common Share Warrants.

Exhibit 10.32

February 18, 2025

Ms. Lynn Gefen
[***]
[***]

Re: Amendment to Employment Agreement – Promotion

Dear Lynn:

On behalf of TerrAscend Corp. (the "Company"), I am pleased to inform you that the Board of Directors (the "Board"), via unanimous written consent on November 20, 2024, approved your promotion to the role of Chief People and Legal Officer and Corporate Secretary, effective November 12, 2024. This letter (the "Amendment") serves as a formal amendment to your existing employment agreement with the Company dated May 23, 2022 (the "Employment Agreement"). Except as expressly modified herein, all terms, conditions, and provisions of the Employment Agreement remain in full force and effect.

1. Position and Duties

Effective as of November 12, 2024, you shall serve as Chief People and Legal Officer and Corporate Secretary. In this capacity, you will report directly to Ziad Ghanem and your responsibilities will include oversight of the Legal and People teams. You agree to devote your full working time and best efforts to the performance of the duties associated with your new role and such other tasks as may be reasonably assigned to you by the Board or its authorized representatives.

2. Compensation and Benefits

(a) Base Salary: As of the Effective Date, your annualized base salary will be increased to $425,000.00 (less applicable withholdings and deductions), payable in accordance with the Company's standard payroll practices.

(b) Annual Bonus: Subject to the discretion of the Board (or its designated committee), you will remain eligible to participate in the Company's annual incentive bonus plan. Your target bonus opportunity will increase to 50% of your annual base salary, subject to achievement of Company and individual performance metrics established by the Board.

(c) Equity Awards: In recognition of your promotion, the Board has approved the grant of 325,000 stock options under the Company's Stock Option Plan. The specifics of any new equity awards, including the type, quantity, vesting schedule, and other terms, will be documented under a separate award agreement, subject to the terms and conditions of the applicable Stock Option Plan, Insider Trading Policy and any other policy or governing documents approved by the Company.

(d) Long Term Incentive (LTI) Program: You are eligible to receive LTI in the form of Restricted Stock Units (RSUs) pursuant to the Company's Share Unit Plan and as determined by the Board from time to time. In light of your promotion within the Company, you will be eligible for an award with a value of up to 50% of your salary in RSUs. RSUs granted as LTI vest equally over a four-year period. In order to receive LTIs (or any portion thereof), you must be currently employed by the Company in good standing on the date such LTI is generally paid, and you must not have given, and the Company must not have received, notice of the termination of your employment.

3. Other Terms and Conditions

All other terms and conditions contained in your Employment Agreement, including, but not limited to, provisions related to severance, restrictive covenants (such as non-competition and non-solicitation), and governing law, remain unchanged and shall continue to apply in full force and effect.

If you agree to the terms of this Amendment, please sign and date this letter in the space provided below and return a fully executed copy to my attention. Upon receipt of your executed Amendment, this Amendment shall become a binding part of your Employment Agreement as of November 12, 2024.

We look forward to your continued leadership and contributions to the Company in your new role.

Sincerely,

Ziad Ghanem
President & Chief Executive Officer
TerrAscend Corp.

AGREED AND ACCEPTED:

By: _/s/ Lynn Gefen_____

Lynn Gefen
Chief People and Legal Officer and Corporate Secretary

Date: 2/18/2025

Exhibit 10.34

TERRASCEND CORP.
AMENDED AND RESTATED STOCK OPTION PLAN

(Adopted by the Board as of March 8, 2017, as amended and restated on November 2, 2021, April 19, 2023, June 22, 2023 and June 26, 2023)

Article 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of this Plan, the following terms have the following meanings:

1.1.1 "**10% Shareholder**" means a U.S. Participant who, at the time the Option is granted, owns, taking into account the constructive ownership rules set forth in section 424(d) of the Code, more than 10% of the total combined voting power of all classes of stock of the Corporation (or any Parent Corporation or Affiliate Corporation).

1.1.2 "**Affiliate**" means (i) any entity that, directly or indirectly, controls (as well as is controlled by or under common or joint control with) the Corporation; or (ii) any entity in which the Corporation has a significant equity interest, in either case as determined by the Committee; provided that, unless otherwise determined by the Committee, the Shares subject to any Options or SAR that are granted to a service provider of an Affiliate constitutes "service recipient stock" for purposes of Section 409A of the Code or otherwise does not subject the Award to the excise tax under Section 409A of the Code, provided that in respect of any Option granted to a Canadian Grantee, an Affiliate shall only include a corporation that deals at non-arm's length, within the meaning of the ITA, with the Company, and further provided that, in respect of any Deferred Share Unit granted to a Canadian Grantee, an Affiliate shall only include a corporation that is related to the Corporation, within the meaning of the ITA.

1.1.3 "**Affiliate Corporation**" means any subsidiary, as defined in Section 424(f) of the Code, of the Corporation.

1.1.4 "**Applicable Laws**" means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations and orders of any Governmental Authority having authority over that Person, property, transaction or event.

1.1.5 "**Blackout Period**" means the period during which designated Persons cannot trade Shares pursuant to the Corporation's policy, if any, respecting restrictions on trading which is in effect at that time.

1.1.6 "**Board**" means the board of directors of the Corporation.

1.1.7 "**Business Day**" means any day excluding a Saturday, Sunday or statutory holiday in the Province of Ontario, and also excluding any day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours.

1.1.8 "**Cause**" in respect of a Participant means "just cause" "or "cause" for termination of employment by the Corporation or an Affiliate as determined under Applicable Laws; provided that, for a U.S. Participant who is employed in the United States, "Cause" means any of the following: (a) Participant materially breaches any fiduciary duty owed to the Corporation or an Affiliate, including the duty of loyalty; (b) Participant fails to comply with any valid and legal directive of the Corporation that is material and is consistent with Participant's obligations under the Participant's employment agreement, which has not been complied with within ten (10) calendar days of written notice to Participant of such noncompliance; (c) Participant is convicted of or pleads guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent)

or a crime that constitutes a misdemeanor involving moral turpitude or that results in material, reputational, or financial harm to the Corporation, its agents representatives, or its affiliates; (d) Participant engages in any act or omission that constitutes a material breach by Participant of any of Participant's duties, responsibilities, and obligations under the Participant's employment agreement, or any material written policy (as they may be in effect from time to time during Participant's employment) of the Corporation or any Affiliate, assuming such obligations are lawful, which has not been cured within ten (10) calendar days of written notice to the Participant; (e) Participant commits an act which negatively impacts the Corporation or its employees including, but not limited to, engaging in competition with the Corporation, disclosing confidential information or engaging in sexual harassment or discrimination in violation of policies of the Corporation; or (f) Participant engages in the unauthorized disclosure of confidential information of the Corporation. For purposes of this definition of "Cause," an act or failure to act shall not be deemed willful or intentional unless Participant acted (or failed to act) in bad faith or without a reasonable belief that Participant's action or omission was in the best interest of the Corporation. For avoidance of doubt, Participant's failure to meet performance goals or objectives, by itself, shall not constitute Cause.

1.1.9"**Change of Control Transaction**" means:

1.1.9.1the acquisition of a sufficient number of voting securities in the capital of the Corporation so that the acquiror, together with Persons acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Corporation (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Corporation);

1.1.9.2the completion of a consolidation, merger, arrangement or amalgamation of the Corporation with or into any other entity whereby the voting securityholders of the Corporation immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity; or

1.1.9.3the completion of a sale whereby all or substantially all of the Corporation's undertakings and assets become the property of any other entity and the voting securityholders of the Corporation immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale.

1.1.10"**Consultant**" means a Person, or an individual employed by a Person, other than an Employee or a Director, that:

1.1.10.1is engaged to provide on an ongoing bona fide basis consulting, technical, management or other services to the Corporation or to an Affiliate, other than services provided in relation to a distribution of securities;

1.1.10.2provides the services under a written contract with the Corporation or an Affiliate;

1.1.10.3in the reasonable opinion of the Board, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate;

1.1.10.4has a relationship with the Corporation or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Corporation; and

1.1.10.5in the case of a U.S. Participant, (A) is a natural person whom renders bona fide services to the Corporation or any Affiliate, and such services are not in connection with the offer and sale of securities in any capital-raising transaction and (B) does not directly or indirectly promote or maintain a market for the Corporation's or any Affiliate's securities.

1.1.11"**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time.

1.1.12"**Corporation**" means TerrAscend Corp. and includes any successor corporation thereof.

1.1.13"**California Supplement**" means the California Supplement attached hereto as Schedule 1.

1.1.14"**Director**" means a director of the Corporation or any Affiliate.

1.1.15"**Disability**" means a physical or mental incapacity or disability that prevents the Eligible Person from performing the essential duties of the Eligible Person's employment or service with the Corporation or any Affiliate, and which cannot be accommodated under applicable human rights laws without imposing undue hardship on the Corporation or the Affiliate employing or engaging; the Eligible Person, as determined by the Board for the purposes of this Plan.

1.1.16"**Early Expiry Date**" is defined in Section 4.10.1.2.

1.1.17"**Eligible Person**" means any Employee, Director or Consultant.

1.1.18"**Employee**" means:

1.1.18.1an individual who is considered an employee of the Corporation or any Affiliate under the *Income Tax Act* (Canada);

1.1.18.2an individual who works full-time for the Corporation or any Affiliate providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the relevant Affiliate over the details and methods of work as an employee of the Corporation or the relevant Affiliate; or

1.1.18.3an individual who works for the Corporation or any Affiliate on a continuing and regular basis for at least 20 hours per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the relevant Affiliate over the details and methods of work as an employee of the Corporation or the relevant Affiliate.

1.1.19"**Exchange**" means the stock exchange or over-the-counter market on which the Shares are then listed or posted for trading or quoted, as the case may be.

1.1.20"**Governmental Authority**" means:

1.1.20.1any federal, provincial, state, local, municipal, regional, territorial, aboriginal or other government, any governmental or public department, branch or ministry, or any court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and

1.1.20.2any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

1.1.21"**Grant Date**" means, for any Option, the date on which that Option is granted, provided that, with respect to Nonqualified Stock Options, "**Grant Date**" means the date specified in U.S. Treasury Regulation Section 1.409A-1(b)(5)(vi)(B), and with respect to Incentive Stock Options, "Grant Date" means the date specified in U.S. Treasury Regulation Section 1.421- 1(c).

1.1.22"**Incentive Stock Option**" means an incentive stock option as defined in section 422 of the Code.

1.1.23"**Insider**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

1.1.24"**Investor Relations Activities**" has the meaning ascribed thereto in NI 45-106.

1.1.25"**Investor Relations Participant**" means a Consultant that performs Investor Relations Activities or an Employee or Director whose roles and duties primarily consist of Investor Relations Activities.

1.1.26"**NI 45-106**" means National Instrument 45-106 - *Prospectus and Registration Exemptions* or any successor instrument adopted from time to time by the Canadian Securities Administrators, or such other successor and/or additional regulatory rules, instruments or policies from time to time of Canadian provincial securities regulatory authorities which may govern the trades of securities pursuant to this Plan.

1.1.27"**Nonqualified Stock Option**" means an Option granted to a U.S. Participant that is not an Incentive Stock Option.

1.1.28"**Option**" means an option to purchase Shares granted to an Eligible Person under the terms of this Plan.

1.1.29"**Option Agreement**" means the option agreement evidencing an Option issued pursuant to this Plan.

1.1.30"**Option Exercise Price**" is defined in Section 4.3.

1.1.31"**Option Expiry Date**" is defined in Section 4.4.

1.1.32"**Parent Corporation**" means any parent, as defined in Section 424(e) of the Code, of the Corporation.

1.1.33"**Participant**" means an Eligible Person to whom an Option has been granted.

1.1.34"**Person**" will be broadly interpreted and includes:

1.1.34.1a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;

1.1.34.2a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and

1.1.34.3a Governmental Authority.

1.1.35"**Plan**" means this amended and restated stock option plan of the Corporation, as the same may be further amended, restated, modified or supplemented from time to time.

1.1.36"**Remittance Amount**" is defined in Section 4.9.1.1.

1.1.37"**Retirement**" means retirement from active employment or service with the Corporation or an Affiliate:

1.1.37.1at or after age 65; or

1.1.37.2with the consent of any officer of the Corporation as may be designated for the purposes of this Plan by the Board, at or after any earlier age and on the completion of any number of years of service as the Board may specify.

1.1.38"**Rule 701**" means Rule 701 promulgated under the Securities Act.

1.1.39"**SEC**" means the U.S. Securities and Exchange Commission.

1.1.40"**Section 25102(o)**" means Section 25102(o) of the California Corporations Code, as may be amended from time to time.

1.1.41"**Securities Act**" means the U.S. Securities Act of 1933, as may be amended from time to time.

1.1.42"**Share Compensation Arrangement**" means the Plan and any other stock option, stock option plan, share unit plan, employee stock purchase plan, long term incentive plan, share distribution plan, or stock appreciation right involving an issuance of Shares from treasury, or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more Eligible Persons.

1.1.43"**Shares**" means common shares in the capital of the Corporation or, in the event of an adjustment contemplated by this Plan, such other share to which a Participant may be entitled as a result of such adjustment.

1.1.44"**Termination Date**" means the date on which a Participant ceases to be an Eligible Person and, in the case of an Employee, means the date on which the Employee ceases to actively perform services for the Corporation or any Affiliate (excluding any notice period which may extend beyond the date on which active services cease).

1.1.45"**U.S. Participant**" means a Participant who is employed primarily in the United States, and is a United States resident or United States citizen for United States federal income tax purposes or is otherwise subject to the applicable provisions of the Code.

1.2 Certain Rules of Interpretation

1.2.1 In this Plan, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words "**including**" or "**includes**" in this Plan is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

1.2.2 The division of this Plan into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan.

1.2.3 References in this Plan to an Article or Section are to be construed as references to an Article or Section of or to this Plan unless otherwise specified.

1.2.4 Unless otherwise specified in this Plan, time periods within which or following which any calculation or payment is to be made, or action is to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day. Unless otherwise determined by the Board, if an Option would, under the terms of this Plan or the Option Agreement, otherwise expire or terminate on a day which is not a Business Day, the Option will expire or terminate on the next Business Day. Notwithstanding the forgoing, with respect to an Incentive Stock Option, this Section 1.2.4 will not extend any termination or expiry date determined under Section 4.4, 4.10, or 4.14.

1.2.5 Unless otherwise specified, any reference in this Plan to any statute, rule or policy includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute, rule or policy as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

1.3 Governing Law

This Plan and each Option Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

Article 2
ESTABLISHMENT OF PLAN

2.1 Purpose

2.1.1 The Corporation establishes this Plan to govern the grant, administration and exercise of Options which may be granted to bona fide Eligible Persons.

2.1.2 The principal purposes of this Plan are to provide the Corporation with the advantages of the incentive inherent in equity ownership on the part of Eligible Persons who are responsible for the continued success of the Corporation; to create in those Eligible Persons a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage Eligible Persons to remain with the Corporation and any Subsidiaries; and to attract new Employees, Directors and Consultants.

2.1.3 This Plan is expected to benefit shareholders by enabling the Corporation to attract and retain personnel of the highest calibre by offering them an opportunity to share in any increase in value of the Shares resulting from their efforts.

2.2 Shares Reserved and Plan Limits

2.2.1 The number of Shares that may be reserved for issuance under this Plan and under any other Share Compensation Arrangement will not exceed, in the aggregate, 15% of the outstanding Shares on each Grant Date (on a non-diluted basis), provided that the maximum number of Shares reserved under this Plan for issuance upon the exercise of Incentive Stock Options is 10,000,000.

2.2.2 The Corporation will at all times during the term of this Plan reserve and keep available the number of Shares necessary to satisfy the requirements of this Plan.

2.3 Limits on Certain Grants

2.3.1 An Option may only be granted to a Consultant under this Plan if the number of Shares reserved for issuance under that Option, when combined with the number of Shares reserved for issuance under all options granted within the one-year period before the Grant Date by the Corporation to Consultants, does not exceed, in aggregate, 2% of the outstanding Shares on the Grant Date (with the outstanding Shares being calculated on a non-diluted basis, and excluding Shares issued to Consultants within the previous one-year period pursuant to the exercise of Options).

2.3.2 An Option may only be granted to an Investor Relations Participant under this Plan if the number of Shares reserved for issuance under that Option, when combined with the number of Shares reserved for issuance under all options granted within the one-year period before the Grant Date by the Corporation to Investor Relations Participants, does not exceed, in aggregate, 2% of the outstanding Shares on the Grant Date (with the outstanding Shares being calculated on a non-diluted basis, and excluding Shares issued to Investor Relations Participants within the previous one-year period pursuant to the exercise of Options). Further, Options issued to an Investor Relations Participant under this Plan shall vest in stages over a period of not less than 12 months with not more than 1/4 of the Options vesting in any three (3) month period.

2.3.3 An Option may only be granted to a Person under this Plan if the number of Shares reserved for issuance under that Option, when combined with the number of Shares reserved for issuance under all awards granted within the one-year period before the Grant Date by the Corporation to that Person under all other Share Compensation Arrangements, does not exceed, in aggregate, 5% of the outstanding Shares on the Grant Date (with the outstanding Shares being calculated on a non-diluted basis, and excluding Shares issued to that Person within the previous one-year period pursuant to the exercise of Options), unless any disinterested shareholder approval required by the Exchange has been obtained.

2.3.4Unless disinterested shareholder approval is obtained, the number of Shares that may be reserved for issuance to Insiders pursuant to the grant of Options under this Plan and under any other Share Compensation Arrangement will not exceed, in the aggregate, 10% of the outstanding Shares (with the outstanding Shares being calculated on a non-diluted basis) at any point in time.

2.3.5Unless disinterested shareholder approval is obtained, an Option may only be granted to an Insider under this Plan if the number of Shares issued to insiders within the one-year period before the Grant Date by the Corporation to Insiders under all other Share Compensation Arrangements, does not exceed, in aggregate, 10% of the outstanding Shares (on a non-diluted basis, and excluding Shares issued to Insiders within the previous one-year period pursuant to the exercise of Options) on the Grant Date.

2.3.6For the purposes of calculating the limits in this Section 2.3:

2.3.6.1the number of Shares reserved for issuance under an option means the number of Shares which were originally reserved for issuance upon the date of grant of the option (except for the purposes of calculating the limit in Section 2.3.4, in which case the number of Shares reserved for issuance means the number of Shares reserved for issuance at the time of the calculation); and

2.3.6.2any options granted within the relevant time but prior to the grantee becoming a Consultant, Investor Relations Participant or Insider, as applicable (a "Restricted Person"), and any Shares reserved or issued under those grants, will be included in the number of options granted to those Restricted Persons, in the number of Shares reserved for issuance to those Restricted Persons, and in the number of Shares issued to those Restricted Persons, if the grantee becomes a Restricted Person on or before the date the calculation is made.

2.4Exercised Options

Any number of Shares which have been issued on the exercise of an Option will again be available for grants under this Plan, and will be considered to be part of the pool of Shares available for Options under this Plan.

2.5Expired or Terminated Options

If and to the extent any Option granted under this Plan expires or is terminated without having been exercised in whole or in part, the number of Shares then subject to that Option will be considered to be part of the pool of Shares available for Options under this Plan.

2.6Non-Exclusivity

Nothing contained in this Plan will prevent the Board from adopting other or additional incentive compensation arrangements, whether Share Compensation Arrangements or otherwise.

Article 3
ADMINISTRATION OF PLAN

3.1Administration of the Plan

3.1.1Subject to the provisions of this Plan, Applicable Laws, and the applicable rules and policies of the Exchange, the Board will have full power and authority to:

3.1.1.1administer this Plan in accordance with its express terms;

3.1.1.2determine all questions arising in connection with the administration, interpretation, and application of this Plan;

3.1.1.3prescribe, amend, and rescind rules and regulations relating to the administration of this Plan; and

3.1.1.4make all other determinations necessary or advisable for the administration of this Plan.

All determinations made in good faith on the matters referred to in this Section 3.1.1 will be final, conclusive, and binding on the Corporation and the relevant Participant.

3.1.2Subject to Applicable Laws, and the applicable rules and policies of the Exchange, the Board may, by resolution, at any time:

3.1.2.1delegate any of its powers, rights and obligations under Section 3.1.1 to any committee of the Board; and

3.1.2.2amend or rescind the delegation of any of its rights, powers and obligations effected under Section 3.1.2.1.

3.2Record Keeping

The Corporation will maintain a register in which will be recorded:

3.2.1with respect to each Option granted to a Participant:

3.2.1.1the name and address of the Participant;

3.2.1.2the Grant Date;

3.2.1.3the number of Shares issuable under the Option as of the Grant Date;

3.2.1.4the Option Exercise Price;

3.2.1.5any vesting conditions;

3.2.1.6the number of Shares issued under the Option (and the dates of issuance); and

3.2.1.7the Option Expiry Date; and

3.2.2the aggregate number of Shares subject to Options.

3.3Adjustments to Options

3.3.1If any material change in the outstanding Shares occurs by reason of any stock dividend, split, recapitalization, amalgamation, merger, consolidation, combination or exchange of shares or other similar corporate change, the Board may make any proportionate adjustments to this Plan and any outstanding Options that the Board deems equitable and appropriate to reflect that change. Any adjustment under this Section 3.3.1 will be made in the sole discretion of the Board, and will be conclusive and binding for all purposes of this Plan.

3.3.2No fractional Shares will be issued on the exercise of an Option. If, as a result of any adjustment as provided in this Section 3.3, a Participant would be entitled to a fractional Share, the Participant will have the right to purchase only the number of full Shares that is calculated under that adjustment, and no payment or other adjustment will be made with respect to that fractional Share.

3.4 Termination of the Plan

The Board may terminate this Plan at any time in its absolute discretion (without shareholder approval). If this Plan is terminated, no further Options will be granted but the Options then outstanding will continue in full force and effect in accordance with the provisions of this Plan, until the time they are exercised or terminated or expire under the terms of this Plan and the applicable Option Agreements.

3.5 General

The existence of any Option will not affect, in any way, the right or power of the Corporation to:

3.5.1 make or authorize any recapitalization, reorganization or other change in the Corporation's capital structure or business;

3.5.2 participate in any amalgamation, combination, merger or consolidation;

3.5.3 create or issue any securities or change the rights and conditions attaching to any of its securities;

3.5.4 effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business; or

3.5.5 effect any other corporate act or proceeding, whether of similar character or otherwise.

3.6 Compliance with Applicable Laws

3.6.1 This Plan, the grant and exercise of Options, the Corporation's obligation to issue Shares on the exercise of Options, and all other actions taken under this Plan will be subject to Applicable Laws, to the applicable rules and policies of the Exchange and to any approvals by any Governmental Authority which, in the opinion of counsel to the Corporation, are necessary or advisable.

3.6.2 No Option will be granted and no Shares issued under this Plan if that grant or issue would require registration of this Plan or of Shares under the securities laws of any foreign jurisdiction. Any purported grant of any Option or issue of Shares under this Plan in violation of this Section 3.6.2 will be void.

3.6.3 Shares issued to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under Applicable Laws.

Article 4
ARTICLE 4 TERMS OF OPTIONS

4.1 Grants

4.1.1 Subject to the provisions of this Plan, the Board will have the authority to grant Options to Eligible Persons, and to determine the terms and conditions applicable to the exercise of those Options, including, for each Option:

4.1.1.1 the number of Shares issuable under the Option;

4.1.1.2 the Option Exercise Price;

4.1.1.3 the Option Expiry Date;

4.1.1.4 the vesting conditions, if any;

4.1.1.5 the nature and duration of the restrictions, if any, to be imposed on the sale or other disposition of Shares acquired on the exercise of the Option; and

4.1.1.6 the events, if any, that could give rise to a termination of the Participant's rights under the Option, and the period in which such a termination can occur.

4.1.2 Each Option must be confirmed by an Option Agreement executed by the Corporation and by the Participant to whom that Option is granted. Subject to specific variations approved by the Board in respect of any Option, those variations not to be inconsistent with the provisions of this Plan, all terms and conditions set out in this Plan will be incorporated by reference into and form part of each Option Agreement.

4.1.3 If an Option is to be granted to an Employee or a Consultant, the Corporation and the Person to whom that Option is proposed to be granted are responsible for ensuring and confirming that the Person is a bona fide Employee or Consultant.

4.2 Multiple Grants

An Eligible Person may be granted Options on more than one occasion under this Plan and be granted separate Options on any one occasion.

4.3 Option Exercise Price

The Board will set the option exercise price (the "**Option Exercise Price**") in respect of each Share issuable under an Option granted to a Participant. The Option Exercise Price will not be less than the "fair market value" of a Share on the Grant Date and, if the Shares are listed on an Exchange, will be subject to the minimum Option Exercise Price permitted by the Exchange. For the purposes of this Section 4.3, "**fair market value**" means:

4.3.1 if the Shares are listed on an Exchange, the five (5) day volume weighted average price of the Shares based on the Grant Date of the Option;

4.3.2 if the Shares are not then listed on an Exchange, but are listed on another stock exchange or market, the last closing price of the Shares on the stock exchange or market before the grant of the Option; or

4.3.3 if Sections 4.3.1 and 4.3.2 do not apply, the fair market value of a Share determined by the Board, taking into account any considerations which it determines to be appropriate at the relevant time.

4.4 Option Expiry Date

The Board will, on the Grant Date, set the option expiry date (the "**Option Expiry Date**") of each Option granted to a Participant. The Option Expiry Date set under this Section 4.4 will be no later than ten (10) years after the Grant Date, and will be subject to earlier expiry in accordance with Section 4.10 and Section 4.11, and later expiry in accordance with Section 4.7.

4.5 Vesting of Options

4.5.1 Subject to Section 4.5.3, and unless accelerated by the Board under Section 4.5.2 or Section 4.11 or otherwise specified in the relevant Option Agreement, an Option will vest and become exercisable as to 1/4 of the Shares issuable under the Option on each of the following dates:

4.5.1.1 the first anniversary of the Grant Date;

4.5.1.2 the second anniversary of the Grant Date;

4.5.1.3 the third anniversary of the Grant Date; and

4.5.1.4 the fourth anniversary of the Grant Date.

4.5.2Subject to Section 4.5.3, the Board may, at any time, accelerate the date on which any Option will vest and become exercisable.

4.5.3An Option granted to an Investor Relations Participant will vest over a period of not less than 12 months from the Grant Date, and as to no more than 1/4 of the Shares issuable under the Option in any three-month period.

4.6Exercise of Options

4.6.1An Option will be exercisable until 5:00 p.m. (Toronto time) on the Option Expiry Date, but only to the extent that it has vested and has not expired or been terminated.

4.6.2Subject to the provisions of this Plan and the related Option Agreement, an Option may be exercised, in whole or in part, at any time by delivery to the Corporation of a written notice of exercise, substantially in the form to be included with the Option Agreement or in such matter as may be permitted by the Corporation, specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Exercise Price of the Shares to be purchased. Payment of the Option Exercise Price must be made in cash or by check, or in such other manner as may be permitted by the Corporation in its discretion.

4.7Blackout Periods

No Option may be exercised during a Blackout Period, if the Participant is then restricted from trading in Shares pursuant to any policy of the Corporation or Applicable Laws. If an Option Expiry Date set under Section 4.4 falls on a date within a Blackout Period or within ten (10) Business Days following the expiration of a Blackout Period, the expiry date for that Option will be automatically extended, without any further act or formality, to that date which is the tenth Business Day after the end of the Blackout Period. This Section 4.7 will not extend any termination or expiry date determined under Section 4.4., 4.10, 4.11, or 4.14.

4.8Amendments, Suspension or Termination of Plan or Options

The Board may amend, suspend or discontinue the Plan or any Option at any time at its discretion, in good faith, acting reasonably, without obtaining the approval of the shareholders of the Corporation or Participants, provided, however, that no amendment, suspension or discontinuance of the Plan or of any Option may (i) materially and adversely affect any Option previously granted under the Plan without the consent of the Participant; or (ii) contravene the requirements (if any) of the Exchange (including, without limitation, the requirement that disinterested shareholder approval will be required to be obtained in certain circumstances) or any securities commission or regulatory body to which the Plan or the Corporation is subject to. Termination of the Plan shall not affect the ability of the Board to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

For greater certainty and without limiting the generality of the foregoing, shareholder approval shall not be required for the following amendments, subject to any regulatory approvals, including, where required, the approval of the Exchange:

(i) amendments to the Plan to ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or any stock exchange;

(ii) amendments of a "housekeeping", clerical, technical or stylistic nature, which include amendments relating to the administration of the Plan or to eliminate any ambiguity or correct or supplement any provision herein which may be incorrect or incompatible with any other provision hereof;

(iii) changing the terms and conditions governing any Option(s) granted under the Plan, including the vesting terms, the exercise and payment method;

(iv) determining that any of the provisions of the Plan concerning the effect of the Participant's death or permanent disability, the termination of the Participant's employment, term of office or consulting engagement or the Participant ceasing to be an Eligible Person shall not apply for any reason acceptable to the Board;

(v) amendments to the definition of Eligible Person;

(vi) changing the termination provisions of the Plan or any Option which, in the case of an Option, does not entail an extension beyond an Option's originally scheduled expiry date;

(vii) the addition of or amendments to any provisions necessary for Options to qualify for favourable tax treatment to Participants or the Corporation under applicable tax laws or otherwise address changes in applicable tax laws;

(viii) amendments relating to the administration of the Plan; and

(ix) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules or policies of any Exchange upon which the Shares trade from time to time.

4.9 Withholding of Tax

4.9.1 The Corporation and any Affiliate may take reasonable steps for the withholding of any taxes or other source deductions that it is required by Applicable Laws or the requirements of any Governmental Authority to remit in connection with this Plan, any Option or any issuance of Shares upon the exercise of an Option, including:

4.9.1.1 deducting and withholding the amount required to be remitted (the "**Remittance Amount**") from any cash remuneration or any other amount payable to a Participant, whether or not related to the Plan, the exercise of any Options or the issue of any Shares;

4.9.1.2 permitting the Participant to make a cash payment to the Corporation equal to the Remittance Amount; or

4.9.1.3 selling, or causing a broker engaged by the Corporation to sell, on behalf of any Participant, that number of Shares issued to the Participant pursuant to an exercise of Options, such that the amount received by the Corporation or Affiliate from the proceeds of the sale will be sufficient to satisfy the obligation to remit the Remittance Amount (and to fund any commissions payable to the broker and other costs and expenses of the transaction).

4.9.2 Any Shares of a Participant that are sold by the Corporation, or by a broker engaged by the Corporation, to fund a Remittance Amount will be sold as soon as practicable, and, if applicable, in transactions effected on the exchange on which the Shares are then listed for trading. In effecting the sale of any Shares, the Corporation or the broker will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. Neither the Corporation nor the broker will be liable for any loss arising out of any sale of Shares, including any loss relating to the manner or timing of any sale, the prices at which the Shares are sold, or otherwise. In addition, neither the Corporation nor the broker will be liable for any loss arising from a delay in transferring any Shares to a Participant. The sale price of Shares sold on behalf of Participants will fluctuate with the market price of the Shares and no assurance can be given that any particular price will be received upon any sale.

4.10 Termination of Employment or Service

4.10.1 Unless otherwise determined by the Board under Section 4.11 or otherwise specified in the relevant Option Agreement, if a Participant ceases to be an Eligible Person:

4.10.1.1any unvested portion of any Option held by that Participant will immediately expire as of the Termination Date; and

4.10.1.2any vested portion of any Option held by that Participant will expire on the earlier of the Option Expiry Date set by the Board under Section 4.4 (without including any extended expiry terms determined under Section 4.7) and:

a)in the case of termination of employment by the Corporation or an Affiliate without Cause, or the failure of a Director standing for election to be re-elected, or the failure by the Corporation or an Affiliate to renew a contract for services at the end of its term, the date which is 90 days (or, in the case of an Incentive Stock Option, three (3) months) after the Termination Date;

b)in the case of voluntary resignation of employment from the Corporation or an Affiliate, the date which is 90 days (or, in the case of an Incentive Stock Option, three (3) months) after the Termination Date;

c)in the case of the death of the Participant, the date which is one year after the death;

d)in the case of the Disability or Retirement of the Participant, the date which is 180 days (or, in the case of an Incentive Stock Option, except as set forth in Section 4.14.6, three (3) months) after the Termination Date; and

e)in all other cases, the Termination Date,

(the date determined under Sections 4.10.1.2.1 to 4.10.1.2.4, the "**Early Expiry Date**").

4.10.2Unless otherwise determined by the Board, Options will not be affected by any change of employment or provision of services within or among the Corporation or any Subsidiaries, so long as the Participant continues to be an Eligible Person.

4.10.3The Early Expiry Date will be determined based on the first of the events described in Sections 4.10.1.2.1 to 4.10.1.2.5 to occur.

4.10.4Options granted under this Plan are not part of a Participant's regular employment or consulting compensation, and no value will be attributed to any Options as part of calculating any Participant's damages for wrongful dismissal, or any amount due to a Participant with respect to reasonable notice, notice of termination, severance or termination pay, or compensation in lieu of notice.

4.10.5Notwithstanding Section 4.10.1.1 and subject to the terms of a Participant's written employment or consulting agreement with the Corporation or an Affiliate, in the event a Participant's employment is terminated by the Corporation, or a Subsidiary, as applicable, without Cause, the Participant dies or experiences a Disability prior to the anniversary of a vesting period:

4.10.5.1the number of Options determined by the formula A x B/C, where:

A: equals the total number of Options relating to such vesting period that have not previously vested in respect of such vesting period,

B: equals the total number of days between the first day of such vesting period relating to such Grant and the Participant's Termination Date, and

C: equals total number of days in the vesting period relating to such vesting period,

shall become vested Options on the Participant's Termination Date.

4.11 Change of Control

4.11.1 Despite any other provision of this Plan or any Option Agreement, in the event of an actual or potential Change of Control Transaction, the Board has the right, in its sole discretion and on the terms it sees fit, without any action or consent required on the part of any Participant, to deal with any Options (or any portion of any Options) in the manner it deems equitable and appropriate in the circumstances, including the right to:

4.11.1.1 determine that any Options (or any portion of any Options) will remain in full force and effect in accordance with their terms after the Change of Control Transaction;

4.11.1.2 cause any Options (or any portion of any Options) to be converted or exchanged for options to acquire shares of another entity involved in the Change of Control Transaction, having substantially the same terms and conditions as the Options, except as the board may determine;

4.11.1.3 accelerate the vesting of any unvested Options;

4.11.1.4 provide Participants with the right to surrender any Options (or any portion of any Options) for an amount per underlying Share equal to the positive difference, if any, between the fair market value of the Share on the date of surrender and the Option Exercise Price; and

4.11.1.5 accelerate the date by which any Options (or any portion of any Options) must be exercised.

4.11.2 The Corporation will use its best efforts to give the affected Participants written notice of any determination made by the Board under Section 4.11.1 at least 14 days before the effective date of the Change of Control Transaction.

4.12 Transferability

4.12.1 Subject to Section 4.12.2, the Options and all benefits and rights accruing to a Participant in accordance with the terms and conditions of this Plan are not directly or indirectly transferable and cannot be assigned, charged, pledged or hypothecated, or otherwise alienated, by a Participant, whether voluntarily, involuntarily, by operation of law or otherwise.

4.12.2 On a Participant's death, vested Options, benefits and rights may pass by the Participant's will or the laws of descent and distribution to the legal representative of the Participant's estate or any other Person who acquires the Participant's vested Options by bequest or inheritance. No transfer of a vested Option by will or by the laws of descent and distribution will be effective to bind the Corporation until the Corporation has been furnished with any evidence that the Corporation may deem necessary to establish the validity of the transfer and the acceptance by the transferee of the terms and conditions of this Plan and the relevant Option Agreement.

4.13 Options for U.S. Participants

4.13.1 In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the limitations and requirements of this Section 4.13, as well as those contained in Section 4.15, will apply to Options granted to a Participant who is a U.S. Participant on the Grant Date.

4.13.2 The Option Agreement relating to any Option granted to a U.S. Participant shall specify whether such Option is an Incentive Stock Option or a Nonqualified Stock Option. If no such specification is made, then the Option will be (a) an Incentive Stock Option if all of the requirements under the Code are satisfied with respect to such grant, or (b) in all other cases, a Nonqualified Stock Option.

4.13.3The Option Exercise Price will not be less than 100% of the fair market value of a Share on the Grant Date of the applicable Option. If the Shares are not readily tradeable on an established securities market on the Grant Date, then fair market value will be determined by the Board by the reasonable application of a reasonable valuation method, as contemplated under Section 409A of the Code, taking into consideration factors relevant to such valuation in accordance with regulations under Section 409A of the Code and other applicable guidance.

4.13.4Any adjustment to an outstanding Option granted to a U.S. Participant (including, but not limited to, any adjustment contemplated under Sections 3.3.1 and 4.11.1.2 with respect to the Option Exercise Price and number of Shares subject to an Option, or with respect to the Option Expiry Date) will be made so as to comply with, and not create any adverse consequences under, Section 409A of the Code.

4.13.5An Option granted to a U.S. Participant may not be granted with any right to payments equivalent in amount to dividends paid to the Corporation's shareholders with respect to the Shares.

4.13.6A U.S. Participant may only be granted an Option to the extent that the Shares underlying the Option qualify as "service recipient stock" (as defined under Section 409A of the Code) with respect to such U.S. Participant.

4.13.7Notwithstanding any other provisions of this Plan or any Option Agreement to the contrary, each Option granted to a U.S. Participant shall be designed, granted, and administered in such a manner that the Option will be exempt from the application of the requirements of Section 409A of the Code. The exercisability of an Option granted to a U.S. Participant shall not be extended to the extent that such extension would subject the U.S. Participant to additional taxes under Section 409A of the Code.

4.14Additional Rules for Incentive Stock Options to U.S. Participants

4.14.1In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the limitations and requirements of this Section 4.14 will apply to an Incentive Stock Option.

4.14.2An Incentive Stock Option may be granted only to an employee (including a director or officer who is also an employee) of the Corporation or any Affiliate. For purposes of Section 4.14, the term "employee" shall mean a person who is an employee for purposes of Section 422 of the Code.

4.14.3To the extent that the aggregate fair market value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any U.S. Participant during any calendar year (under this Plan and all other plans of the Corporation and of any Parent Corporation or Affiliate Corporation) exceeds US$100,000 or any limitation subsequently set forth in Section 422(d) of the Code, such excess shall be considered to be Nonqualified Stock Options. For this purpose, the "fair market value" of the Shares subject to Options shall be determined as of the Grant Date of the Options. In reducing the number of Options treated as Incentive Stock Options to meet the US$100,000 limit, the most recently granted Options shall be reduced first. To the extent that a reduction of simultaneously granted Options is necessary to meet the US$100,000 limit, the Board may, in the manner and to the extent permitted by law, designate which Shares are to be treated as shares acquired pursuant to the exercise of an Incentive Stock Option.

4.14.4The Option Exercise Price upon exercise of an Incentive Stock Option will not be less than 100% of the fair market value of a Share on the Grant Date of such Incentive Stock Option, provided that, in the case of the grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, the Option Exercise Price upon exercise of such Incentive Stock Option will be not less than 110% of the fair market value of a Share on the Grant Date of such Incentive Stock Option.

4.14.5Notwithstanding Section 4.4 of this Plan, in the case of an Incentive Stock Option granted to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, such Incentive Stock Option will terminate and no longer be exercisable no later than five (5) years after the Grant Date of such Incentive Stock Option.

4.14.6Notwithstanding the provisions of Section 4.10.1 of this Plan, if a U.S. Participant's employment with the Corporation or any Affiliate terminates by reason of a permanent and total disability (as defined below), any Incentive Stock Option held by such Participant may thereafter be exercised, to the extent then exercisable, for a period of no more than one hundred eighty (180) days after the Termination Date or until the Option Expiry Date, whichever period is the shorter. For purposes of this paragraph, the term "permanent and total disability" has the meaning assigned to that term in Section 22(e)(3) of the Code.

4.14.7An Incentive Stock Option granted to a U.S. Participant may be exercised during such U.S. Participant's lifetime only by such U.S. Participant.

4.14.8An Incentive Stock Option granted to a U.S. Participant may not be transferred, assigned or pledged by such U.S. Participant, except by will or by the laws of descent and distribution.

4.14.9No Incentive Stock Option may be granted under this Plan on or after the date that is ten (10) years from the earlier of the date that this Plan, as amended, is adopted by the Board or the date that this Plan, as amended, is approved by the shareholders of the Corporation.

4.14.10If any U.S. Participant shall make any disposition of Shares issued to such U.S. Participant pursuant to the exercise of an Incentive Stock Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), such U.S. Participant shall notify the Corporation of such disposition within ten (10) days thereof.

4.15Additional Securities Law Requirements for U.S. Participants

4.15.1This Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701 or, to the extent applicable, Section 25102(o); however, grants may be made to U.S. Participants pursuant to this Plan which do not specifically qualify for exemption from registration under Rule 701 or, to the extent applicable, Section 25102(o). Any requirement of this Plan which is required in law only because of Section 25102(o) will not apply with respect to a particular Option grant to which Section 25102(o) will not apply in light of the particular U.S. Participant.

4.15.2Any provision of this Plan that is inconsistent with Rule 701 (or, to the extent applicable, Section 25102(o)) shall, without further act or amendment by the Corporation, be reformed to comply with the requirements of Rule 701 (and, to the extent applicable, Section 25102(o)). Any Option granted to any U.S. Participant hereunder will not be effective unless such grant is made in compliance in all respects with Applicable Laws, including all applicable federal, state and foreign securities laws, rules and regulations of any Governmental Authority, as well as the requirements of any U.S. or foreign stock exchange or automated quotation system upon which the Corporation's securities may then be listed or quoted, as they are in effect on the date of the Option grant and also on the date of exercise or other issuance. The Corporation shall be under no obligation to register or qualify the Shares underlying the Option with the SEC, any state or foreign securities commission or any stock exchange to effect such compliance, and the Corporation will have no liability for any inability or failure so do.

4.15.3Notwithstanding any other provision in this Plan to the contrary, the Corporation shall have no obligation to issue or deliver any securities under this Plan to any U.S. Participant prior to (i) obtaining any approvals from any governmental agency that the Corporation determines in its discretion are necessary or advisable, and/or (ii) compliance with any exemption, completion of any registration or other qualification of such securities under any federal, state or foreign law or ruling of any Governmental Authority that the Corporation determines in its discretion to be necessary or advisable.

4.15.4For the avoidance of doubt, a Consultant shall only be eligible to receive an Option grant in reliance on Rule 701 to the extent that such Consultant is a natural person as described under Section 1.1.7.5.

Article 5 ARTICLE 5
MISCELLANEOUS PROVISIONS

5.1 No Rights as Shareholder

The holder of an Option will not have any rights as a shareholder of the Corporation with respect to any of the Shares issuable on exercise of that Option until that holder has exercised that Option in accordance with the terms of this Plan and has been issued the Shares.

5.2 No Employment Rights

Nothing in this Plan or any Option will confer on a Participant any right to continue in the employment or service of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment or service at any time; nor will anything in this Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment or service of any Participant beyond the date on which the Participant's relationship with the Corporation or any Affiliate would otherwise be terminated due to Retirement or pursuant to the provisions of any employment, consulting or other contract for services with the Corporation or any Affiliate.

5.3 No Undertaking or Representation

The Participants, by participating in this Plan, will be deemed to have accepted all risks associated with acquiring Shares pursuant to this Plan. Each Participant acknowledges that the Shares are subject to, and may be required to be held indefinitely under, applicable securities laws. The Corporation and the Subsidiaries make no undertaking, representation, warranty or guarantee as to the future value or price, or as to the listing on any stock exchange or other market, of any Shares issued under this Plan, and will not be liable to any Participant for any loss resulting from that Participant's participation in this Plan or as a result of the amendment, suspension or termination of this Plan or any Option in accordance with its terms.

5.4 Hold Period

The Options issued under this Plan, and the Shares issuable upon exercise of the Options, may, in certain circumstances be subject to a 4 month hold period, or other resale restriction, commencing on the Grant Date of the Option in accordance with the polices of the Exchange and/or applicable securities laws.

5.5 Notices

All written notices to be given by a Participant to the Corporation will be delivered personally or by registered mail, postage prepaid, addressed as follows:

330-357 South Gulph Road
King of Prussia, Pennsylvania 19406
Attn: Chief Executive Officer

Any notice given by a Participant pursuant to the terms of an Option will not be effective until actually received by the Corporation at the above address.

5.6 Further Assurances

Each Participant will, when requested to do so by the Corporation, sign and deliver all documents relating to the granting or exercise of Options deemed necessary or desirable by the Corporation. Each Participant will provide the Corporation with all information (including personal information) which is necessary for the administration of this Plan, and each Participant consents to the collection, use and disclosure of information by the Corporation necessary for the administration of this Plan.

5.7Submission to Jurisdiction

The Corporation and each Participant irrevocably and unconditionally submits and attorns to the exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity, arising from this Plan and each Option Agreement. To the extent permitted by Applicable Laws, the Corporation and each Participant:

5.7.1irrevocably waives any objection, including any claim of inconvenient forum, that it may now or in the future have to the venue of any legal proceeding arising out of or relating to this Plan or any Option Agreement in the courts of that Province, or that the subject matter of this Plan or any Option Agreement may not be enforced in those courts;

5.7.2irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called on to enforce the judgment of the courts referred to in this Section 5.7, of the substantive merits of any suit, action or proceeding; and

5.7.3to the extent the Corporation or any Participant has or may acquire any immunity from the jurisdiction of any court or from any legal process, whether through service or notice, attachment before judgment, attachment in aid of execution, execution or otherwise, with respect to itself or its property, that Person irrevocably waives that immunity in respect of its obligations under this Plan and any Option Agreement.

[*Remainder of page left intentionally blank*.]

Exhibit 10.35

TERRASCEND CORP. – STOCK OPTION AGREEMENT

1. Participant Information

Participant Name
Participant ID
Participant Address

2. Overview

TerrAscend Corp. (the "Corporation") has a stock option plan with an original effective date of March 8, 2017 and an amended and restated effective date of August 6, 2018, January 8, 2019, April 27, 2020, November 2, 2022, June 22, 2023, and June 26, 2023 (as it may be further amended at any time in accordance with its terms) (the "**Plan**"). A copy of the Plan in effect on the date of this agreement is available to download below and is stored in your eDocument section on Siebert.

The board of directors of the Corporation has authorized the granting to you (the "**Participant**") of options under the Plan, having the terms set out in this online grant acceptance (the "**Options**").

All capitalized terms used in this grant acceptance but not defined herein shall have the meanings ascribed to them in the Plan.

3. Award Details

Participant Name
Grant Number
Grant Date
Strike Price (USD)

4. Vesting Details

Milestone	**Date**	**Number of Shares Vesting**
Vesting Date 1		
Vesting Date 2		
Vesting Date 3		
Vesting Date 4		

5. Other Terms

Effect of Termination. The expiry of the Options will be accelerated if the Participant ceases to be an Eligible Person (as defined in the Plan), including as a result of a termination of the Participant's employment, as set out in further detail in sections 4.10 and 4.14 of the Plan.

Withholding Taxes. The Corporation may take reasonable steps for the withholding of any taxes or other source deductions that it is required to remit in connection with the Options or any issuance of shares upon the exercise of the Options, as described in more detail in the Plan.

Transferability. The Participant will not, directly or indirectly, transfer or assign the Options, except as expressly permitted in the Plan.

Incentive Stock Options. If the Option is identified above as an "ISO" (or "Incentive Stock Option"), then the following additional rules apply, which rules are also set forth in the Plan:

- To the extent that the aggregate fair market value of the Shares with respect to which Incentive Stock Options are exercisable for the first time during any calendar year exceeds US$100,000, such excess shall be considered to be Nonqualified Stock Options. For this purpose, the "fair market value" of the Shares subject to Options shall be determined as of the Grant Date of the Options. In reducing the number of Options treated as Incentive Stock Options to meet the US$100,000 limit, the most recently granted Options shall be reduced first. To the extent that a reduction of simultaneously granted Options is necessary to meet the US$100,000 limit, the Board may, in the manner and to the extent permitted by law, designate which Shares are to be treated as shares acquired pursuant to the exercise of an Incentive Stock Option.

- The Option will terminate and no longer be exercisable on the tenth (10th) anniversary of the Grant Date of such Option.

- The Option may not be transferred, assigned, or pledged by the Participant, except by will or by the laws of descent and distribution. The Option may be exercised during the Participant's lifetime only by the Participant.

- If the Participant makes any disposition of Shares issued to the Participant pursuant to the exercise of the Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), then the Participant agrees to notify the Corporation of such disposition within ten (10) days thereof.

U.S. Participant Representations. If the Participant is a U.S. Participant, then such Participant hereby represents and warrants to the Corporation as follows in connection with such Participant's acceptance of any grant of Options:

- The U.S. Participant is familiar with the provisions of Rule 701 promulgated under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the provisions of Rule 144 promulgated under the Securities Act ("Rule 144"), which permit limited public resales of "restricted securities" acquired, directly or indirectly, from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions.

- The U.S. Participant acknowledges and agrees that the Plan and the grant of Options are intended to comply with Rule 701 (and, to the extent applicable, Section 25102(o)), and any provision that

is inconsistent with Rule 701 (and, to the extent applicable Section 25102(o)) shall, without further action or amendment by the Corporation, be reformed to comply with the requirements of Rule 701 and/or Section 25102(o).

- The U.S. Participant understands that (i) the exercise of the Option and the issuance and transfer of the Shares shall be subject to compliance by the Corporation and the U.S. Participant with all applicable requirements of federal, foreign, and state securities laws and with all applicable requirements of any stock exchange on which the Shares may be listed at the time of such issuance or transfer and (ii) the Corporation is under no obligation to register or qualify the Shares with the U.S. Securities and Exchange Commission (the "SEC"), any state securities regulator or governmental body, or any stock exchange to effect such compliance.

- The U.S. Participant acknowledges and agrees that he/she shall not transfer, assign, grant a lien or security interest in, encumber, pledge, hypothecate, or otherwise dispose of any of the Shares (or any interest therein) unless and until the U.S. Participant shall have provided the Corporation with written assurances, in form and substance satisfactory to the Corporation (or its counsel), that: (i)(A) the proposed transfer or disposition does not require registration under any applicable federal, foreign, or state securities laws, and (B) all appropriate actions necessary for compliance with the registration requirements or of any exemption available under the Securities Act, including, without limitation, Rule 144, or other applicable federal, foreign, and state securities laws have been taken by such U.S. Participant; and (ii) the proposed disposition or transfer will not result in the contravention of any transfer restrictions applicable to the Shares pursuant to the provisions of the regulations promulgated under Rule 701, Section 25102(o), to the extent applicable, or under any other applicable securities laws or adversely affect the Corporation's ability to rely on the exemption(s) from registration under the Securities Act or under any other applicable securities laws for the grant of the Option, the issuance of the Shares thereunder, or any other issuance of securities under the Plan.

- If the U.S. Participant is a resident of the State of California on the date of the Option grant and which grant is intended to be exempt from registration in California pursuant to Section 25102(o), then such U.S. Participant has read and reviewed the limitations, terms, and conditions set forth in the California Supplement to the Plan.

- The U.S. Participant understands and acknowledges that the Corporation will rely, without qualification or limitation, upon the accuracy of the representations set forth herein and the U.S. Participant hereby consents to such reliance.

Rights of Participant. The Participant will not have any rights as a shareholder of the Corporation with respect to any of the shares issuable on exercise of the Options until the Participant has exercised the Options in accordance with the terms of the Plan and has been issued the shares. Nothing in the Plan or this online grant acceptance will confer on the Participant any right to continue in the employment or service of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any Subsidiary to terminate the Participant's employment or service at any time.

Independent Legal Advice. The Participant acknowledge that he/she had the opportunity to receive independent legal advice from his/her own counsel with respect to the terms of this online grant acceptance, and understands the risks associated with acquiring shares pursuant to the Plan.

Governing Law. This online grant acceptance is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

Time of Essence. Time is of the essence in all respects of this online grant acceptance.

Acceptance of Stock Option Agreement

I accept and agree to be bound by all of the terms set out above and included as Other Terms and to accept and be bound by the Plan.

_____ Dated: _____

Name:

Exhibit 10.36

TERRASCEND CORP.
AMENDED AND RESTATED SHARE UNIT PLAN

(Adopted by the Board as of November 19, 2019, as amended and restated on April 19, 2023, June 22, 2023, and June 26, 2023)

1. PREAMBLE AND DEFINITIONS

1.1 Title

The Plan described in this document shall be called the "**TerrAscend Corp. Share Unit Plan**".

1.2 Purpose of the Plan

The purposes of the Plan are:

(a) to promote a further alignment of interests between individuals rendering services as a Director, officer, employee or Consultant to the Corporation or an Affiliate and the shareholders of the Corporation;

(b) to associate a portion of such Participants' compensation with the returns achieved by shareholders of the Corporation; and

(c) to attract and retain such Participants with the knowledge, experience and expertise required by the Corporation.

1.3 Definitions

1.3.1 "**Act**" means the *Securities Act* (Ontario), as such legislation may be amended, supplemented or replaced from time to time.

1.3.2 "**Affiliate**" means (i) any entity that, directly or indirectly, controls (as well as is controlled by or under common or joint control with) the Corporation; or (ii) any entity in which the Corporation has a significant equity interest, in either case as determined by the Committee; provided that, unless otherwise determined by the Committee, the Shares subject to any Options or SAR that are granted to a service provider of an Affiliate constitutes "service recipient stock" for purposes of Section 409A of the Code or otherwise does not subject the Award to the excise tax under Section 409A of the Code, provided that in respect of any Option granted to a Canadian Grantee, an Affiliate shall only include a corporation that deals at non-arm's length, within the meaning of the ITA, with the Company, and further provided that, in respect of any Deferred Share Unit granted to a Canadian Grantee, an Affiliate shall only include a corporation that is related to the Corporation, within the meaning of the ITA.

1.3.3 "**Applicable Law**" means at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations and orders of any Governmental Authority having authority over that Person, property, transaction or event, but in respect of the foregoing, excluding from the definition of "Applicable Law" for purposes of this Plan any U.S. federal laws related to cannabis.

1.3.4 "**Beneficiary**" means, subject to Applicable Law, an individual who has been designated by a Participant, in such form and manner as the Board may determine, to receive benefits payable under

the Plan upon the death of the Participant, or, where no such designation is validly in effect at the time of death, the Participant's legal representative.

1.3.5"**Blackout Period**" means the period during which designated Persons cannot trade Shares pursuant to the Corporation's policy, if any, respecting restrictions on trading which is in effect at that time

1.3.6"**Board**" means the board of directors of the Corporation.

1.3.7"**California Supplement**" means the California Supplement attached hereto as Schedule 1.

1.3.8"**Cause**" in respect of a Participant means "just cause" "or "cause" for Termination by the Corporation or an Affiliate as determined under Applicable Law; provided that, for a U.S. Participant who is employed in the United States, "Cause" means any of the following: (a) Participant materially breaches any fiduciary duty owed to the Corporation or an Affiliate, including the duty of loyalty; (b) Participant fails to comply with any valid and legal directive of the Corporation that is material and is consistent with Participant's obligations under the Participant's employment agreement, which has not been complied with within ten (10) calendar days of written notice to Participant of such noncompliance; (c) Participant is convicted of or pleads guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude or that results in material, reputational, or financial harm to the Corporation, its agents representatives, or its affiliates; (d) Participant engages in any act or omission that constitutes a material breach by Participant of any of Participant's duties, responsibilities, and obligations under the Participant's employment agreement, or any material written policy (as they may be in effect from time to time during Participant's employment) of the Corporation or any Affiliate, assuming such obligations are lawful, which has not been cured within ten (10) calendar days of written notice to the Participant; (e) Participant commits an act which negatively impacts the Corporation or its employees including, but not limited to, engaging in competition with the Corporation, disclosing confidential information or engaging in sexual harassment or discrimination in violation of policies of the Corporation; or (f) Participant engages in the unauthorized disclosure of confidential information of the Corporation. For purposes of this definition of "Cause," an act or failure to act shall not be deemed willful or intentional unless Participant acted (or failed to act) in bad faith or without a reasonable belief that Participant's action or omission was in the best interest of the Corporation. For avoidance of doubt, Participant's failure to meet performance goals or objectives, by itself, shall not constitute Cause.

1.3.9"**Change of Control**" means:

(a)the acquisition of a sufficient number of voting securities in the capital of the Corporation so that the acquiror, together with Persons acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Corporation (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Corporation);

(b)the completion of a consolidation, merger, arrangement or amalgamation of the Corporation with or into any other entity whereby the voting securityholders of the Corporation immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity; or

(c)the completion of a sale whereby all or substantially all of the Corporation's undertakings and assets become the property of any other entity and the voting securityholders of the Corporation immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale.

Notwithstanding the foregoing, to the extent that a Share Unit granted to a U.S. Participant is subject to the requirements for Section 409A and the occurrence of a Change of Control (as defined above) is a settlement event for such Share Unit, then such Change of Control shall not be a "Change of Control" for purposes of such Share Unit unless such Change of Control also constitutes a "change in control event" as defined in U.S. Treasury Regulation Section 1.409A-3(i)(5)(i).

1.3.10 "**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time.

1.3.11 "**Consultant**" means a Person, or an individual employed by a Person, other than an Employee or a Director, that:

(a) is engaged to provide on an ongoing bona fide basis consulting, technical, management or other services to the Corporation or to an Affiliate, other than services provided in relation to a distribution of securities;

(b) provides the services under a written contract with the Corporation or an Affiliate;

(c) in the reasonable opinion of the Board, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate;

(d) has a relationship with the Corporation or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Corporation; and

(e) in the case of a U.S. Participant, (A) is a natural person whom renders bona fide services to the Corporation or any Affiliate, and such services are not in connection with the offer and sale of securities in any capital-raising transaction and (B) does not directly or indirectly promote or maintain a market for the Corporation's or any Affiliate's securities.

1.3.12 "**Corporation**" means TerrAscend Corp. and includes any successor corporation thereof.

1.3.13 "**Director**" means a director of the Corporation or any Affiliate.

1.3.14 "**Disability**" means either:

(a) subject to (b) below, a physical or mental incapacity or disability that prevents the Eligible Person from performing the essential duties of the Eligible Person's employment or service with the Corporation or any Affiliate, and which cannot be accommodated under applicable human rights laws without imposing undue hardship on the Corporation or the Affiliate employing or engaging the Eligible Person, as determined by the Board for the purposes of this Plan; or

(b) where a Participant has a written employment or consulting agreement with the Corporation or an Affiliate, "Disability" as defined in such written agreement if applicable.

Notwithstanding the foregoing, to the extent that a Share Unit granted to a U.S. Participant is subject to the requirements for Section 409A and the occurrence of a Disability (as defined above) is a settlement event for such Share Unit, then such Disability shall not be a "Disability" for purposes of such Share Unit unless such Disability also constitutes a "disability" as defined in U.S. Treasury Regulation Section 1.409A-3(i)(4).

1.3.15 "**Disability Date**" means, in relation to a Participant, that date determined by the Board to be the date on which the Participant experienced a Disability.

1.3.16"**Eligible Person**" means an individual Employed by the Corporation or any Affiliate who, by the nature of his/her position or duties are, in the opinion of the Board, in a position to contribute to the success of the Corporation.

1.3.17"**Employed**" means, with respect to a Participant, that:

(a)he/she is rendering services as a Director, officer, employee or Consultant to the Corporation or an Affiliate; or

(b)he/she is not actively rendering services to the Corporation or an Affiliate due to an approved leave of absence, maternity or parental leave or leave on account of Disability and "Employment' has the corresponding meaning.

1.3.18"**Exchange**" means the stock exchange or over-the-counter market on which the Shares are then listed or posted for trading or quoted, as the case may be.

1.3.19"**Governmental Authority**" means:

(a)any federal, provincial, state, local, municipal, regional, territorial, aboriginal or other government, any governmental or public department, branch or ministry, or any court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and

(b)any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them

1.3.20"**Grant**" means a grant of Share Units made pursuant to Section 3.1.

1.3.21"**Grant Agreement**" means an agreement between the Corporation and a Participant under which a Grant is made, as contemplated by Section 3.1, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.

1.3.22"**Grant Date**" means the effective date of a Grant.

1.3.23"**Grant Value**" means a dollar amount allocated to an Eligible Person in respect of a Grant as contemplated by Section 3.

1.3.24"**Insider**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

1.3.25"**Market Value**" means, with respect to a date, (i) if the Shares are listed on the Exchange, the last closing price of the Shares on the Exchange before such date; (ii) if the Shares are not then listed on the Exchange, but are listed on another stock exchange or market, the last closing price of the Shares on the stock exchange or market before such date; or (iii) if neither clause (i) nor (ii) applies, the fair market value of a Share determined by the Board, taking into account any considerations which it determines to be appropriate at the relevant time.

1.3.26"**NI 45-106**" means National Instrument 45-106 - *Prospectus and Registration Exemptions* or any successor instrument adopted from time to time by the Canadian Securities Administrators, or such other successor and/or additional regulatory rules, instruments or policies from time to time of Canadian provincial securities regulatory authorities which may govern the trades of securities pursuant to this Plan.

1.3.27"**Participant**" has the meaning set forth in Section 3.2.1.

1.3.28"**Performance Period**" means, with respect to PSUs, the period specified by the Board for achievement of any applicable Performance Conditions as a condition to Vesting.

1.3.29"**Performance Conditions**" means such financial, personal, operational or transaction-based performance criteria as may be determined by the Board in respect of a Grant to any Participant or Participants and set out in a Grant Agreement. Performance Conditions may apply to the Corporation, an Affiliate, the Corporation and Subsidiaries as a whole, a business unit of the Corporation or group comprised of the Corporation and some Subsidiaries or a group of Subsidiaries, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a specified performance period, on an absolute basis or relative to a pre-established target or milestone, to previous years' results or to a designated comparator group, or otherwise, and may result in the percentage of Vested PSUs in a Grant exceeding 100% of the PSUs initially determined in respect of such Grant pursuant to Section 3.2.3.

1.3.30"**Person**" will be broadly interpreted and includes:

(a) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;

(b) a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and

(c) a Governmental Authority.

1.3.31"**Plan**" means this amended and restated share unit plan of the Corporation, including any schedules or appendices hereto, as the same may be further amended, restated, modified or supplemented from time to time.

1.3.32"**PSU**" means a right, granted to a Participant in accordance with Section 3, to, subject to Section 6, receive a Share, that generally becomes Vested, if at all, subject to the attainment of certain Performance Conditions and satisfaction of such other conditions to Vesting, if any, as may be determined by the Board.

1.3.33"**RSU**" means a right granted to a Participant in accordance with Section 3, to, subject to Section 6, receive a Share, that generally becomes Vested, if at all, following a period of continuous Employment of the Participant with the Corporation or an Affiliate.

1.3.34"**Rule 701**" means Rule 701 promulgated under the Securities Act.

1.3.35"**SEC**" means the U.S. Securities and Exchange Commission.

1.3.36"**Section 25102(o)**" means Section 25102(o) of the California Corporations Code, as may be amended from time to time.

1.3.37"**Section 409A**" means Section 409A of the Code and any applicable, similar state or local tax law, rule, or requirement governing nonqualified deferred compensation arrangements.

1.3.38"**Securities Act**" means the U.S. Securities Act of 1933, as may be amended from time to time.

1.3.39"**Share**" means a common share of the Corporation or, in the event of an adjustment contemplated by Section 5.3 hereof, such other Share to which a Participant may be entitled as a result of such adjustment.

1.3.40"**Share Compensation Arrangement**" means the Plan, and any stock option, stock option plan, share unit plan, employee stock purchase plan, long term incentive plan, share distribution plan, or stock appreciation right involving an issuance of Shares from treasury, or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more Eligible Persons.

1.3.41"**Share Unit**" means either an RSU or a PSU, as the context requires.

1.3.42"**Share Unit Account**" has the meaning set out in Section 5.1.

1.3.43"**Termination**" means (i) the termination of a Participant's active Employment with the Corporation or an Affiliate (other than in connection with the Participant's transfer to Employment with the Corporation or another Affiliate), which shall occur on the earlier of the date on which the Participant ceases to render services to the Corporation or Affiliate, as applicable, and the date on which the Corporation or an Affiliate, as applicable, delivers notice of the termination of the Participant's employment to him/her, whether such termination is lawful or otherwise, without giving effect to any period of notice or compensation in lieu of notice (except to the extent specifically required by applicable employment standards legislation), but, for greater certainty, a Participant's absence from active work during a period of vacation, temporary illness, authorized leave of absence, maternity or parental leave or leave on account of Disability shall not be considered to be a "Termination", and (ii) in the case of a Participant who does not return to active Employment with the Corporation or an Affiliate immediately following a period of absence due to vacation, temporary illness, authorized leave of absence, maternity or parental leave or leave on account of Disability, such cessation shall be deemed to occur on the last day of such period of absence, and "Terminated" and "Terminates" shall be construed accordingly. Notwithstanding the foregoing, to the extent that a Share Unit granted to a U.S. Participant is subject to the requirements for Section 409A and the occurrence of a Termination (as defined above) is a settlement event for such Share Unit, then such Termination shall not be a "Termination" for purposes of such Share Unit unless such Termination constitutes a "separation from service" as defined in U.S. Treasury Regulation Section 1.409A-1(h).

1.3.44"**Time Vesting**" means any conditions relating to continued service with the Corporation or an Affiliate for a period of time in respect of the Vesting of Share Units determined by the Board.

1.3.45"**U.S. Participant**" means a Participant who is employed primarily in the United States, or is a United States resident or United States citizen for United States federal income tax purposes, or is otherwise subject to the applicable provisions of the Code.

1.3.46"**Valuation Date**" means the date as of which the Market Value is determined for purposes of calculating the number of Share Units included in a Grant, which unless otherwise determined by the Board shall be the Grant Date of such Grant.

1.3.47"**Vested**" means the applicable Time Vesting, Performance Conditions and/or any other conditions for payment or other settlement in relation to a whole number, or a percentage (which may be more or less than 100%) of the number, of PSUs or RSUs determined by the Board in connection with a Grant of PSUs or Grant of RSUs, as the case may be, (i) have been met; (ii) have been waived or deemed to be met pursuant to Section 6.5; (iii) or are otherwise waived pursuant to Section 3.3, and "Vesting" and "Vest" shall be construed accordingly.

1.3.48"**Vesting Date**" means the date on which the applicable Time-Vesting, Performance Conditions and/or any other conditions for a Share Unit becoming Vested are met, deemed to have been met or waived as contemplated in Section 1.3.47.

1.3.49"**Vesting Period**" means, with respect to a Grant, the period specified by the Board, commencing on the Grant Date and ending on the last Vesting Date for Share Units subject to such Grant, which, unless otherwise determined by the Board, shall not be later than the end of the third year following the year in which the Participant performed the services to which the Grant relates.

2.CONSTRUCTION AND INTERPRETATION

2.1Certain Rules of Interpretation

2.1.1In this Plan, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words "including" or "includes" in this Plan is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

2.1.2The division of this Plan into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan.

2.1.3Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.

2.1.4Unless otherwise specified in this Plan, time periods within which or following which any calculation or payment is to be made, or action is to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day. Unless otherwise determined by the Board, if a Share Unit would, under the terms of this Plan or the Share Unit Agreement, otherwise expire or terminate on a day which is not a Business Day, the Share Unit will expire or terminate on the next Business Day.

2.1.5Governing Law. The Plan shall be governed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The courts of the Province of Ontario shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Plan including any actions, proceedings or claims in any way pertaining to the Plan

2.1.6Severability. If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

3.SHARE UNIT GRANTS AND VESTING PERIODS

3.1Plan Administration and Grants of Share Units.

The Plan shall be administered by the Board. The Board shall have the authority in its sole and absolute discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan subject to and not inconsistent with the express provisions of this Plan, including, without limitation, the authority:

(a)to make Grants;

(b)to determine the Grant Date for Grants;

(c) to determine the Eligible Persons to whom, and the time or times at which Grants shall be made and shall become issuable;

(d) to approve or authorize the applicable form and terms of the related Grant Agreements and any other forms to be used in connection with the Plan;

(e) to determine the terms and conditions of Grants granted to any Participant, including, without limitation, (A) the type of Share Unit, (B) the number of RSUs or PSUs subject to a Grant, (C) when applicable, the Grant Value and the Valuation Date (if not the Grant Date) for a Grant; (D) the Vesting Period(s) applicable to a Grant, (E) the conditions to the Vesting of any Share Units granted hereunder, including terms relating to Performance Conditions, Time Vesting and/or other Vesting conditions, any multiplier that may apply to Share Units subject to a Grant in connection with the achievement of Vesting conditions, the Performance Period for PSUs and the conditions, if any, upon which Vesting of any Share Unit will be waived or accelerated without any further action by the Board (including, without limitation, the effect of a Change of Control and a Participant's Termination in connection therewith), (F) the circumstances upon which a Share Unit shall be forfeited, cancelled or expire, (G) the consequences of a Termination with respect to a Share Unit, (H) the manner and time of exercise or settlement of Vested Share Units, and (I) whether and the terms upon which any Shares delivered upon exercise or settlement of a Share Unit must continue to be held by a Participant for any specified period;

(f) to determine whether and the extent to which any Performance Conditions or other criteria applicable to the Vesting of a Share Unit have been satisfied or shall be waived or modified;

(g) to amend the terms of any outstanding Grant under the Plan or Grant Agreement provided, however, that no such amendment, suspension or termination shall be made at any time to the extent such action would materially adversely affect the existing rights of a Participant with respect to any then outstanding Share Unit without his/her consent in writing and provided further, however, that, notwithstanding the foregoing clause of this Section 3.1(g), the Board may amend the terms of a Share Unit or Grant Agreement without the consent of the Participant for purposes of complying with Applicable Law whether or not such amendment could adversely affect the rights of the Participant;

(h) to determine whether, and the extent to which, adjustments shall be made pursuant to Section 5.3 and the terms of any such adjustments;

(i) to interpret the Plan and Grant Agreements;

(j) to prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and Grant Agreements;

(k) to determine the terms and provisions of Grant Agreements (which need not be identical) entered into in connection with Grants; and

(l) to make all other determinations deemed necessary or advisable for the administration of the Plan.

3.2 **Eligibility and Award Determination.**

3.2.1 In determining the Eligible Persons to whom Grants are to be made ("Participants") and the Grant Value for each Grant (subject to adjustment in accordance with Time Vesting or Performance Conditions), the Board shall take into account the terms of any written employment agreement

between an Eligible Person and the Corporation or an Affiliate and may take into account such other factors as it shall determine in its sole and absolute discretion.

3.2.2 For greater certainty and without limiting the discretion conferred on the Board pursuant to this Section, the Board's decision to approve a Grant in any period shall not require the Board to approve a Grant to any Participant in any other period; nor shall the Board's decision with respect to the size or terms and conditions of a Grant in any period require it to approve a Grant of the same or similar size or with the same or similar terms and conditions to any Participant in any other period. The Board shall not be precluded from approving a Grant to any Participant solely because such Participant may have previously received a Grant under this Plan or any other similar compensation arrangement of the Corporation or an Affiliate. No Eligible Person has any claim or right to receive a Grant except as may be provided in a written employment agreement between an Eligible Person and the Corporation or an Affiliate.

3.2.3 Each Grant Agreement shall set forth, at a minimum, the type of Share Units and Grant Date of the Grant evidenced thereby, the number of RSUs or PSUs subject to such Grant, the applicable Vesting conditions, the applicable Vesting Period(s) and the treatment of the Grant upon Termination and may specify such other terms and conditions consistent with the terms of the Plan as the Board shall determine or as shall be required under any other provision of the Plan. The Board may include in a Grant Agreement terms or conditions pertaining to confidentiality of information relating to the Corporation's operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting of Share Units.

3.3 **Discretion of the Board.** Notwithstanding any other provision hereof or of any applicable instrument of grant, the Board may accelerate or waive any condition to the Vesting of any Grant, all Grants, any class of Grants or Grants held by any group of Participants.

3.4 **Effects of Board's Decision**. Any interpretation, rule, regulation, determination or other act of the Board hereunder shall be made in its sole discretion and shall be conclusively binding upon all persons.

3.5 **Limitation of Liability.** No member of the Board, the Board or any officer or employee of the Corporation or a Affiliate shall be liable for any action or determination made in good faith pursuant to the Plan or any Grant Agreement under the Plan. To the fullest extent permitted by law, the Corporation and the Subsidiaries shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Board or the Board or is or was an officer or employee of the Corporation or a Affiliate.

3.6 **Delegation and Administration.** The Board may, in its discretion, delegate such of its powers, rights and duties under the Plan, in whole or in part, to any one or more directors, officers or employees of the Corporation as it may determine from time to time, on terms and conditions as it may determine, except the Board shall not, and shall not be permitted to, delegate any such powers, rights or duties to the extent such delegation is not consistent with Applicable Law. The Board may also appoint or engage a trustee, custodian or administrator to administer or implement the Plan or any aspect of it, except that the Board shall not, and shall not be permitted to, appoint or engage such a trustee, custodian or administrator to the extent such appointment or engagement is not consistent with Applicable Law.

4. SHARE RESERVE.

4.1 **Shares Reserved and Plan Limits**

4.1.1 The number of Shares that may be reserved for issuance under this Plan and under any other Share Compensation Arrangement will not exceed, in the aggregate, 15% of the outstanding Shares (on a non-diluted basis) on each Grant Date.

4.1.2 The Corporation will at all times during the term of this Plan reserve and keep available the number of Shares necessary to satisfy the requirements of this Plan.

4.2 **Limits on Certain Grants**

4.2.1 A Share Unit may only be granted to a Consultant under this Plan if the number of Shares reserved for issuance under that Share Unit, when combined with the number of Shares reserved for issuance under all Share Units granted within the one-year period before the Grant Date by the Corporation to Consultants, does not exceed, in aggregate, 2% of the outstanding Shares on the Grant Date (with the outstanding Shares being calculated on a non-diluted basis, and excluding Shares issued to Consultants within the previous one-year period pursuant to the exercise of Share Units).

4.2.2 A Share Unit may only be granted to a Person under this Plan if the number of Shares reserved for issuance under that Share Unit, when combined with the number of Shares reserved for issuance under all Share Units granted within the one-year period before the Grant Date by the Corporation to that Person under all other Share Compensation Plans, does not exceed, in aggregate, 5% of the outstanding Shares on the Grant Date (with the outstanding Shares being calculated on a non-diluted basis, and excluding Shares issued to that Person within the previous one-year period pursuant to the exercise of Share Units), unless any disinterested shareholder approval required by the Exchange has been obtained.

4.2.3 Unless disinterested shareholder approval is obtained, the number of Shares that may be reserved for issuance to Insiders pursuant to grant of Share Units under this Plan and under any other Share Compensation Arrangement will not exceed, in the aggregate, 10% of the outstanding Shares at any point in time (on a non-diluted basis).

4.2.4 Unless disinterested shareholder approval is obtained, Share Units may only be granted to an Insider under this Plan if the number of Shares issued to insiders within the one-year period before the Grant Date by the Corporation to Insiders under all other Share Compensation Plans, does not exceed, in aggregate, 10% of the outstanding Shares on the Grant Date (with the outstanding Shares being calculated on a non-diluted basis, and excluding Shares issued to Insiders within the previous one-year period pursuant to the exercise of Share Units).

4.2.5 For the purposes of calculating the limits in this Section 4.2:

(a) the number of Shares reserved for issuance in respect of a Share Unit means the number of Shares which were originally reserved for issuance upon the date of grant of the Share Unit (except for the purposes of calculating the limit in Section 4.2.4, in which case the number of Shares reserved for issuance means the number of Shares reserved for issuance at the time of the calculation); and

(b) any Share Units granted within the relevant time but prior to the grantee becoming a Consultant or Insider, as applicable (a "Restricted Person"), and any Shares reserved or issued under those grants, will be included in the number of Share Units granted to those Restricted Persons, in the number of Shares reserved for issuance to those Restricted Persons, and in the number of Shares issued to those Restricted Persons, if the grantee becomes a Restricted Person on or before the date the calculation is made.

5. ACCOUNTS, DIVIDEND EQUIVALENTS AND REORGANIZATION

5.1 **Share Unit Account**. An account, called a "Share Unit Account", shall be maintained by the Corporation, or a Affiliate, as specified by the Board, for each Participant and will be credited with such notional grants of Share Units as are received by a Participant from time to time pursuant to Sections 3.1 and 3.2 and any dividend equivalent Share Units pursuant to Section 5.2. Share Units that fail to vest and are forfeited by a Participant pursuant to Section 6, or that are paid out to the Participant or his/her Beneficiary, shall be

cancelled and shall cease to be recorded in the Participant's Share Unit Account as of the date on which such Share Units are forfeited or cancelled under the Plan or are paid out, as the case may be. For greater certainty, where a Participant is granted both RSUs and PSUs, such RSUs and PSUs shall be recorded separately in the Participant's Share Unit Account.

5.2 **Dividend Equivalent Share Units**. A Grant Agreement relating to a Grant may provide that, if and when cash dividends (other than extraordinary or special dividends) are paid with respect to Shares to shareholders of record as of a record date occurring during the period from the Grant Date under the Grant Agreement to the date of settlement of the RSUs or PSUs granted thereunder, a number of dividend equivalent RSUs or PSUs, as the case may be, shall be credited to the Participant who is a party to such Grant Agreement. Where additional RSUs or PSUs are credited to a Participant's Share Unit Account as dividend equivalents, the number of such additional RSUS or PSUs will be calculated by dividing the aggregate dividends or distributions that would have been paid to such Participant if the RSUs or PSUs in the Participant's Share Unit Account on the dividend record date had been Shares by the Market Value on the date on which the dividends or distributions were paid on the Shares. The additional RSUs or PSUs will be subject to the same terms and conditions, including Vesting and settlement terms, as the corresponding RSUs or PSUs granted under the applicable Grant Agreement.

5.3 **Adjustments.** In the event of any stock dividend, stock split, combination or exchange of shares, capital reorganization, consolidation, spin-off, dividends (other than cash dividends in the ordinary course) or other distribution of the Corporation's assets to shareholders, or any other similar changes affecting the Shares, a proportionate adjustment to reflect such change or changes shall be made with respect to the number of Share Units outstanding under the Plan, or securities into which the Shares are changed or are convertible or exchangeable may be substituted for Shares under this Plan, (1) on a basis proportionate to the number of Share Units in the Participant's Share Unit Account or (2) as determined by the Board in its sole discretion subject to any applicable Exchange approval.

6. VESTING AND SETTLEMENT OF SHARE UNITS

6.1 **Settlement.**

6.1.1 A Participant's Vested RSUs and Vested PSUs, adjusted in accordance with the applicable multiplier, if any, as set out in the Grant Agreement, and rounded down to the nearest whole number of RSUs or PSUs, as the case may be, shall be settled, by a distribution as provided below to the Participant or his/her Beneficiary, upon or as soon as reasonably practicable following the Vesting thereof in accordance with Section 6.3 or 6.5, as the case may be, subject to the terms of the applicable Grant Agreement. In all events Vested RSUs and Vested PSUs will be settled on or before the sixtieth day following the Vesting Date subject to Section 9.1.

6.1.2 Settlement shall be made by the issuance of one Share for each RSU or PSU then being settled, subject to payment or other satisfaction of all related withholding obligations in accordance with Section 9.2.

6.2 **Failure to Vest**. For greater certainty, a Participant shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, with respect to any RSUs or PSUs that do not become Vested.

6.3 **Vesting**. Subject to this Section 6, Share Units subject to a Grant and dividend equivalent Share Units credited to the Participant's Share Unit Account in respect of such Share Units shall vest in such proportion(s) and on such Vesting Date(s) as may be specified in the Grant Agreement governing such Grant provided that the Participant is Employed on the relevant Vesting Date. For greater certainty, in the Board's sole discretion, a Participant may not be considered to be Employed on a Vesting Date if, prior to such Vesting Date, such

Participant received a payment in lieu of notice of Termination of employment, whether under a contract of employment, as damages or otherwise.

6.4 **Termination of Employment for Cause or Resignation**. Subject to the terms of a Participant's written employment or consulting agreement with the Corporation or a Affiliate and the relevant Grant Agreement, and unless otherwise determined by the Board, in the event a Participant's employment is Terminated for Cause by the Corporation, or a Affiliate, as applicable, or a Participant's employment with the Corporation or a Affiliate Terminates as a result of the Participant's resignation, no Share Units that have not Vested and been settled prior to the date of the Participant's Termination for Cause or the last day of employment for a Participant who has resigned, as the case may be, including dividend equivalent Share Units in respect of such Share Units, shall Vest and all such Share Units shall be forfeited immediately.

6.5 **Termination of Employment without Cause, Death or Disability.** Subject to the terms of a Participant's written employment or consulting agreement with the Corporation or a Affiliate and the relevant Grant Agreement, in the event a Participant's employment is Terminated by the Corporation, or a Affiliate, as applicable, without Cause, the Participant dies or experiences a Disability prior to the end of a Vesting Period relating to a Grant:

(a) the number of RSUs determined by the formula A x B/C, where

A equals the total number of RSUs relating to such Grant that have not previously Vested and dividend equivalent RSUs in respect of such RSUs,

B equals the total number of days between the first day of the Vesting Period

relating to such Grant and the Participant's date of Termination (including due to death), or Disability Date, as the case may be, and

C equals total number of days in the Vesting Period relating to such Grant,

shall become Vested RSUs on the Participant's date of Termination or Disability Date, as the case may be; and

(b) the number of PSUs, if any, determined by the formula A x B/C, where

A equals the total number of PSUs recorded in the Participant's Share Unit Account relating to such Grant that have not previously Vested, including dividend equivalent PSUs, adjusted by the Board based on the extent to which the Performance Conditions set out in the Grant Agreement applicable to such Grant would have been met if the Performance Period for the Grant had ended as of the last day of the month immediately preceding the Participant's date of Termination (including due to death) or Disability Date, as the case may be,

B equals the total number of days between the first day of the Performance Period relating to such Grant and the Participant's date of Termination or Disability Date, as the case may be, and

C equals the total number of days in the Performance Period relating to such Grant,

shall become Vested PSUs on the Participant's date of Termination or Disability Date, as the case may be.

6.6 **Change of Control.** Despite any other provision of this Plan or any Grant Agreement, in the event of an actual or potential Change of Control, the Board has the right, in its sole discretion and on the terms it sees

fit, without any action or consent required on the part of any Participant, to deal with any Share Units in the manner it deems equitable and appropriate in the circumstances, including the right to:

6.6.1 determine that any Share Units will remain in full force and effect in accordance with their terms after the Change of Control;

6.6.2 cause any Share Units to be converted or exchanged for rights to acquire shares of another entity involved in the Change of Control, having the same value and terms and conditions as the Share Units (except that Performance Conditions relating to PSUs may be adjusted to refer to such other entity, any of its affiliates and/or a business unit of such other entity or its affiliates);

6.6.3 accelerate the Vesting of any unvested Share Units; and

6.6.4 provide Participants with the right to surrender Share Units for an amount per Share Unit equal to the Market Value.

Notwithstanding the foregoing, the Board shall not have any discretion under this Section 6.6 to take any action with respect to a U.S. Participant's Share Units that would cause a violation of Section 409A.

6.7 The Corporation will use its best efforts to give the affected Participants written notice of any determination made by the Board under Section 6.6 at least 14 days before the effective date of the Change of Control Transaction.

7. CURRENCY

7.1 **Currency.** Except where the context otherwise requires, all references in the Plan to currency refer to lawful Canadian currency. Any amounts required to be determined under this Plan that are denominated in a currency other than Canadian dollars shall be converted to Canadian dollars at the applicable Bank of Canada noon rate of exchange on the date as of which the amount is required to be determined.

8. SHAREHOLDER RIGHTS

8.1 **No Rights to Shares.** Share Units are not Shares and a Grant of Share Units will not entitle a Participant to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

9. MISCELLANEOUS

9.1 **Compliance with Laws Policies**. The Corporation's obligation to deliver any Shares hereunder is subject to compliance with Applicable Law. Each Participant shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Participant will, at all times, act in strict compliance with Applicable Law and all other laws and any policies of the Corporation applicable to the Participant in connection with the Plan including, without limitation, furnishing to the Corporation all information and undertakings as may be required to permit compliance with Applicable Law.

9.2 **Withholdings**. So as to ensure that the Corporation or a Affiliate, as applicable, will be able to comply with the applicable obligations under any federal, provincial, state or local law relating to the withholding of tax or other required deductions, the Corporation or the Affiliate shall withhold or cause to be withheld from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary to permit the Corporation or the Affiliate, as applicable, to so comply. The Corporation and any Affiliate may also satisfy any liability for any such withholding obligations, on such terms and conditions as the Corporation may determine in its sole discretion, by (a) selling on such Participant's behalf, or requiring such Participant to sell, any Shares, and retaining any amount payable which would otherwise be provided or paid to such Participant in connection with any such sale, or (b) requiring, as a condition to the delivery of Shares in settlement of any Participant's Share Units, that such Participant make such arrangements as the

Corporation may require so that the Corporation and the Subsidiaries can satisfy such withholding obligations, including requiring such Participant to remit an amount to the Corporation or a Affiliate in advance, or reimburse the Corporation or any Affiliate for, any such withholding obligations.

9.3 **No Right to Continued Employment**. Nothing in the Plan or in any Grant Agreement entered into pursuant hereto shall confer upon any Participant the right to continue in the employ or service of the Corporation or any Affiliate, to be entitled to any remuneration or benefits not set forth in the Plan or a Grant Agreement or to interfere with or limit in any way the right of the Corporation or any Affiliate to terminate Participant's employment or service arrangement with the Corporation or any Affiliate.

9.4 **No Additional Rights**. Neither the designation of an employee as a Participant nor the grant of any Share Units to any Participant entitles any person to the grant, or any additional grant, as the case may be, of any Share Units under the Plan.

9.5 **Amendments, Suspension or Termination of Plan or Grants.** The Board may amend, suspend or discontinue the Plan or any Grant at any time at its discretion, in good faith, acting reasonably, without obtaining the approval of the shareholders of the Corporation or Participants, provided, however, that no amendment, suspension or discontinuance of the Plan or of any Grant may (i) materially and adversely affect any rights of a Participant in respect of any Grant previously made under the Plan without the consent of the Participant; or (ii) contravene the requirements (if any) of the Exchange (including, without limitation, the requirement that disinterested shareholder approval will be required to be obtained in certain circumstances) or any securities commission or regulatory body to which the Plan or the Corporation is subject to. Termination of the Plan shall not affect the ability of the Board to exercise the powers granted to it hereunder with respect to Grants made under the Plan prior to the date of such termination.

For greater certainty and without limiting the generality of the foregoing, shareholder approval shall not be required for the following amendments, subject to any regulatory approvals, including, where required, the approval of the Exchange:

(i) amendments to the Plan to ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or any stock exchange;

(ii) amendments of a "housekeeping", clerical, technical or stylistic nature, which include amendments relating to the administration of the Plan or to eliminate any ambiguity or correct or supplement any provision herein which may be incorrect or incompatible with any other provision hereof;

(iii) changing the terms and conditions governing any Grant(s) made under the Plan, including the vesting terms and settlement method;

(iv) determining that any of the provisions of the Plan concerning the effect of the Participant's death or permanent disability, the termination of the Participant's employment, term of office or consulting

engagement or the Participant ceasing to be an Eligible Person shall not apply for any reason acceptable to the Board;

(v) amendments to the definition of Eligible Person;

(vi) changing the termination provisions of the Plan or any Grant;

(vii) the addition of or amendments to any provisions necessary for Grants to qualify for favourable tax treatment to Participants or the Corporation under applicable tax laws or otherwise address changes in applicable tax laws;

(viii) amendments relating to the administration of the Plan; and

(ix) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules or policies of any Exchange upon which the Shares trade from time to time.

9.6 **Administration Costs**. The Corporation will be responsible for all costs relating to the administration of the Plan.

9.7 **Designation of Beneficiary.** Subject to the requirements of Applicable Law, a Participant may designate a Beneficiary, in writing, to receive any benefits that are payable under the Plan upon the death of such Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in such form as may be prescribed by the Board from time to time. A Beneficiary designation under this Section 9.7 and any subsequent changes thereto shall be filed with the Secretary of the Corporation.

9.8 **Section 409A**. This Section 9.8 applies only to Share Units granted to U.S. Participants.

9.8.1 The Share Units are intended to be exempt from or compliant with the requirements of Section 409A. To the extent that any Share Unit is subject to the requirements of Section 409A, then, with respect to such Share Unit, (i) this Plan and any corresponding Grant Agreement will be interpreted to the maximum extent possible in a manner to comply with the requirements of Section 409A, and (ii) the settlement of such Share Unit may only be made upon an event and in a manner that complies with Section 409A.

9.8.2 Notwithstanding any other provision in this Plan or any Grant Agreement regarding the settlement of a Share Unit, the settlement of any Share Unit that is subject to the requirements of Section 409A that is made as a result of a "separation from service" (as defined under Section 409A) during the six (6)-month period immediately following a U.S. Participant's separation from service will not be made during that six (6)-month period immediately following such separation from service if the U.S. Participant is then deemed to be a "specified employee" (as defined under and determined in accordance with Section 409A) of a service provider whose stock is publicly traded on an established securities market or otherwise. Such settlement will instead be made on the first day of the seventh month immediately following such separation from service. This paragraph and the six (6)-month delay contained herein will cease to be applicable in the event of and following the U.S. Participant's death.

9.8.3 Each payment made under this Plan with respect to any Share Unit will be designated as a "separate payment" within the meaning of and for purposes of Section 409A.

9.8.4 Notwithstanding anything in this Plan or any Grant Agreement to the contrary, neither the Corporation nor any Affiliate makes any representation to any Participant, any Beneficiary, or any other Person about the effect of Section 409A on the provisions of this Plan or any grant of Share Units, and neither the Corporation nor any Affiliate will have any liability to any Participant, any Beneficiary, or any other Person in the event that such Participant, Beneficiary, or other Person

becomes subject to taxation (including taxes, penalties, and interest) under Section 409A (other than any reporting and/or withholding obligations that the Corporation or any Affiliate may have under applicable tax law) or in the event any Participant, any Beneficiary, or any other Person incurs other expenses on account of non-compliance or alleged non-compliance with Section 409A.

9.9 **Additional Securities Law Requirements for U.S. Participants.** This Section 9.9 applies only to Share Units granted to U.S. Participants:

9.9.1 This Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701 or, to the extent applicable, Section 25102(o); however, grants may be made to U.S. Participants pursuant to this Plan which do not specifically qualify for exemption from registration under Rule 701 or, to the extent applicable, Section 25102(o). A Grant may be awarded in reliance upon other state securities law exemptions, as applicable, and any requirement of this Plan which is required in law only because of Section 25102(o) will not apply with respect to a particular Grant to which Section 25102(o) will not apply in light of the particular U.S. Participant.

9.9.2 Any provision of this Plan that is inconsistent with Rule 701 (or, to the extent applicable, Section 25102(o)) shall, without further act or amendment by the Corporation, be reformed to comply with the requirements of Rule 701 (and, to the extent applicable, Section 25102(o)). Any Grants made to any U.S. Participant hereunder will not be effective unless such grant is made in compliance in all respects with Applicable Laws, including all applicable federal, state and foreign securities laws, rules and regulations of any Governmental Authority, as well as the requirements of any U.S. or foreign stock exchange or automated quotation system upon which the Corporation's securities may then be listed or quoted, as they are in effect on the date of the Grant. The Corporation shall be under no obligation to register or qualify the Share Units with the SEC, any state or foreign securities commission or any stock exchange to effect such compliance, and the Corporation will have no liability for any inability or failure so do.

9.9.3 Notwithstanding any other provision in this Plan to the contrary, the Corporation shall have no obligation to issue or deliver any securities under this Plan, including any Share Units, to any U.S. Participant prior to (i) obtaining any approvals from any Governmental Authority that the Corporation determines in its discretion are necessary or advisable, and/or (ii) compliance with any exemption, completion of any registration or other qualification of such securities under any federal, state or foreign law or ruling of any Governmental Authority that the Corporation determines in its discretion to be necessary or advisable.

9.9.4 For the avoidance of doubt, a Consultant shall only be eligible to receive a Grant in reliance on Rule 701 to the extent that such Consultant is a natural person as described under Section 1.3.10(e).

10. ASSIGNMENT

Subject to Section 9.7, the assignment or transfer of the Share Units, or any other benefits under this Plan, shall not be permitted other than by operation of law.

Exhibit 10.37

TERRASCEND CORP. – SHARE UNIT AGREEMENT

1. Participant Information

Participant Name
Participant ID
Participant Address

2. Overview

TerrAscend Corp. (the "Corporation") has a share plan with an original effective date of November 19, 2019 and an amended and restated effective date of November 2, 2021, June 22, 2023 and June 26, 2023 (the "**Plan**"). A copy of the Plan in effect on the date of this agreement is available to download below and is stored in your eDocument section on Siebert.

The board of directors of the Corporation has authorized the granting to you (the "**Participant**") of share units under the Plan, having the terms set out in this online grant acceptance (the "**Share Units**").

All capitalized terms used in this grant acceptance but not defined herein shall have the meanings ascribed to them in the Plan.

3. Award Details

Participant Name
Grant Number
Grant Date

4. Vesting Details

Milestone	**Date**	**Number of Shares Vesting**
Vesting Date 1		
Vesting Date 2		
Vesting Date 3		
Vesting Date 4		

5. Other Terms

Settlement. The Participant understands that the settlement of the Share Units are subject to Section 6 of the Plan, including, without limitation, the timing rules set forth in Section 6.1.1 thereof. For purposes

of Section 6.3 of the Plan, the Vesting Dates for the Share Units, provided that the Participant is Employed on the relevant Vesting Date, are as set forth under “Vesting Details” in the online grant acceptance.

Taxation and Withholding. The Participant has read and understands Section 9.2 of the Plan. The Participant understands that the Corporation and its Subsidiaries may withhold income and/or other employment taxes (such as social security and Medicare taxes) from any payments due to the Participant under the Plan and this grant acceptance and/or from any other amount payable to the Participant by the Corporation or any of its Subsidiaries, whether or not under the Plan.

No Right to Continued Employment. The Participant has read and understands Section 9.3 of the Plan. Nothing therein or herein, or by virtue of the fact that the Participant is receiving this grant of Share Units, entitles the Participant to continued employment for any specified period of time.

Section 409A. The Participant has read and understands Section 9.8 of the Plan. The Participant understands that the Share Units are intended to be exempt from, or compliant with the requirements of, Section 409A, and that the terms of Section 9.8 of the Plan apply to the Share Units. The Participant understands that neither the Corporation nor any of its Subsidiaries is making any representation to him/her about the effect of Section 409A on the Share Units or the taxation of the Share Units under Section 409A. The Participant understands that he/she is responsible for seeking his/her own tax advice with respect to the tax effects of the Share Units.

U.S. Securities Law Representations. The Participant has read and understands Section 9.9 of the Plan, and hereby represents and warrants to the Corporation as follows in connection with his/her acceptance of this grant of Share Units:

• The Participant is familiar with the provisions of Rule 701 promulgated under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the provisions of Rule 144 promulgated under the Securities Act (“Rule 144”), which permit limited public resales of “restricted securities” acquired, directly or indirectly, from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions.

• The Participant acknowledges and agrees that the Plan and this grant of Share Units are intended to comply with Rule 701 (and, to the extent applicable, Section 25102(o)), and any provision that is inconsistent with Rule 701 (and, to the extent applicable, Section 25102(o)) shall, without further action or amendment by the Corporation, be reformed to comply with the requirements of Rule 701 and/or Section 25102(o).

• The Participant understands that (i) the issuance and transfer of any securities (including the Share Units) under the Plan shall be subject to the Participant’s and the Corporation’s compliance with all applicable requirements of federal, foreign, and state securities laws and with all applicable requirements of any stock exchange on which such securities may be listed at the time of such issuance or transfer and (ii) the Corporation is under no obligation to register or qualify any such securities with the U.S. Securities and Exchange Commission (the “SEC”), any state securities regulator or governmental body, or any stock exchange to effect such compliance.

• The Participant acknowledges and agrees that he/she shall not transfer, assign, grant a lien or security interest in, encumber, pledge, hypothecate, or otherwise dispose of any of the securities

(or any interest therein) issued under the Plan unless and until the Participant shall have provided the Corporation with written assurances, in form and substance satisfactory to the Corporation (or its counsel), that: (i)(A) the proposed transfer or disposition does not require registration under any applicable federal, foreign, or state securities laws, and (B) all appropriate actions necessary for compliance with the registration requirements or of any exemption available under the Securities Act, including, without limitation, Rule 144, or other applicable federal, foreign, and state securities laws have been taken by the Participant; and (ii) the proposed disposition or transfer will not result in the contravention of any transfer restrictions applicable to the Shares pursuant to the provisions of the regulations promulgated under Rule 701, Section 25102(o), to the extent applicable, or under any other applicable securities laws or adversely affect the Corporation's ability to rely on the exemption(s) from registration under the Securities Act or under any other applicable securities laws for this grant of the Share Units or any other issuance of securities under the Plan.

• If the Participant is a resident of the State of California on the date of this grant of Share Units (or any other issuance of securities under the Plan) and which grant is intended to be exempt from registration in California pursuant to Section 25102(o), then the Participant acknowledges and agrees that he/she has read and reviewed the limitations, terms, and conditions set forth in the California Supplement to the Plan.

• The Participant understands and acknowledges that the Corporation will rely, without qualification or limitation, upon the accuracy of the representations set forth herein and the Participant hereby consents to such reliance in all respects.

Transferability. The Participant will not, directly or indirectly, transfer or assign the Share Units, except as expressly permitted in the Plan.

Rights of Participant. Share Units are not Shares and a grant of Share Units will not entitle a Participant to any shareholder rights, including, without limitation, voting rights, dividend entitlement, or rights on liquidation. Nothing in the Plan or this online grant acceptance will confer on the Participant any right to continue in the employment or service of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any Subsidiary to terminate the Participant's employment or service at any time.

Independent Legal Advice. The Participant acknowledge that he/she had the opportunity to receive independent legal advice from his/her own counsel with respect to the terms of this online grant acceptance, and understands the risks associated with acquiring shares pursuant to the Plan.

Governing Law. This online grant acceptance is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

Time of Essence. Time is of the essence in all respects of this online grant acceptance.

Acceptance of Share Unit Agreement

I accept and agree to be bound by all of the terms set out above and included as Other Terms and to accept and be bound by the Plan.

_____ Dated: _____

Name:

Exhibit 19.1

TERRASCEND CORPORATION
(the "Corporation")
INSIDER TRADING POLICY

This Insider Trading Policy (the "Policy") which was approved by the Board of Directors of the Corporation on May 25, 2018 (and was later amended on February 22, 2021, November 14, 2022 and March 13, 2024) extends to all directors, officers, and employees of the Corporation and any other individuals who are engaged in providing professional and business services to the Corporation, including but not limited to its independent contractors.

Section 1 – Definitions

1.1Whenever used in this Policy, unless there is something inconsistent in the subject matter or context, the following words and terms shall have the meanings set out below:

"**Corporation Personnel**" means a director, officer, employee, or contractor of the Corporation or its subsidiaries.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended. "**Insider Report**" has the meaning ascribed in Section 6 hereof.
"**Material Information**" means there is a substantial likelihood that a reasonable investor would consider such information important in deciding whether to buy, hold or sell a security. Any information that could reasonably be expected to affect the price of the Corporation's securities is material. Common examples of Material Information include:

a)Projections of future earnings or losses or other earnings guidance;

b)A pending or proposed merger, acquisition or tender offer or an acquisition or disposition of significant assets;

c)The launch or regulatory approval of new products;

d)A change in management;

e)Major events regarding the Corporation's securities, including, but not limited to, the declaration of a stock split or the offering of additional securities;

f)Severe financial liquidity problems;

g)Actual or threatened material litigation, or the resolution of such litigation;

h)New material contracts, orders, suppliers, customers or finance sources, or the loss thereof;

i)Public or private sales of debt or equity securities;

j)Gain or loss of a significant licensor, licensee or supplier;

k)Changes or new corporate partner relationships or collaborations;

l)Regulatory developments;

m)Employee layoffs;

n)A disruption in the Corporation's operations or breach or unauthorized access of its property or assets, including its facilities and information technology infrastructure;

o)Tender offers or proxy fights;

p)Accounting restatements;

q)Impending bankruptcy; or

r)Significant changes in corporate objectives.

Both positive and negative information can be Material Information. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions concerning the materiality of particular information should be resolved in favor of materiality, and trading should be avoided.

"**Non-Public Information**" means information that is not generally known or available to the public. Information is considered to be available to the public only when it has been released broadly to the marketplace (such as by a press release or by filings with the Securities Commissions) and the investing public has had time to absorb the information fully. As a general rule, information is considered non-public until the close of business of the first full Trading Day after the information is released.

"**Pre-Clearance Personnel**" shall mean: (a) the Corporation's directors, CEO, CFO and Chief Legal Officer; (b) an individual that is notified by the Chief Legal Officer that the individual's trades in securities of the Corporation will be subject to pre-clearance in accordance with this Policy; and (c) a Related Person to any of the foregoing individuals.

"**Related Person**" to an individual means a spouse, minor children and anyone else living in an individual's household or who does not live in the individual's household but whose transactions in the Corporation's securities are directed by such individual or are subject to the individual's influence or control; partnerships in which the individual is a general partner; trusts of which the individual is a trustee; and estates of which the individual is an executor. Although an individual's parent or sibling may not be

considered a Related Person (unless living in the same household), a parent or sibling may be a "Tippee" for securities laws purposes.

"**Reporting Insider**" means the Corporation's directors, the CEO, CFO, the Chief Legal Officer and certain designated employees of the Corporation who meet the criteria of a "reporting insider" under applicable securities laws as set forth at Schedule "B" of this Policy, and in addition to the terms and conditions of this Policy, are subject to the reporting obligations stipulated in any and all applicable securities laws.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Speculate**" or "**Speculating**" means the purchase or sale of securities with the intention of reselling or buying back in a relatively short period of time in the expectation of a rise or fall in the market price of such securities.

"**Tip**" means a disclosure of Material, Non-Public Information to any other person, including Related Persons, where such information may be used by such person to his or her benefit by trading in the securities of the Corporation or any other company to which such information relates.

"**Tippee**" means a person who receives such Material Information and/or Non-Public Information and is therefore subject to the Corporation Personnel's duties with respect to such information, and is accordingly prohibited from trading on the Material Information and/or Non-Public information and/or from passing such information on to any other party.

"**Trade Request**" shall have the meaning set out in Section 5.3 of this Policy.

"**Trading Day**" shall mean a day on which a stock exchange on which the Corporation's securities are listed, including but not limited to, the Toronto Stock Exchange is open for trading.

"**Trading Plan**" shall have the meaning set out in Section 5.8 of this Policy.

Section 2 – Purpose and Upkeep

2.1The purpose of this Policy (the "Purpose") is to promote compliance with applicable securities laws by the Corporation and all Corporation Personnel, in other to preserve the reputation and integrity of the Corporation as well as that of all persons affiliated with it.

2.2This Policy will be reviewed annually to ensure complete compliance with the Purpose.

2.3This Policy will extend to each and every stock exchange on which securities for

the Corporation are listed, at any given time, including but not limited to the Toronto Stock Exchange.

Section 3 – Policy

3.1This Policy in no way reduces the obligations imposed by applicable securities law on any Corporation Personnel, Related Person, Reporting Insider, Tippee, or any other person. Compliance with the insider trading and disclosure requirements remains the personal responsibility of each and every such person.

3.2No Corporation Personnel or any Related Person may buy or sell securities of the Corporation, outside of or through any stock option plan or related program, or engage in any other action to take advantage of, or pass on to others, Material Information and/or Non-Public Information.

3.3For clarity, this Policy also applies to Material Information and Non-Public Information relating to any other company with publicly traded securities, including, but not limited to, the Corporation's customers or suppliers, obtained in the course of employment by or association with the Corporation. Any questions with respect to the whether certain information is considered Material Information and/or Non-Public Information should be referred to the Chief Legal Officer of the Corporation.

Section 4 – Specific Policies and Guidelines

4.1Non-disclosure of Material Information or Non-Public Information

Maintaining the confidentiality of Corporation's information is essential for competitive, security and other business reasons, as well as for the Purpose. All Material Information and Non-Public Information learned in connection with one's employment or association with the Corporation is confidential and proprietary to the Corporation. Inadvertent disclosure of confidential or inside information may expose the Corporation and the discloser to significant risk of investigation and litigation. The timing and nature of the Corporation's disclosure of Material Information to outsiders is subject to specific laws and regulations, the breach of which could result in substantial liability to any discloser, the Corporation and its directors and officers. Accordingly, Material Information and/or Non-Public Information must not be disclosed to anyone, except to persons within the Corporation or third-party agents of the Corporation, in either case, whose positions require them to know it, until such information has been publicly released by the Corporation.

The prohibition on trading when Corporation Personnel have Material Information and/or Non-Public Information lifts once that information becomes publicly disseminated. But for information to be considered publicly disseminated, it must be widely disseminated through a press release, a filing with the SEC, or other widely disseminated announcement. Once information

is publicly disseminated, it is still necessary to afford the investing public with sufficient time to absorb the information. Generally speaking, information will be considered publicly disseminated for purposes of this policy only after one full trading day has elapsed since the information was publicly disclosed. For example, if we announce Material Information and/or Non-public Information before trading begins on Wednesday, then Corporation Personnel may execute a transaction in our securities on Thursday; if we announce Material Information and/or Non-public Information after trading ends on Wednesday, then Corporation Personnel may execute a transaction in our securities on Friday. Depending on the particular circumstances, the Corporation may determine that a longer or shorter waiting period should apply to the release of specific Material Information and/or Non-public Information.

4.2Prohibited Trading in the Corporation's Securities

No Corporation Personnel nor any of their respective Related Persons, shall directly or indirectly engage in any transaction involving a purchase or sale of the Corporation's securities, during any period commencing with the date that he or she possesses Material Information and/or Non-Public Information of the Corporation and ending at the close of business on the first Trading Day following public disclosure of that Material Information and/or Non-Public Information.

For greater certainty, examples of prohibited transactions would include, but are not limited to the following:

(a)buying or selling the Corporation's securities;

(b)buying or selling securities whose price or value may reasonably be expected to be affected by changes in price of the Corporation's securities;

(c)exercising the Corporation's stock options; and

(d)buying or selling securities of another company in which the Corporation proposes to invest, or where the individual, in the course of employment with the Corporation, becomes aware of Material Information and/or Non-Public Information concerning that other company.

4.3Avoid Tipping

No Corporation Personnel shall Tip to any other person, including Related Persons, nor shall any Corporation Personnel or Related Person make recommendations or express opinions on the basis of Material Information or Non-Public Information with regard to trading in securities of the Corporation or other companies.

Any Tippee inherits Corporation Personnel's duties with respect to such information and accordingly, is prohibited from trading on the Material

Information and/or Non- Public Information and from passing such information on to any other party. A person who has passed along such Material Information and/or Non-Public Information (whether as Corporation Personnel or a Tippee) may be liable if that third party trades on Material Information and/or Non-Public Information.

4.4Avoid Speculation

In order to ensure that perceptions of improper insider trading do not arise, Corporation Personnel should not Speculate with regard to the securities of the Corporation. Speculating in such securities for short term profit is distinguished from purchasing and selling securities as part of a long-term investment program.

Section 5 – Trading Restrictions

5.1No Trade Periods

Corporation Personnel may not trade in the securities of the Corporation beginning two calendar days before the end of a fiscal quarter and ending at the close of business of the first full Trading Day following the release of the Corporation's results for that quarter. Corporation Personnel may trade in the securities of the Corporation otherwise, subject to the terms of this Policy.

5.2Event Specific Blackouts

From time to time, Material Information and/or Non-Public Information may become known, and/or an event may occur that is material to the Corporation and is known by select Corporation Personnel. So long as such information or event remains Material Information or Non-Public Information, the persons who are aware of the information may not trade in the Corporation's securities. The existence of such an "event specific blackout" will not be announced, other than to those who are aware of the information or event giving rise to the blackout.

All Corporation Personnel with knowledge of Material Information and/or Non- Public Information should anticipate that trading will be blacked out while the Corporation determines the appropriate manner for public disclosure of such information, and that no trading in the Corporation's securities is permitted until the close of business of one full Trading Day following the public release of such Material Information and/or Non-Public Information.

5.3Pre-Clearance Requirements

To assist each of the Pre-Clearance Personnel to avoid any trade in securities of the Company that may contravene or be perceived to contravene applicable securities laws, all Pre-Clearance Personnel are required to request prior

clearance from the Chief Legal Officer of any proposed trade of securities of the Corporation **before effecting the trade** in order to confirm that there is no Material Information that has not been generally disclosed.

Such request for pre-clearance shall be made by submitting a Trade Request in the form of Schedule "A" to this Policy with the Chief Legal Officer no later than 12:00 noon (Toronto time) on the second Trading Day before the date of the proposed transaction. Such request must be made by sending an e-mail to the Chief Legal Officer at [***] and including the words "**TRADE REQUEST**" in bold face in the subject line of the email. Prior to the date of the proposed transaction, the Chief Legal Officer shall notify any individual that has filed a Trade Request in accordance with this Policy whether the Corporation reasonably believes that there is Material Information that has not been generally disclosed or otherwise anticipates that the proposed trade will contravene applicable securities laws or this Policy, and whether or not the proposed trade may be made. If an individual has filed a Trade Request in accordance with the foregoing has not received a response from the Chief Legal Officer prior to the proposed date of the trade, the individual shall not proceed with such trade in accordance with applicable securities laws and this Policy.

5.4Short-Swing Trading, Control Stock and Section 16 Reports

Officers and directors subject to the reporting obligations under Section 16 of the Exchange Act should take care to avoid short-swing transactions (within the meaning of Section 16(b) of the Exchange Act) and the restrictions on sales by control persons (Rule 144 under the Securities Act), and should file all appropriate Section 16(a) reports (Forms 3, 4 and 5), which are described in the Corporation's Section 16 Compliance Program, and any notices of sale required by Rule 144.

•Extension of Stock Option Expiry

Stock options that expire during a blackout period, either scheduled or mandated, shall be extended by 90 days or to such a time that stock options may be exercised in accordance with this Policy, to enable such Corporation Personnel to exercise such stock options. The Corporation Personnel shall be required to exercise their stock options in the following free trading period, as applicable.

•Timing of Corporate Disclosure

If the Corporation makes the relevant public disclosure in the course of a Trading Day (i.e., during the time when the markets are open for trading of the Corporation's securities), one complete Trading Day must pass before the prohibition on trading is lifted (i.e. this may take 1 ½ or 2 Trading Days in total).

•Exceptions to this Policy

This policy does not apply in the case of the following transactions, except as specifically noted:

•***Option Exercises***. This policy does not apply to the exercise of options granted under the Corporation's equity compensation plans for cash or, where permitted under the option, by a net exercise transaction with the Corporation. This policy does, however, apply to any sale of stock as part of a broker-assisted cashless exercise or any other market sale, whether or not for the purpose of generating the cash needed to pay the exercise price or pay taxes.

•***Tax Withholding Transactions***. This policy does not apply to the surrender of shares directly to the Corporation to satisfy tax withholding obligations as a result of the issuance of shares upon vesting or exercise of options or other equity awards granted under the Corporation's equity compensation plans. Of course, any market sale of the stock received upon exercise or vesting of any such equity awards remains subject to all provisions of this policy whether or not for the purpose of generating the cash needed to pay the exercise price or pay taxes.

•***10b5-1 Automatic Trading Programs***. Under Rule 10b5-1 of the Exchange Act, and only if permitted by the Corporation, employees, directors and consultants may establish a trading plan under which a broker is instructed to buy and sell the Corporation securities based on pre-determined criteria (a "**Trading Plan**"). So long as a Trading Plan is properly established, purchases and sales of the Corporation securities pursuant to that Trading Plan are not subject to this policy. To be properly established, an eligible person's Trading Plan must be established in compliance with the requirements of Rule 10b5-1 of the Exchange Act and any applicable 10b5-1 trading plan guidelines of the Corporation at a time when they were unaware of any Material Information and/or Non-public Information relating the Corporation and when the Corporation was not otherwise in a trading blackout period. Moreover, all Trading Plans must be reviewed and approved by the Corporation before being established to confirm that the Trading Plan complies with all pertinent company policies and applicable securities laws.

•***Gifts.*** This policy does not apply to *bona fide* gifts of the Corporation securities that have been pre-cleared by the Corporation's Chief Legal Officer or his or her designee. Whether a gift is truly *bona fide* will depend on the facts and circumstances surrounding each gift. Pre-clearance must be obtained at least two business days in advance of the proposed gift, and pre-cleared gifts not completed within five business days will require new pre-clearance. The Corporation may choose to shorten this period.

Section 6 – Regulatory Requirements / Reporting

6.1Each Reporting Insider must comply with applicable Canadian securities laws that include the obligation that all Reporting Insiders must file an "Insider Report" and report any change to their direct or indirect beneficial ownership of, or control or direction over securities of the Corporation, including the grant, expiry, exercise or cancellation of options, warrants or other convertible or exchangeable securities of the Corporation, in accordance with the terms of the applicable Canadian securities laws.

6.2Each Reporting Insider must comply with applicable U.S. securities laws that include the obligation that all Reporting Insiders must file a Form 3, Form 4 or Form 5 and report any change to their direct or indirect beneficial ownership of, or control or direction over securities of the Corporation, including the grant, expiry, exercise or cancellation of options, warrants or other convertible or exchangeable securities of the Corporation, in accordance with the terms of the applicable U.S. laws.

6.3Any Reporting Insiders who file their reports are asked to promptly provide a copy of those to the Chief Legal Officer so that the Corporation's records may be updated.

6.4Reporting Insiders are reminded that they will remain personally responsible for ensuring that their Insider Reports and Form 3, Form 4 and Form 5 are completed and filed in accordance with the requirements of applicable securities laws.

Section 7 – Policy's Duration

This policy continues to apply to transactions in the Corporation's securities and the securities of other applicable public companies as more specifically set forth in this policy, even after a Corporation Personnel's relationship with the Corporation has ended. If such Corporation Personnel is aware of Material Information and/or Non-public Information when their relationship with the Corporation ends, they may not trade the Corporation's securities or the securities of other applicable publicly traded companies until the Material Information and/or Non-public Information has been publicly disseminated or is no longer material. Further, if such Corporation Personnel leaves the Corporation during a trading blackout period, then they may not trade the Corporation's securities or the securities of other applicable companies until the trading blackout period has ended.

Section 8 – Individual Responsibility

Persons subject to this policy have ethical and legal obligations to maintain the confidentiality of information about the Corporation and to not engage in transactions in the Corporation's securities or the securities of other applicable public companies while aware of Material Information and/or Non-public Information, as more specifically set forth in this policy. Each individual is responsible for making sure that he or she complies with this policy, and that any family member, household member or

other person or entity whose transactions are subject to this policy. In all cases, the responsibility for determining whether an individual is aware of Material Information and/or Non-public Information rests with that individual, and any action on the part of the Corporation or any employee or director of the Corporation pursuant to this policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. Corporation Personnel could be subject to severe legal penalties and disciplinary action by the Corporation for any conduct prohibited by this policy or applicable securities laws. See "Sanctions" below.

Section 9 – Sanctions

9.1The purchase or sale of securities while aware of Material Information and/or Non-public Information, or the disclosure of Material Information and/or Non-public Information to others who then trade in the Company's securities, is prohibited by the federal and state laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities as well as the laws of foreign jurisdictions.

9.2Failure to comply with this Policy will result in disciplinary action, possibly including significant fines, imprisonment, and termination of employment.

9.3Canadian securities laws provide various penalties for breach of the general trading prohibition contained in this Policy.

9.4Personnel of the Corporation may also be found civilly liable if a spouse, partner, relative or friend profited from the trading of securities at a time when in possession of Material Information and/or Non-Public Information provided by that individual.

9.5Penalties may also be levied against a Reporting Insider for not complying with the regulatory reporting requirements.

Section 10 – Amendments and Review

10.1This Policy may be amended from time to time. Any amendments to this Policy shall be approved by the Board of Directors and shall be made available to the Corporation Personnel.

10.2The Chief Legal Officer is to report to the Board of Directors, on an ongoing basis, if any deficiencies, concerns or issues relating to the effectiveness of this Policy arise or become apparent.

Section 11 – Questions

11.1For any questions regarding this Policy, please consult the Chief Legal Officer prior to any trading in securities of the Corporation.

11.2Reporting Insiders are also encouraged to seek independent legal advice for matters other than routine reporting.

SCHEDULE "A" TRADE REQUEST

TO: **CHIEF LEGAL OFFICER**

FROM: **[EMPLOYEE'S NAME]**

RE: TerrAscend Corporation Insider Trading Policy DATE: **[DATE]**
I or a family member or other person living in my household or a dependent child propose to **[buy/sell]** securities of TerrAscend Corporation (the **"Corporation"**) in the amount of up to **[NUMBER OF SECURITIES]**.

In accordance with the Corporation's Insider Trading Policy (the **"Policy"**), I hereby certify that:

1.I have read and understand the Policy.

2.I do not have (and in the case of a trade by a family member or other person living in my household or a dependent child, such family member, other person or child does not have) knowledge of Material Information (as defined in the Policy) which has not been generally disclosed.

3.I understand that I may buy and sell securities of the Corporation only during a period (**"Trading Window"**) beginning at the opening of the market on the second Trading Day following the release of the Corporation's results for that quarter and ending at the close of business on the third Trading Day before the end of a fiscal quarter.

4.I understand that the Trading Window may be "closed" at any time at which it is determined there may be undisclosed Inside Information concerning the Corporation that makes it inappropriate for Corporation Personnel to be trading. I understand that the fact that the Trading Window has been "closed" is itself Inside Information that should not be disclosed to or discussed with anyone.

DATE:

[Employee's Signature]
[EMPLOYEE'S NAME]

TITLE:

SCHEDULE "B" REPORTING INSIDERS

Reporting Insiders include:

(a)the CEO, CFO or Chief Legal Officer of the Company, of a significant shareholder of the Corporation or of a major subsidiary of the Corporation;

(b)a director of the Corporation, of a significant shareholder of the reporting issuer or of a major subsidiary of the Corporation;

(c)a person or company responsible for a principal business unit, division or function of the Corporation;

(d)a significant shareholder of the Corporation;

(e)a significant shareholder based on post-conversion beneficial ownership of the Corporation's securities and the CEO, CFO, COO and every director of the significant shareholder based on post-conversion beneficial ownership;

(f)any other insider that:

(i)in the ordinary course receives or has access to information as to material facts or material changes concerning the Corporation before the material facts or material changes are generally disclosed; and

(ii)directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the Corporation.

As indicated above, "Reporting Insiders" include a shareholder whose 10% beneficial ownership, control or direction is calculated based on post-conversion beneficial ownership of any convertible or exchangeable securities that are convertible or exchangeable within 60- days.

If an individual falls into one of the above categories, that individual will be required to file insider trading reports and should consult with the Chief Legal Officer to confirm his or her reporting obligations.

Exhibit 21.1

List of Subsidiaries of TerrAscend Corp

Subsidiary	State or Other Jurisdiction of Incorporation or Organization
TerrAscend Canada Inc.	Ontario
Solace Health Network Inc.	Ontario
TerrAscend Medical Holdings Inc.	Ontario
2627685 Ontario Inc.	Ontario
2671983 Ontario Inc.	Ontario
Solace Rx Inc.	Ontario
Ascendant Laboratories Inc.	Ontario
2765533 Ontario Inc.	Ontario
2668420 Ontario Inc.	Ontario
2151924 Alberta Ltd.	Alberta
TerrAscend Growth Corp.	Ontario
Cookies Retail Canada Corp.	Canada
Gage Innovations Corp.	Canada
WDB Management CA LLC	California
BTHHM Berkeley, LLC	California
V Products, LLC	California
Oxnard Caring Project LLC	California
ABI SF LLC	California
RHMT, LLC	California
Deep Thought LLC	California
Howard Street Partners, LLC	California
TerrAscend USA, Inc.	Delaware
TerrAscend America, Inc.	Delaware
Arise Bioscience, Inc.	Delaware
WDB Holding PA, Inc.	Delaware
WDB Holding NV, Inc.	Delaware
WDB Holding CA, Inc.	Delaware
WDB Holding MI, Inc.	Delaware
WDB Holding IL, Inc.	Delaware
WDB Holding OH, Inc.	Delaware
Well and Good, Inc.	Delaware
HMS Hagerstown, LLC	Delaware
IHC Management LLC	Delaware
PA Store 299 LLC	Delaware
TerrAscend USA Services, LLC	Delaware
Rivers Innovations, Inc.	Delaware
Rivers Innovations US South LLC	Delaware
RI SPE 1 LLC	Delaware
WDB Holding GA, Inc.	Georgia
Aspire Medical Partners, LLC	Georgia
TER Holding MD, Inc.	Maryland
Derby 1, LLC	Maryland
Hempaid, LLC	Maryland

Blue Ridge Wellness, LLC	Maryland
C Club Incorporated	Maryland
Herbiculture, Inc.	Maryland
WDB Holding MD, Inc.	Maryland
HMS Health, LLC	Maryland
HMS Processing LLC	Maryland
Moose Curve Holdings, LLC	Maryland
Allegany Medical Marijuana Dispensary LLC	Maryland
Allegany CBD Wellness Shop Incorporated	Maryland
123 Grow LLC	Michigan
AEY Capital LLC	Michigan
3 State Park LLC	Michigan
Pure Releaf SP Drive LLC	Michigan
KISA Enterprises MI Inc.	Michigan
RKD Ventures, LLC	Michigan
AEY Holdings, LLC	Michigan
Stadium Ventures Inc.	Michigan
Thrive Enterprises LLC	Michigan
Spartan Partners Corporation	Michigan
Spartan Partners Holdings, LLC	Michigan
Spartan Partners Services LLC	Michigan
Spartan Partners Properties LLC	Michigan
Spartan Partners Licensing LLC	Michigan
Mayde US LLC	Michigan
TerrAscend NJ LLC	New Jersey
Apothecarium Dispensing LLC	New Jersey
Ohio Dispensing 1, LLC	Ohio
Ilera Healthcare LLC	Pennsylvania
Ilera Dispensing LLC	Pennsylvania
Ilera Security LLC	Pennsylvania
235 Main Street Mercersburg LLC	Pennsylvania
Ilera InvestCo I, LLC	Pennsylvania
Ilera Dispensing 2 LLC	Pennsylvania
Ilera Dispensing 3 LLC	Pennsylvania
GuadCo LLC	Pennsylvania
KCR Holdings LLC	Pennsylvania

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement No. 333-262566 on Form S-8, of our auditor's report dated March 6, 2025 with respect to the consolidated financial statements of TerrAscend Corp. (and its subsidiaries) as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, as included in the Annual Report on Form 10-K of TerrAscend Corp. for the year ended December 31, 2024, as filed with the United States Securities and Exchange Commission.

/s/ MNP LLP

Chartered Professional Accountants
Licensed Public Accountants
March 6, 2025
Toronto, Canada

Exhibit 31.1

Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Ziad Ghanem, certify that:

1. I have reviewed this Annual Report on Form 10-K of TerrAscend Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2025

/s/ Ziad Ghanem
Ziad Ghanem
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Keith Stauffer, certify that:

1. I have reviewed this Annual Report on Form 10-K of TerrAscend Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2025

/s/ Keith Stauffer
Keith Stauffer
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Ziad Ghanem, Chief Executive Officer of TerrAscend Corp. (the "Company"), hereby certify, that, to the best of my knowledge:

1. the Annual Report on Form 10-K for the year ended December 31, 2024, to which this Certification is attached as Exhibit 32.1 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2025

/s/ Ziad Ghanem
Ziad Ghanem
President and Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of TerrAscend Corp. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Keith Stauffer, Chief Financial Officer of TerrAscend Corp. (the "Company"), hereby certify, that, to the best of my knowledge:

1. the Annual Report on Form 10-K for the year ended December 31, 2024, to which this Certification is attached as Exhibit 32.2 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2025

/s/ Keith Stauffer
Keith Stauffer
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of TerrAscend Corp. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.