UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2026

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: (844) 628-3100

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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 4, 2026, the registrant had 308,921,051 common shares, no par value, outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q regarding the prospects of the industry in which the Issuer, its subsidiaries, including 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 Quarterly Report on Form 10-Q 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 strategic alliance or acquisition interests, including, as applicable, required regulatory approvals and licensing, anticipated costs and timing, expected impact thereof, and the ability to enter into future strategic alliances or acquisitions;

•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 expected growth in the number of customers and patients using the Company's adult-use and medical cannabis products, 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 that may result in 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 changes to the jurisdictions in which the Company operates;

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

•the impact of the Company’s exit from the Michigan market on its operations and financial results;

•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 potential legalization of the regulated use of cannabis for medical and/or adult-use in the United States and the related timing and impact thereof, including the impact of the final rule rescheduling marijuana contained in United States Food and Drug Administration-approved drug products and marijuana subject to a state medical marijuana license from Schedule I to Schedule III of the Controlled Substances Act (the “CSA”), and the timing and outcome following the hearing held from June 29, 2026, to July 15, 2026 to consider broader rescheduling of all marijuana from Schedule I to Schedule III of the CSA;

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

•the possibility of actions by individuals, or United States 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 recalls and returns;

•expectations regarding the Company's liquidity;

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

•the future occurrence of any events of default under the Company’s debt instruments; and

•other risks and uncertainties, including those referenced under the section titled “Risk Factors” in Item 1A of Part I of the Company’s Annual Report on Form 10-K for the year ended December 31, 2025.

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 are described below.

With respect to the forward-looking statements contained in this Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q. 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 the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission on March 12, 2026. 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q 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.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

TerrAscend Corp.

Unaudited Interim Condensed Consolidated Balance Sheets

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

	At September 30, 2026	At December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 42,543	$ 37,414
Restricted cash	—	110
Accounts receivable, net	14,165	16,898
Investments	91	362
Inventory	37,747	34,054
Prepaid expenses and other current assets	14,899	8,557
Assets from discontinued operations, current	—	12,713
Total current assets	109,445	110,108
Non-current assets		
Property and equipment, net	122,234	129,932
Deposits	—	60
Operating lease right of use assets	27,422	26,691
Intangible assets, net	179,162	167,310
Goodwill	118,794	109,770
Other non-current assets	733	13,508
Total non-current assets	448,345	447,271
Total assets	**$ 557,790**	**$ 557,379**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 33,945	$ 39,807
Deferred revenue	4,631	3,993
Convertible debt	—	10,355
Loans payable	13,622	5,322
Operating lease liability	1,180	1,511
Derivative liability	—	967
Corporate income tax payable	3,570	5,360
Liabilities from discontinued operations	—	12,616
Total current liabilities	56,948	79,931
Non-current liabilities		
Loans payable	185,197	203,846
Operating lease liability	29,856	28,555
Derivative liability	11,988	2,221
Convertible debt	18,302	6,896
Deferred income tax liability	13,392	8,025
Liability on uncertain tax position	163,541	128,798
Other long-term liabilities	86	86
Total non-current liabilities	422,362	378,427
Total liabilities	479,310	458,358
Commitments and contingencies		
Shareholders' equity		
Share capital		
Series A, convertible preferred stock, no par value, unlimited shares authorized; 10,725 and 10,725 shares outstanding as of September 30, 2026 and December 31, 2025, respectively	—	—
Series B, convertible preferred stock, no par value, unlimited shares authorized; 600 and 600 shares outstanding as of September 30, 2026 and December 31, 2025, respectively	—	—
Exchangeable shares, no par value, unlimited shares authorized; 63,492,038 and 63,492,038 shares outstanding as of September 30, 2026 and December 31, 2025, respectively	—	—
Common shares, no par value, unlimited shares authorized; 308,421,051 and 308,532,518 shares outstanding as of September 30, 2026 and December 31, 2025, respectively	—	—
Treasury stock, no par value; nil and nil shares outstanding as of September 30, 2026 and December 31, 2025, respectively	—	—
Additional paid in capital	960,154	960,241
Accumulated other comprehensive income	2,458	1,986
Accumulated deficit	(889,561)	(864,742)
Non-controlling interest	5,429	1,536
Total shareholders' equity	78,480	99,021
Total liabilities and shareholders' equity	**$ 557,790**	**$ 557,379**

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

Unaudited Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Revenue, net	**$ 68,210**	**$ 65,101**	**$ 200,868**	**$ 194,410**
Cost of sales	**32,536**	**31,176**	**94,342**	**92,568**
Gross profit	**35,674**	**33,925**	**106,526**	**101,842**
Operating expenses:				
General and administrative	24,008	21,327	68,357	63,456
Amortization and depreciation	1,399	1,457	4,232	4,030
Other operating (income) expense	(15)	—	21	—
Total operating expenses	**25,392**	**22,784**	**72,610**	**67,486**
Income from operations	**10,282**	**11,141**	**33,916**	**34,356**
Other expense (income)				
Finance and other expenses	8,611	8,952	26,746	26,034
Unrealized and realized loss on investments	—	1	271	736
(Gain) loss on fair value of derivative liabilities	(4,809)	723	(5,041)	347
Gain from revaluation of contingent consideration	—	(1,171)	—	(825)
Loss on extinguishment of debt	—	1,432	—	1,432
Unrealized and realized foreign exchange loss (gain)	58	77	569	(530)
Income from continuing operations before provision for income taxes	**6,422**	**1,127**	**11,371**	**7,162**
Provision for income taxes	11,888	11,034	33,725	31,139
Net loss from continuing operations	**$ (5,466)**	**$ (9,907)**	**$ (22,354)**	**$ (23,977)**
Discontinued operations:				
Income (loss) from discontinued operations, net of tax	$ —	$ (14,647)	$ 828	$ (60,952)
Net loss	**$ (5,466)**	**$ (24,554)**	**$ (21,526)**	**$ (84,929)**
Foreign currency translation adjustment	147	3	(472)	843
Comprehensive loss	**$ (5,613)**	**$ (24,557)**	**$ (21,054)**	**$ (85,772)**
Net loss from continuing operations attributable to:				
Common and proportionate Shareholders of the Company	$ (6,598)	$ (11,112)	$ (25,648)	$ (27,762)
Non-controlling interests	$ 1,132	$ 1,205	$ 3,294	$ 3,785
Comprehensive loss attributable to:				
Common and proportionate Shareholders of the Company	$ (6,745)	$ (25,762)	$ (24,348)	$ (89,557)
Non-controlling interests	$ 1,132	$ 1,205	$ 3,294	$ 3,785
Net (loss) income per share - basic & diluted:				
Continuing operations	$ (0.02)	$ (0.04)	$ (0.08)	$ (0.09)
Discontinued operations	0.00	(0.05)	0.00	(0.20)
Net loss per share - basic & diluted (1)	$ (0.02)	$ (0.08)	$ (0.08)	$ (0.30)
Weighted average number of outstanding common shares - basic & diluted	308,974,018	306,302,270	308,959,150	299,550,448

(1) The sum of the individual per share amounts may not add due to rounding.

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

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

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

	Number of Shares									
			Convertible Preferred Stock							
	Common Shares	Exchangeable Shares	Series A	Series B	Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive income	Accumulated deficit	Non-controlling interest	Total
Balance at December 31, 2025	**308,532,518**	**63,492,038**	**10,725**	**600**	**384,974,760**	**$ 960,241**	**$ 1,986**	**$ (864,742)**	**$ 1,536**	**$ 99,021**
Shares issued - stock options, warrant and RSU exercises	7,116	—	—	—	7,116	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	885	—	—	—	885
Capital distributions	—	—	—	—	—	—	—	—	(1,188)	(1,188)
Repurchase of common shares, including excise tax	(115,000)	—	—	—	(115,000)	(77)	—	—	—	(77)
Derecognition of non-controlling interest	—	—	—	—	—	(1,610)	—	—	1,610	—
Net (loss) income for the period	—	—	—	—	—	—	—	(9,060)	1,056	(8,004)
Foreign currency translation adjustment	—	—	—	—	—	—	302	—	—	302
Balance at March 31, 2026	**308,424,634**	**63,492,038**	**10,725**	**600**	**384,866,876**	**$ 959,439**	**$ 2,288**	**$ (873,802)**	**$ 3,014**	**$ 90,939**
Shares issued - stock options, warrant and RSU exercises	1,214,513	—	—	—	1,214,513	20	—	—	—	20
Capital distributions	—	—	—	—	—	—	—	—	(1,375)	(1,375)
Capital contribution	—	—	—	—	—	—	—	—	1,681	1,681
Repurchase of common shares, including excise tax	(463,500)	—	—	—	(463,500)	(314)	—	—	—	(314)
Share-based compensation expense	—	—	—	—	—	829	—	—	—	829
Net (loss) income for the period	—	—	—	—	—	—	—	(9,161)	1,106	(8,055)
Foreign currency translation adjustment	—	—	—	—	—	—	317	—	—	317
Balance at June 30, 2026	**309,175,647**	**63,492,038**	**10,725**	**600**	**385,617,889**	**$ 959,974**	**$ 2,605**	**$ (882,963)**	**$ 4,426**	**$ 84,042**
Shares issued - stock options, warrant and RSU exercises	258,404	—	—	—	258,404	67	—	—	—	**67**
Share-based compensation expense	—	—	—	—	—	747	—	—	—	**747**
Capital distributions	—	—	—	—	—	—	—	—	(1,625)	**(1,625)**
Capital contributions	—	—	—	—	—	—	—	—	1,496	**1,496**
Repurchases of common shares, including excise tax	(1,013,000)	—	—	—	(1,013,000)	(634)	—	—	—	**(634)**
Net (loss) income for the period	—	—	—	—	—	—	—	(6,598)	1,132	**(5,466)**
Foreign currency translation adjustment	—	—	—	—	—	—	(147)	—	—	**(147)**
Balance at September 30, 2026	**308,421,051**	**63,492,038**	**10,725**	**600**	**384,863,293**	**$ 960,154**	**$ 2,458**	**$ (889,561)**	**$ 5,429**	**$ 78,480**

	Number of Shares										
			Convertible Preferred Stock								
	Common Shares	Exchangeable Shares	Series A	Series B	Common Shares Equivalent	Treasury Stock	Additional paid in capital	Accumulated other comprehensive income	Accumulated deficit	Non-controlling interest	Total
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**
Shares issued - stock options, warrant and RSU exercises	54,350	—	—	—	54,350	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	1,514	—	—	—	1,514
Capital distributions	—	—	—	—	—	—	—	—	—	(738)	(738)
Repurchase of common shares, including excise tax	(637,000)	—	—	—	(637,000)	129,500	(231)	—	—	—	(231)
Net (loss) income for the period	—	—	—	—	—	—	—	—	(13,571)	1,302	(12,269)
Foreign currency translation adjustment	—	—	—	—	—	—	—	14	—	—	14
Balance at March 31, 2025	**292,649,481**	**63,492,038**	**12,350**	**600**	**369,091,723**	**—**	**$ 953,746**	**$ 3,025**	**$ (792,085)**	**$ 420**	**$ 165,106**
Shares issued - stock options, warrant and RSU exercises	354,950	—	—	—	354,950	—	—	—	—	—	—
Shares issued - acquisitions	4,570,637	—	—	—	4,570,637	—	1,278	—	—	—	1,278
Shares issued - conversion	1,500,000	—	(1,500)	—	1,500,000	—	—	—	—	—	—
Shares issued - price protection adjustment	7,577,349	—	—	—	7,577,349	—	1,581	—	—	—	1,581
Repurchase of common shares, including excise tax	(535,000)	—	—	—	(535,000)	—	(146)	—	—	—	(146)
Share-based compensation expense	—	—	—	—	—	—	779	—	—	—	779
Capital distributions	—	—	—	—	—	—	—	—	—	(1,250)	(1,250)
Net (loss) income for the period	—	—	—	—	—	—	—	—	(49,385)	1,278	(48,107)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(854)	—	—	(854)
Balance at June 30, 2025	**306,117,417**	**63,492,038**	**10,850**	**600**	**382,559,659**	**—**	**$ 957,238**	**$ 2,171**	**$ (841,470)**	**$ 448**	**$ 118,387**
Shares issued - stock options, warrant and RSU exercises	125,919	—	—	—	125,919	—	—	—	—	—	—
Shares issued - price protection adjustment	724,061	—	—	—	724,061	—	323	—	—	—	323
Share-based compensation expense	—	—	—	—	—	—	1,366	—	—	—	1,366
Capital distributions	—	—	—	—	—	—	—	—	—	(58)	(58)
Derecognition of non-controlling interest	—	—	—	—	—	—	—	—	—	20	20
Net (loss) income for the period	—	—	—	—	—	—	—	—	(25,759)	1,205	(24,554)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(3)	—	—	(3)
Balance at September 30, 2025	**306,967,397**	**63,492,038**	**10,850**	**600**	**383,409,639**	**—**	**$ 958,927**	**$ 2,168**	**$ (867,229)**	**$ 1,615**	**$ 95,481**

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

Unaudited Interim Condensed Consolidated Statements of Cash Flows

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

	For the Nine Months Ended	
	September 30, 2026	**September 30, 2025**
Operating activities		
Net loss from continuing operations	$ (22,354)	$ (23,977)
Adjustments to reconcile net loss to net cash provided by operating activities		
Accretion and accrued interest	7,416	6,128
Depreciation of property and equipment and amortization of intangible assets	11,996	11,663
Amortization of operating right-of-use assets	1,056	1,208
Share-based compensation	2,460	3,659
Deferred income tax expense	326	291
(Gain) loss on fair value of derivative liabilities	(5,041)	347
Unrealized and realized loss on investments	271	736
Gain from revaluation of contingent consideration	—	(825)
Provision for expected credit loss	1,059	988
Loss on extinguishment of debt	—	1,432
Unrealized and realized foreign exchange loss (gain)	569	(530)
Impairment and other	709	(5)
Changes in operating assets and liabilities		
Receivables	1,651	2,084
Inventory	(3,362)	6,056
Accounts payable and accrued liabilities	(3,209)	(5,336)
Income taxes paid and tax related liabilities	32,713	22,027
Prepaid expense and other current assets	(1,048)	49
Other assets and liabilities	(347)	(396)
Net cash provided by operating activities - continuing operations	24,865	25,599
Net cash used in operating activities - discontinued operations	(971)	(12,085)
Net cash provided by operating activities	23,894	13,514
Investing activities		
Investment in property and equipment	(5,193)	(6,898)
Investment in note receivable, net of interest received	1,793	165
Investment in intangible assets	(44)	(726)
Cash portion of consideration paid in acquisition, net of cash received	(8,755)	(5,128)
Refund of deposit for business acquisition	3,400	—
Net cash used in investing activities - continuing operations	(8,799)	(12,587)
Net cash provided by (used in) investing activities - discontinued operations	1,293	(877)
Net cash used in investing activities	(7,506)	(13,464)
Financing activities		
Proceeds from loan payable, net of transaction costs	—	78,944
Loan principal paid, including exit fees	(16,524)	(66,131)
Capital distributions paid to non-controlling interests	(4,188)	(2,046)
Payment for contingent consideration	—	(386)
Proceeds from convertible debentures, net of issuance costs	18,967	—
Convertible debentures principal paid	(8,630)	—
Proceeds from exercise of stock options	87	—
Repurchases of common shares	(1,025)	(377)
Net cash (used in) provided by financing activities - continuing operations	(11,313)	10,004
Net cash used in financing activities - discontinued operations	(200)	—
Net cash (used in) provided by financing activities	(11,513)	10,004
Net increase in cash and cash equivalents and restricted cash during the period	4,875	10,054
Net effects of foreign exchange	144	(415)
Cash and cash equivalents and restricted cash, beginning of the period	37,524	26,987
Cash and cash equivalents and restricted cash, end of the period	$ 42,543	$ 36,626

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

Unaudited Interim Condensed Consolidated Statements of Cash Flows (Continued)

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

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
Supplemental disclosure with respect to cash flows		
Cash (received) paid for Federal income tax, net	$ (3,790)	$ 6,466
Cash paid for State income tax, net		
New Jersey	1,521	2,205
Maryland	2,132	1,314
Pennsylvania	—	(629)
Other	34	267
Total cash (received) paid for income tax, net	$ (103)	$ 9,623
Interest paid	$ 24,495	$ 20,627
Non-cash transactions		
Note receivable issued as a noncontrolling interest contribution	$ 3,177	$ —
Reduction of loan principal through proceeds from retained economic interest	$ (336)	$ —
Equity issued for acquisitions	$ —	$ 1,278
Equity issued for price protection on contingent consideration	$ —	$ 1,904
Change in accrued capital expenditures	$ (48)	$ 1,321

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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

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, including 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, Maryland and California. In addition, the Company has retail operations in Ohio and 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 United States ("United States" or "U.S.") federal law for any purpose, by way of the Controlled Substances Act of 1970.

The Company operates under three state-level reportable segments consisting of New Jersey, Maryland and Pennsylvania, focused on the production and sale of cannabis products. Operations in other states are presented within "All other segments".

The Company owns a portfolio of operating businesses, including:

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

•TerrAscend Ohio ("TerrAscend OH"), a cannabis retailer in New Philadelphia, Ohio with one wholly-owned dispensary; and

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

The common shares in the capital of the Company ("Common Shares") commenced trading on the Canadian Securities Exchange (the "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 the OTCQX in the United States 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

These unaudited interim condensed consolidated financial statements included herein (the “Consolidated Financial Statements”) of the Company and its subsidiaries were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The accompanying Consolidated Financial Statements contained in this report are unaudited. In the opinion of management, these Consolidated Financial Statements have been prepared on the same basis as the annual consolidated financial statements and notes thereto of the Company and include all adjustments considered necessary for the fair presentation of the Company’s financial position and operating results. The results for the three and nine months ended September 30, 2026 are not necessarily indicative of the operating results for the year ended December 31, 2026, or any other interim or future periods.

The accompanying Consolidated Financial Statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the year ended December 31, 2025 contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the Securities and Exchange Commission (the "SEC") on March 12, 2026 (the "Annual Report").

Certain prior period amounts, primarily related to discontinued operations, have been reclassified in the Consolidated Financial Statements and accompanying notes to conform to the current period presentation. Unless otherwise noted, amounts and disclosures throughout these notes to the Consolidated Financial Statements relate solely to continuing operations and exclude all discontinued operations. See Note 7 for additional information.

There were no significant changes to the policies disclosed in Note 2 of the summary of significant accounting policies of the Company's audited consolidated financial statements for the year ended December 31, 2025 in the Company's Annual Report.

3.Consolidation

The Company consolidates entities in which it has a controlling financial interest by evaluating whether the entity is a voting interest entity ("VOE") or a variable interest entity ("VIE").

In connection with the listing of its Common Shares on the TSX, the Company undertook a strategic reorganization of its ownership structure (the "2023 Reorganization") to align with TSX regulatory requirements regarding U.S. based operations, in accordance with the TSX's Staff Notice 2017-0009. Specifically, the 2023 Reorganization was designed to separate the Company's Canadian retail operations from its U.S. cultivation and manufacturing businesses in a manner that supports compliance with applicable listing standards while preserving the Company's ability to consolidate the financial results of its U.S. operations under U.S. GAAP. Following the completion of the 2023 Reorganization, the Company holds a 95% equity interest in its Canadian retail business and maintains a variable interest in its U.S. operations, which are consolidated through a VIE model. The Company continues to consolidate both operations under two distinct consolidation models in accordance with Accounting Standards Codification 810, *Consolidation* ("ASC 810").

Subsequent to the 2023 Reorganization, all operations in the United States have a functional currency of the U.S. dollar ("USD"). Canadian operations continue to have a functional currency of the Canadian dollar ("CAD").

Voting Interest Entities

A VOE is an entity in which (1) the total equity investment at risk is deemed sufficient to absorb the expected losses of the entity, (2) the at-risk equity holders, as a group, have all of the characteristics of a controlling financial interest and (3) the entity is structured with substantive voting rights. The Company consolidates the Canadian operations under a VOE model based on the controlling financial interest obtained through Common Shares with substantive voting rights.

The Company's Canadian retail operations are conducted through a subsidiary that is 95% owned by TerrAscend Canada, a wholly owned subsidiary of the Issuer. These operations are consolidated under the VOE model based on the controlling financial interest obtained through Common Shares with substantive voting rights. The remaining Canadian subsidiaries are either wholly owned or majority owned, and are not currently engaged in active operations.

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 provides it with (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance (power) and (2) 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).

In connection with the 2023 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 (the "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 20, 2023 (the "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 that 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 of TerrAscend in accordance with ASC 810. Although the Company does not currently hold Class A Shares, the Non-Voting Shares are exchangeable at the Company's discretion and represent substantially all of the economic interest in the VIE. The investor's Class A Shares provide only a fixed annual return and do not participate in the residual economics of the VIE, in accordance with the Protection Agreement, which supports the Company's conclusion that it is the primary beneficiary of TerrAscend.

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.

4.Accounts receivable, net

The Company's accounts receivable, net consisted of the following:

	September 30, 2026	December 31, 2025
	(In thousands)	
Trade receivables	$ 15,857	$ 16,962
Sales tax receivable	176	1,156
Other receivables	823	599
Provision for current expected credit losses	(2,691)	(1,819)
Total receivables, net	**$ 14,165**	**$ 16,898**

The following table presents the aging of trade receivables:

	September 30, 2026	December 31, 2025
	(In thousands)	
Trade receivables	$ 15,857	$ 16,962
Less: provision for current expected credit losses	(2,691)	(1,819)
Total trade receivables, net	**$ 13,166**	**$ 15,143**
Of which		
Current	11,075	12,214
31-90 days	1,231	1,761
Over 90 days	3,551	2,987
Less: current expected credit losses	(2,691)	(1,819)
Total trade receivables, net	**$ 13,166**	**$ 15,143**

5.Acquisitions

2026 Acquisitions

Aunt Mary's

On September 23, 2026 (the "Aunt Mary's Acquisition Date"), the Company acquired a 35% interest in Aunt Mary's Dispensary LLC ("Aunt Mary's"), a licensed cannabis operator, further expanding its operational footprint in New Jersey. The Company obtained a transferable option to acquire the remaining 65% interest in Aunt Mary's at a nominal exercise price and entered into a series of agreements granting the Company certain protective rights. As a result, the Company determined that it became the primary beneficiary of Aunt Mary's under ASC 810 and began consolidating Aunt Mary's as a VIE as of September 23, 2026. The fair value of the non-controlling interest of the prior owners was determined to be nominal, as all economics flow to the Company through contractual arrangements, leaving no residual economic interest with the prior owners. Subsequent to the acquisition, substantially all earnings are attributed to the Company. The total fair value consideration transferred in connection with the acquisition was $11,967. The fair

value consideration was comprised of: (i) $8,967 in cash which included a working capital adjustment of $2,967 and (ii) a $3,000 convertible promissory note bearing interest at a rate of 6.0% per annum and maturing on September 15, 2031 (the "Aunt Mary's Convertible Promissory Note"). For additional information regarding the Aunt Mary's Convertible Promissory Note, see Note 12.

The following table represents the fair value of assets acquired and liabilities assumed as of the Aunt Mary's Acquisition Date and allocation of the consideration to net assets acquired:

		(In thousands)
Cash and cash equivalents	$	3,764
Inventory		338
Prepaid expenses and other current assets		73
Operating right of use asset		1,094
Property and equipment		216
Intangible assets		5,500
Goodwill		4,902
Accounts payable and accrued liabilities		(988)
Deferred revenue		(188)
Operating lease liability		(1,094)
Deferred tax liability		(1,650)
Net assets acquired	**$**	**11,967**
Consideration paid in cash	$	6,000
Convertible debt		3,000
Working capital adjustment paid in cash		2,967
Total consideration	**$**	**11,967**

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.

The accounting for this acquisition remains provisional as of September 30, 2026, primarily with respect to the fair values of intangible assets, goodwill, property and equipment, and deferred tax liabilities. Upon completion of a comprehensive valuation and finalization of the purchase price allocation, the amounts above may be adjusted retrospectively to the acquisition date during the measurement period.

Costs related to this transaction were $280, including legal, accounting, due diligence, and other transaction-related expenses. Of the total amount of transaction costs, $113 was recorded during the three months ended September 30, 2026.

On a standalone basis, had the Company acquired the business on January 1, 2026, sales estimates would have been $8,131 for the nine months ended September 30, 2026 and net income estimate would have been $851. These estimates are presented for informational purposes only and are not necessarily indicative of the results that would have been achieved had the acquisition occurred on that date, or of future results. Actual sales and net income since the Aunt Mary's Acquisition Date are $242 and $121, respectively.

Union Chill

On January 2, 2026 (the "Union Chill Acquisition Date"), the Company acquired a 35% interest in Union Chill Cannabis Company LLC ("Union Chill"), a licensed cannabis operator, expanding its operational footprint in New Jersey. The Company obtained a transferable option to acquire the remaining 65% interest in Union Chill at a nominal exercise price and entered into a series of agreements granting the Company certain protective rights. As a result, the Company determined that it became the primary beneficiary of Union Chill under ASC 810 and began consolidating Union Chill as a VIE as of January 2, 2026. The fair value of the non-controlling interest of the prior owners was determined to be nominal, as all economics flow to the Company through contractual arrangements, leaving no residual economic interest with the prior owners. Subsequent to the acquisition, substantially all earnings are attributed to the Company. The total fair value consideration transferred in connection with the acquisition was $13,290. The fair

value consideration was comprised of: (i) $4,290 in cash which included a working capital adjustment of $290 and (ii) a $9,000 of convertible promissory note bearing interest at a rate of 6.5% per annum and maturing on December 26, 2029. For additional information regarding the convertible notes, see Note 12.

The following table represents the fair value of assets acquired and liabilities assumed as of the Union Chill Acquisition Date and allocation of the consideration to net assets acquired:

		(In thousands)
Cash and cash equivalents	$	738
Accounts receivable, net		50
Inventory		339
Prepaid expenses and other current assets		201
Operating right of use asset		991
Property and equipment		684
Intangible assets		11,300
Goodwill		4,122
Accounts payable and accrued liabilities		(580)
Deferred revenue		(174)
Operating lease liability		(991)
Deferred tax liability		(3,390)
Net assets acquired	**$**	**13,290**
Consideration paid in cash	$	4,000
Convertible debt		9,000
Working capital adjustment paid in cash		290
Total consideration	**$**	**13,290**

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.

The accounting for this acquisition remains provisional as of September 30, 2026, primarily with respect to the fair values of intangible assets, goodwill, property and equipment, and deferred tax liabilities. Upon completion of a comprehensive valuation and finalization of the purchase price allocation, the amounts above may be adjusted retrospectively to the acquisition date during the measurement period.

During the nine months ended September 30, 2026, the Company recorded the following measurement period adjustments to the provisional purchase price allocation based on additional information obtained about facts and circumstances that existed as of the acquisition date. The more significant adjustments, which resulted in a corresponding change to goodwill, were as follows:

•An increase to property and equipment in the amount of $670.

•A decrease to intangible assets in the amount of $400.

•An increase to deferred tax liability in the amount of $3,390.

Costs related to this transaction were $222, including legal, accounting, due diligence, and other transaction-related expenses. There were no transaction costs recognized during the three months ended September 30, 2026. The Company recognized $39 of transaction costs during the nine months ended September 30, 2026, and the remaining costs were recognized during 2025.

The transaction was completed on the first business day of the fiscal year; therefore, the unaudited pro forma information is not materially different from the reported amounts. Total sales and net income since the Union Chill Acquisition Date are $8,974 and $1,622, respectively.

6.Inventory

The Company's inventory of cannabis and cannabis derived products includes both purchased and internally produced inventory and is comprised of the following items:

	September 30, 2026	December 31, 2025
	(In thousands)	
Raw materials	$ 688	$ 753
Finished goods	19,262	15,514
Work in process	14,890	15,535
Accessories, supplies and consumables	2,907	2,252
Total inventory	$ 37,747	$ 34,054

7.Discontinued operations

TerrAscend Michigan

In June 2025, the Company committed to a plan to exit the Michigan market (the "Michigan Exit"). The Company determined that its decision to exit the Michigan market was considered a strategic shift that would have a major effect on the Company's operations and financial results and met the criteria for classification as discontinued operations as of June 30, 2025.

In connection with the above, on May 5, 2026, FG Agency Lending LLC, as the administrative agent under the FG Loan Agreement (as defined below), filed an application for receivership under the laws of the State of Michigan in the Oakland County Circuit Court (the "Court"), and each of the following entities related to the Michigan business: WDB Holding MI, Inc., AEY Capital LLC, AEY Holdings, LLC, Thrive Enterprises LLC, Spartan Partners Corporation, Spartan Partners Services LLC, Spartan Partners Licensing LLC, Spartan Partners Holdings, LLC and Spartan Partners Properties LLC (the "Michigan Receivership Entities") have stipulated to the appointment of a receiver ("Receiver") which was approved by the Court on May 6, 2026 (the "Michigan Receivership").

As a result of the Receiver's authority, in accordance with ASC 810, the Company concluded that it lost control of the Michigan Receivership Entities on May 6, 2026 and deconsolidated such entities as of that date. Upon deconsolidation, the Company derecognized the assets and liabilities of the Michigan Receivership Entities and recognized a gain on deconsolidation of $2,377, which is included in income from discontinued operations, net of tax for the nine months ended September 30, 2026.

In connection with the deconsolidation and in accordance with ASC 810, the Company recognized a retained economic interest of $7,787. The retained economic interest was recognized at fair value in accordance with ASC 825, *Financial Instruments*, representing the estimated net proceeds from certain Michigan property disposals expected to be remitted to FG Agency Lending LLC, as administrative agent and applied as a prepayment of the FG Loan (as defined below in Note 10). Although the Company will not receive the proceeds directly in cash, the required application of such proceeds will reduce the Company's outstanding obligation under the FG Loan Agreement (as defined below in Note 10). The FG Loan principal will be reduced when proceeds are remitted to the Agent (as defined below in Note 10) and applied as a prepayment. The retained economic interest is included in other current assets on the Company's unaudited interim condensed consolidated balance sheets (the "Consolidated Balance Sheets"). As of September 30, 2026, the remaining carrying amount of the retained economic interest was $7,352.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

The following table summarizes the major classes of assets and liabilities of the Company's Michigan operations ("TerrAscend MI") as of September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
	(In thousands)	
Current assets from discontinued operations		
Accounts receivable, net	$ —	$ 39
Prepaid expenses and other current assets	—	454
Property and equipment, net	—	6,222
Operating lease right of use assets	—	5,998
Total current assets from discontinued operations	**$ —**	**$ 12,713**
Current liabilities from discontinued operations		
Accounts payable and accrued liabilities	$ —	$ 3,636
Operating lease liability	—	6,342
Finance lease liability	—	1,923
Other liabilities	—	715
Total current liabilities from discontinued operations	**$ —**	**$ 12,616**

The following table presents the results of operations of TerrAscend MI for the three and nine months ended September 30, 2026 and 2025:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(In thousands)		(In thousands)	
Revenue, net	**$ —**	**$ 4,708**	**$ —**	**$ 17,591**
Cost of Sales	**—**	**9,058**	**—**	**17,936**
Gross profit	**—**	**(4,350)**	**—**	**(345)**
Operating expenses:				
General and administrative	—	3,556	901	15,877
Amortization and depreciation	—	—	—	1,040
Impairment of property and equipment	—	6,312	72	41,271
Other operating expense	—	1,691	284	1,748
Total operating expenses	**—**	**11,559**	**1,257**	**59,936**
Other expense (income)				
Finance and other expenses	—	11	52	137
Gain on deconsolidation	—	—	(2,377)	—
(Loss) income from discontinued operations before provision for income taxes	**—**	**(15,920)**	**1,068**	**(60,418)**
Provision for income taxes	—	(1,273)	240	534
Net (loss) income from discontinued operations, net of tax	**$ —**	**$ (14,647)**	**$ 828**	**$ (60,952)**

During the nine months ended September 30, 2026, the Company incurred restructuring costs of $114. Total cumulative restructuring costs incurred in connection with the Michigan Exit were $720 as of September 30, 2026, consisting of employee transition costs,

notice period and severance payments, and employee benefits. The Company does not expect to incur additional restructuring costs related to the Michigan Exit.

8.Property and equipment

Property and equipment consisted of:

	September 30, 2026	December 31, 2025
	(In thousands)	
Land	$ 3,235	$ 3,580
Assets in process	3,493	289
Buildings & improvements	133,209	138,443
Machinery & equipment	26,773	25,338
Office furniture & equipment	4,842	4,710
Total cost	171,552	172,360
Less: accumulated depreciation	(49,318)	(42,428)
Property and equipment, net	$ 122,234	$ 129,932

Assets in process primarily represent construction in progress related to both cultivation and dispensary facilities not yet completed, or otherwise not placed in service.

Depreciation expense was $2,301 and $7,002 for the three and nine months ended September 30, 2026, respectively, ($1,914 and $5,778 included in cost of sales) and $2,202 and $6,840 for the three and nine months ended September 30, 2025, respectively, ($1,817 and $5,654 included in cost of sales).

9.Intangible assets and goodwill

Intangible assets consisted of the following:

At September 30, 2026	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
		(In thousands)	
Definite lived intangible assets			
Software	$ 2,796	$ (2,667)	$ 129
Licenses	189,747	(34,136)	155,611
Non-compete agreements	280	(280)	—
Total definite lived intangible assets	192,823	(37,083)	155,740
Indefinite lived intangible assets			
Brand intangibles	23,422	—	23,422
Total indefinite lived intangible assets	23,422	—	23,422
Intangible assets, net	**$ 216,245**	**$ (37,083)**	**$ 179,162**

At December 31, 2025	Gross Carrying Amount	Accumulated Amortization (In thousands)	Net Carrying Amount
Definite lived intangible assets			
Software	$ 2,797	$ (1,730)	$ 1,067
Licenses	172,906	(30,085)	142,821
Non-compete agreements	280	(280)	—
Total definite lived intangible assets	175,983	(32,095)	143,888
Indefinite lived intangible assets			
Brand intangibles	23,422	—	23,422
Total indefinite lived intangible assets	23,422	—	23,422
Intangible assets, net	**$ 199,405**	**$ (32,095)**	**$ 167,310**

Amortization expense was $1,675 and $4,994 for the three and nine months ended September 30, 2026, respectively, ($662 and $1,985 included in cost of sales) and $1,731 and $4,816 for the three and nine months ended September 30, 2025, respectively, ($660 and $1,979 included in cost of sales)

Estimated future amortization expense for finite lived intangible assets for the next five years is as follows:

	(In thousands)
2026	$ 1,896
2027	7,707
2028	7,656
2029	7,229
2030	7,034
Thereafter	124,218
Total	$ 155,740

As of September 30, 2026, the weighted average amortization period remaining on intangible assets was 21.2 years.

The following table summarizes the activity in the Company’s goodwill balance:

	(In thousands)
Balance at December 31, 2025	$ 109,770
Union Chill Acquisition	4,122
Aunt Mary's Acquisition	4,902
Balance at September 30, 2026	$ 118,794

10.Loans payable

The Company's loans payable consisted of the following:

		September 30, 2026		December 31, 2025
		(In thousands)		
Ratio promissory note due May 2027				
Principal amount	$	3,980	$	3,980
Deferred financing cost		(123)		(279)
Net carrying amount	$	3,857	$	3,701
Blue Ridge promissory note due June 2027				
Principal amount	$	2,404	$	2,758
Unamortized discount		(96)		(208)
Net carrying amount	$	2,308	$	2,550
FocusGrowth loan due August 2028				
Principal amount	$	201,666	$	217,682
Unamortized discount and deferred financing cost		(13,147)		(17,621)
Exit fee accretion		3,109		1,824
Net carrying amount	$	191,628	$	201,885
Other loans	$	1,026	$	1,032
Total debt, net	$	198,819	$	209,168
Loans payable, current		13,622		5,322
Loans payable, non-current		185,197		203,846
Total principal	$	209,076	$	225,452

The Company had accrued interest on loans payable of $2,328 and $2,365 as of September 30, 2026 and December 31, 2025, respectively, included in accounts payable and accrued liabilities on the Consolidated Balance Sheets.

FocusGrowth Term Loan

On August 1, 2024, the Issuer and TerrAscend USA, Inc., as guarantor, certain subsidiaries and affiliates of the Company, as borrowers, the lenders party thereto and FG Agency Lending LLC, as administrative agent for the lenders (the “Agent”), entered into a Loan Agreement, dated as of August 1, 2024, which provided for a four-year $140,000 senior secured term loan that was upsized on July 8, 2025 to pay off certain other indebtedness by $79,000 to $219,000 (the “FG Loan” and, such Loan Agreement, as previously amended, the “FG Loan Agreement”), and following which TerrAscend USA, Inc. became a borrower and no longer served as guarantor. The FG Loan bears interest at 12.75% per annum with a maturity date of August 1, 2028 (the "FG Loan Maturity Date"). The FG Loan is guaranteed by the Issuer 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 FG Loan (the "Exit Fee") will be due upon either the prepayment, in part or in full, of the FG Loan or the FG Loan Maturity Date.

The FG Loan Agreement also provides for an uncommitted term loan facility of up to $35,000 (the "Uncommitted Term Loan Facility"). The terms of the Uncommitted Term Loan Facility are consistent with the FG Loan. As of September 30, 2026, the Company has drawn $3,105 of the Uncommitted Term Loan Facility with a remaining availability of $31,895.

During the nine months ended September 30, 2026, the Company made aggregate prepayments of $16,501 of principal on the FG Loan, including applicable 3% prepayment fees.

Blue Ridge Promissory Note

In connection with the acquisition of Hempaid, LLC on June 30, 2023 ("Blue Ridge") the Company entered into a promissory note with Blue Ridge bearing interest at 7.0% with a maturity date of June 30, 2027.

Ratio Promissory Note

In connection with the acquisition of the assets of Ratio Cannabis, LLC on May 7, 2025 ("Ratio") the Company entered into a promissory note with Ratio bearing interest at 6.0% per annum with a maturity date of May 7, 2027.

Other Loans

Class A Shares of TerrAscend Growth

In connection with the 2023 Reorganization (see Note 3), TerrAscend issued $1,000 of Class A shares with a 20% guaranteed annual dividend ("Class A Shares") 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 repurchase right. In addition, the Investor holds a put right that is exercisable at any time after four months’ advance written notice following June 28, 2028 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.

Maturities of loans payable

Stated maturities of loans payable over the next five years are as follows:

		September 30, 2026 (In thousands)
2026	$	368
2027		6,024
2028 (1)		202,673
2029		7
2030		4
Thereafter		—
Total principal payments	$	209,076

(1) Balance excludes the Exit Fee, as described above within this note.

The Company is subject to a financial covenant as a result of its loan payable with its primary lender. The Company was in compliance with its financial covenant as of September 30, 2026. In the event that, in future periods, the Company’s financial results are below levels required to maintain compliance with its covenant, the Company will assess and undertake appropriate corrective initiatives with a view to allowing it to continue to comply with its covenant.

11.Leases

The majority of the Company’s leases are operating leases used primarily for corporate offices and retail. The operating lease periods generally range from 1 to 24 years. The Company had no finance leases at September 30, 2026 and December 31, 2025.

Amounts recognized in the Consolidated Balance Sheets were as follows:

		September 30, 2026		**December 31, 2025**
		(In thousands)		
Operating leases:				
Operating lease right-of-use assets	$	27,422	$	26,691
Operating lease liability classified as current		1,180		1,511
Operating lease liability classified as non-current		29,856		28,555
Total operating lease liabilities	**$**	**31,036**	**$**	**30,066**

The Company recognized operating lease expense of $1,136 and $3,576 for the three and nine months ended September 30, 2026, respectively, and $1,307 and $3,785 for the three and nine months ended September 30, 2025, respectively.

Other information related to operating leases at September 30, 2026 and December 31, 2025 consisted of the following:

	September 30, 2026	December 31, 2025
Weighted-average remaining lease term (years)		
Operating leases	12.3	13.0
Weighted-average discount rate		
Operating leases	11.39%	11.32%

Supplemental cash flow information related to leases is as follows:

	September 30, 2026	December 31, 2025
	(In thousands)	
Cash paid for amounts included in measurement of operating lease liabilities	$ 3,328	$ 4,823
Right-of-use assets obtained in exchange for operating lease obligations	2,336	2,790

Undiscounted lease obligations are as follows:

	September 30, 2026
	(In thousands)
2026	$ 1,128
2027	4,592
2028	4,726
2029	4,860
2030	4,569
Thereafter	39,889
Total lease payments	59,764
Less: interest	(28,728)
Total lease liabilities	$ 31,036

12.Convertible Debt

On June 23, June 30, and August 2, 2026, the Company entered into subscription agreements with certain accredited investors (the "Debenture Subscription Agreements") in connection with a private placement offering of secured convertible debentures of the Company (the "2026 Private Placement Convertible Debentures") and closed the issuance and sale of an aggregate of 22,169 debentures at a purchase price of $1,000 per debenture (the "Debenture Offering"). The Company used $11,124 of the proceeds from the Debenture Offering to retire the Company's existing senior unsecured convertible debentures that matured on June 23, June 30, and August 2 2026, as described below, with the remaining portion of the proceeds available for mergers and acquisitions, and the repayment or refinancing of indebtedness.

The Company's existing senior unsecured convertible debentures had an aggregate principal balance of $10,355 which matured on June 23, June 30, and August 2, 2026. Of the principal that matured, certain holders elected to roll over $1,725 into the 2026 Private Placement Convertible Debentures. The $11,124 paid consisted of $8,630 of principal and $2,494 of accrued interest.

The 2026 Private Placement Convertible Debentures mature on September 30, 2031 (the "Maturity Date") and bear interest at a rate of 8.00% per annum, payable quarterly in arrears in cash, beginning on September 30, 2026. The Company may elect to pay all or any portion of such interest in kind by capitalizing the interest as additional principal ("PIK Interest"). Any PIK Interest will accrue at a rate of 9.00% per annum for the first four interest periods in which PIK Interest is paid and at 10.00% per annum for each additional interest period in which PIK Interest is paid; provided that any Common Shares that are issuable upon conversion of any PIK Interest added to the principal pursuant to the terms of the 2026 Private Placement Convertible Debentures will be subject to TSX approval.

The 2026 Private Placement Convertible Debentures are convertible, in whole or in part, into Common Shares, at the option of the holder, at any time prior to the close of business on the last business day immediately preceding the Maturity Date, at a conversion price of $0.87 per Common Share. The 2026 Private Placement Convertible Debentures are secured by a second lien on certain assets of the U.S. business and also secured by certain personal property assets of TerrAscend USA, Inc. under a subordinated guaranty and security agreement.

In accordance with ASC 815, *Derivatives and Hedging* ("ASC 815"), 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 Option Pricing Model (the "Black-Scholes Model") (see Note 22). The proceeds are allocated first to the conversion option based on its fair value of $11,879, and the residual was allocated to the host instrument and recorded as convertible debt at a residual value of $9,697, net of transaction costs.

The following table summarizes the Company's 2026 Private Placement Convertible Debentures activity for the nine months ended September 30, 2026:

	September 30, 2026	December 31, 2025
	(In thousands)	
Convertible debt issued in private placement - Maturing September 30, 2031	$ 22,169	$ —
Transaction costs	(593)	—
Allocation to conversion option	11,879	—
Allocation to debt	9,697	—
Interest and accretion	276	—
Net carrying amount	**$ 9,973**	**$ —**

On September 16, 2026, the Company issued the Aunt Mary's Convertible Promissory Note. Unless repaid or converted earlier, the outstanding principal and interest shall be due and payable on September 15, 2031 (the "Aunt Mary's Convertible Note Maturity Date"). The convertible promissory note bears interest at the rate of 6.0% per annum payable in quarterly payments within five days following the first business day of each fiscal quarter. The Company may, at its sole discretion, elect PIK Interest which will accrue at a rate of 7.00% per annum for the first four interest periods in which PIK Interest is paid and at 8.00% per annum for each additional interest period in which PIK Interest is paid; provided that any Common Shares that are issuable upon conversion of any PIK Interest added to the principal pursuant to the terms of the Aunt Mary's Convertible Promissory Note will be subject to TSX approval. The Aunt Mary's Convertible Promissory Note 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 Aunt Mary's Convertible Note Maturity Date, at a conversion price of $0.79 per Common Share.

In accordance with ASC 815, 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 22). The proceeds are allocated first to the conversion option based on its fair value of $1,888, and the residual was allocated to the host instrument and recorded as convertible debt at a residual value of $1,112.

The following table summarizes the Aunt Mary's Convertible Promissory Note activity for the nine months ended September 30, 2026:

	September 30, 2026	December 31, 2025
	(In thousands)	
Convertible debt issued as acquisition consideration - Maturing September 2031	$ 3,000	$ —
Allocation to conversion option	1,888	—
Allocation to debt	1,112	—
Interest and accretion	6	—
Net carrying amount	**$ 1,118**	**$ —**

The following table summarizes the Company's convertible promissory note in connection with the acquisition of Union Chill ("Union Chill Convertible Promissory Note") activity for the nine months ended September 30, 2026:

	September 30, 2026	December 31, 2025
	(In thousands)	
Convertible debt issued as acquisition consideration - Maturing December 2029	$ 9,000	$ 9,000
Allocation to conversion option	2,104	2,104
Allocation to debt	6,896	6,896
Interest and accretion	315	—
Net carrying amount	**$ 7,211**	**$ 6,896**

The Company had accrued interest on convertible debt of $150 and $2,171 as of September 30, 2026 and December 31, 2025, respectively, included in accounts payable and accrued liabilities on the Consolidated Balance Sheets.

13.Shareholders' equity

Share Repurchase Authorization

On August 20, 2026, the Board approved a program to repurchase up to the lesser of 10,000,000 Common Shares or $10,000 of Common Shares (the "Share Repurchase Program"), which replaced the Company's share repurchase program previously in place (the "Previous Program"). The Share Repurchase Program authorizes the Company to repurchase such Common Shares at any time, or from time to time, from August 24, 2026 until August 23, 2027. The Share Repurchase Program authorizes the Company to repurchase up to 58,784 Common Shares daily, which represents 25% of the Company's average daily trading volume on the TSX of 235,136 Common 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.

As of September 30, 2026, the Company had a total of 9,357,000 Common Shares remaining available for repurchase under the Share Repurchase Program. The following is a summary of the Common Shares that were repurchased for the three and nine months ended September 30, 2026 and 2025 under the Share Repurchase Program, the Previous Program and the share repurchase program in place prior thereto:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(In thousands, except per share data)			
Total Common Shares repurchased	1,013,000	—	1,591,500	1,042,500
Common Shares canceled	1,013,000	—	1,591,500	1,172,000
Weighted average price per share	$ 0.62	$ —	$ 0.64	$ 0.37
Total cost	$ 634	$ —	$ 1,025	$ 360
Excise tax (1)	$ 4	$ —	$ 8	$ 17

(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 Consolidated Balance Sheets as of September 30, 2026 and December 31, 2025, as applicable.

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, 2025	**23,253,480**	**779,352**	**$ 4.34**	**6.80**
Granted	—	—	—	—
Expired	(435,212)	(435,212)	$ 1.69	—
Outstanding, September 30, 2026	**22,818,268**	**344,140**	**$ 4.24**	**6.17**

14.Share-based compensation plans

Share-based payments expense

Total share-based payments expense was as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(In thousands)			
Stock options	$ 338	$ 718	$ 1,438	$ 2,304
Restricted share units	409	648	$ 1,022	1,355
Total share-based payments	**$ 747**	**$ 1,366**	**$ 2,460**	**$ 3,659**

Stock Options

The following table summarizes the stock option activity for the nine months ended September 30, 2026:

	Number of Stock Options	Weighted average remaining contractual life (in years)	Weighted Average Exercise Price (per share) $	Aggregate intrinsic value
Outstanding, December 31, 2025	**13,903,573**	**5.32**	**$ 2.86**	**$ 368**
Granted (1)	9,584,903	—	0.35	—
Exercised	(333,485)	—	0.26	—
Forfeited (1)	(7,743,499)	—	3.07	—
Expired	(1,220,797)	—	4.88	—
Outstanding, September 30, 2026	**14,190,695**	**5.62**	**$ 0.94**	**$ 1,834**
Exercisable, September 30, 2026	**10,178,788**	**4.32**	**$ 1.11**	**$ 1,445**

(1) Includes options that were canceled and re-granted as part of the repricing of stock options, as further discussed below.

Repricing of Stock Options

On June 24, 2025, the Board approved a repricing of certain outstanding stock options, subject to the holders satisfying a twelve-month service condition. The modification affected 8,279,003 vested and unvested stock options and, in accordance with ASC 718, *Stock-Based Compensation*, resulted in incremental compensation cost of $868. Upon satisfaction of the service condition, the repricing became effective on June 24, 2026 ("Repricing Effective Date"), and the exercise price of the modified stock options was reduced to $0.26 per Common Share. The incremental compensation cost was recognized over the requisite service period and was fully recognized as of the Repricing Effective Date.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on September 30, 2026 and December 31, 2025, respectively, and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had they exercised their in-the-money options on September 30, 2026 and December 31, 2025, respectively.

The fair value of the various stock options granted was estimated using the Black-Scholes Model with the following assumptions:

	September 30, 2026	September 30, 2025
Volatility	93.26% - 101.89%	75.76 - 80.21%
Risk-free interest rate	3.73% - 4.61%	3.86% - 4.12%
Expected life (years)	5.32 - 6.25	4.87 - 6.25
Dividend yield	0.00 %	0.00 %

Volatility was estimated by using the historical volatility of the Company's stock price. 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 reflects 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 nine months ended September 30, 2026 and 2025 was $1,930 and $3,925, respectively. As of September 30, 2026, total unrecognized compensation cost related to unvested options was $2,035, which is expected to be recognized over a weighted-average period of 2.71 years.

Restricted Share Units

The following table summarizes the activities for the restricted share units ("RSUs") for the nine months ended September 30, 2026:

	Number of RSUs
Outstanding, December 31, 2025	**5,029,315**
Granted	4,593,006
Vested	(1,350,523)
Forfeited	(214,366)
Outstanding, September 30, 2026	**8,057,432**

As of September 30, 2026, total unrecognized compensation cost related to unvested RSUs was $4,123, which is expected to be recognized over a weighted-average period of 2.98 years.

15.Non-controlling interest

Non-controlling interest consists mainly of a 12.5% minority ownership interest in TerrAscend NJ. During the nine months ended, September 30, 2026, in connection with the acquisition of Aunt Mary's and Union Chill (see Note 5), there was $1,496 and $1,681, respectively, of capital contributions, each in the form of a note receivable in relation to minority ownership interest in TerrAscend NJ.

The following table summarizes the non-controlling interest activity for the nine months ended September 30, 2026:

	September 30, 2026	December 31, 2025
	(In thousands)	
Opening carrying amount	$ 1,536	$ (144)
Capital contribution	3,177	—
Capital distributions	(4,188)	(3,237)
Derecognition of non-controlling interest	1,610	20
Net income attributable to non-controlling interest	3,294	4,897
Ending carrying amount	**$ 5,429**	**$ 1,536**

16.Related parties

Parties are related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party in making financing and operating decisions. As of September 30, 2026, certain funds controlled by the Company's Executive Chairman, a related party of the Company, held an aggregate of $7,100 of the outstanding principal balance of the FG Loan as members of the loan syndicate, including $1,600 invested in connection with the July 8, 2025 closing (see Note 10). In addition, during the nine months ended September 30, 2026, a director of the Company participated in the Debenture Offering by acquiring 1,000 convertible debentures for aggregate gross proceeds of $1,000 (see Note 12).

17.Income taxes

The Company's effective tax rate was 185% and 297% for the three and nine months ended September 30, 2026, respectively, and 979% and 435% for the three and nine months ended September 30, 2025, respectively.

The Company has computed its provision for income taxes based on the actual effective tax rate for the quarter 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 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.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the period presented:

		September 30, 2026		December 31, 2025
		(In thousands)		
Balance at beginning of year	**$**	**177,047**	**$**	**148,979**
Increase based on tax positions related to current periods		29,648		39,970
Increase based on tax positions related to prior periods		—		4,095
Settlements with tax authorities		—		(15,997)
Balance at end of period	**$**	**206,695**	**$**	**177,047**

A reconciliation of the beginning and ending amount of uncertain tax liabilities, inclusive of accruals for related penalties and interest, for the period presented:

		September 30, 2026		December 31, 2025
		(In thousands)		
Balance, beginning of year	**$**	**128,798**	**$**	**106,991**
Reductions based on tax positions related to prior years		—		(15,212)
Additions based on tax positions related to prior years		10,277		9,842
Additions based on tax positions related to current year		20,742		27,177
Additions based on refunds received related to prior years		3,724		—
Ending carrying amount (1)	**$**	**163,541**	**$**	**128,798**

(1) Interest and penalties related to uncertain tax liabilities are recorded as components of the provision for income taxes. As of September 30, 2026 and December 31, 2025, the Company had interest and penalties accrued of $30,093 and $19,803, respectively.

The increase in uncertain tax positions is primarily due to legal interpretations that challenge the application of Section 280E of the Internal Revenue Code of 1986, as amended, to the Company (“280E Tax Position”). The Company believes it is reasonably possible that the unrecognized tax benefits will increase over the next twelve months due to its 280E Tax Position.

The Company files income tax returns in the U.S. federal jurisdiction, multiple U.S. state jurisdictions, and certain non-U.S. jurisdictions. The Company and its subsidiaries are subject to examination by various U.S. and non-U.S. taxing authorities. The Company is no longer subject to U.S. federal, state, or non-U.S. income tax examinations for tax years prior to 2022, other than items under examination. The Company is currently under examination by the Internal Revenue Service for U.S. federal income tax years

2021 through 2024. On April 6, 2026, the Company received correspondence from the U.S. Department of Justice ("DOJ") related to a federal income tax refund previously received by the Company for the 2020 tax year. The correspondence seeks repayment of approximately $9,533, inclusive of estimated interest of $1,172. On or about May 18, 2026, the United States of America filed a complaint to recover an erroneous refund in the United States District Court for the District of New Jersey. The Company is evaluating the matter, believes it has substantive defenses to the assertions raised, and intends to vigorously defend its position. Based on information currently available, the recent rescheduling of medical cannabis, and in consultation with external legal and tax advisors, the Company believes the likelihood of loss is not probable and, accordingly, no liability has been recorded as of September 30, 2026.

18.General and administrative expenses

The Company's general and administrative expenses were as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(In thousands)			
Salaries and wages	$ 13,877	$ 12,140	$ 39,743	36,201
Professional fees	3,635	1,896	7,489	6,291
Office and general	2,353	2,540	7,414	7,821
Sales and marketing	1,386	1,045	4,488	2,724
Lease expense	1,063	1,245	3,407	3,578
Share-based compensation	747	1,366	2,460	3,659
Facility and maintenance	514	583	1,702	1,599
Provision for expected credit losses	233	314	1,059	987
Board of directors cash compensation	200	198	595	596
Total	**$ 24,008**	**$ 21,327**	**$ 68,357**	**$ 63,456**

19.Revenue, net

The Company's disaggregated net revenue by source, substantially all of which arises from contracts with external customers was as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(In thousands)			
Retail	$ 47,285	$ 43,986	$ 140,598	$ 128,483
Wholesale	20,925	21,115	60,270	65,927
Total	**$ 68,210**	**$ 65,101**	**$ 200,868**	**$ 194,410**

For the three and nine months ended September 30, 2026 and 2025, the Company did not have any single customer that accounted for 10% or more of the Company's revenue.

20.Finance and other expenses

The Company's finance and other expenses included the following:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(In thousands)			
Interest	$ 7,357	$ 7,446	$ 21,993	$ 21,089
Accretion	2,486	1,797	6,950	5,537
Other income	(1,232)	(291)	(2,197)	(592)
Total	**$ 8,611**	**$ 8,952**	**$ 26,746**	**$ 26,034**

21.Segment information

Operating Segment

The Company manages its operations through state-level operating segments, focused on the production and sale of cannabis products and regularly monitors for changes in facts and circumstances that may affect its determination of operating segments. Following further evaluation of the aggregation criteria under ASC 280, *Segment Reporting*, the Company determined that it operates under three reportable segments consisting of New Jersey, Maryland and Pennsylvania. Operations in other states did not meet the quantitative threshold and are presented within All other segments. 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 three reportable segments using gross profit and gross profit margin as its closest measures to GAAP. The CODM monitors these metrics to assess the efficiency of the Company's production and distribution processes, as well as the effectiveness of pricing strategies.

The following tables summarize financial information for the Company's reportable segments:

	For the Three Months Ended September 30, 2026				
	New Jersey	Maryland	Pennsylvania	All other segments	Total
			(In thousands)		
Revenue, net	**$ 25,288**	**$ 18,734**	**$ 18,645**	**$ 5,543**	**$ 68,210**
Cost of sales (1)	11,395	7,968	9,917	3,256	$ 32,536
Gross Profit	**$ 13,893**	**$ 10,766**	**$ 8,728**	**$ 2,287**	**$ 35,674**
Operating expenses					25,392
Interest and accretion expense					9,843
Other (income) expense					(5,983)
Income from continuing operations before provision for income taxes					**$ 6,422**
Gross profit margin (2)	54.9%	57.5%	46.8%	41.3%	52.3%

	For the Three Months Ended September 30, 2025				
	New Jersey	Maryland	Pennsylvania	All other segments	Total
			(In thousands)		
Revenue, net	**$ 25,150**	**$ 18,471**	**$ 15,961**	**$ 5,519**	**$ 65,101**
Cost of sales (1)	10,359	7,829	9,762	3,226	$ 31,176
Gross Profit	**$ 14,791**	**$ 10,642**	**$ 6,199**	**$ 2,293**	**$ 33,925**
Operating expenses					22,784
Interest and accretion expense					9,243
Other (income) expense					771
Income from continuing operations before provision for income taxes					**$ 1,127**
Gross profit margin (2)	58.8%	57.6%	38.8%	41.5%	52.1%

(1) Depreciation and amortization included in cost of sales for the three months ended September 30, 2026 and 2025 was $563 and $467 for New Jersey, $623 and $613 for Maryland, $1,307 and $1,314 for Pennsylvania, and $84, and $83 for All other segments, respectively.

(2) The calculation of Gross profit margin is revenue, net less cost of sales, divided by revenue, net.

	For the Nine Months Ended September 30, 2026				
	New Jersey	Maryland	Pennsylvania	All other segments	Total
			(In thousands)		
Revenue, net	**$ 75,408**	**$ 55,571**	**$ 53,545**	**$ 16,344**	**$ 200,868**
Cost of sales (1)	32,237	22,571	29,964	9,570	$ 94,342
Gross Profit	**$ 43,171**	**$ 33,000**	**$ 23,581**	**$ 6,774**	**$ 106,526**
Operating expenses					72,610
Interest and accretion expense					28,943
Other (income) expense					(6,398)
Income from continuing operations before provision for income taxes					**$ 11,371**
Gross profit margin (2)	57.2%	59.4%	44.0%	41.4%	53.0%

	For the Nine Months Ended September 30, 2025				
	New Jersey	Maryland	Pennsylvania	All other segments	Total
			(In thousands)		
Revenue, net	**$ 77,150**	**$ 55,639**	**$ 47,219**	**$ 14,402**	**$ 194,410**
Cost of sales (1)	31,015	23,766	29,258	8,529	$ 92,568
Gross Profit	**$ 46,135**	**$ 31,873**	**$ 17,961**	**$ 5,873**	**$ 101,842**
Operating expenses					67,486
Interest and accretion expense					26,626
Other (income) expense					568
Income from continuing operations before provision for income taxes					**$ 7,162**
Gross profit margin (2)	59.8%	57.3%	38.0%	40.8%	52.4%

(1) Depreciation and amortization included in cost of sales for the nine months ended September 30, 2026 and 2025 was $1,682 and $1,480 for New Jersey, $1,859 and $1,761 for Maryland, $3,972 and $4,146 for Pennsylvania, and $250, and $246 for All other segments, respectively.

(2) The calculation of Gross profit margin is revenue, net less cost of sales, divided by revenue, net.

Assets

Information about total assets by segment is not disclosed because such information is not regularly provided to, or used by the CODM.

Geography

The Company has subsidiaries located in Canada and the United States. For the three and nine months ended September 30, 2026, net revenue was primarily generated from sales in the United States. The Company's consolidated retail location in Canada generated net revenue of $197 and $565 for the three and nine months ended September 30, 2026, respectively, and $247 and $644 for the three and nine months ended September 30, 2025, respectively. Substantially all of the Company's non-current assets are held within its U.S. operations.

22.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:

	At September 30, 2026			At December 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(In thousands)					
Assets						
Cash and cash equivalents	$ 42,543	—	—	$ 37,414	—	—
Restricted cash	—	—	—	110	—	—
Retained economic interest in Michigan assets	—	—	7,352	—	—	—
Purchase option	—	—	—	—	—	13,000
Total Assets	**$ 42,543**	**$ —**	**$ 7,352**	**$ 37,524**	**$ —**	**$ 13,000**
Liabilities						
Bifurcated conversion options	—	11,988	—	—	3,188	—
Total Liabilities	**$ —**	**$ 11,988**	**$ —**	**$ —**	**$ 3,188**	**$ —**

There were no transfers between the levels of fair value hierarchy during the three and nine months ended September 30, 2026.

The valuation approaches and key inputs for each category of assets or liabilities that are classified within levels of the fair value hierarchy are presented below:

Level 1

Includes cash, cash equivalents, and restricted cash, which represent financial instruments for which the carrying amount approximates fair value due to their short-term maturities.

Level 2

Includes bifurcated conversion options which are valued using the Black-Scholes Model with observable market inputs such as stock price, historical volatility, risk-free rate, and expected term. These inputs are derived from market data and do not require significant judgment.

The following table summarizes the changes in the derivative liability:

	(In thousands)
Balance at December 31, 2025	**$ 3,188**
Private placement conversion option issued	$ 11,879
Conversion option issued in Aunt Mary's transaction	1,888
Fair value gain on revaluation of bifurcated conversion options	(5,041)
Effects of movements in foreign exchange	74
Balance at September 30, 2026	**$ 11,988**

Bifurcated conversion options

The conversion option bifurcated from the 2026 Private Placement Convertible Debentures (see Note 12) has been measured at fair value as of September 30, 2026 and at initial recognition on June 23, 2026. Key inputs and assumptions used in the Black-Scholes Model were as follows:

	September 30, 2026	June 23, 2026
Option exercise price	$ 0.87	$ 0.87
Annual volatility	105.0%	101.8%
Annual risk-free rate	5.09%	4.28%
Expected term (in years)	5.00	5.27

The conversion option bifurcated from the Aunt Mary's Convertible Promissory Note has been measured at fair value as of September 30, 2026 and at initial recognition on September 16, 2026. Key assumptions used in the Black-Scholes Model were as follows:

	September 30, 2026	September 16, 2026
Option exercise price	$ 0.79	$ 0.79
Annual volatility	105.0%	104.5%
Annual risk-free rate	5.09%	4.83%
Expected term (in years)	4.96	5.00

The conversion option bifurcated from the Union Chill Convertible Promissory Note has been measured at fair value as of September 30, 2026 and December 31, 2025. Key assumptions used in the Black-Scholes Model were as follows:

	September 30, 2026	December 31, 2025
Option exercise price	$ 1.89	$ 1.89
Annual volatility	118.4%	105.3%
	%	%
Annual risk-free rate	4.97	3.61
Expected term (in years)	3.24	4.00

23.Commitments and contingencies

Commitments

As of September 30, 2026, the Company did not have any material commitments or contingencies.

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 Consolidated Financial Statements. As of September 30, 2026 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.

24.Subsequent events

The Company evaluated subsequent events through the filing date of this Quarterly Report on Form 10-Q and determined that there were no subsequent events have occurred that would require recognition or disclosure.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations of TerrAscend Corp. (the "Issuer"), its subsidiaries, including TerrAscend Growth Corp. ("TerrAscend") and its subsidiaries (collectively, the "Company") should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements ("Consolidated Financial Statements") and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial information and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the Securities and Exchange Commission, (the "SEC"), on March 12, 2026, (the "Annual Report"). Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q 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" in the Company's Annual Report, its actual results could differ materially from the results described in or implied by the "Cautionary Note Regarding Forward-Looking Statements" contained in this Quarterly Report on Form 10-Q and in the following discussion and analysis.

Unless otherwise noted, dollar amounts in this Item 2 are in thousands of U.S. dollars.

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of the Company is for the three and nine months ended September 30, 2026 and 2025.

Overview

The Company is a leading North American cannabis company. The Company has vertically integrated licensed operations in Pennsylvania, New Jersey, Maryland and California. In addition, the Company has retail operations in Ohio and Ontario, Canada with a majority-owned dispensary in Toronto, Ontario, Canada. 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 Company operates under three state-level reportable segments consisting of New Jersey, Maryland and Pennsylvania, focused on the production and sale of cannabis products. Operations in other states are presented within All other segments.

The Company owns a portfolio of operating businesses, including:

•TerrAscend New Jersey ("TerrAscend NJ"), a majority-owned operation with five 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 California ("TerrAscend CA"), a wholly-owned operation with four dispensaries, and a cultivation facility;

•TerrAscend Ohio ("TerrAscend OH"), a cannabis retailer in New Philadelphia, Ohio with one wholly-owned dispensary; and

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

Recent Developments

•On September 16, 2026, the Company acquired an option to purchase a 35% interest in Aunt Mary's Dispensary LLC ("Aunt Mary's"), which it exercised on September 23, 2026, and a transferable option to acquire the remaining 65% interest, for total consideration of $9,000, comprised of $6,000 in cash and $3,000 in the form of a five-year unsecured convertible promissory note bearing interest at 6.0% per annum (the "Aunt Mary's Transaction"). The Aunt Mary's Transaction conforms to New Jersey's regulatory framework, which facilitates investment opportunities for diversely owned businesses.

•On August 24, 2026, the Company's shareholders approved a special resolution amending the Company's articles to consolidate the Common Shares, Non-Voting Shares, and preferred shares at a ratio of one post-consolidation share for every five to twenty pre-consolidation shares, with the exact whole-number ratio to be determined by the Board, at any time prior to August 24, 2027.

Any fractional shares will be cancelled for no consideration. As of the date of this Quarterly Report on Form 10-Q, the Board has not set the consolidation ratio and the consolidation has not been effected.

•On August 20, 2026, the Board approved the renewal and replenishment of the Company's share repurchase program, authorizing the repurchase of up to the lesser of 10,000,000 Common Shares or $10,000 of Common Shares from August 24, 2026 to August 23, 2027.

•On August 5, 2026, the Board appointed Ziad Ghanem, the Company's President and Chief Executive Officer, to serve as a member of the Board, effective immediately.

•On June 23, June 30, and August 2, 2026, the Company entered into subscription agreements with certain accredited investors (the "Debenture Subscription Agreements") in connection with a private placement offering of secured convertible debentures of the Company (the "2026 Private Placement Convertible Debentures") and closed on the issuance and sale of an aggregate of 22,169 debentures at a purchase price of $1,000 per debenture (the "Debenture Offering"). The Company used $11,124 of the proceeds from the Debenture Offering to retire the Company's existing senior unsecured convertible debentures that matured on June 23, June 30, and August 2, 2026, with the remaining portion of the gross proceeds available for mergers and acquisitions, and the repayment or refinancing of indebtedness. The 2026 Private Placement Convertible Debentures mature on September 30, 2031. In connection with the Debenture Offering, the Company entered into Amendment No. 5 to the FG Loan Agreement (as defined below), which, among other things, permitted the Debenture Offering.

Components of Results of Operations

The following discussion sets forth certain components of the Company's unaudited interim condensed consolidated statements of comprehensive 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.

Amortization and depreciation

Amortization and depreciation includes the amortization of intangible assets and the depreciation of property and equipment, in each case to the extent not included in the cost of sales. Amortization is calculated on a straight-line basis over the following terms:

Brand intangibles- indefinite lives	Indefinite useful lives
Software	5 years
Licenses	15-30 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 and leasehold improvements	Lease term
Assets in process	Not depreciated

(Gain) loss on fair value of derivative liabilities

Derivative liabilities consist of convertible options that contain embedded derivative features, which 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.

Unrealized and realized foreign exchange loss (gain)

Unrealized and realized foreign exchange loss (gain) represents the loss (gain) 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.

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 of Operations - Three Months Ended September 30, 2026 and September 30, 2025

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

Continuing Operations

The following tables represent the Company’s results of operations for the three months ended September 30, 2026 and 2025.

Revenue, net

		For the Three Months Ended		
		September 30, 2026		September 30, 2025
		(In thousands)		
Revenue, net	**$**	**68,210**	**$**	**65,101**
$ change	$	3,109		
% change		5 %		

Revenue increased by $3,109, from $65,101 for the three months ended September 30, 2025 to $68,210 for the three months ended September 30, 2026. The increase was primarily attributable to Pennsylvania, where revenue increased $2,684 due to higher retail sales driven by increased customer foot traffic along with an increase in wholesale sales driven by expanded cultivation capacity. New Jersey had an increase in retail sales due to acquisitive growth that was substantially offset by a decline in wholesale sales driven by increased competition. In Maryland, an increase in wholesale sales were substantially offset by a decrease in retail sales. Resulting in relatively consistent revenue compared to the prior-year period for New Jersey and Maryland. The remaining activity was attributable to all other segments.

Cost of sales

		For the Three Months Ended		
		September 30, 2026		September 30, 2025
		(In thousands)		
Cost of sales	**$**	**32,536**	**$**	**31,176**
$ change	$	1,360		
% change		4 %		
Cost of sales as a % of revenue		48 %		48 %

Cost of sales increased by $1,360, from $31,176 for the three months ended September 30, 2025 to $32,536 for the three months ended September 30, 2026. The increase was primarily driven by gross margin compression in New Jersey due to increased competition. The increase was partially offset by improved efficiencies following the expanded cultivation capacity in Pennsylvania.

The cost of sales as a percentage of revenue was flat for the three months ended September 30, 2026 compared to the three months ended September 30, 2025.

General and administrative expense

	For the Three Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
General and administrative expense	$ 24,008	$ 21,327
$ change	$ 2,681	
% change	13 %	

The increase of $2,681 in general and administrative expense for the three months ended September 30, 2026 as compared to the three months ended September 30, 2025, was primarily attributable to transaction costs expensed in connection with the conversion option associated with the issuance of the 2026 Private Placement Convertible Debentures, as well as acquisition-related professional fees associated with the acquisition of Aunt Mary's, and operational expenses related to the acquisition of Union Chill Cannabis Company LLC ("Union Chill"). This increase was partially offset by a timing difference in the issuance of share-based compensation for the Board as compared to the prior period.

Finance and other expenses

	For the Three Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
Finance and other expenses	$ 8,611	$ 8,952
$ change	$ (341)	
% change	-4 %	

Finance and other expenses remained relatively flat for the three months ended September 30, 2026 compared to the three months ended September 30, 2025.

(Gain) loss on fair value of derivative liabilities

	For the Three Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
(Gain) loss on fair value of derivative liabilities	$ (4,809)	$ 723
$ change	$ (5,532)	
% change	-765 %	

The gain on derivative liabilities of $4,809 for the three months ended September 30, 2026 compared with a loss of $723 for the three months ended September 30, 2025, was primarily driven by a decline in the Common Share price relative to the exercise prices of the conversion options, resulting in a decrease in the fair value of the derivative liabilities.

Provision for income taxes

	For the Three Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
Provision for income taxes	$ 11,888	$ 11,034
$ change	$ 854	
% change	8 %	

The provision for income taxes increased by $854 from $11,034 for the three months ended September 30, 2025 compared to $11,888 for the three months ended September 30, 2026 primarily driven by accrued interest and penalties related to the Company's uncertain tax position and higher relative gross profit margin.

Discontinued Operations

Discontinued Operations

	For the Three Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
Loss from discontinued operations, net of tax	$ -	$ (14,647)
$ change	$ 14,647	
% change	100 %	

Loss from discontinued operations for the three months ended September 30, 2025 was primarily due to a $6,312 impairment charge attributable to subsequent offers from market participants, with the remainder primarily due to the termination of certain leases and inventory impairments.

Results of Operations - Nine Months Ended September 30, 2026 and September 30, 2025

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

Continuing Operations

The following tables represent the Company’s results of operations for the nine months ended September 30, 2026 and 2025.

Revenue, net

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
Revenue, net	**$ 200,868**	**$ 194,410**
$ change	$ 6,458	
% change	3 %	

Revenue increased by $6,458, from $194,410 for the nine months ended September 30, 2025 to $200,868 for the nine months ended September 30, 2026. The increase was primarily attributable to Pennsylvania, where revenue increased by $6,326 driven by higher retail sales resulting from increased customer foot traffic, as well as increased wholesale sales driven by expanded cultivation capacity. Revenue decreased in New Jersey by $1,742 primarily due to a decrease in wholesale sales of $10,223 due to increased competition which was substantially offset by an increase in retail sales of $8,481 primarily driven by the acquisitions of Union Chill and Aunt Mary's. Maryland retail sales were substantially offset by wholesale sales, resulting in relatively consistent revenue compared to the prior-year period. All other segments revenue increased by $1,874 primarily due to a full year of retail sales in Ohio.

Cost of sales

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
Total cost of sales	**$ 94,342**	**$ 92,568**
$ change	$ 1,774	
% change	2 %	
Cost of sales as a % of revenue	47 %	48 %

Cost of sales increased by $1,774, from $92,568 for the nine months ended September 30, 2025 to $94,342 for the nine months ended September 30, 2026. The increase was primarily driven by gross margin compression in New Jersey due to increased competition. The increase was partially offset by improved efficiencies following the expanded cultivation capacity in Pennsylvania.

The cost of sales as a % of revenue was relatively flat for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025.

General and administrative expense

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
General and administrative expense	$ 68,357	$ 63,456
$ change	$ 4,901	
% change	8 %	

The increase of $4,901 in general and administrative expense for the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025, was primarily attributable to transaction costs expensed in connection with the conversion option associated with the issuance of the 2026 Private Placement Convertible Debentures, as well as acquisition-related professional fees associated with the acquisition of Aunt Mary's and operational expenses related to the acquisition of Union Chill.

Finance and other expenses

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
Finance and other expenses	$ 26,746	$ 26,034
$ change	$ 712	
% change	3 %	

Finance and other expenses remained relatively flat for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025.

Gain (loss) on fair value of derivative liabilities

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
(Gain) loss on fair value of derivative liabilities	$ (5,041)	$ 347
$ change	$ (5,388)	
% change	-1,553 %	

The gain on derivative liabilities of $5,041 for the nine months ended September 30, 2026 compared with a loss of $347 for the nine months ended September 30, 2025, was primarily driven by a decline in the Common Share price relative to the exercise prices of the conversion options, resulting in a decrease in the fair value of the derivative liabilities.

Provision for income taxes

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
Provision for income taxes	$ 33,725	$ 31,139
$ change	$ 2,586	
% change	8 %	

The provision for income taxes increased by $2,586 from $31,139 for the nine months ended September 30, 2025 compared to $33,725 for the nine months ended September 30, 2026. This increase was primarily driven by accrued interest and penalties related to the Company's uncertain tax position and higher relative gross profit margin.

Discontinued Operations

Discontinued Operations

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
Income (loss) from discontinued operations, net of tax	$ 828	$ (60,952)
$ change	$ 61,780	
% change	-101 %	

Income from discontinued operations for the nine months ended September 30, 2026 primarily reflects the gain recognized in connection with the deconsolidation of the Michigan Receivership Entities following the appointment of the Receiver. In contrast, the loss from discontinued operations for the nine months ended September 30, 2025 primarily reflects impairment charges of $41,271, as well as losses related to lease terminations and inventory write-offs.

Liquidity and Capital Resources

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

	September 30, 2026	December 31, 2025
Cash and cash equivalents	$ 42,543	$ 37,414
Restricted Cash	-	110
Current assets	109,445	110,108
Non-current assets	448,345	447,271
Current liabilities	56,948	79,931
Non-current liabilities	422,362	378,427
Working capital	52,497	30,177
Total shareholders' equity	$ 78,480	$ 99,021

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. Management believes that working capital provides useful information to investors because it reflects the Company’s short-term financial health and its ability to meet current obligations with current assets. This measure should not be considered in isolation or as a substitute for any standardized measure under GAAP.

Management assesses the Company's liquidity in terms of its ability to generate cash to fund its operating, investing, and financing activities. The Company remains in a strong financial position, with resources available for reinvesting in existing businesses, conducting acquisitions, and managing its capital structure on a short and long-term basis. The Company believes its existing cash balances will be sufficient to meet its anticipated cash requirements from the date of this Quarterly Report on Form 10-Q through at least the next 12 months

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 $880,299 as of September 30, 2026.

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.

As of September 30, 2026, the Company had $209,076 in principal outstanding under its loans payable, excluding any prepayment or exit fees, of which $6,390 is due in the next twelve months. The Company also had $34,169 in principal outstanding under its convertible debt, none of which is due within 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 $59,764 in lease obligations. Of this amount, $4,564 of lease payments are due in the next twelve months.

As of September 30, 2026, the Company had accounts payable and accrued liabilities of $33,945 and corporate income taxes payable of $3,570.

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.

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 is subject to a financial covenant as a result of its loan payable with its primary lender. The Company was in compliance with its debt covenant as of September 30, 2026. In the event that, in future periods, the Company’s financial results are below levels required to maintain compliance with its covenant, the Company will assess and undertake appropriate corrective initiatives with a view to allowing it to continue to comply with its covenant. Other than the covenant related to loans payable, the Company is not subject to externally imposed capital requirements.

Debt Facilities

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

	Principal Paid during the Nine Months Ended September 30, 2026	Principal Outstanding as of September 30, 2026
	(In thousands)	
FocusGrowth Term Loan	$ 16,017	$ 201,666
Blue Ridge Promissory Note	354	2,404
Ratio Promissory Note	—	3,980
Other Loans	6	1,026
2023 Private Placement Convertible Debentures	8,630	—
Union Chill Convertible Promissory Note	—	9,000
Aunt Mary's Convertible Promissory Note	—	3,000
2026 Private Placement Convertible Debentures	—	22,169
Total	**$ 25,007**	**$ 243,245**

FocusGrowth Term Loan

On August 1, 2024, the Issuer and TerrAscend USA, Inc., as guarantors, and certain subsidiaries and affiliates of the Company, as borrowers (collectively, the “Borrowers”), and FG Agency Lending LLC, as the administrative agent for the lenders (the "Agent"), entered into a Loan Agreement (the “Initial FG Loan Agreement”) for a four-year, $140,000 senior-secured term loan.

On July 8, 2025, additional subsidiaries of the Company (the "Incremental Amendment Borrowers"), became parties to the Initial FG Loan Agreement as borrowers pursuant to a joinder agreement (the "FG Loan Amendment") and, together with the Initial FG Loan Agreement and such other amendments to the Initial FG Loan Agreement, the “FG Loan Agreement”), which provided for a $79,000 upsize to the Initial FG Loan Agreement, and following which TerrAscend USA, Inc. no longer served as guarantor. Funds received pursuant to the FG Loan Agreement were used to retire certain Company indebtedness, in addition to being used for future growth initiatives.

On May 1, 2026 (the "Forbearance Effective Date"), the Company, the Borrowers, the Incremental Amendment Borrowers, certain lenders party to the FG Loan Agreement (constituting “Required Lenders” under the FG Loan Agreement) and the Agent entered into a forbearance agreement (the "Forbearance Agreement") in relation to certain events of default that occurred or were anticipated under the FG Loan Agreement, resulting from the Michigan Receivership, (the “Specified Defaults”). Under the Forbearance Agreement, the Secured Parties (as defined in the Forbearance Agreement) agreed to conditionally waive the Specified Defaults and forbear from exercising default-related remedies during the period from the Forbearance Effective Date ending the earliest to occur of the termination of the receivership process and the occurrence of any event of default not otherwise specified in the Forbearance Agreement (the “Forbearance Period”). Upon the “Successful Exit” (as defined in the Forbearance Agreement) of the Michigan Receivership, all Specified Defaults will be deemed automatically and irrevocably waived by the Secured Parties.

Within five days of receipt of net cash proceeds from any disposition of Michigan real property, the Borrowers must prepay the term loans in the amount of such net cash proceeds.

On June 23, 2026, the parties to the FG Loan Agreement entered into Amendment No. 5 to Loan Agreement, which among other things, permitted the Company's issuance of the 2026 Private Placement Convertible Debentures in an aggregate face amount of up to $25,000, the repayment of approximately $13,000 of the Company's outstanding existing 9.9% senior unsecured convertible debentures that matured on June 23, 2026, and certain additional specified acquisitions and indebtedness.

The FG Loan bears interest at 12.75% per annum with a maturity date of August 1, 2028 (the "FG Loan Maturity Date"). The FG Loan is guaranteed by the Issuer and is secured by substantially all of the assets of the Borrowers and the Incremental Amendment Borrowers. Depending on the timing of repayment, an exit fee of between 2.0% and 4.0% of the FG Loan (the "Exit Fee") will be due upon either the prepayment, in part or in full, of the FG Loan or the FG Loan Maturity Date.

The FG Loan Agreement contains covenants that limit the Borrowers' and the Incremental Amendment Borrowers' ability to, among other things: (i) incur additional indebtedness or guarantee indebtedness; (ii) create liens; (iii) pay dividends; (iv) make investments; (v) enter into transactions with affiliates; and (vi) consolidate, merge, sell or otherwise dispose of all or substantially all of their respective assets. The FG Loan Agreement also includes a minimum liquidity covenant with respect to the Borrowers and the Incremental Amendment Borrowers. If an event of default occurs and is not cured within an applicable grace period or waived, the principal amount, any accrued interest and any other obligations outstanding under the FG Loan Agreement may become immediately due and payable.

The FG Loan Agreement also provides for an uncommitted term loan facility of up to $35,000 (the "Uncommitted Term Loan Facility"). The terms of the Uncommitted Term Loan Facility are consistent with the FG Loan. As of September 30, 2026, the Company has drawn $3,105 of the Uncommitted Term Loan Facility with a remaining availability of $31,895.

During the nine months ended September 30, 2026, the Company made aggregate prepayments of $16,501 on the FG Loan, including applicable 3% prepayment fees.

Blue Ridge Promissory Note

In connection with the acquisition of Hempaid, LLC on June 30, 2023 ("Blue Ridge") the Company entered into a promissory note with Blue Ridge bearing interest at 7.0% per annum, with a maturity date of June 30, 2027.

Ratio Promissory Note

In connection with the acquisition of the assets of Ratio Cannabis, LLC on May 7, 2025 ("Ratio") the Company entered into a promissory note with Ratio bearing interest at 6.0% per annum, with a maturity date of May 7, 2027.

Other Loans

Class A Shares of TerrAscend Growth

In connection with the 2023 Reorganization (see Note 3), TerrAscend issued $1,000 of Class A shares with a 20% guaranteed annual dividend ("Class A Shares") to an investor. TerrAscend holds a call right and the investor holds a put right (exercisable after June 28, 2028) with respect to the Class A Shares. The instrument is accounted for as debt. See Note 10 to the Consolidated Financial Statements for additional detail.

Convertible Debt

2026 Private Placement Convertible Debentures

On June 23, June 30 and August 2, 2026, the Company entered into subscription agreements with certain accredited investors (the "Debenture Subscription Agreements") in connection with a private placement offering of secured convertible debentures of the Company (the "2026 Private Placement Convertible Debentures") and closed the issuance and sale of an aggregate of 22,169 debentures at a purchase price of $1,000 per debenture (the "Debenture Offering"). The Company used $11,124 of the proceeds from the Debenture Offering to retire the Company's existing senior unsecured convertible debentures that matured on June 23, June 30, and August 2, 2026, with the remaining portion of the proceeds available for mergers and acquisitions, and the repayment or refinancing of indebtedness. The 2026 Private Placement Convertible Debentures mature on September 30, 2031 (the "Maturity Date") and bear interest at a rate of 8.00% per annum, payable quarterly in arrears in cash, beginning on September 30, 2026. The Company may elect to pay all or any portion of such interest in kind by capitalizing the interest as additional principal (see Note 12 to the Consolidated Financial Statements). The 2026 Private Placement Convertible Debentures are convertible, in whole or in part, into Common Shares, at the option of the holder, at any time prior to the close of business on the last business day immediately preceding the Maturity Date,

at a conversion price of $0.87 per Common Share. The 2026 Private Placement Convertible Debentures are secured by a second lien on certain assets of the U.S. business and also secured by certain personal property assets of TerrAscend USA, Inc. under a subordinated guaranty and security agreement.

Union Chill Convertible Promissory Note

On December 26, 2025, the Company issued a convertible promissory note for $9,000 in relation to the transaction with Union Chill. Unless repaid or converted earlier, the outstanding principal and interest shall be due and payable on December 26, 2029 (the "Union Chill Convertible Note Maturity Date"). The convertible promissory note bears interest at the rate of 6.5% per annum payable in quarterly payments within five days following the first business day of each fiscal quarter. The convertible promissory note 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 Union Chill Convertible Note Maturity Date, at a conversion price of $1.89 per Common Share.

Aunt Mary's Convertible Promissory Note

On September 16, 2026, the Company issued a convertible promissory note for $3,000 in relation to the transaction with Aunt Mary's. Unless repaid or converted earlier, the outstanding principal and interest shall be due and payable on September 15, 2031 (the "Aunt Mary's Convertible Note Maturity Date"). The convertible promissory note bears interest at the rate of 6.0% per annum payable in quarterly payments within five days following the first business day of each fiscal quarter. The convertible promissory note is convertible into Common Shares, in intervals of at least $1, 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 Aunt Mary's Convertible Note Maturity Date, at a conversion price of $0.79 per Common Share.

Share Repurchases

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

On August 20, 2026, the Board approved the Share Repurchase Program, which replaced the Previous Program. The Share Repurchase Program authorizes the Company to repurchase up to the lesser of 10,000,000 Common Shares or $10,000 of Common Shares at any time, or from time to time, from August 24, 2026 until August 23, 2027. The Share Repurchase Program authorizes the Company to repurchase up to 58,784 Common Shares daily, which represents 25% of the Company's average daily trading volume on the TSX of 235,136 Common 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.

During the third quarter of 2026, the Company repurchased 1,013,000 Common Shares under the Share Repurchase Program for total consideration of $634. As of September 30, 2026, the Company had a total of 9,357,000 Common Shares remaining available for repurchase under the Share Repurchase Program.

Cash Flows

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

Cash flows provided by operating activities

	September 30, 2026	September 30, 2025
Net cash provided by operating activities - continuing operations	$ 24,865	$ 25,599
Net cash used in operating activities - discontinued operations	(971)	(12,085)
Net cash provided by operating activities	$ 23,894	$ 13,514

Continuing Operations

The decrease of $734 in net cash provided by operating activities for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 was primarily driven by changes in net working capital.

Discontinued Operations

Net cash used in operating activities for the nine months ended September 30, 2026 primarily relates to costs associated with the disposition of certain assets and liabilities and entering into the Michigan Receivership. In contrast, net cash used in operating activities

for the nine months ended September 30, 2025 was primarily driven by negative cash flows prior to the Company's plan to exit the Michigan market (the "Michigan Exit").

Cash flows used in investing activities

	September 30, 2026	September 30, 2025
Net cash used in investing activities - continuing operations	$ (8,799)	$ (12,587)
Net cash provided by (used in) investing activities - discontinued operations	1,293	(877)
Net cash used in investing activities	$ (7,506)	$ (13,464)

Continuing Operations

The decrease of $3,788 in net cash used in investing activities for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 was primarily driven by a decrease of $1,705 for investments in capital expenditures, a $3,400 refund of an acquisition related deposit, and the collection of note receivable principal for $1,793. This was slightly offset by cash consideration, net of cash acquired of $3,552 and $5,203 paid in connection with the acquisition of Union Chill and Aunt Mary's, respectively.

Discontinued Operations

The increase of $2,170 in net cash provided by (used in) investing activities for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 was primarily driven by the sale of property and equipment related to the Michigan Exit.

Cash flows used in financing activities

	September 30, 2026	September 30, 2025
Net cash (used in) provided by financing activities - continuing operations	$ (11,313)	$ 10,004
Net cash used in financing activities - discontinued operations	(200)	-
Net cash (used in) provided by financing activities	$ (11,513)	$ 10,004

Continuing Operations

The increase of $21,317 in net cash used in financing activities for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025, was primarily attributable to higher net loan principal paid, including exit fees, of $16,524, repayments of existing private placement convertible debentures of $8,630, and higher distributions to non-controlling interests during 2026. This was partially offset by $18,967 net of proceeds received from the issuance of the 2026 Private Placement Convertible Debentures. In contrast, financing activities during the prior-year period included net loan proceeds of $12,813 slightly offset by distributions to non-controlling interests of $2,046.

Discontinued Operations

The net cash used in financing activities for the nine months ended September 30, 2026 was primarily driven by the finance lease termination fee paid.

Reconciliation of Non-GAAP Measures

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

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, unrealized and realized foreign exchange loss (gain), (gain) loss on lease terminations, (gain) loss on fair value of derivative liabilities, unrealized and realized loss on investments, Loss on extinguishment of debt, gain from revaluation of contingent consideration, , 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 three and nine months ended September 30, 2026 and 2025:

	Notes	For the Three Months Ended September 30, 2026	September 30, 2025	For the Nine Months Ended September 30, 2026	September 30, 2025
			(In thousands)		
Net loss		**$ (5,466)**	**$ (24,554)**	**$ (21,526)**	**$ (84,929)**
(Income) loss from discontinued operations		—	14,647	(828)	60,952
Net loss from continuing operations		(5,466)	(9,907)	(22,354)	(23,977)
Add (deduct) the impact of:					
Provision for income taxes		11,888	11,034	33,725	31,139
Finance expenses		9,843	9,243	28,943	26,626
Amortization and depreciation		3,975	3,934	11,996	11,663
EBITDA from continuing operations	(a)	**20,240**	**14,304**	**52,310**	**45,451**
Add (deduct) the impact of:					
Share-based compensation	(b)	747	1,366	2,460	3,659
Unrealized and realized foreign exchange loss (gain)	(c)	58	77	569	(530)
(Gain) loss on lease termination	(d)	(15)	—	21	—
(Gain) loss on fair value of derivative liabilities	(e)	(4,809)	723	(5,041)	347
Unrealized and realized loss on investments	(f)	—	1	271	736
Loss on extinguishment of debt	(g)	—	1,432	—	1,432
Gain from revaluation of contingent consideration	(h)	—	(1,171)	—	(825)
Other one-time items	(i)	1,269	266	1,925	890
Adjusted EBITDA from continuing operations		**$ 17,490**	**$ 16,998**	**$ 52,515**	**$ 51,160**

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

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

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

d)Represents the (gain) loss recognized as a result of lease termination

e)Represents the (gain) loss on fair value of conversion options

f)Represents unrealized and realized loss on fair value changes investments.

g)Represents the loss on extinguishment of debt recorded as a result of the extinguishment of the loans.

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

i)Includes one-time items incurred primarily in connection with the Company's acquisitions and other costs considered one-time in nature, such as expenses related to professional, consulting, legal, accounting fees, and lobbying expenses associated with specific legalization initiatives. These fees are not indicative of the Company's ongoing costs.

Adjusted EBITDA from continuing operations increased by $492 and $1,355 for the three and nine months ended September 30, 2026 as compared to three and nine months ended September 30, 2025, respectively. These increases were primarily driven by gross profit margin expansion.

The table below reconciles net cash provided by operating activities from continuing operations to free cash flow for the nine months ended September 30, 2026 and 2025:

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
	(In thousands)	
Net cash provided by operating activities - continuing operations	$ 24,865	$ 25,599
Capital expenditures for property and equipment	(5,193)	(6,898)
Free Cash Flow	$ 19,672	$ 18,701

Critical Accounting Estimates and Policies

The Consolidated Financial Statements have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. The Company bases its estimates on historical experience and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and actual results, the Company's future financial statements will be affected.

There have been no significant changes to the critical accounting estimates from the information provided in Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", as contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Emerging Growth Company and Smaller Reporting 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 earliest of: (i) December 31, 2027, (ii) the last day of the fiscal year in which the Company has total annual gross revenue of $1,235,000 or more, or (iii) the date on which the Company is deemed to be a large accelerated filer, which means the market value of the Company's Common Shares that are held by non-affiliates exceeds $700,000 as of the last business day of the Company’s most recent second fiscal quarter; and (iv) the date on which the Company has issued more than $1,000,000 in non-convertible debt during the prior three-year period.

Additionally, as of June 30, 2025, the market value of the Common Shares held by non-affiliates decreased to below $60,000, which triggered the Company being classified as a smaller reporting company and non-accelerated filer with respect to SEC regulations and filing requirements effective December 31, 2025. The Company will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of the Company's Common Shares held by non-affiliates exceeds $250,000 as of the last business day of its second fiscal quarter, and (ii) either its annual revenue exceeded $100,000 during such completed fiscal year or the market value of the Company's Common Shares held by non-affiliates exceeds $700,000 as of the last business day of its second fiscal quarter. As the market value of the Common Shares held by non-affiliates remained below $250,000 as of June 30, 2026, the Company will continue to qualify as a smaller reporting company.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the Company's primary risk exposures or management of market risks from those disclosed in its Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer 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 Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2026, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be

disclosed by the Company in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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.

PART II—OTHER INFORMATION

Item 1. 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 Consolidated Balance Sheets or results of operations. As of September 30, 2026, 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.

Item 1A. Risk Factors.

Investing in the Company's Common Shares involves a high degree of risk. Please refer to Part I, Item 1A, "Risk Factors" in the Company's Annual Report for a description of the material risks and uncertainties to which the Company's business, financial condition and results of operations are subject. The Company may disclose changes to risk factors or disclose additional factors from time to time in its future filings with the SEC. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may impair its business operations. There have been no material changes to the risk factors previously disclosed in Part I, Item 1A, "Risk Factors" in the Company's Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

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

On August 20, 2026, the Board approved the Share Repurchase Program, which replaced the Previous Program. The Share Repurchase Program authorizes the Company to repurchase up to the lesser of 10,000,000 Common Shares or $10,000 of Common Shares at any time, or from time to time, from August 24, 2026 until August 23, 2027. The Share Repurchase Program authorizes the Company to repurchase up to 58,784 Common Shares daily, which represents 25% of the Company's average daily trading volume on the TSX of 235,136 Common 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. During the third quarter of 2026, the Company repurchased Common Shares as set forth below:

Period	Total Number of Common Shares Purchased	Weighted Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of a Publicly Announced Program	Number of Common Shares that may yet be Purchased under the Program
July 1 through July 31, 2026	—	$ —	—	9,346,500
August 1 through August 31, 2026 (1)	610,500	$ 0.60	610,500	9,759,500
September 1 through September 30, 2026	402,500	$ 0.66	402,500	9,357,000
For the Quarter Ended September 30, 2026	1,013,000	$ 0.62	1,013,000	9,357,000

(1) 240,500 of the shares purchased during August 2026 were purchased on or after August 24, 2026 when the Share Repurchase Program was renewed.

2026 Private Placement Convertible Debentures

On August 2, 2026, in a subsequent closing of the Debenture Offering, the Company entered into Debenture Subscription Agreements and issued 334 2026 Private Placement Convertible Debentures at a purchase price of $1,000 per debenture, for an aggregate principal amount of $334. These debentures have the same terms as the 2026 Private Placement Convertible Debentures issued on June 23 and June 30, 2026. They mature on September 30, 2031, bear interest at 8.00% per annum (with PIK Interest at the Company's election), and are convertible at the holder's option at any time before the Maturity Date into Common Shares at a conversion price of $0.87 per Common Share, subject to customary adjustments. After June 23, 2029, the Company may force conversion if the volume weighted average trading price of the Common Shares on the TSX for any 20 consecutive trading days equals or exceeds 200% of the then-applicable conversion price.

The 2026 Private Placement Convertible Debentures and any Common Shares issuable upon conversion or as interest thereon have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and were offered and sold in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder

Aunt Mary's Issuance

On June 12, 2026, the Company and certain consolidated entities entered into an option agreement (the "Aunt Mary's Option Agreement") with Aunt Mary's Dispensary LLC ("Aunt Mary's"), a dispensary in New Jersey. On September 16, 2026, the Company closed on the transaction contemplated by the Aunt Mary's Option Agreement, and the Company was granted an option to purchase a 35% equity interest in Aunt Mary's (the "Aunt Mary's Option") pursuant to the terms of the Aunt Mary's Option Agreement and New Jersey's regulatory framework, which facilitates investment opportunities for diversely owned businesses, which it exercised on September 23, 2026 (the "Aunt Mary's Transaction").

On September 16, 2026, in connection with the Aunt Mary's Transaction, the Company issued a convertible promissory note (the "Aunt Mary's Convertible Promissory Note") to the seller of Aunt Mary's in the aggregate principal amount of $3,000 (the "Aunt Mary's Principal Amount"). The Aunt Mary's Convertible Promissory Note accrues interest at a rate of 6.0% per annum, due in quarterly payments. The Aunt Mary's Convertible Promissory Note matures on September 15, 2031 (the "Aunt Mary's Maturity Date").

Beginning on the third anniversary of the issuance of the Aunt Mary's Convertible Promissory Note, if the Common Shares trade at a volume weighted average trading price of at least 200% of the conversion price for 20 consecutive trading days, the Issuer may, in its sole discretion, require the conversion of all or a portion of the outstanding Aunt Mary's Convertible Promissory Note, in intervals of at least $1. To exercise this right, the Issuer must provide the holder with at least 10 days' prior written notice. Upon conversion, the holder will be paid any accrued and unpaid interest on the converted principal through the conversion date in cash.

Prior to the Aunt Mary's Maturity Date, the Aunt Mary's Convertible Promissory Note may be converted, in intervals of at least $1, into Common Shares at the option of the holder. On the date of conversion, the Aunt Mary's Convertible Promissory Note will automatically convert into the number of Common Shares equal to the outstanding Aunt Mary's Principal Amount being converted divided by the conversion price per Common Share of $0.79.

The securities described above were offered and sold in reliance upon an exemption from registration provided by Section 4(a)(2) of the Securities Act. The Aunt Mary's Convertible Promissory Note and any Common Shares issuable thereunder have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the United States absent registration with the SEC, or an applicable exemption from the registration requirements.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the third quarter of 2026, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, modified, or terminated a Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description	Description of Exhibit Incorporated Herein by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Articles of TerrAscend Corp., dated March 7, 2017.	10-12G	000-56363	3.1	11/02/2021	
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	11/02/2021	
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.					X
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					X

* This certification accompanies the Form 10-Q 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 Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Certain information contained in this agreement has been omitted because it is not material and is the type that the registrant treats as private or confidential.

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, the Company has not filed as exhibits to this Quarterly Report on Form 10-Q certain instruments with respect to long-term debt under which the amount of securities authorized does not exceed 10% of the total assets of the Company. The Company hereby agrees to furnish copies of all such instruments to the SEC upon request.

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: November 5, 2026

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

Date: November 5, 2026

By: /s/ Eric Jackson
Eric Jackson
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, 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: November 5, 2026

/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, Eric Jackson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, 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: November 5, 2026

/s/ Eric Jackson
Eric Jackson
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, President and Chief Executive Officer of TerrAscend Corp. (the "Company"), hereby certify, that, to the best of my knowledge:

1. the Quarterly Report on Form 10-Q for the quarter ended September 30, 2026 (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: November 5, 2026

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

This certification accompanies the Form 10-Q 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-Q), 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, Eric Jackson, Chief Financial Officer of TerrAscend Corp. (the "Company"), hereby certify, that, to the best of my knowledge:

1. the Quarterly Report on Form 10-Q for the quarter ended September 30, 2026 (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: November 5, 2026

/s/ Eric Jackson
Eric Jackson
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Form 10-Q 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-Q), irrespective of any general incorporation language contained in such filing.