UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

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 021-340690

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.)**
3610 Mavis Road Mississauga, Ontario	**L5C 1W2**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (855)837-7295

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

None

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

Common Shares

(Title of class)

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

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

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

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

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity (on an as-converted basis, based on the closing price of these shares on the Canadian Stock Exchange) on June 30, 2021, the last business day of the Registrant's most recently completed second fiscal quarter, held by non-affiliates of the Registrant was $2,720,645,057.

The number of shares of Registrant's Common Shares outstanding as of March 15, 2022 was 251,863,097.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement relating to the 2022 Annual Meeting of Shareholders (the "Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K ("Form 10-K") where indicated. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 of the Registrant's fiscal year ended December 31, 2021.

Table of Contents

Cautionary Note Regarding Forward-Looking Statements

This Form 10-K contains statements that TerrAscend believes are, or may be considered to be, "forward-looking statements." All statements other than statements of historical fact included in this Form 10-K regarding the prospects of the Company's industry 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 "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 Form 10-K include, but are not limited to, statements with respect to:

- the performance of the Company's business and operations;
- the Company's expectations regarding revenues, expenses and anticipated cash needs;
- the Company's joint venture interests, including, as applicable, required regulatory approvals and licensing, anticipated costs and timing, expected impact thereof, and the ability to enter into future joint ventures;
- the Company's ability to complete future strategic alliances and the expected impact thereof;
- the Company's ability to source investment opportunities and complete future acquisitions, including in respect of entities in the US, the ability to finance such acquisitions, and the expected impact thereof, including potential issuances of the Company's Common Shares (as defined herein);
- the expected growth in the number of customers and patients using the Company's recreational and medical cannabis, respectively;
- the expected growth in the Company's cultivation and production capacities;
- expectations with respect to future production costs;
- the expected methods to be used by the Company to distribute cannabis;
- the expected growth in the Company's number of dispensaries;
- the competitive conditions of the industry;
- the legalization of the use of cannabis for medical and/or recreational use in the US and the related timing and impact thereof;
- laws and regulations and any amendments thereto applicable to the business and the impact thereof;
- the possibility of actions by individuals, or US federal government enforcement actions, against the Company and the potential impact 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 anticipated future gross margins of the Company's operations;
- the Company's ability to source and operate facilities in the US;
- the Company's ability to integrate and operate the assets acquired from Arise, The Apothecarium Dispensary, Valhalla, Ilera, State Flower, HMS, KCR, and Gage (each as defined herein);

- any benefits expected from the Company's Transaction (as defined herein) with Gage;
- Gage's plans to continue building a diverse portfolio of branded cannabis assets and business arrangements through investments, strategic business relationships and the pursuit of licenses in attractive retail locations in Michigan;
- the expected time to finish construction on Gage's new processing facility;
- the potential impact of infectious diseases, including the COVID-19 pandemic;
- the Company's ability to protect its intellectual property; and
- the possibility that the Company's products may be subject to product recalls and returns.

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

With respect to the forward-looking statements contained in this Form 10-K, 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 which the Company operates; (iii) the output from the Company's operations; (iv) consumer interest in the Company's products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of the Company's activities and products and in the areas of taxation and environmental protection; (viii) the timely receipt of any required regulatory approvals; (ix) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) the Company's ability to conduct operations in a safe, efficient and effective manner; and (xi) 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 Form 10-K. Such lists include, without limitation, those discussed under Item 1A – "*Risk Factors*" in this Form 10-K. 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 Form 10-K. 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 Form 10-K and are based on the beliefs, estimates, expectations and opinions of management on the date such forward-looking statements are made. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking statements, except as required by applicable law.

Risk Factor Summary

Investing in the Company's common shares ("Common Shares") involves risks. You should carefully consider the risks described in Item 1A – "*Risk Factors*" beginning on page 27 before deciding to invest in the Company's Common Shares. If any of these risks actually occur, the Company's business, financial condition and results of operations would likely be materially adversely affected. In such case, the trading price of the Company's Common Shares would likely decline, and you may lose all or part of your investment. Set forth below is a summary of some of the principal risks the Company faces:

- There is a substantial risk of regulatory or political change with respect to cannabis, which could have a material adverse effect on TerrAscend's business.
- Compliance with regulations regarding cannabis is difficult, because the regulation of cannabis is uncertain and frequently changes. The Company's failure to comply with applicable laws regarding cannabis may materially adversely affect the Company's business.
- TerrAscend's business relies heavily on its ability to obtain and maintain required licenses, and failure to do so may adversely affect TerrAscend's business.
- As a cannabis business, TerrAscend is subject to unfavorable tax treatment under the Internal Revenue Code.
- Cannabis remains illegal under US federal law, and enforcement of cannabis laws could change. TerrAscend may be subject to action by the US federal government due to its involvement with cannabis, and such action could materially adversely affect the Company's business.
- The Company's business is subject to applicable anti-money laundering laws and regulations and have restricted access to capital markets, banking and other financial services, which may adversely affect TerrAscend's business.
- TerrAscend operates in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where the Company carries on business, which could negatively affect TerrAscend's business.
- The Company's products may be subject to product recalls or returns, which may result in expense, legal proceedings, regulatory action, loss of sales and reputation, and management attention.
- TerrAscend faces an inherent risk of product liability claims and other consumer protection claims as a manufacturer, processor and producer of products that are meant to be ingested by people, and dealing with such claims could cause the Company to incur substantial expenses and have a material adverse effect on the Company's business.
- TerrAscend may be subject to constraints on, and differences in, marketing its products under varying regulatory restrictions.
- The Company may be subject to constraints on and differences in marketing its products under varying regulatory restrictions.
- The Company may be subject to heightened scrutiny by Canadian regulatory authorities, which could negatively affect its business.
- The Company's investors and directors, officers and employees who are not US citizens may be denied entry into the US, which may negatively affect the Company's business.
- Because the Company's contracts involve cannabis and related activities, which are not legal under US federal law, the Company may face difficulties in enforcing its contracts.
- TerrAscend may encounter increasingly strict environmental health and safety regulations in connection with its operations, which may harm the Company's business.
- TerrAscend faces risks related to the loss of foreign private issuer status and becoming a US reporting company.
- The Company's indebtedness may adversely affect TerrAscend's business. The Company's failure to comply with applicable covenants could trigger events that may materially adversely affect the Company's business.

- The Company may require substantial additional financing to operate its business and it may face difficulties acquiring additional financing on terms acceptable to the Company, or at all.
- TerrAscend faces intense competition as a relatively new entrant in the cannabis industry, and its business could be adversely affected by other businesses in a better competitive position.
- The cannabis industry and market are relatively new, and this industry and market may not continue to exist or grow as expected.
- The Company has historically had negative cash flow from operating activities, and continued losses could have a material negative effect on the Company's business and prospects.
- Demand for the Company's products is difficult to forecast due to limited and unreliable market data.
- TerrAscend's inability to attract and retain key personnel could materially adversely affect its business.
- TerrAscend may face unfavorable publicity or consumer perception of the safety, efficacy and quality of its cannabis products.
- The Company faces reputational risks, which may negatively impact its business.
- The Company is dependent on suppliers and key inputs for the cultivation, extraction and production of cannabis products.
- TerrAscend's business is subject to the risks inherent in agricultural operations.
- The Company may be adversely impacted by rising or volatile energy costs.
- TerrAscend's intellectual property may be difficult to protect, and failure to do so may negatively impact its business.
- The Company and investors may have difficulty enforcing their legal rights.
- TerrAscend faces physical security risks, as well as risks related to its information technology systems, potential cyber-attacks, and privacy breaches.
- TerrAscend faces exposure to fraudulent or illegal activities by employees, contractors and consultants, which may subject the Company to investigations or other actions.
- Directors and officers of the Company have faced, and may in the future face, conflicts of interests regarding the business strategy of the Company.
- The Company's internal controls over financial reporting may not be effective, and the Company's independent auditors may not be able to certify as to their effectiveness, which could have a significant and adverse effect on the Company's business.
- The COVID-19 pandemic may continue to have an impact on the Company's business and financial results.
- The development of the Company's products is complex and requires significant investment. Failure to develop new technologies and products could adversely affect the Company's business.
- The success of TerrAscend's business depends, in part, on its ability to successfully integrate recently acquired businesses and to retain key employees of acquired businesses. If the Company is unsuccessful in doing so, it may negatively affect TerrAscend's business.
- There can be no assurance that the Company's current and future strategic alliances will have a beneficial impact on the Company's business, financial condition and results of operations.
- The Company's use of joint ventures may expose the Company to risks associated with jointly owned investments.
- The Company may not realize the benefits of its growth strategy, which could have an adverse effect on the Company's business.

- The Company and Gage may not integrate successfully, which may prevent the realization of the benefits of the Transaction and may have a material adverse effect on the Company.
- Reliance on licenses and transfers.
- The issuance of a significant number of Common Shares and the resulting "market overhang" could adversely affect the market price of Common Shares after completion of the Transaction.
- TerrAscend and Gage may be the target of securities class actions and derivative lawsuits, which could result in substantial costs to TerrAscend and may divert the attention of TerrAscend's management, which may have a material adverse effect on the Company.
- The Company's voting control is concentrated.
- The Company's Preferred Shares have a liquidation preference over the Common Shares, which could limit the Company's ability to make distributions to the holders of Common Shares.
- An investor may face liquidity risks with an investment in the Common Shares.
- The price of the Company's Common Shares may be volatile, and may be adversely affected by the price of cannabis.
- Additional issuances of the Company's securities may result in dilution.
- Sales of substantial amounts of Common Shares may have an adverse effect on the market price of the Common Shares.
- Risks related to potential disqualification of equity holders by regulatory authorities.
- TerrAscend does not intend to pay dividends on its Common Shares for the foreseeable future and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of the Company's Common Shares.
- TerrAscend may not be able to obtain necessary permits and authorizations.
- TerrAscend may be subject to litigation, which could divert the attention of management and cause the Company to expend significant resources.
- The Company needs to attract and retain customers and patients in order to succeed, and failure to do so may have a material adverse effect on the Company's business.
- TerrAscend has a limited operating history, which makes it difficult to evaluate its prospects and predict future operating results.
- The Company may be subject to growth-related risks, which could negatively affect its business.
- The Company faces risks and hazards that may not be covered by insurance.

PART I

ITEM 1. BUSINESS

Overview

TerrAscend is a leading North American cannabis operator with vertically integrated licensed operations in Pennsylvania, New Jersey, Michigan, and California, licensed cultivation and processing operations in Maryland, and licensed production operations in Canada. TerrAscend operates The Apothecarium and Gage dispensary retail locations, as well as scaled cultivation, processing, and manufacturing facilities in its core markets. TerrAscend's cultivation and manufacturing practices yield consistent, high-quality cannabis, providing industry-leading product selection to both the medical and adult-use markets. The Company owns several synergistic businesses and brands, including Gage Cannabis, The Apothecarium, Ilera Healthcare, Kind Tree, Prism, State Flower, Valhalla Confections, and Arise Bioscience Inc. Notwithstanding various states in the US that have implemented medical marijuana laws, or that have otherwise legalized the use of cannabis, the use of cannabis remains illegal under US federal law for any purpose, by way of the Controlled Substance Act, as amended (the "CSA").

TerrAscend operates under one operating segment, being the cultivation, production and sale of cannabis products.

TerrAscend's portfolio of operating businesses and brands include:

- Ilera Healthcare ("Ilera"), a vertically integrated cannabis cultivator, processor and dispensary operator in Pennsylvania;
- TerrAscend NJ, LLC ("TerrAscend NJ"), an alternative treatment center operator in New Jersey with vertically integrated operations to cultivate, process and dispense cannabis;
- The Apothecarium Dispensaries are a group of full-service dispensaries in California, Pennsylvania, and New Jersey that provide quality cannabis to both medical patients and adult-use customers;
- Valhalla Confections ("Valhalla"), a leading provider of premium edible products;
- State Flower, or ABI SF LLC ("State Flower"), a premium cannabis producer operating a cultivation facility in San Francisco, California;
- HMS Health, LLC ("HMS Health") and HMS Processing, LLC ("HMS Processing", and together with HMS Health "HMS") a cultivator and processor of cannabis flower for the wholesale medical cannabis market in Maryland;
- Arise Bioscience, Inc. ("Arise"), a manufacturer and distributor of hemp-derived products, located in Boca Raton, Florida; and
- TerrAscend Canada ("TerrAscend Canada" or "TCI"), a Licensed Producer (as such term is defined in the Canadian Cannabis Act passed October 17, 2018 and associated Cannabis Regulations (the "Cannabis Act" and "Cannabis Regulations")) of cannabis, whose current principal business activities include processing and sale of cannabis flower and oil products in Canada.
- Gage Growth Corp. ("Gage")- for more information regarding Gage, please see Item 1 – "Business" – "Recent Developments" – "Business of Gage".

The Company's head office and registered office is located at 3610 Mavis Road, Mississauga, Ontario, Canada, L5C 1W2.

The Company's telephone number is 1.855.837.7295 and its website is www.terrascend.com.

Recent Developments

The Acquisition of Gage Growth Corp.

On March 10, 2022, the Company closed its previously announced acquisition of Gage Growth Corp. ("Gage") pursuant to an arrangement agreement dated August 31, 2021 (as amended) (the "Gage Acquisition"). The Company acquired all of the issued and outstanding subordinate voting shares (or equivalent) of Gage. At closing, Gage shareholders received 51,349,978 Common Shares and an additional 25,811,460 of Common Shares are reserved for issuance in connection with the exercise or exchange of former Gage convertible securities that will be settled with the Company's Common Shares if and when exercised or exchanged. Total consideration was approximately $386 million based on the closing price of the Common Shares on the

Canadian Stock Exchange ("CSE") on March 9, 2022, to be issued in reliance upon the exemption from registration available under Section 3(a)(10) of the Securities Actof 1933, as amended (the "Securities Act").

Business of Gage

Overview

Gage provides support services to licensed Gage-branded cannabis cultivators, processors, and provisioning centers, and Cookies-branded provisioning centers, in the State of Michigan. Additionally, Gage has built strategic partnerships, and will continue to build strategic partnerships with leading cannabis brands in the US. Gage is focused on continuing to build a diverse portfolio of branded cannabis assets and business arrangements through investments, strategic business relationships and the pursuit of licenses in attractive retail locations in Michigan.

More specifically, Gage, through its subsidiaries, has entered into a series of agreements whereby Gage's subsidiaries provide various management, business consulting, accounting, administrative, human resources/personnel services, intellectual property, licensing, equipment, technological, financial, construction and real estate-related support services to certain license holders in exchange for certain fees. The license holders with which Gage has entered into such agreements are licensed cannabis cultivators that are engaged in growing, harvesting, and packaging medical and adult-use cannabis pursuant to Michigan law.

Provisioning Centers

The retail products sold in the State of Michigan by the license holders in such Gage-branded provisioning centers, which are commonly referred to as dispensaries in other states, are comprised of premium cannabis flower and cannabis products, including concentrates, edibles and vaporizer products. The top products in such provisioning centers include a broad range of flower products brands including Cookies, Gage, and Lemonnade branded strains of flower. In addition, Gage, through the license holders, offers a wide variety of concentrate, edibles and vaporizer products. The license holders sell cannabis products for the medical and adult-use retail market through the existing Gage-branded provisioning centers and are currently seeking additional medical and adult-use licenses to expand the Gage-branded provisioning center footprint within the state of Michigan. As of December 31, 2021, Gage supported the operation of eleven provisioning centers, all of which held medical licenses and nine of which held adult-use licenses.

Cultivation

Gage provides support services to its license holders, which operate three cultivation facilities within the state of Michigan with approximately 70,000 square feet of cultivation assets. In addition, Gage has plans through these license holders to expand to over 150,000 square feet of cultivation assets by mid 2022. Also, in 2020, Gage entered into agreements with third-party run cultivation facilities to grow flower for these license holders, which began receiving product from these third-party facilities in early 2021. In total, these agreements are expected to allow Gage, through the license holders, to significantly expand flower growing capacity.

As of December 31, 2021, Gage, through these license holders, has entered into eleven contract grow agreements (the "Grow Agreements") with ten third-party Michigan cannabis license holders ("Contract Growers") pursuant to which each Contract Grower will cultivate certain products, including "Gage" and "Cookies" branded products. According to the Grow Agreements, five license holders will provide certain cannabis genetics and advise on cannabis grow processes and quality control standards, and will be responsible for its own facility and cultivation processes. Additional production coming from each Contract Grower is expected to enable Gage to significantly increase the product availabilities across its provisioning centers as well as meeting consumer demand.

Gage is currently preparing its processing facility located in Monitor Township, Michigan to become operational. The processing facility will primarily be used to produce Gage's in-house concentrate products. Currently, Gage is purchasing the majority of the concentrate products from third parties, which results in compressed margins.

Operating Businesses and Brands

Ilera Healthcare

Ilera is one of the initial five permitted vertically integrated cannabis cultivator, processor, and dispensary operators in the State of Pennsylvania. The grower/processor operation located in Waterfall, Pennsylvania encompasses a 150,000 square foot footprint. Ilera distributes its product line, which includes dried flower, vaporizables, concentrates, tinctures, and topicals broadly across dispensaries throughout Pennsylvania.

In addition, Ilera operates three Apothecarium-branded retail dispensaries, one in Plymouth Meeting, Pennsylvania opened in March 2018, a second in Lancaster, Pennsylvania opened in April 2020, with a third dispensary in Thorndale, Pennsylvania opened in July 2020. TerrAscend 's Pennsylvania dispensaries offer a variety of products and formats, produced by Ilera and other manufacturers, to ensure its pharmacists and wellness associates can provide an appropriate product to meet a particular patient's needs.

On April 30, 2021, TerrAscend, through a wholly owned subsidiary WDB Holding PA, Inc. ("WDB Holding PA"), acquired Guadco, LLC and KCR Holdings LLC (collectively "KCR"). The transaction added three additional retail dispensaries located in Bethlehem, Allentown and Stroudsburg, Pennsylvania. Prior to the acquisition, TerrAscend owned 10% of KCR.

TerrAscend NJ

TerrAscend NJ is permitted to operate as an alternative treatment center in New Jersey's northern region. Under New Jersey law, alternative treatment centers are vertically integrated and are able to cultivate and process medical cannabis, and operate up to three dispensaries. TerrAscend NJ is a majority-owned subsidiary of TerrAscend, whose minority partners are BWH NJ, LLC and Blue Marble Ventures, LLC. TerrAscend NJ owns a 16-acre site in Boonton Township, Morris County that currently has a cultivation and processing facility with a total footprint of approximately 140,000 square feet. TerrAscend has the ability to further increase the Boonton facility to 240,000 square feet. In addition to cultivation, TerrAscend NJ is also engaged in the extraction, processing and manufacturing of a wide range of branded form factors including, vaporizables, concentrates, topicals, tinctures and lozenges and currently operates two Apothecarium-branded dispensaries in Phillipsburg, and Maplewood, New Jersey. TerrAscend expects to open a third New Jersey dispensary in Lodi in the second quarter of 2022.

California Business, The Apothecarium Dispensaries, Valhalla and State Flower

The Apothecarium Dispensaries include a group of licensed, full-service dispensaries in northern California that provide quality cannabis to both medical patients and adult-use customers. The dispensaries are known for emphasizing education and customer service for seniors, first-time dispensary visitors, and patients with serious medical conditions. The focus is on providing guests with in-depth, one-on-one consultations from trained cannabis consultants. The Apothecarium Dispensaries also provide free cannabis education events that are open to the public. Guests may purchase their cannabis in the dispensaries or order online for pickup or delivery.

There are currently five The Apothecarium Dispensaries in California, including three in San Francisco, one in Berkeley and one in Capitola. The flagship dispensary located in the Castro district of San Francisco was named in 2017 the best-designed dispensary in the country by Architectural Digest.

Valhalla is a premier manufacturer of select cannabis-infused artisan edibles that are gluten free, in both gelatin and vegan varieties, and made with ingredients free of chemically formulated fertilizers, growth stimulants, antibiotics, or pesticides, all while maintaining eco-friendly practices.

State Flower is a producer of premium cannabis flower that is currently sold through dispensaries in California.

HMS

On May 3, 2021, TerrAscend, through a wholly owned subsidiary WDB Holdings MD, Inc. ("WDB MD"), acquired HMS. HMS is a cultivator and processor of medical cannabis in the state of Maryland. The cultivator/processor operation includes a 22,000 square foot facility located in Frederick, Maryland.

Arise

On January 15, 2019, Arise completed the acquisition of substantially all of the assets from Grander Distribution, LLC ("Grander"). Arise is currently engaged in the production and distribution of innovative hemp-derived wellness products utilizing the assets acquired from Grander. Arise's whole-plant hemp extract products are made in the US and are available for sale in retail locations in the US.

TerrAscend Canada

TerrAscend Canada is a Licensed Producer (as such term is defined in the Cannabis Act) of cannabis in Canada, and its current principal business activities include the sale of recreational ("recreational" or "adult-use") cannabis to provincial cannabis wholesalers and retailers.

TerrAscend Canada operates out of a 67,300 square foot facility located in Mississauga, Ontario and is licensed to cultivate, process and sell cannabis for medical and non-medical purposes. These licenses allow for sales of dried cannabis, cannabis oil and extracts, topicals, and edibles. TerrAscend Canada sells products nationally under the Haven Street and Legend brands in the dried flower, vapes, and edibles categories.

A strategic decision was made to cease the growing and cultivation of cannabis in Canada in order to focus on more profitable distribution opportunities. The final harvest from its manufacturing facility occurred in September 2020.

Reorganization

Entry into the US Cannabis Market and Capital Reorganization

On October 9, 2018, TerrAscend announced its intention to pursue growth opportunities in the US cannabis market, including potential acquisitions of operators in states that have legalized cannabis for medical or recreational use. Although TerrAscend at the time did not engage in the business of, or derive any revenue from, the cultivation, distribution or possession of cannabis in the US, TerrAscend announced that it had identified certain acquisition prospects with significant market share and strong brand recognition. To support its new strategy, TerrAscend entered into an agreement with Canopy Growth Corporation ("Canopy Growth"), RIV Capital Inc. (formerly Canopy Rivers Inc.) ("RIV Capital"), and entities controlled by Jason Wild, chairman of TerrAscend (JW Opportunities Master Fund, Ltd., JW Partners, LP, and Pharmaceutical Opportunities Fund, LP) to reorganize the capital of TerrAscend (the "TerrAscend Reorganization") and obtain waivers of certain contractual covenants that at the time, restricted TerrAscend from operating in the US. The TerrAscend Reorganization was implemented by way of a statutory plan of arrangement on the terms set out in the Arrangement Agreement and was subject to court approval, the approval of TerrAscend's shareholders, and other customary conditions. The TerrAscend Reorganization was completed on November 30, 2018.

Acquisitions

Acquisition of Grander Assets

On December 24, 2018, TerrAscend announced the signing of a definitive agreement to acquire substantially all of the assets of Grander, a manufacturer and distributor of hemp-derived wellness products. The transaction closed on January 15, 2019. Substantially all of the operating assets of Grander were indirectly acquired by TerrAscend through a wholly owned subsidiary Arise. As consideration, TerrAscend paid $12.7 million, comprising $6.5 million in cash, 1,362,343 Common Shares, and $0.5 million in working capital adjustments. The fair value of the Common Shares was $5.1 million as at January 15, 2019. Subject to meeting certain earnings milestones, TerrAscend agreed to pay up to an additional $10 million in cash or share considerations. The total value of the potential purchase consideration payable by TerrAscend under the terms of the agreement was approximately $22.7 million, and the fair value of the contingent consideration was $0.6 million as at January 15, 2019. Based on performance of the Arise business during the measurement period, the milestones for the additional $10 million payment were not met and the total purchase consideration paid by TerrAscend remained $12.7 million.

Acquisition of The Apothecarium Dispensaries in Northern California

On June 6, 2019, TerrAscend closed a series of transactions to acquire controlling interests in three entities in California operating the retail dispensary brand known as "The Apothecarium." The transactions also included the acquisition of entities that were seeking to operate two additional retail locations in Northern California, which were ultimately opened in Berkeley and Capitola, and Valhalla, a leading provider of premium edible products. TerrAscend acquired 49.9% of the outstanding equity interests of the entities operating the three San Francisco The Apothecarium Dispensary locations and TerrAscend has the right (or, in certain circumstances, obligation) to acquire the remaining equity interests of those entities post-closing, following receipt of certain regulatory approvals. As consideration, TerrAscend paid $71.8 million, comprising $36.8 million in cash, $1.1 million in the form of a working capital adjustment, contingent consideration of $3 million and 6,700 TerrAscend proportionate voting shares ("Proportionate Voting Shares"). The fair value of the share consideration at June 6, 2019 was $30.9 million. TerrAscend retains 100% of the economics of entities operating the three San Francisco locations and the Berkeley and Capitola locations of The Apothecarium Dispensaries through control of such entities.

Acquisition of Ilera

On September 16, 2019, TerrAscend acquired 100% of the equity of the entities comprising Ilera for total consideration of $225 million paid in a combination of cash and Common Shares. At closing, TerrAscend paid to the sellers $25 million in cash, subject to customary closing adjustments, an additional $25 million worth of Proportionate Voting Shares in the equity of TerrAscend equivalent to approximately 5,059.102 Proportionate Voting Shares (which are each exchangeable for 1,000

Common Shares), and $601,000 in working capital adjustments. Additional cash consideration of $175 million in aggregate was paid to the sellers based on Ilera achieving certain specified sales and profitability targets, with staged payments made in 2020 and 2021. On June 30, 2021 the final earn-out had been calculated and remaining fair value amount of $29.7 million was paid on that date.

Acquisition of State Flower

On January 23, 2020, TerrAscend obtained control of ABI SF LLC, owner of State Flower, a premium California cannabis brand that is currently sold through dispensaries in California. As consideration, the Company converted its previously issued note receivable and accrued interest in the amount of $3 million into a 49.9% equity interest in State Flower. The Company also recorded contingent consideration payable of $6.6 million, representing the expected consideration payable to acquire the remaining 50.1% of State Flower, which comprises 100% of its preferred shares, subject to regulatory approval. TerrAscend retains 100% of the economics of State Flower through control of ABI SF LLC and has the right to acquire the remaining equity interests of ABI SF LLC, for no additional consideration, following receipt of certain regulatory approvals. On December 31, 2021, the final earn-out has been calculated. The Company made a payment of $6,954 in January 2022. The remaining amount will be paid to the sellers of State Flower upon the Company's acquisition of the remaining 50.1% of State Flower.

Acquisition of HMS

On May 3, 2021, TerrAscend, through a wholly owned subsidiary, WDB MD, acquired HMS, a cultivator of cannabis flower for the wholesale medical cannabis market in Maryland. TerrAscend acquired 100% of the equity of HMS Health and the rights to acquire 100% of the equity of HMS Processing, a processor of cannabis flower, post-closing following receipt of certain regulatory approvals, for total consideration of $24.5 million comprised of $22.4 million in cash and a $2.1 million note, which bears 5.0% annual interest, due April 2022. TerrAscend retains 100% of the economics of HMS through full ownership of HMS Health and a master services agreement with HMS Processing.

Acquisition of Keystone Canna Remedies

On April 30, 2021, TerrAscend, through a wholly owned subsidiary, acquired KCR. The transaction added three retail dispensaries located in Bethlehem, Allentown and Stroudsburg, Pennsylvania. Prior to the acquisition, TerrAscend owned 10% of KCR. TerrAscend acquired the remaining 90% of the equity for total consideration of $69.8 million comprised of $34.4 million in Common Shares, $20.5 million in cash, $7.1 million related to the fair value in previously owned shares, and a $6.8 million note which bears 10% annual interest, due April 2022.

New Jersey Partnership

On August 20, 2021, the Company purchased an additional 12.5% (previously owned 75%), with an option to purchase an additional 6.25% ownership, of the issued and outstanding equity of TerrAscend NJ from BWH NJ, LLC and Blue Marble Ventures, LLC for a total consideration of $50,000, which was paid during the year ended December 31, 2021. Upon closing of the agreement, the Company now owns 87.5% of the issued and outstanding equity of TerrAscend NJ.

The Company has the option to purchase an additional 6.25% ownership, for a total of 93.75%, at a predetermined valuation during the period commencing April 1, 2023 through June 15, 2023.

Acquisition of Gage

For more information regarding the Acquisition of Gage, please see Item 1 – "*Business*" – "*Recent Developments*" – "*The Acquisition of Gage Growth Corp.*"

Principal Products

The Company offers a competitive product portfolio in the jurisdictions in which it operates. Depending on the jurisdiction, the Company offers a variety of products, including, flower, concentrates, edibles and/or accessories. In addition, the Company has continually been at the forefront of developing and introducing innovative products to serve patients' and customers' unique needs. For example, effective August 18, 2021, TerrAscend NJ signed an exclusive agreement to supply Cookies licensed product to the New Jersey market and to bring "Cookies Corners" to its three dispensaries in New Jersey.

Principal Markets

The Company's operations are currently limited to the US and Canada. In the US, the Company sells cannabis products in Pennsylvania, New Jersey, Maryland and California and with the recent consummation of the Gage Transaction, the Company now also sells cannabis products in Michigan. In Canada, the Company produces and sells products in all provinces and

territories. The Company's Arise business also sells whole-plant hemp extract products in retail locations across the US where legally permitted. TerrAscend's business is not generally cyclical or seasonal in nature.

Distribution Methods

The Company distributes its branded products across dispensaries in Pennsylvania, New Jersey, Maryland and California and with the recent consummation of the Gage Transaction, the Company has begun managing distribution of cannabis products in Michigan. In Canada, the Company sells its products to provincial and territorial wholesalers and retailers. The Company's Arise business also sells whole-plant hemp extract products in retail locations across the US where legally permitted.

Production Facilities

The Company currently operates seven cultivation, manufacturing and warehouse facilities in the US and Canada. See Item 2 – "*Properties*."

Sources and Availability of Materials

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

Specialized Knowledge and Skills

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

Competitive Conditions

TerrAscend faces, and will continue to face, competition from new and existing licensed cannabis operators, competitors with existing retail operations, government owned retailers and the illicit market and other applicable participants in the cannabis wholesale and manufacturing industry. Some of the competitors of TerrAscend may have greater financial resources, market access and manufacturing and marketing experience than TerrAscend.

Increased competition by numerous independent cannabis retail outlets and larger and better financed competitors (including new entrants) could have a material adverse effect on TerrAscend.

TerrAscend's competition can be grouped into the following categories:

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

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

(c) Government Competition: This class of competitors includes government wholesalers that sell directly to consumers in the Provinces of British Columbia, Alberta and Ontario.

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

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

Protection of Intellectual Property

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

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

Human Capital

As of December 31, 2021, TerrAscend employed 821 employees, none of whom were subject to a collective bargaining agreement. Of these employees, approximately 742 were full-time. The Company believes it has a good relationship with its employees.

TerrAscend believes in building a diverse team, and it strives to make the Company a welcoming space where everyone can make an impact on the Company's success. TerrAscend encourages talented people from all backgrounds to join the Company and strives to make it a place of inclusion.

TerrAscend takes seriously the health and safety of the Company's employees and customers and so, during the COVID-19 pandemic, the Company has implemented extended health and safety protocols in all of TerrAscend's locations. These protocols require appropriate social distancing where work duties permit, allow individuals who are able to fulfill their work duties remotely to work from home, require masks and/or face coverings while individuals are in the workplace, institute regular cleaning and sanitization measures, and put in place appropriate reporting and communication procedures to ensure maintenance of required confidentiality while also providing sufficient information for employees to make educated decisions regarding their health. TerrAscend monitors and follows relevant guidance from the Center for Disease Control and other health and safety experts.

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

Information about our Executive Officers

The following table provides information regarding TerrAscend's executive officers and their respective positions as of March 15, 2022.

Name	Age	Position
Jason Wild	49	Executive Chairman, Chairman of the Board of Directors and Director
Keith Stauffer	52	Chief Financial Officer
Ziad Ghanem	44	President and Chief Operating Officer

The Articles provide that the directors may, from time to time, appoint such officers as the directors determine. The directors may, at any time, terminate any such appointment. All members of management devote full time to the business of the Company and have entered into a non-competition or non-disclosure agreement with the Company.

Executive Officer Biographies

Jason Wild

Jason Wild has served as Executive Chairman of TerrAscend since March 23, 2021. Mr. Wild is also the President and Chief Investment Officer of JW Asset Management, LLC. Mr. Wild received his license as a pharmacist in 1997, and subsequently founded JW Asset Management, LLC in 1998, where he has worked as a professional portfolio manager for the past 20 years. Mr. Wild previously served as a Director of Arbor. Mr. Wild is a graduate of the Arnold and Marie Schwartz College of Pharmacy, where he received a bachelor's degree in Pharmacy. The Company believes Mr. Wild is qualified to serve on the Board of Directors because of his extensive experience in mergers and acquisitions and cannabis industry knowledge.

Keith Stauffer

Keith Stauffer joined TerrAscend as Chief Financial Officer in April 2020. Mr. Stauffer has over 25 years of experience as a business executive holding various senior finance and leadership roles across multiple industries. Most recently, Mr. Stauffer served from August 2018 until March 2020 as Senior Vice President of Finance and Chief Financial Officer of the Global Consumer Beauty Division at Coty, Inc. ("Coty"), a $3B+ global division based in New York. In this role, Mr. Stauffer led a global finance team and partnered with division leadership and the Coty executive team to formulate and drive a business turnaround. Prior to his role at Coty, Mr. Stauffer spent 10 years at The Hershey Company holding various senior financial positions, including Vice President of Finance and Chief Financial Officer of the international business. Prior to Hershey, Mr. Stauffer held various positions at Dell Technologies and Procter & Gamble. Mr. Stauffer received a Bachelor of Science in Industrial Engineering from Purdue University and a Master of Business Administration from Purdue's Krannert Graduate School of Management.

Ziad Ghanem

Ziad Ghanem joined TerrAscend as President and Chief Operating Officer in January 2022. Mr. Ghanem brings over 17 years of experience in large-scale healthcare services delivery, pharmacy and retail operations. Most recently, Mr. Ghanem served as President of all markets at Surterra Holdings, Inc. (doing business as Parallel), a privately held, vertically integrated, multi-state cannabis operator in the U.S., from November 2020 until January 2022. Prior to his role at Parallel, Mr. Ghanem served in a variety of roles at Walgreens Boots Alliance from August 2004 to November 2020, eventually serving as Senior Director of Global Pharmacy Development. Mr. Ghanem received a Doctor of Pharmacy from the University of Houston.

Licenses and Regulatory Framework in US

The Company and its subsidiaries, as applicable, currently hold all necessary state licenses and permits to carry on the activities it conducts. See Appendix A – *"List of Licenses and Permits of TerrAscend Corp.*"

Summary of US Cannabis Regulatory Regime

The cannabis industry is subject to various state and local laws, regulations and guidelines relating to the cultivation, manufacture, distribution, sale, storage and disposal of medical and recreational cannabis, as well as laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The US regulatory scheme varies in its terminology and definitions, using "cannabis", "marijuana" and "hemp" as distinct terms. The regulatory environment governing the medical and recreational marijuana industries in the US, where state law permits such activities, are, and will continue to be, subject to evolving regulation by governmental authorities. Accordingly, there are a number of risks associated with investing in businesses in an evolving regulatory environment, including, without limitation, increased industry competition, rapid consolidation of industry participants and potential insolvency of industry participants.

38 states plus the District of Columbia, the Commonwealth of the Northern Mariana Islands, Puerto Rico, US Virgin Islands and Guam that have authorized medical marijuana and approximately 18 states plus the District of Columbia, Guam, and the Commonwealth of Northern Marina Islands who have authorized adult-use (i.e. recreational) marijuana. Notwithstanding the permissive regulatory environment of medical, and in some cases also recreational marijuana at the state level, marijuana remains a Schedule I drug under the CSA, making it illegal under US federal law to cultivate, manufacture, distribute, sell or possess marijuana in the US. Furthermore, financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the US may form the basis for prosecution under applicable US federal money laundering legislation.

The US federal government's approach to enforcement of marijuana laws has trended toward deference to state laws where a robust state regulatory framework exists. On August 29, 2013, the US Department of Justice (the "DOJ") issued a memorandum known as the "Cole Memorandum" to all US Attorneys' offices. The Cole Memorandum generally directed US Attorneys not

to prioritize the enforcement of federal marijuana laws against individuals and businesses that comply with state medical marijuana programs. The Cole Memorandum, while not legally binding and only a policy statement, assisted in managing the tension between state and federal laws concerning all medical and adult-use state-regulated marijuana businesses.

On January 4, 2018, the Cole Memorandum was rescinded by former Attorney General Sessions. While this did not create a change in federal law, the revocation added to the uncertainty of US federal enforcement of the CSA in states where marijuana use is regulated. Former Attorney General Sessions also issued a one-page memorandum known as the "Sessions Memorandum" which confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the US Attorney's Manual. While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance, and states the statutory view that it is a "dangerous drug and that marijuana activity is a serious crime," it does not otherwise indicate that the prosecution of marijuana-related offenses is a heightened DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such prosecutorial discretion remains in the hands of US Attorneys when deciding whether or not to prosecute marijuana-related offenses.

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

On March 11, 2021, Merrick Garland was appointed US Attorney General. Mr. Garland indicated he would generally act in accordance with the Cole Memorandum, when, at his confirmation hearing, he said, "It does not seem to me a useful use of limited resources that we have, to be pursuing prosecutions in states that have legalized and that are regulating the use of marijuana, either medically or otherwise." He has not, however, reissued the Cole Memorandum or issued substitute guidance. While enforcement of federal laws against regulated state entities does not appear to be a US DOJ priority, the US DOJ may change its enforcement policies at any time, with or without advance notice.

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

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

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

The Company may also be subject to a variety of laws and regulations domestically and in the US that relate to money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of

Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the US and Canada. Further, under US federal law, banks or other financial institutions that provide a marijuana business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

In February 2014, the Financial Crimes Enforcement Network of the Treasury Department issued a memorandum (the "FinCEN Memorandum") providing instructions to banks seeking to provide services to marijuana-related businesses. The FinCEN Memorandum clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on marijuana-related violations of the CSA and independently lists the federal government's enforcement priorities as related to marijuana. Although the original FinCEN Memorandum is still in place, this supplementary Department of Justice guidance that accompanied the FinCEN Memorandum was rescinded when former Attorney General Sessions rescinded the Cole Memorandum. It is unclear whether the current administration will follow the guidelines of the FinCEN Memorandum, although immediately after the Sessions Memorandum, then-US Treasury Secretary Steven Mnuchin stated that the Treasury Department had no intention to rescind the FinCEN Memorandum but, instead, wanted to improve the availability of banking services in the state-regulated marijuana space. The position of current Treasury Secretary Janet Yellen is relatively unknown. In the foreseeable future, the Company expects any amounts payable by the Company from its subsidiaries to remain in the US to fund the further development of its businesses. The Company may also consider future debt or equity financings.

H.R. 1595, the SAFE Banking Act of 2019, which would expand financial services in the US to marijuana-related legitimate businesses and service providers, was introduced in the US House of Representatives (the "House") on March 7, 2019 with bipartisan support. On April 11, 2019, S. 1200, the US Senate (the "Senate") version of the SAFE Banking Act, was filed. This bill also has bipartisan support and more than a fifth of the total Senate, 27 members, co-sponsored it. On September 25, 2019, H.R. 1595 passed in the House by a vote of 321 to 103, but it stalled in the US Senate. The SAFE Banking Act passed the House again on May 15, 2020, when it was included in the COVID-19 stimulus bill, the Health and Economic Recovery Omnibus Emergency Solutions Act. However, that measure also stalled in the Senate. The SAFE Banking Act passed the House again on April 19, 2021 as H.R. 1996, by a vote of 321 – 101. The bill was received by the Senate and referred to the Committee on Banking, Housing and Urban Affairs, where it remained. On September 23, 2021, the House approved the National Defense Authorization Act ("NDAA") that contained the provisions of the SAFE Banking Act. The SAFE Banking Act was subsequently removed from the NDAA by the House-Senate conference committee on December 7, 2021, and was not included in the final version of the NDAA. On February 4, 2022, the House passed the America COMPETES Act of 2022, which included the provisions of the SAFE Banking Act. The legislation is now before the Senate for its consideration.

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

It is unlikely that the MORE Act, the CAOA, or the SRA will pass both the House and the Senate and be signed into law this year. Based on the momentum seen last year, legislative efforts to legalize cannabis or cannabis banking at the national level are likely to continue this year. Depending on the political winds and the outcome of federal elections, it is possible but not certain that one or more of these bills could become law sometime in the coming years.

Despite the rescission of the Cole Memorandum, one legislative safeguard for the medical marijuana industry remains in place. Congress has used a rider known as the Rohrabacher-Blumenauer Amendment in the fiscal year 2015, 2016 and 2017 Consolidated Appropriations Acts (the "RBA") to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. However, this measure does not protect adult-use marijuana businesses. As part of the $1.3 trillion federal spending bill enacted on March 23, 2018, Congress renewed the RBA through September 2018, and subsequently extended it further. The RBA is an appropriations rider that prohibits the DOJ from using federal funds to prevent states from implementing marijuana

laws. The US Ninth Circuit in *United States v. McIntosh* held that the prohibition under the RBA also prevents the DOJ from spending federal funds to prosecute individuals who are engaged in conduct that is permitted by, and in compliance with, state medical marijuana laws. In July 2020, the House introduced a base appropriations bill with the RBA included, and this amendment was renewed through stopgap funding bills on October 1, December 11, December 18, December 20, and December 22, 2020, until an amendment was renewed through the passage and Presidential signing of H.R. 133, which was effective through September 30, 2021. On September 30, 2021, December 3, 2021, and February 18, 2022, President Biden signed short-term stopgap spending bills to extend current appropriations, most recently through March 11, 2022. There is no assurance that Congress will approve inclusion of a similar prohibition on DOJ spending in the appropriation bills for future years.

State-Level Overview

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

California

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

Pursuant to MAUCRSA: (i) CalCannabis, a division of the California Department of Food and Agriculture, was designated to issue licenses to cannabis cultivators: (ii) the Manufactured Cannabis Safety Branch (the "MCSB"), a division of the California Department of Public Health, was designated to issue licenses to cannabis manufacturers; and (iii) the California Department of Consumer Affairs, via its agency the Bureau of Cannabis Control (the "BCC"), was designated to issue licenses to cannabis distributors, testing laboratories, retailers, and micro-businesses. These agencies were also charged with overseeing various aspects of implementing and maintaining California's cannabis landscape, including the statewide track and trace system. All three agencies released their initial emergency rulemakings at the end of 2017 and updated them with minor revisions in June 2018. The three agencies adopted their permanent rulemakings on January 16, 2019. All three agencies began issuing temporary licenses in January 2018 and stopped doing so on December 31, 2018, pursuant to MAUCRSA.

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

California state licenses, and some local licenses, are renewed annually. Each year, licensees are required to submit a state renewal application to the relevant regulatory authority, and all applicable local renewal applications to the applicable local regulatory body (for local licenses) such as the Department of Cannabis Regulation in the City of Los Angeles.

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

be owners or holders of a financial stake in cannabis businesses, and provisions allowing for the sale of branded products between businesses.

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

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

New Jersey

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

CUMMA permits each ATC to operate as both a cultivator and dispensary under one permit. These activities can take place at up to two locations, as long as both locations are within the same region. The application process involves two stages. Those seeking an ATC permit must first submit an application seeking authority to apply for a permit to operate. Upon the granting of the application, the prospective ATC must then complete the application for actual permitting. Applications for authority to apply for a permit may only be submitted following solicitation from NJDOH for such applications. The first six permits for ATCs were awarded to nonprofit entities, with subsequent permits to be available to both nonprofit and for-profit entities. In 2013, CUMMA was amended to allow ATCs to cultivate an unlimited number of strains of marijuana and sell additional marijuana-infused products, and to restrict the same of marijuana-infused edible products to qualifying patients under the age of 18. With additional authorizations, ATCs may also house manufacturing facilities for marijuana-infused products such as syrups and lozenges. All marijuana is subject to a tetrahydrocannabinol ("THC") limit of 10%, though NJDOH is proposing to repeal the regulation that establishes this limit.

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

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

On March 25, 2019, a planned vote on legislative package including medical expansion and adult-use legalization was pulled due to a lack of votes necessary to pass the legislation through the state Senate. This setback came after significant momentum had helped to pass the bill through the appropriations and judiciary committees earlier in the month. After the package of cannabis reforms stalled, Governor Murphy announced he would be expanding the medical program through administrative action. This announcement has proved contentious as the Senate President claims any regulatory changes for medical cannabis

would make securing the votes necessary to pass adult-use legalization more difficult. On May 14, 2019, the Senate President announced he would no longer work to advance adult-use legalization through the legislature and instead would pivot to put the issue before voters for the 2020 general election. While legalization stalled, bills to expand the state's medical program and reform criminal penalties continued to move forward. On December 18, 2020, Governor Murphy signed A. 5981/S. 4154 into law, which facilitates the expungement of low-level marijuana crimes and other offenses. And, on November 3, 2020, New Jersey voters passed a ballot measure amending the New Jersey Constitution to permit the use of marijuana for adults over 21 years of age. The ballot measure will also allow New Jersey to regulate the growth, distribution, and sale of adult-use marijuana. On November 4, 2020, New Jersey Attorney General Gurbir S. Grewal issued a statement reminding New Jersey residents that the state's criminal laws related to marijuana still apply until the state legislature enacts a framework for adult-use cannabis.

On February 22, 2021, Governor Murphy signed the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act ("CREAMMA") into law, legalizing the use of marijuana by adults 21 years of age and older in New Jersey. On August 19, 2021, New Jersey's Cannabis Regulatory Commission ("CRC") published its first set of rules associated with adult-use cannabis in the state. These rules outline the details of licensing, the authority of municipalities, the operations of cannabis businesses, and the CRC's authority over adult-use cannabis. Additional rules are expected as New Jersey's adult-use program continues toward becoming operational. The goal date for adult-use cannabis sales to begin under CREAMMA was no later than 180 days after the adoption of initial rules promulgated under CREAMMA, or mid-February 2022. The CRC missed that deadline and has indicated that its new target date to launch adult-use cannabis sales is March 15, 2022. There is no guarantee the new date will be met.

Pennsylvania

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

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

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

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

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

Maryland

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

Maryland has three classes of cannabis licenses: dispensaries, cultivators, and processors. Wholesaling occurs between cultivators and processors, cultivators and dispensaries, and processors and dispensaries. Originally, no one Company could directly control multiple licenses of the same class, but this restriction was changed in May 2019 when Governor Hogan signed a bill that permitted a single company to own or control, including the power to manage or operate, up to four dispensaries. Dispensary locations are tied to the Senate District in which they were awarded, with the exception of dispensary licenses that

were awarded to applicants who also were awarded a cultivation license. These dispensaries can be located at the discretion of the license holder. Permitted products include oil-based formulations, flower, and edibles.

In April 2018, the Maryland House and Senate approved a bill, which was later signed by Governor Hogan, that expanded the license pool, allowing for a maximum of seven additional cultivation licenses, for a total of 22, and 13 additional processing licenses, for a total of 28. As of March 1, 2022, there were approximately 95 licensed dispensaries, 18 licensed cultivators, and 19 licensed processors.

Michigan

In November 2008, Michigan residents approved the Michigan Compassionate Care Initiative to provide a legal framework for individuals with certain debilitating medical conditions to lawfully use marijuana for medicinal purposes. In September 2016, the Michigan Legislature passed, and Governor Snyder signed into law, the Medical Marihuana Facilities Licensing Act (the "MMFLA") and the Marihuana Tracking Act (the "MTA") to provide a comprehensive licensing and tracking scheme, respectively, for state's medical marijuana program.

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

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

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

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

US Hemp Regime

The Agriculture Improvement Act of 2018 (commonly known as the "2018 Farm Bill") was signed into law on December 20, 2018. The 2018 Farm Bill, among other things, removed "hemp" (including any part of the cannabis plant containing 0.3% THC or less), its extracts, derivatives, and cannabinoids from the CSA definition of "marihuana", and allows for federally-sanctioned hemp production under the purview of the US Department of Agriculture (the "USDA"), in coordination with state departments of agriculture that elect to have primary regulatory authority. States and Tribal governments can adopt their own regulatory plans, even if more restrictive than federal regulations, so long as the plans meet minimum federal standards and are approved by the USDA. Hemp production in jurisdictions that do not choose to submit their own plans (and that do not otherwise prohibit hemp production) will be governed by USDA regulation. "Hemp" as defined in the 2018 Farm Bill, "means the plant Cannabis sativa L., and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids,

isomers, acids, salts, and salts of isomers, whether growing or not with a THC concentration of not more than 0.3% on a dry weight basis."

While the 2018 Farm Bill removes hemp and hemp-derived products from the controlled substances list under the CSA, it does not legalize cannabidiol ("CBD") in every circumstance. While not independently scheduled under the CSA, CBD, depending on the source from which it was derived and its THC concentration, can still be classified as a Schedule I substance under the CSA's definition of "marihuana." Further, although the 2018 Farm Bill creates a limited exception to this prohibition, this exception only applies if the CBD is derived from "hemp" as defined in federal law. Federal law also requires that: (i) the hemp is produced by a Licensed Producer; and (ii) in a manner consistent with the applicable federal and state regulations. CBD and other cannabinoids produced from marihuana as defined by the CSA remain an illegal Schedule I substance under federal law. In addition, many state laws include all CBD within definitions of marijuana and some states have policies or laws that otherwise prohibit or restrict CBD sales.

Notwithstanding the foregoing, the 2018 Farm Bill expressly preserves the US Food and Drug Administration's authority to regulate certain products under the FDCA and Section 351 of the Public Health Service Act. The FDA takes the position that because CBD was the subject of substantial clinical investigations that have been made public and is the active ingredient in an FDA-approved drug (Epidiolex), it is therefore illegal to add to food and CBD products are excluded from the dietary supplement definition. While there is an exception for articles that were marketed as a conventional food or dietary supplement before the new drug investigations were authorized (or the new drug was approved), the FDA has asserted that, based on available evidence, the exception does not apply to CBD. As previously mentioned, the FDA takes the position that it is unlawful under the FDCA to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, dietary supplements, regardless of whether the substances are hemp-derived. Despite FDA's stated position, the agency has not, to date, been active in its CBD-related enforcement absent CBD products bearing aggressive therapeutic claims (e.g., claims of treatment of COVID-19, neuropathy, AIDS, diabetes, cancer, etc.). FDA could change its enforcement priorities at any time. The FDA has indicated that it will work towards providing ways for companies to seek approval from the FDA to market CBD products. In addition, options remain available for the FDA to consider whether there are circumstances in which certain cannabis-derived compounds might be permitted in a food or dietary supplement. Importantly, notwithstanding the FDA's stated position prohibiting sales of CBD containing-foods and dietary supplements, the FDA has authority to issue a regulation allowing the use of a pharmaceutical ingredient, such as CBD, in a food or dietary supplement, even if such pharmaceutical ingredient was not previously marketed as a food or dietary ingredient prior to the initiation of clinical drug trials. Timing regarding if or when FDA might issue such a regulation is unclear.

States have also taken various approaches to the production and sale of hemp-derived food products. Many states have adopted the Uniform State Food, Drug, and Cosmetic Act, which was created in 1984 by the Association of Food and Drug Officials (the "AFDO"), the primary organization for state food and drug officials. The AFDO's model Uniform Act includes a provision to automatically incorporate changes to the FDCA into state law. However, there is some variation between state Food, Drug, and Cosmetic Acts both because not all states have adopted this provision, and because not all states have adopted the Uniform Act. States that have adopted the Uniform Act generally prohibit the use of CBD in food and dietary supplements due to the FDA's lack of approval for such uses of the substance, discussed above. For example, Michigan (among other states) prohibits the use of CBD in retail food and beverage products because of the FDA's stated position. Like FDA, some states, despite having stated positions of the impermissibility of CBD foods and supplements, or any CBD products at all, enforcement is inconsistent, with some state regulators more active than others. Again, these enforcement priorities could change at any time.

Although hemp-derived CBD cannot be added or marketed in foods or dietary supplements, certain hemp derived substances, such as hemp seed oil, may be permissible in food, dietary supplements, cosmetics, and other products depending on whether the ingredients and finished products comply with the other requirements of the FDCA. For example, a substance that will be added to food is subject to premarket approval by the FDA unless it is generally recognized, among qualified experts, to be safe under the conditions of its intended use ("GRAS"). Pursuant to the FDCA, a food ingredient may be marketed in the US under any of the following three alternative criteria: (i) if it was approved by the FDA or USDA between 1938 and 1958 for the intended use (commonly referred to as a "prior sanction"); (ii) if it is GRAS for its intended use; or (iii) pursuant to a food additive regulation promulgated by the FDA. On December 20, 2018, the FDA issued GRAS approvals for three ingredients that are derived from parts of the cannabis plant that do not contain THC or CBD – hulled hemp seeds, hemp seed protein, and hemp seed oil. These three types of products can be legally marketed in human foods without food additive approval, provided they comply with all other requirements and do not make unlawful drug claims. It is worth noting that none of these GRAS products contain CBD.

The 2018 Farm Bill also contemplates a significant state presence in the regulation of hemp production, as the 2018 Farm Bill empowers states, US territories and Native American tribes to regulate the production and sale of hemp within their respective borders. To regulate commercial hemp production, states, US territories and Native American tribes must submit plans to the USDA setting out the processes associated with how the state, territory or tribe will regulate hemp production, including how

it will gather information, test, inspect and dispose of hemp and its related byproducts. The Secretary of the USDA must approve or reject these plans within sixty days of receipt. If a state, territory or tribe chooses not to submit a plan to the USDA, potential producers will be able to apply directly to the USDA for licensing approval. States, territories and tribes may also enact stricter laws than those enacted at the federal level and may ban hemp production and sale within their respective jurisdiction.

Once implemented, in jurisdictions with USDA-approved state programs, it will be a violation of state law to cultivate hemp without a registration in compliance with state law, or in the case of a state or territory without a USDA-approved program, it will be a violation of federal law to cultivate hemp without a federally issued license.

The 2018 Farm Bill was signed into law on December 20, 2018. Importantly, however, the Industrial Hemp cultivation and research provisions contained in the Section 7606 of the Agricultural Act of 2014 (the "2014 Farm Bill") will remain in effect pending the USDA's rulemaking process and certain provisions of the law may not yet be effective. The federal rulemaking process may take more than one year to finalize, and the 2014 Farm Bill will be repealed one year after the USDA establishes regulations governing hemp production in states lacking their own USDA-approved plans. The scope of the 2014 Farm Bill is limited to cultivation that is: (i) for research purposes (inclusive of market research, which multiple federal agencies have confirmed includes commercial sales with a research purpose); (ii) part of an "agricultural pilot program" or other agricultural or academic research; and (iii) permitted by state law. Further, the 2014 Farm Bill defines "Industrial Hemp" as the plant Cannabis sativa L., and any part of such plant, whether growing or not, with a delta-9 THC concentration of not more than 0.3% on a dry weight basis. The USDA published its final rule on January 19, 2021. The USDA's final rule establishes a federal licensing plan for regulating US hemp producers in states that do not have their own USDA-approved plans. In the absence of a state plan, US hemp producers will be subject to regulation directly by the USDA unless the state prohibits US hemp production. Additionally, the final rule includes requirements for maintaining information on the land where US hemp is produced, testing US hemp for THC levels, disposing of plants with more than 0.3 percent THC on a dry-weight basis and licensing for US hemp producers. The USDA's final rule requires hemp producers to use a laboratory that is registered with the DEA, although the USDA is delaying enforcement of this requirement until December 31, 2022. The final rule also includes provisions for producers to dispose or remediate violative hemp plants without the use of a DEA-registered reverse distributor or law enforcement.

State-Level Overview

The following section presents an overview of market and regulatory conditions for the hemp industry in Florida, where the Company has an operating presence as of the date of this filing.

Florida

Florida continues to classify all cannabis as a Schedule I controlled substance, except medical marijuana grown and sold under the state's medical marijuana program and, as of July 1, 2019, both hemp and industrial hemp. Florida defines "cannabis" in its criminal code to include, "all parts of any plant of the genus cannabis, whether growing or not; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt derivative, mixture, or preparation of the plant or its seeds or resin." The term does not include "marijuana," if manufactured, possessed, sold, purchased, delivered, distributed, or dispensed, in conformance with § 381.986 Florida's Medical Marijuana Program statutes. This term also does not include "hemp" defined in § 581.217 or "industrial hemp" as defined in § 1004.4473.

On May 3, 2019, the Florida legislature passed SB1020, creating Florida's hemp farming program governed by the Florida Department of Agriculture, legalizing cannabidiol and the sale and distribution of hemp extracts, and removing hemp and industrial hemp from the definition of cannabis under state law so that hemp is no longer a controlled substance in the state of Florida. On June 25, 2019, the bill was signed by the governor and went into on effect July 1, 2019. On April 16, 2020, Florida's Hemp Plan was approved by USDA. Hemp cultivators may now apply for licensure online with the Florida Department of Agriculture. As part of the application, hemp cultivators must undergo a background check and must submit a Hemp Containment and Transportation Plan, among other requirements.

Regulatory Framework in Canada

Licenses and Regulatory Framework in Canada

The TCI License

TCI currently holds a standard cultivation license, standard processing license and license for sale for medical purposes under the Cannabis Act. This license expires on June 25, 2024. Under the TCI License, and subject to further requirements set out in

the Cannabis Act, TCI may possess, obtain produce and sell cannabis, including sales of cannabis extracts, topicals and edibles, and oils, in accordance with the applicable Cannabis Regulations, subject to certain terms and conditions, including, without limitation, shipping security requirements, health warning messages, THC concentration limits, proper THC and CBD amount labeling, restriction on medical claims, record keeping requirements and notification requirements for adverse events. The Company obtained an amendment to the TCI License to allow for sales of cannabis extracts, topicals and edibles. Permitted activities related to cannabis extracts, topicals and edibles, like other forms of cannabis, includes strict terms and conditions that a Licensed Producer must comply with. See Appendix A– "*List of Licenses and Permits of TerrAscend Corp.*"

Summary of Canadian Regulatory Framework

On October 17, 2018, the Cannabis Act and Cannabis Regulations came into force as law with the effect of legalizing the recreational adult-use of cannabis and regulating the production, distribution and sale of cannabis and cannabis derived products (both medical and adult-use) within Canada. The Cannabis Act replaced the Access to Cannabis for Medical Purposes Regulations ("ACMPR") and the Old International Health Regulations ("IHR"), both of which came into force under the CDSA, which previously permitted access to cannabis for medical purposes for only those Canadians who had been authorized to use cannabis by their health care practitioner.

The Cannabis Act provides a licensing and permitting scheme for activities related to cannabis, implemented by regulations made under the Cannabis Act. The Cannabis Act maintains separate medical access to cannabis, including providing that import and export licenses and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp. Transitional provisions of the Cannabis Act provide that licenses and permits issued under the former ACMPR and the Narcotics Control Regulations ("NCR") that were in force immediately before the day on which the Cannabis Act came into force are deemed to continue under the Cannabis Act.

The Cannabis Regulations (the "Regulations"), among other things, outline the rules for the legal cultivation, processing, research, testing, distribution, sale, importation and exportation of cannabis and hemp in Canada, including the various classes of licenses that can be granted, and set standards for cannabis and hemp products. The Regulations include strict specifications for the plain packaging and labelling and analytical testing of all cannabis products as well as stringent physical and personnel security requirements for all federally licensed production and processing sites.

The Cannabis Act and Regulations were amended on October 17, 2019 to provide for new classes of cannabis, namely edible cannabis, cannabis extracts and cannabis topicals, that are permitted to be sold in the medical and adult-use markets as well as to establish new regulatory controls to address the public health and safety risks associated with these new classes of cannabis. These controls include restrictions on product composition and ingredients, THC limits, and new requirements pertaining to promotion, packaging and labelling, good production practices and record keeping.

Pursuant to the Cannabis Act, subject to provincial regulations, individuals over the age of 18 are able to purchase fresh cannabis, dried cannabis, cannabis oil, cannabis extracts, cannabis topicals, edible cannabis and cannabis plants or seeds and are able to legally possess up to 30 grams of dried cannabis or equivalent. In addition, the Cannabis Act provides provincial, territorial and municipal governments the authority to prescribe regulations regarding retailing and distribution, as well as the ability to alter some of the existing baseline requirements of the Cannabis Act such as increasing the minimum age for purchase and consumption, and limiting the ability of households to grow cannabis plants.

The Cannabis Regulations establish requirements relating to licenses; security, including clearances; cannabis products; packaging, labelling and promotion, health products and cosmetics containing cannabis and cannabis for medical purposes.

Licenses, Permits and Authorizations

The Cannabis Regulations establish six classes of licenses: (i) cultivation; (ii) processing; (iii) analytical testing; (iv) sale for medical purposes; (v) research; and (vi) cannabis drug. The Cannabis Regulations also create subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each sub-class therein, carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each license category and each sub-class.

Licenses issued pursuant to the Cannabis Regulations may be issued for a period of no more than five years and identify the specific activities that the license holder is authorized to conduct. The Cannabis Regulations may also permit cultivation license holders to conduct both indoor and outdoor cultivation of cannabis, once outdoor cultivation is permitted, however no licensed activities can take place in a "dwelling-house" and all activities must take place on the authorized site (except for destruction, antimicrobial treatment and distribution). The implications of the proposal to allow outdoor cultivation are not yet known, but such a development could be significant as it may reduce start-up capital required for new entrants in the cannabis industry. It

may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing, which may benefit the Company in its capacity as a buyer.

Security Clearances

Certain people associated with cannabis licensees, including, but not limited to, directors and officers of a license holder and any significant shareholders of the license holder, the key positions identified by license class (e.g. master grower, quality assurance person, head of security), and any individual or position specified by the Minister pursuant to Subsection 67(2) of the Cannabis Act, must hold a valid security clearance issued by the Minister. Under the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences, among other reasons. Individuals who have histories of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not automatically precluded from participating in the legal cannabis industry, and the grant of security clearance to such individuals is at the discretion of the Minister and such applications will be reviewed on a case-by-case basis.

Cannabis Tracking System and Reporting

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The Cannabis Tracking and Licensing System (the "CTLS"), a single-entry-point secure online platform, has since been established to track cannabis throughout the supply chain to help prevent the diversion of cannabis into, and out of, the illegal market. The CTLS applies to:

- holders of federally issued licenses for cultivation, processing and sale for medical purposes, which are required to provide information to the Minister;
- public provincial and territorial bodies that are authorized to sell cannabis under a provincial and territorial act, which are required to provide information to the Minister; and
- private distributors and retailers, which are required to provide data to the public body authorized to sell cannabis or that authorizes sale under provincial and territorial legislation (typically a crown corporation or a provincial ministry).

The information required to be reported is extensive. Among other things, a holder of a license for cultivation, a license for processing or a license for sale for medical purposes that authorizes the possession of cannabis must, no later than the fifteenth day of each month, provide the Minister with certain prescribed information in respect of the site specified in the license. In addition, the CTLS web portal enables the submissions of new license applications, requests for amendments and license renewals and applications for security clearances.

Cannabis Products

Initially, the Cannabis Act and the Cannabis Regulations set out certain requirements for the sale of cannabis products at the retail level and initially permitted the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including in "pre-rolled" and capsule form, by authorized license holders.

On October 17, 2019, the Federal Government legalized new classes of products; specifically, edible cannabis, cannabis extracts, and cannabis topical products pursuant to certain amendments to the Cannabis Act and Cannabis Regulations. The previous class, cannabis oil, was subject to a one year transition period to allow for existing cannabis license holders to transition their current products in order to comply with the amended Cannabis Regulations. Consequently, the Cannabis Act was amended with effect on October 17, 2020 to remove "cannabis oil" as a separate cannabis category from Schedule 4 of the Cannabis Act. Edible cannabis, cannabis extracts, and cannabis topical products, which are now available for sale, are subject to additional regulatory requirements that include supplemental marketing and advertising rules, further restrictions on labelling and packaging, rules relating to ingredients of edible cannabis and cannabis extracts, limits on THC content, and additional manufacturing and good production practice requirements. In addition, the Cannabis Regulations require processing license holders to notify Health Canada at least sixty days prior to the intended release of a new product to the market.

Packaging and Labelling

The Cannabis Regulations set out strict requirements pertaining to the packaging and labelling of cannabis products. These requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption. Cannabis package labels must include specific information, including, among other things: (i) product source information, including the class of cannabis and the

name, phone number, and email of the cultivator or processor, as applicable; (ii) a mandatory health warning, rotating between Health Canada's list of standard health warnings; (iii) the Health Canada standardized cannabis symbol; and (iv) information specifying THC and CBD content. The Cannabis Regulations require plain packaging for cannabis products including strict limits that apply to the use of colours, images, logos and other brand elements that may prevent or inhibit product differentiation.

Advertising and Promotions

The Cannabis Act and Cannabis Regulations contain strict restrictions on the promotion of cannabis products and generally prohibit the promotion of cannabis, cannabis accessories and services related to cannabis, unless the promotional activity is specifically authorized under the Cannabis Act. These prohibitions are intended to protect public health and safety, including protecting the health of young persons by restricting their access to cannabis and preventing the inducement of the use of cannabis, while allowing consumers to have access to information with which they can make informed decisions about the consumption of cannabis. In particular, the Cannabis Act provides for broad restrictions on the promotion, packaging and labelling, display, and sale and distribution of cannabis and cannabis accessories in order to prevent young persons from being exposed to such activities and to prevent the encouragement of consumption of cannabis. As such, the promotion, packaging and labelling, display and sale and distribution of cannabis and cannabis accessories takes place in a highly regulated environment which restricts the ability of license holders to brand and market their products in a manner consistent with other industries which are not subject to such controls. Various provinces and territories have enacted additional restrictions on the promotion of cannabis which are stricter than the federal regulations, including increasing the age restrictions provided for under the Cannabis Act and Cannabis Regulations.

Cannabis for Medical Purposes

Part 14 of the Cannabis Regulations sets out the regime for medical cannabis following legalization, which is substantively similar to that provided for under the former ACMPR, with adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system. Patients who have the authorization of their healthcare practitioner will continue to have access to medical cannabis, either purchased directly from a Licensed Producer, by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them.

Under the ACMPR regime, medical cannabis was sold online by Licensed Producers only, which did not change with the enactment of the Cannabis Act. However, after the introduction of the Cannabis Act and the legalization of cannabis for adult-use, users of medical cannabis may now elect to purchase cannabis from retailers of cannabis for adult-use. The Federal Government has stated its intention to review the medical cannabis system five years from the enactment of the Cannabis Act in order to determine whether to implement any further changes to the regulatory framework for medical cannabis.

With respect to starting materials for personal production, such as plants or seeds, they must be obtained from Licensed Producers. It is possible that this could significantly reduce the addressable market for the Company's products and could materially and adversely affect the business, financial condition and results of operations of the Company. That said, management of the Company believes that many patients may be deterred from opting to proceed with these options since such steps require applying for and obtaining registration from Health Canada to grow cannabis, as well as the up-front costs of obtaining equipment and materials to produce such cannabis. See – "*Competitive Conditions*."

Health Products and Cosmetics Containing Cannabis

Health Canada has taken a scientific, evidenced-based approach for the oversight of health products containing cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices.

Prior to the coming into force of the Cannabis Act on October 17, 2018, cannabis was regulated as both a controlled substance under the Controlled Drugs and Substances Act, as well as a drug under the Food and Drugs Act ("FDA"). Under that legislative framework, activities with cannabis were generally prohibited, unless authorized under certain regulations such as the ACMPR, NCR, IHR and Food and Drug Regulations.

When the Cannabis Act came into force, cannabis was removed from the CDSA, and is now subject to restrictions under the new legislative framework while maintaining a partnership with the FDA for regulating health products in a coordinated way. Health products containing cannabis or for use with cannabis will remain subject to a number of requirements under the FDA to ensure appropriate controls for safety, efficacy, and quality, while separate requirements under the Cannabis Act will protect against risks to public health and safety, including diversion to the illegal market.

The Cannabis Exemption (Food and Drugs Act) Regulations exempt cannabis from the FDA unless, among other things, therapeutic claims are made in association with such products. For many of these products, such as drugs, natural health products and most classes of medical devices, pre-market approval is required. In addition, when the Cannabis Act and the Cannabis Regulations were enacted, the Natural Health Products Regulations under the FDA were amended to effectively prohibit cannabis products from being regulated as a natural health product. Instead, cannabis, if not exempt from the FDA, will be treated as a drug product.

With respect to cosmetic products, under the Cannabis Regulations, the use of cannabis and hemp derived ingredients (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics, are permitted, subject to the provisions of Health Canada's Cosmetic Ingredient Hotlist and the IHR.

Provincial and Territorial Developments

While the Cannabis Act provides for the regulation by the Federal Government of, among other things, the commercial cultivation and processing of cannabis and the sale of medical cannabis, it also provides that the provinces and territories of Canada have authority to regulate certain aspects of adult-use cannabis, such as distribution and sale, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

The governments of every Canadian province and territory have implemented their regulatory regimes for the distribution and sale of cannabis for adult-use purposes. Most provinces and territories have announced a minimum age of 19 years old, except for Alberta, where the minimum age is 18, and Québec, where the minimum age is 21. A summary of the legislative framework in each province and territory is set out below.

British Columbia

The distribution and sale of recreational cannabis in British Columbia is primarily governed by the Cannabis Control and Licensing Act, the Cannabis Distribution Act and the related regulations. The British Columbia Liquor Distribution Branch is the province's wholesale distributor of cannabis and operates retail and online sales. Private retail stores are also permitted and are licensed by the Liquor and Cannabis Regulation Branch.

Alberta

The distribution and sale of recreational cannabis in Alberta is primarily governed by the Gaming, Liquor and Cannabis Act and the related regulations. The Alberta Gaming, Liquor and Cannabis Commission (the "AGLC") is the sole wholesale distributor of cannabis in the province. Sales of cannabis are permitted through privately run retail stores and online by the AGLC.

Saskatchewan

The distribution and sale of recreational cannabis in Saskatchewan is primarily governed by The Cannabis Control (Saskatchewan) Act and the related regulations. Both the wholesale and retail sale of cannabis (both in store and online) is conducted by private companies in Saskatchewan, which is in turn regulated by the Saskatchewan Liquor and Gaming Authority.

Manitoba

The distribution and sale of recreational cannabis in Manitoba is primarily governed by the Liquor, Gaming and Cannabis Control Act and the related regulations. Cannabis in the province is distributed by Manitoba Liquor and Lotteries Corporation. Retail and online sales of cannabis are conducted by private retailers under the regulation of the Liquor, Gaming and Cannabis Authority of Manitoba.

Ontario

The distribution and sale of recreational cannabis in Ontario is primarily governed by the Cannabis Control Act, 2017, the Cannabis Licence Act, 2018 and the related regulations. The Ontario Cannabis Retail Corporation is the wholesale distributor of cannabis and conducts all online sales in the province.

Québec

The distribution and sale of recreational cannabis in Quebec is primarily governed by the Cannabis Regulation Act and the related regulations. The Société Québécoise du Cannabis is the exclusive distributor of cannabis in the province and is the sole retail and online vendor.

New Brunswick

The distribution and sale of recreational cannabis in New Brunswick is primarily governed by the Cannabis Control Act and the related regulations. The distribution and sale of cannabis, both online and in store, is exclusively conducted by the New Brunswick Cannabis Management Corporation.

Nova Scotia

The distribution and sale of recreational cannabis in Nova Scotia is primarily governed by the Cannabis Control Act and the related regulations. Recreational cannabis is distributed and sold at retail locations and online by the Nova Scotia Liquor Corporation.

Newfoundland and Labrador

The distribution and sale of recreational cannabis in Newfoundland and Labrador is primarily governed by the Cannabis Control Act and the related regulations. Recreational cannabis is sold through private stores, with the Newfoundland and Labrador Liquor Corporation ("**NLC**") conducting online sales and regulating distribution. The NLC also has the option to open public stores in areas that do not attract private retailers.

Prince Edward Island

The distribution and sale of recreational cannabis in Prince Edward Island is primarily governed by the Cannabis Control Act and the related regulations. Cannabis is distributed and sold at retail locations and online by the PEI Cannabis Management Corporation.

Yukon

The distribution and sale of recreational cannabis in Yukon is primarily governed by the Cannabis Control and Regulation Act and the related regulations. The Yukon Liquor Corporation is responsible for distributing cannabis in the territory. Sales of cannabis are permitted through privately run retail stores and online by the Yukon Liquor Corporation.

The Northwest Territories

The distribution and sale of recreational cannabis in the Northwest Territories is primarily governed by the Cannabis Products Act and related regulations. The Northwest Territories Liquor Commission is responsible for the distribution and sale of cannabis through existing liquor stores and online sales, with private retail contemplated in the future.

Nunavut

The distribution and sale of recreational cannabis in Nunavut is primarily governed by the territorial Cannabis Act. At this time, the Nunavut Liquor and Cannabis Commission has designated two agents to provide cannabis in the territory through online sales but has issued a request for proposals for other potential suppliers. There is no guarantee that the provincial and territorial frameworks supporting the legalization of cannabis for recreational use in Canada will continue on the terms outlined above or at all or will not be amended or supplemented by additional legislation.

Compliance

In the US, the Company is in compliance with all state laws and the related cannabis licensing framework of Maryland, Pennsylvania, New Jersey, California, and Michigan. In Canada, the Company is in compliance with all applicable federal, provincial and territorial laws and regulations, including the Cannabis Act and the Cannabis Regulations. There are no current incidences of noncompliance, citations or notices of violations outstanding which may have an impact on the Company's licenses, business activities or operations in these states. Notwithstanding the foregoing, like all businesses, the Company may from time-to-time experience incidences of noncompliance with applicable rules and regulations in the states in which the Company operates, and such non-compliance may have an impact on the Company's licenses, business activities or operations in the applicable states. However, the Company takes steps to minimize, disclose and remedy all incidences of non-compliance

which may have an impact on the Company's licenses, business activities or operations in all states in which the Company operates.

Available Information

The Company's website address is www.terrascend.com. Through this website, the Company's filings with the U.S. Securities and Exchange Commission ("SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, will be accessible (free of charge) as soon as reasonably practicable after materials are electronically filed with or furnished to the SEC. The information provided on the Company's website is not part of this Form 10-K.

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

ITEM 1A. RISK FACTORS

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

Regulatory and Legal Risks to the Company's Business Due to the Nature of the Industry

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

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

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

While the foregoing activities in respect of cannabis are under the regulatory oversight of the Government of Canada, the distribution of recreational use cannabis is the responsibility of the respective provincial and territorial governments. These jurisdictions have chosen varying retail frameworks with private, public and hybrid models being implemented. There is no guarantee that provincial and territorial legislation regulating the distribution and sale of cannabis for recreational purposes will be continued according to their current terms, that they will not be materially amended or that such regimes will create the growth opportunities that TerrAscend currently anticipates.

In addition, government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the US or elsewhere. A negative shift in the public's perception of medical or recreational cannabis in Canada, the US or any other applicable jurisdiction could affect future legislation or regulation. Among other things, a shift could cause state and local jurisdictions to abandon initiatives or proposals to legalize medical or recreational cannabis, thereby limiting the number of new state jurisdictions into which TerrAscend could expand. Any inability to fully implement

TerrAscend's expansion strategy may have a material adverse effect on TerrAscend's business, financial condition and results of operations.

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

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

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

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

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

TerrAscend's ability to grow, store and sell medical and adult-use cannabis and cannabis oil in certain US states and Canada is dependent on TerrAscend maintaining licenses with applicable regulators for both oil and dried cannabis production and the sale of dried cannabis. Failure to comply with the requirements of its licenses or any failure to maintain its licenses would have a material adverse impact on the business, financial condition and operating results of TerrAscend.

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

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

As a cannabis business, TerrAscend is subject to unfavorable tax treatment under the Internal Revenue Code.

Tax risk is the risk of changes in the tax environment that would have a material adverse effect on TerrAscend's business, results of operations, and financial condition. Currently, state licensed marijuana businesses are assessed a comparatively high effective federal tax rate due to Section 280E of the Internal Revenue Code of 1986, as amended, which prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the CSA). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the US that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to

be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. Given these facts, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of TerrAscend.

If the Company's tax positions were to be challenged by federal, state, local or foreign tax jurisdictions, the Company may not be wholly successful in defending its tax filing positions. TerrAscend records reserves for unrecognized tax benefits based on its assessment of the probability of successfully sustaining tax filing positions. Management exercises significant judgment when assessing the probability of successfully sustaining the Company's tax filing positions, and in determining whether a contingent tax liability should be recorded and, if so, estimating the amount. If the Company's tax filing positions are successfully challenged, payments could be required that are in excess of reserved amounts, or the Company may be required to reduce the carrying amount of its net deferred tax asset, either of which could be significant to the Company's financial condition or results of operations.

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

While some states in the US have authorized the use and sale of cannabis in some form, it remains illegal under US federal law. On January 4, 2018, then-US Attorney General Jeff Sessions issued a memorandum to US Attorneys which rescinded previous guidance from the US Department of Justice specific to cannabis enforcement in the US, including the Cole Memorandum, which stated that the US Department of Justice would not prioritize the prosecution of cannabis-related violations of US federal law in jurisdictions that had enacted laws legalizing medical cannabis in some form and had implemented strong and effective regulatory and enforcement systems. With the Cole Memorandum rescinded, US federal prosecutors have greater discretion in determining whether to prosecute medical cannabis-related violations of US federal law; there was never such a policy statement in relation to US state and territories with adult use cannabis programs. Because TerrAscend engages in cannabis-related activities in the US, an increase in federal enforcement efforts with respect to current US federal laws applicable to cannabis could cause financial damage to TerrAscend. In addition, TerrAscend is at risk of being prosecuted under US federal law and having its assets seized.

TerrAscend's exposure to US cannabis related activities are as follows:

	At December 31, 2021	At December 31, 2020
Current assets	$ 82,328	$ 52,968
Non-current assets	407,675	288,063
Current liabilities	61,255	81,494
Non-current liabilities	164,977	149,452

	At December 31, 2021	At December 31, 2020	At December 31, 2019
Revenue, net	$ 190,847	$ 125,207	$ 26,684
Gross profit (loss)	110,783	85,520	10,250
Income (loss) from operations	26,503	38,702	(6,976)
Net loss attributable to controlling interest	(2,506)	(5,582)	(114,674)

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

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the Cannabis Act, investors are cautioned that in the US, cannabis is largely regulated at the state level. Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA in the US and as such, is in violation of federal law in the US. Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry.

As stated above, Congress has passed appropriations bills each of the last several years, since 2014, to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. Most recently, on September 30, 2021 and December 3, 2021, President Biden signed short-term continuing resolutions to extend current appropriations, most recently through February 18, 2022. The continuing resolution contains, among other things, the RBA, which prevents the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state medical cannabis laws.

The US Court of Appeals for the Ninth Circuit has construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws, and has vacated numerous convictions and sent the cases back to the trial courts for further determination. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, for example by declining to include the RBA in a budget resolution, or by failing to pass necessary budget legislation and causing another government shutdown, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations applicable to non-capital CSA violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations and provide no protection against businesses operating in compliance with a state's recreational cannabis laws.

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

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

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

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

Since the use of cannabis is currently illegal under US federal law, and in light of considerations related to money laundering and other federal financial crime related to cannabis in the US banking industry, US banks have been reluctant to accept or deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept its business. Likewise, cannabis businesses have limited access, if any, to credit card processing services. As a result, cannabis businesses in the US are largely cash-based. This complicates the implementation of financial controls and increases security issues.

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

Under the federal money laundering statutes, unlicensed money transmitter statute and the Bank Secrecy Act, financial transactions in the US involving proceeds generated by cannabis-related conduct can form the basis for prosecution. The FinCEN division of the US Department of Treasury has provided guidance for how financial institutions can provide services to the cannabis-related businesses consistent with the obligations under the Bank Secrecy Act.

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

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

TerrAscend operates in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where the Company carries on business, which could negatively affect TerrAscend's business.

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

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

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

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

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

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

TerrAscend's products may be considered misbranded or adulterated, or otherwise unlawful under federal and state food and drug laws and could subject TerrAscend to local, federal, or state enforcement or private litigation. Some states permit advertising, labeling laws, false and deceptive trade practices, and other consumer-protection laws to be enforced by state attorney generals, who may seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by TerrAscend. Private litigation may also seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by TerrAscend in any of the markets in which it operates. Any actions against TerrAscend by governmental authorities or private litigants could have a material adverse effect on TerrAscend's business, financial condition and results of operations.

TerrAscend may be subject to constraints on and differences in marketing its products under varying regulatory restrictions.

The development of TerrAscend's business and results of operations may be hindered by applicable regulatory restrictions on sales and marketing activities. For example, the regulatory environment in Canada limits TerrAscend's ability to compete for market share in a manner similar to other industries. If TerrAscend is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for TerrAscend's products, TerrAscend's sales and results of operations could be adversely affected.

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

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

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

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

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

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

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

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

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

TerrAscend faces risks related to the loss of foreign private issuer status and becoming a US reporting company.

The Company has determined that it no longer meets the definition of a foreign private issuer ("FPI") as at the applicable reference date. As a public issuer, the Company is currently subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company's securities may be listed from time to time. Effective January 1, 2022, due to the loss of FPI status, the Company became subject to the reporting requirements of the Exchange Act, and the regulations promulgated thereunder. Additional or new regulatory requirements may be adopted in the future. The loss of FPI status may have adverse consequences on the Company's ability to issue its securities to acquire companies and its ability to raise capital in private placements or prospectus offerings. In addition, the requirements of existing and potential future rules and regulations will increase the Company's legal, audit, accounting and financial compliance costs, make some activities more difficult, time consuming or costly and may also place undue strain on the Company's personnel, systems and resources, including the transition of the Company's financial reporting from IFRS to US GAAP, which could adversely affect TerrAscend's business, financial condition, and results of operations. Further, should the Company seek to list on a securities exchange in the US, the loss of FPI status may increase the cost and time required for such a listing.

Risks Related to TerrAscend's Business, Operations and Industry

The Company's indebtedness may adversely affect TerrAscend's business. The Company's failure to comply with applicable covenants could trigger events that may materially adversely affect the Company's business.

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

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

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

TerrAscend faces intense competition as a relatively new entrant in the cannabis industry, and its business could be adversely affected by other businesses in a better competitive position.

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

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

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

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

TerrAscend's success in North America is dependent on the market building out direct to consumer channels including but not limited to retail outlets. There are many factors which could impact TerrAscend's ability to gain market share and distribute its products, including but not limited to the continued growth and expansion of retail outlets in the North American market which may have a material adverse effect on TerrAscend's business, operating results and financial condition. TerrAscend's ability to continue to grow, process, store and sell medical cannabis and participate in the adult-use cannabis markets is dependent on the maintenance and validity of TerrAscend's licenses from regulatory authorities.

The cannabis industry and markets are relatively new in North America and in other jurisdictions, and this industry and market may not continue to exist or grow as anticipated or TerrAscend may ultimately be unable to succeed in this industry and market.

The Company has historically had negative cash flow from operating activities, and continued losses could have a material negative effect on the Company's business and prospects.

TerrAscend started sales in April 2018 and historically has had negative cash flow from operating activities. TerrAscend may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, TerrAscend expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If TerrAscend's sales do not increase to offset these expected increases in costs and operating expenses, TerrAscend will not be profitable.

Continued losses may have the following consequences:

- increasing TerrAscend's vulnerability to general adverse economic and industry conditions;
- limiting TerrAscend's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- limiting TerrAscend's flexibility in planning for, or reacting to, changes in its business and the industry.

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

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, TerrAscend must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. Market research and projections by TerrAscend of estimated total retail sales, demographics, demand, and similar consumer research are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of TerrAscend's management team as of the date of this Form 10-K. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of TerrAscend.

TerrAscend's inability to attract and retain key personnel could materially adversely affect its business.

The success of TerrAscend is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management, which are key personnel. Moreover, TerrAscend's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and TerrAscend may incur significant costs to attract and retain them. The loss of the services of such key personnel, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on TerrAscend's ability to execute on its business plan and strategy, and TerrAscend may be unable to find adequate replacements on a timely basis, or at all. While employment agreements are customarily used as a primary method of retaining the services of such key personnel these agreements cannot assure the continued services of such employees.

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

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

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

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for TerrAscend's products and the business, results of operations, financial condition of TerrAscend. In particular, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or TerrAscend's products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed. For instance, the vape crisis that began in the summer of 2019 was ultimately linked to cutting agents almost exclusively found in the illicit market. Regardless, several states moved to ban the sale of vape products in legal markets, severely impacting entire revenue streams.

Although TerrAscend believes that it takes care in protecting its image and reputation, TerrAscend does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to TerrAscend's overall ability to advance its business, thereby having a material adverse impact on the financial condition and results of operations of TerrAscend.

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

Damage to TerrAscend's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to

generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to TerrAscend and its activities, whether true or not. Although TerrAscend believes that it operates in a manner that is respectful to all shareholders and that it takes care in protecting its image and reputation, TerrAscend does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations, and an impediment to TerrAscend's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows, and growth prospects. Further, the parties with which TerrAscend does business may perceive that they are exposed to reputational risk as a result of TerrAscend's cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on TerrAscend.

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

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

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

TerrAscend's business is subject to the risks inherent in agricultural operations.

TerrAscend's business involves the cultivation of the cannabis plant. The cultivation of this plant is subject to agricultural risks related to insects, plant diseases, unstable growing conditions, water and electricity availability and cost, and force majeure events. Although TerrAscend cultivates its cannabis plants in indoor, climate controlled rooms staffed by trained personnel and in the future plans to cultivate cannabis plants in greenhouses, there can be no assurance that agricultural risks will not have a material adverse effect on the cultivation of its cannabis. TerrAscend may in the future cultivate cannabis plants outdoors, which would also subject it to related agricultural risks.

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

TerrAscend's cannabis growing and manufacturing operations consume considerable energy, which make TerrAscend vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may adversely impact the business of TerrAscend and its ability to operate profitably.

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

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

TerrAscend's ability to obtain registered trademark protection for cannabis-related goods and services, in particular for cannabis itself, may be limited in certain countries outside of Canada, including the US, where registered federal trademark protection is currently unavailable for trademarks covering marijuana-related products and services that are illegal under the CSA. Accordingly, TerrAscend's ability to obtain intellectual property rights or enforce intellectual property rights against third party uses of similar trademarks may be limited in certain countries. The US Patent and Trademark Office released a

policy on May 2, 2019 that clarifies that applications for trademarks for products that meet the definition of hemp could be accepted for registration, with certain exceptions.

Even if TerrAscend moves to protect its technology with trademarks, patents, copyrights or by other means, TerrAscend is not assured that competitors will not develop similar technology, business methods or that TerrAscend will be able to exercise its legal rights. Other countries may not protect intellectual property rights to the same standards as does the US or Canada. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources which may have a significant impact on TerrAscend's ability to successfully grow the business.

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

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

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

TerrAscend faces physical security risks, as well as risks related to its information technology systems, potential cyber-attacks, and privacy breaches.

If there was a breach in security systems and TerrAscend becomes victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment or if there was a failure of information systems or a component of information systems, it could, depending on the nature of any such breach or failure, adversely impact TerrAscend's reputation, business continuity and results of operations. A security breach at one of TerrAscend's facilities could expose TerrAscend to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing TerrAscend's products. Given the nature of TerrAscend's products and its lack of legal availability outside of channels approved by the government of the US, as well as the concentration of inventory in its facilities, there remains a risk of shrinkage as well as theft. TerrAscend also collects and stores personal information about its patients and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions.

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

TerrAscend has entered into agreements with third parties for hardware, software, telecommunications and other information technology (or "IT") services in connection with its operations. TerrAscend's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. TerrAscend's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact TerrAscend's reputation and results of operations.

Theft of data for competitive purposes is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on TerrAscend's business, financial condition and results of operations. In addition, there are a number of federal, state, and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. If TerrAscend was found to be in violation of the applicable laws protecting the confidentiality of patient

health information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the business, results of operations and financial condition of TerrAscend.

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

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

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

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

In particular, TerrAscend may also become involved in other transactions which conflict with the interests of its directors and officers, who may from time to time deal with persons, firms, institutions or companies with which TerrAscend may be dealing, or which may be seeking investments similar to those desired by it. All decisions to be made by directors and officers of TerrAscend are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of TerrAscend. In addition, the directors and officers are required to declare their interests in, and such directors are required to refrain from voting on, any matter in which they may have a material conflict of interest.

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

The Company will incur expenses and, to a lesser extent, diversion of Company management's time in its efforts to comply with Section 404 of the Sarbanes-Oxley Act regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for the Company to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause TerrAscend to fail to meet its reporting obligations. In addition, any testing by the Company conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by the Company's independent registered public accounting firm when required, may reveal deficiencies in TerrAscend's internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to the Company's consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in the Company's reported financial information, which could have a negative effect on the trading price of the Company's Common Shares.

The COVID-19 pandemic may continue to have an impact on the Company's business and financial results.

On March 12, 2020, the World Health Organization declared a global pandemic known as COVID-19. The impacts on global commerce have been far reaching. To date, the COVID-19 pandemic has had an immaterial impact on TerrAscend's products and supply chains. The production and sale of cannabis have been recognized as essential services across the US and Canada and TerrAscend has not experienced production delays or prolonged retail closures to date as a result.

Due to the continued uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on TerrAscend's business, financial position and operating results in the future. In addition, it is possible that estimates in

TerrAscend's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. An impairment test was performed as of December 31, 2020 for TerrAscend's goodwill and intangible assets. Management is closely monitoring the impact of the pandemic on all aspects of its business. As at December 31, 2021 management had not observed any material impairments of TerrAscend's assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

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

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

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

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

The success of TerrAscend's business depends, in part, on its ability to successfully integrate recently acquired businesses and to retain key employees of acquired businesses. If the Company is unsuccessful in doing so, it may negatively affect TerrAscend's business.

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

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

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

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

TerrAscend currently operates parts of its business through joint ventures with other companies, and it may enter into additional joint ventures in the future. Joint venture investments and partnerships may involve risks not otherwise present for investments made solely by TerrAscend, including: (i) TerrAscend may not control the joint ventures; (ii) TerrAscend's joint venture partners may not agree to distributions that it believe are appropriate; (iii) where TerrAscend does not have substantial decision-making authority, it may experience impasses or disputes with TerrAscend's joint venture partners on certain decisions, which

could require it to expend additional resources to resolve such impasses or disputes, including litigation or arbitration; (iv) TerrAscend's joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or fail to fulfil their obligations as a joint venture partner; (v) the arrangements governing TerrAscend's joint ventures may contain certain conditions or milestone events that may never be satisfied or achieved; (vi) TerrAscend's joint venture partners may have business or economic interests that are inconsistent with TerrAscend's and may take actions contrary to TerrAscend's interests; (vii) TerrAscend may suffer losses as a result of actions taken by TerrAscend's joint venture partners with respect to TerrAscend's joint venture investments; and (viii) it may be difficult for TerrAscend to exit a joint venture if an impasse arises or if TerrAscend desires to sell its interest for any reason. Any of the foregoing risks could have a material adverse effect on TerrAscend's business, financial condition and results of operations. In addition, TerrAscend may, in certain circumstances, be liable for the actions of its joint venture partners.

Risks Related to the Acquisition of Gage

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

The Company believes that the completion of the Transaction will allow it to accelerate its strategic efforts to capitalize on significant growth opportunities by gaining exposure to the Michigan market. As part of its growth strategy, the Company will continue in its existing efforts and initiate new efforts to expand its footprint, and brand and marketing capabilities. Such expansion is dependent on availability of capital funding, achieving satisfactory returns on the acquisition of Gage, continuing to enter into successful business arrangements and certain assumptions about being able to achieve Gage's projected growth strategy. The failure to successfully implement either its own strategic initiatives, or those with respect to Gage, could have a material adverse effect on the Company's business and results of operations.

The Company and Gage may not integrate successfully, which may prevent the realization of the benefits of the Transaction and may have a material adverse effect on the Company.

The Transaction involves the integration of companies that previously operated independently. As a result, the Transaction presents challenges to management, including the integration of the operations, systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, costs and delays related to the integration of Gage into the Company's systems and operations, diversion of management's attention from ongoing business concerns and the potential for performance shortfalls as a result of the devotion of management's attention to the Transaction and integration of Gage and Gage personnel, the potential loss of key business, employment and other operational relationships and the inability to attract new employees and business and operational relationships. Many of the difficulties management encounters in the transition and integration process are outside of the Company's control, which could result in an adverse effect on the revenues, level of expenses and operating results of the Company, which in turn could have an adverse effect on the Company's brand, business and financial condition. As a result of these factors, it is possible that any benefits expected from the Transaction to the Company may not ultimately be realized fully, or at all, or may take longer to realize than expected.

Reliance on Licenses and Transfers

Gage's business is dependent on its commercial arrangements with the owners of the licenses that Gage supports in the State of Michigan (the "Licensed Operators"), and such parties continuing their current operations, maintaining their respective licenses in good standing and applying for and receiving any additional necessary licenses and compliance with their terms. There can be no guarantee that any of the required licenses held by the Licensed Operators will be extended or renewed, or, if extended or renewed by the relevant authorities, that they will be extended or renewed on the same or similar terms. The failure by Gage or any of the Licensed Operators to comply with the requirements of any regulation or license or any failure to maintain any license or obtain any additional necessary licenses, or the existence of any material disagreement between Gage and the Licensed Operators, could have a material adverse impact on TerrAscend's business, financial condition and results of operations. Separately, there can be no guarantee that ownership of all of the required licenses held by the Licensed Operators will be able to be transferred to TerrAscend. In such an event, TerrAscend would be reliant on services agreements with the Licensed Operators for an indefinite time period. Additionally, the Licensed Operators may be unable to manufacture and process products in line with the required quality standards, which could materially impact TerrAscend's business, financial condition, results of operations or prospects. As a result of all of these factors, it is possible that any benefits from the Transaction to the Corporation may not ultimately be realized.

The issuance of a significant number of Common Shares and the resulting "market overhang" could adversely affect the market price of Common Shares after completion of the Transaction.

The issuance of a significant number of Common Shares and the resulting "market overhang" could adversely affect the market price of Common Shares. On the closing date, a significant number of additional Common Shares will be available for trading in the public market. The increase in the number of Common Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Common Shares. The potential that TerrAscend shareholders may sell their Common Shares in the public market (commonly referred to as "market overhang"), as well as any actual sales of such Common Shares in the public market, could adversely affect the market price of the Common Shares.

TerrAscend and Gage may be the target of securities class actions and derivative lawsuits, which could result in substantial costs to TerrAscend and may divert the attention of TerrAscend's management, which may have a material adverse effect on the Company.

TerrAscend and Gage may be the target of securities class actions and derivative lawsuits which could result in substantial costs and may divert the attention of TerrAscend's management, which may have a material adverse effect on the Company. Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into an agreement to acquire a public company or to be acquired. Third parties may also attempt to bring claims against TerrAscend and Gage seeking monetary compensation or other remedies. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources.

In addition, political and public attitudes towards the Transaction could result in negative press coverage and other adverse public statements affecting TerrAscend and Gage. Adverse press coverage and other adverse statements could lead to investigations by regulators, legislators and law enforcement officials or in legal claims or otherwise negatively impact the ability of TerrAscend to take advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on TerrAscend's business, financial condition and results of operations.

Risks Related to the Company's Common Shares

The Company's voting control is concentrated.

Mr. Jason Wild, TerrAscend's Executive Chairman and Chairman of the Company's Board, beneficially owns, directly or indirectly, or exercises control or direction over shares representing approximately 38.43% of the voting capital stock of the Company as of January 18, 2022. As a result, he exerts significant control over matters that may be put forth for the consideration of all TerrAscend shareholders, including for example, the approval of a potential business combination or consolidation, a liquidation or sale of all or substantially all of TerrAscend's assets, electing members to TerrAscend's Board, and adopting amendments to TerrAscend's constating documents, including its articles of incorporation, as amended (the "**Articles**") and by-laws.

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

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

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

TerrAscend's Common Shares are listed on the CSE and also trade over the counter in the US on the OTCQX® Best Market, however, there can be no assurance that an active and/or liquid market for Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of TerrAscend. For example, certain banks will not execute any transactions in securities of cannabis-related businesses or have implemented restrictions and additional requirements for such transactions.

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

The market price of Common Shares may be subject to wide price fluctuations, and the price of TerrAscend's shares and its financial results may be significantly and adversely affected by a decline in the price of cannabis. There is currently no established market price for cannabis and the price of cannabis is affected by several factors beyond TerrAscend's control. For example, price fluctuations may be in response to many factors, including variations in the operating results of TerrAscend and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for TerrAscend and its subsidiaries, general economic conditions, legislative changes, community support for the medical cannabis industry and other events and factors outside of TerrAscend's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's Common Shares.

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

TerrAscend may issue additional securities in the future, which may dilute a TerrAscend shareholder's holdings in TerrAscend. TerrAscend's Articles permit the issuance of an unlimited number of Proportionate Voting Shares, Exchangeable Shares, Preferred Shares and Common Shares, and TerrAscend shareholders will have no pre-emptive rights in connection with such further issuance. For example, in connection with the recently completed Transaction with Gage, the Company issued approximately 51.3 million Common Shares to Gage shareholders and reserved approximately an additional 25.8 million Common Shares pursuant to the convertible securities of Gage which will be exchanged for convertible securities of the Company. The directors of TerrAscend have discretion to determine the price and the terms of issue of further issuances, and such terms could include rights, preferences and privileges superior to those existing holders. Moreover, additional Common Shares will be issued by TerrAscend on the exercise of options under TerrAscend's stock option plan and upon the exercise of outstanding warrants and upon the conversion of Proportionate Voting Shares, Exchangeable Shares and Preferred Shares. To the extent holders of TerrAscend's stock options or other convertible securities convert or exercise their securities and sell Common Shares they receive, the trading price of the Common Shares may decrease due to the additional amount of Common Shares available in the market. TerrAscend cannot predict the size or nature of future issuances or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and economic interest in TerrAscend.

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

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

Risks related to potential disqualification of equity holders by regulatory authorities.

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

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

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

General Risk Factors

TerrAscend may not be able to obtain necessary permits and authorizations.

TerrAscend may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where its products are manufactured and/or sold. There can be no assurance that TerrAscend will be able to obtain or maintain any

necessary licenses, permits or approvals. Any material delay or inability to receive these items is likely to delay and/or inhibit TerrAscend's ability to conduct its business, and would have an adverse effect on its business, financial condition and results of operations.

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

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

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

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

TerrAscend has a limited operating history, which makes it difficult to evaluate its prospects and predict future operating results.

TerrAscend has a limited operating history and, accordingly, potential investors will have a limited basis on which to evaluate its ability to achieve its business objectives. The future success of TerrAscend is dependent on management's ability to implement its strategy, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that TerrAscend will successfully produce commercial medical cannabis, establish a market for and sell its product, maintain its licenses or obtain other necessary licenses and/or approvals.

TerrAscend faces risks frequently encountered by early-stage companies. In particular, its future growth and prospects will depend on its ability to expand its operation and gain additional revenue streams while at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on TerrAscend's business, financial condition and results. As such, there is no assurance that TerrAscend will be successful in achieving a return on TerrAscend shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

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

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

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

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following tables set forth the Company's principal physical properties as of February 28, 2022.

Corporate Properties

Type	Location	Leased / Owned
Headquarters	TerrAscend Canada Inc. Mississauga, Ontario, Canada	Owned*
Office	Ilera Healthcare / TerrAscend Corp. Office. King of Prussia, PA	Leased*
Office	Corporate Office (West) Healdsburg, CA	Leased
Office	Corporate Office Boca Raton, FL	Leased*
Office	KCR Corporate Office Allentown, PA	Leased

Production and Storage Properties

Type	Location	Leased / Owned
Manufacturing	TerrAscend Canada Inc. Mississauga, Ontario, Canada	Owned*
Manufacturing	V Products Santa Rosa, CA	Leased
Manufacturing, Warehouse	Warehouse Boca Raton, FL	Leased*
Manufacturing, Cultivation	Ilera Healthcare – Grow PA Waterfall, PA	Owned* †
Manufacturing, Cultivation	TerrAscend New Jersey Boonton, NJ	Owned
Manufacturing, Cultivation	HMS Health LLC Frederick, MD	Leased
Cultivation	ABI LLC (State Flower) San Francisco, CA	Leased
Manufacturing, Cultivation	HMS Health LLC Hagerstown, Maryland	Owned□

Retail Properties

Type	Location	Leased / Owned
Dispensary	The Apothecarium Dispensary – Plymouth Plymouth Meeting, PA	Leased*
Dispensary	The Apothecarium Dispensary – Lancaster Lancaster, PA	Leased*
Dispensary	The Apothecarium Dispensary – Thorndale Thorndale, PA	Leased*
Dispensary	KCR Dispensary – Allentown Allentown, PA	Owned*
Dispensary	KCR Dispensary – Bethlehem Bethlehem, PA	Leased*
Dispensary	KCR Dispensary – Stroudsburg Stroudsburg, PA	Leased*
Dispensary	The Apothecarium Dispensary – Phillipsburg Phillipsburg, NJ	Owned
Dispensary	The Apothecarium Dispensary – Maplewood Maplewood, NJ	Leased
Dispensary	The Apothecarium Dispensary – Lodi Lodi, NJ	Leased☐
Dispensary	The Apothecarium Dispensary – Castro San Francisco, CA	Leased
Dispensary	The Apothecarium Dispensary – Marina San Francisco, CA	Leased
Dispensary	The Apothecarium Dispensary – Soma San Francisco, CA	Leased
Dispensary	The Apothecarium Dispensary – Berkeley Berkeley, CA	Leased
Dispensary	The Apothecarium Dispensary – Capitola Capitola, CA	Leased

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

† The Company owns the production property at the Ilera Healthcare property in Waterfall, PA, but the land is leased from another entity.

☐ Not yet operational.

Properties Subject to an Encumbrance

The TerrAscend Canada property located in Mississauga, Ontario, Canada has been pledged as collateral to secure TerrAscend Canada's obligations under (i) a loan agreement entered into on June 19, 2020 by and between TerrAscend Canada and KingSett Mortgage Corporation, for a loan in the principal amount of C$7.3 million bearing interest of 8.25% and a balance due date of July 1, 2023 and (ii) a debenture entered into on March 10, 2020 by and between TerrAscend Canada and Canopy Growth in

the amount of $58.6 million pursuant to a secured debenture. The secured debenture bears interest at a rate of 6.10% per annum, with an effective interest rate of 14.15% and matures on March 10, 2030. The debenture is secured by the assets of TerrAscend Canada, is not convertible and is not guaranteed by TerrAscend Corp.

The interests of Arise in the leases for the Warehouse and Corporate Office properties in Boca Raton, FL have been pledged as collateral to secure Arise's obligations under a debenture, entered into on December 10, 2020 by and between Arise and Canopy Growth, in the principal amount of $20 million pursuant to a secured debenture. The secured debenture bears interest at a rate of 6.10% per annum commencing four years from the effective date, with an effective interest rate of 15.61% and matures on December 9, 2030. The debenture is secured by the assets of Arise, is not convertible and is not guaranteed by the Company.

The following properties have been pledged as collateral to secure obligations of the Company's subsidiary, WDB Holding PA, under a senior secured term loan, entered into on December 18, 2020, by and between WDB Holding PA and a syndicate of lenders, in the amount of $120 million, bearing an interest rate of 12.875% per annum and maturing on December 17, 2024: (i) Ilera Healthcare – Grow PA, Waterfall, Pennsylvania and (ii) KCR Dispensary – Allentown, Allentown, Pennsylvania. The interests of WDB Holding PA in the leases for the following properties have been pledged as collateral to secure the obligations WDB Holding PA under the same loan: (i) Ilera Healthcare / TerrAscend Corp. Office., King of Prussia, Pennsylvania, (ii) The Apothecarium Dispensary – Plymouth, Plymouth Meeting, Pennsylvania, (iii) The Apothecarium Dispensary – Lancaster, Lancaster, Pennsylvania, (iv) The Apothecarium Dispensary – Thorndale, Thorndale, Pennsylvania, (v) KCR Dispensary – Bethlehem, Bethlehem, Pennsylvania, (vi) KCR Dispensary – Stroudsburg, Stroudsburg, Pennsylvania. The loan is secured by the assets of TerrAscend's Pennsylvania business.

Item 3. Legal Proceedings

Legal Proceedings

The Company is from time to time involved in various legal proceedings. Other than as noted below, TerrAscend believes that none of the litigation in which it is currently involved, or has been involved, in individually or in the aggregate, is material to the Company's consolidated financial condition or results of operations.

PharmHouse and 261 Matter

On October 15, 2018, the Company's wholly owned subsidiary TerrAscend Canada entered into a multi-year cultivation agreement (the "PharmHouse Agreement") with PharmHouse Inc. ("PharmHouse"), a joint venture between RIV Capital and 2615975 Ontario Inc., the operators of a leading North American greenhouse produce company ("261"). Under the terms of the PharmHouse Agreement, it was expected that PharmHouse would grow and supply cannabis to TerrAscend Canada from its existing 1.3 million square foot greenhouse located in Leamington, Ontario. Once fully licensed, the production of flower, trim and clones from up to 20% of the dedicated flowering space planted at the greenhouse was expected to be made available to TerrAscend Canada. To date, PharmHouse has not yet delivered product in accordance with the terms of the PharmHouse Agreement.

On September 11, 2020, the Company and TerrAscend Canada were informed that a statement of claim was issued on August 31, 2020 in the Ontario Superior Court of Justice by 261 against RIV Capital, Canopy Growth, the Company and TerrAscend Canada (the "261 Claim"). In the 261 Claim, 261 alleged the Company worked with the other defendants to bankrupt PharmHouse in order to avoid having to purchase certain products to be provided by PharmHouse under the PharmHouse Agreement. 261 sought damages from the defendants in the amount of C$500 million and alleged certain causes of action, including bad faith, fraud, civil conspiracy, breach of the duty of honesty and good faith in contractual relations and breach of fiduciary duty.

On September 16, 2020, in connection with its bankruptcy proceedings, PharmHouse obtained an order from the Ontario Superior Court of Justice granting PharmHouse creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). Pursuant to the CCAA order, the 261 Claim was stayed. During a CCAA hearing in November 2020, 261 objected to the stay of the 261 Claim. The judge presiding over the CCAA process agreed to allow 261 to discontinue the 261 Claim against the defendants "without prejudice" to its right to recommence the 261 Claim against all parties except PharmHouse Inc., provided that such recommenced claim can only be brought after January 1, 2021. This does not affect any of the defendants' ability to move for a stay of the recommenced 261 Claim. On February 10, 2021, 261 served the Company and TerrAscend Canada with the recommenced 261 Claim. The recommenced 261 Claim contains the same factual allegations as the 261 Claim, the same legal claims and the same relief sought; however, it was not recommenced against PharmHouse Inc. The Company has not accrued any contingencies with respect to the recommenced 261 Claim.

On March 11, 2021, the Ontario Superior Court of Justice approved a settlement agreement (the "Settlement Agreement") between the Company, TerrAscend Canada and PharmHouse. 261 is not a party to the Settlement Agreement. The Ontario Superior Court of Justice held in its March 11, 2021 endorsement that nothing in the Settlement Agreement releases or compromises any of the claims or causes of action asserted against the Company or TerrAscend Canada in the recommenced 261 Claim. The Settlement Agreement provides that the Company make a one-time purchase of a specific quantity of cannabis that was grown under the PharmHouse Agreement for a set price per gram, totaling C$1,166,669.93, and for a one-time cash payment of C$725,000 to PharmHouse for full and final satisfaction of any claims or obligations between the Company, TerrAscend Canada and PharmHouse. The Company paid all amounts due under the Settlement Agreement and has commercialized the purchased cannabis. The Settlement Agreement does not affect the recommenced 261 Claim issued on February 10, 2021, as the plaintiff in the recommenced 261 Claim is not a party to the Settlement Agreement and the Ontario Superior Court of Justice held that nothing in the Settlement Agreement releases or compromises any of the claims or causes of action asserted against the Company or TerrAscend Canada in the recommenced 261 Claim.

Investments International Matter

On October 20, 2018, Investments International Inc. ("Investments") signed a lease agreement with the Company and its wholly owned subsidiaries, 2627685 Ontario Inc. and 2151924 Alberta Inc. On February 8, 2019, Investments filed a statement of claim under the Court of Alberta against the Company and its wholly owned subsidiaries, for breach of the lease agreement. The amount claimed is $2,764 plus interest from and after the termination date of an unexecuted lease. The Company has paid initial lease deposits in addition to submitting a statement of defence. The Company does not expect the claim to have a material adverse impact on the Company and no amount has been accrued in the consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information

TerrAscend's Common Shares are listed on the CSE under the trading symbol "TER." The Common Shares also trade over the counter in the US on the OTCQX Best Market tier of the electronic over-the-counter marketplace operated by OTC Markets Group, Inc. under the trading symbol "TRSSF." Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Shareholders

TerrAscend had 206 shareholders of record as of March 15, 2022. This does not include shares held in the name of a broker, bank or other nominees (typically referred to as being held in "street name").

Dividends

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

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrant and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	13,046,946	5.00	18,239,524
Equity compensation plans not approved by security holders	—	—	—
Total	13,046,946	5.00	18,239,524

Recent Sales of Unregistered Securities

The following information represents securities sold by the Company during the fiscal year ending December 31, 2021, which were not registered under the Securities Act. Included are new issues, securities issued in exchange for property, services or other securities, securities issued upon conversion from other Company share classes and new securities resulting from the modification of outstanding securities. The Company sold all of the securities listed below pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act, or Regulation D or Regulation S promulgated thereunder.

Common Shares

On January 28, 2021, the Company issued 18,115,656 Common Shares at an issue price of $9.64 per share in connection with a non-brokered private placement announced on January 12, 2021, resulting in gross proceeds of $175 million.

On April 30, 2021, 3,464,870 Common Shares were issued to the former owners of Guadco, LLC and KCR Holdings LLC at a price of $9.94 per share as consideration for the acquisition of the remaining 90% of the equity of this business.

In 2021, 40,665 Common Shares were issued to holders of the 2021 RSUs (as defined below) upon vesting at fair value prices on the dates of issuance between $2.26 and $10.11 per share.

In 2021, 8,000 Common Shares were issued to an individual shareholder at price range between $6.58 and $11.50 per share as a result of a liability settlement.

Other Issuances

In the year ended December 31, 2021, 3,905,000 options to purchase Common Shares were granted to certain Company employees as additional compensation pursuant to the Company's Stock Option Plan at various exercise prices between $5.85 to $15.61 per share. These options vested annually over a period of three or four years.

In the year ended December 31, 174,408 RSUs (each, a "2021 RSU") were granted to various employees as compensation pursuant to the Company's RSU Plan at a grant price $10.79 per share. Each 2021 RSU entitles the holder to receive one Common Share. The 2021 RSUs vested annually over three to four years.

Item 6. [Reserved]

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

The following discussion should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and the accompanying notes presented in this Form 10-K. Readers are cautioned that this Management's Discussion and Analysis ("MD&A") contains forward-looking statements and that actual events may vary from management's expectations. This discussion addresses matters the Company considers important for an understanding of its financial condition and results of operations.

In this section, we discuss the results of our operations for the year ended December 31, 2021 compared to the year ended December 31, 2020 and the year ended December 31, 2020 compared to the year ended December 31, 2019. For a discussion of the year ended December 31, 2019 compared to the year ended December 31, 2018, please refer to Item 2, "*Financial Information—Management's Discussion and Analysis of Financial Condition and Results of Operations*" in our Registration Statement on Form 10, as amended, filed with the SEC on January 20, 2022. The financial condition and results of operations of TerrAscend is for the years ended December 31, 2021 and 2020 and the accompanying notes for each respective period. It is supplemental to, and should be read in conjunction with, the Company's consolidated financial statements for the year ended December 31, 2021, 2020 and 2019 and the accompanying notes for each respective period. The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Financial information presented in this MD&A is presented in United States dollars ("$"), unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "*Cautionary Note Regarding Forward-Looking Statements*" at the forepart of this Form 10-K. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information. This MD&A should be read in conjunction with the risk factors set forth in Item 1A – "*Risk Factors.*"

Business Overview

TerrAscend is a leading North American cannabis operator with vertically integrated operations in Pennsylvania, New Jersey, and California, licensed cultivation and processing operations in Maryland, and licensed processing operations in Canada. TerrAscend operates a chain of The Apothecarium dispensary retail locations, as well as scaled cultivation, processing, and manufacturing facilities on both the east and west coasts of the United States. TerrAscend's cultivation and manufacturing practices yield consistent, high-quality cannabis, providing industry-leading product selection to both the medical and legal adult-use market. Notwithstanding various states in the US which have implemented medical marijuana laws, or which have otherwise legalized the use of cannabis, the use of cannabis remains illegal under US federal law for any purpose, by way of the CSA.

TerrAscend operates under one operating segment for the cultivation, production and sale of cannabis products.

TerrAscend's portfolio of operating businesses and brands include:

- Ilera Healthcare, a vertically integrated cannabis cultivator, processor and dispensary operator in Pennsylvania;
- TerrAscend NJ LLC, a majority owned subsidiary that holds a permit to operate up to three alternative treatment centers in New Jersey with the ability to cultivate and process;
- The Apothecarium, consisting of retail dispensaries in California, Pennsylvania and New Jersey;
- Valhalla Confections, a leading provider of premium edible products;
- State Flower, a California-based cannabis producer operating a licensed cultivation facility in San Francisco, California;
- HMS Health, LLC and HMS Processing, LLC, a producer and seller of cannabis flower for the wholesale medical cannabis market in Maryland;
- Arise Bioscience, a manufacturer and distributor of hemp-derived products, located in Boca Raton, Florida; and

TerrAscend Canada Inc., a Licensed Producer (as such term is defined in the Cannabis Act) of cannabis, whose principal business activities include processing and sale of cannabis flower and oil products in Canada.

TerrAscend also entered into the Arrangement Agreement on August 31, 2021 to acquire Gage, a company which provides support services to licensed Gage-branded cannabis cultivators, processors and provisioning centers, and Cookies-branded provisioning centers, in Michigan. For more information regarding the Acquisition of Gage, please see Item 1 – "*Business*" – "*Recent Developments*" – "*The Acquisition of Gage Growth Corp.*"

Results from Operations - Years ended December 31, 2021, December 31, 2020, and December 31, 2019

The following tables represent the Company's results from operations for the twelve months ended December 31, 2021, December 31, 2020, and December 31, 2019:

Revenue, net

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Revenue	$ 222,067	$ 157,906	$ 66,164
Excise and cultivation taxes	(11,648)	(10,073)	(2,351)
Revenue, net	**$ 210,419**	**$ 147,833**	**$ 63,813**
$ change	62,586	84,020	
% change	42 %	132 %	

The increase in net revenue at December 31, 2021 as compared to December 31, 2020 was due to an increase of $42,410 in retail sales from $44,709 at December 31, 2020 to $87,119 at December 31, 2021, and an increase of $20,176 in wholesale sales from $103,124 at December 31, 2020 to $123,300 at December 31, 2021. The increase in retail sales was primarily a result of the increase in retail dispensaries across Pennsylvania, California, and New Jersey, which increased from nine at the end of 2020 to thirteen at the end of 2021. The increase in wholesale sales was primarily a result of the initial ramp up in New Jersey, expansion in Pennsylvania, as well as the acquisition of HMS.

The increase for the year ended December 31, 2020 as compared to December 31, 2019 was due to an increase of $56,431 in wholesale sales from $46,693 at December 31, 2019 to $103,124 at December 31, 2020, and an increase of $27,589 in retail sales from $17,120 at December 31, 2019 to $44,709 at December 31, 2020. The increase was primarily due to operational scale up as well as a full year of operations from the Company's acquisitions. The Company acquired The Apothecarium in June 2019, Ilera in September 2019, and State Flower in January 2020. The Company continued to expand organically through an increase in production and wholesale capacity in Pennsylvania and store expansions in Pennsylvania and California. In addition, the Company opened its first alternative treatment center in Phillipsburg, New Jersey during the year ended December 31, 2020.

Cost of Sales

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Cost of sales	$ 94,104	$ 62,702	$ 54,299
Impairment of inventory	4,211	4,111	6,956
Total cost of sales	**$ 98,315**	**$ 66,813**	**$ 61,255**
$ change	31,502	5,558	
% change	47 %	9 %	
Cost of sales as a % of revenue	44 %	42 %	93 %

The increase in cost of sales for the twelve months ended December 31, 2021 as compared to December 31, 2020 was a result of the increased volume of sales. The increase in the ratio of cost of sales relative to revenue is a result of yield declines in Pennsylvania and a higher mix of retail versus wholesale.

The increase in cost of sales from December 31, 2019 to December 31, 2020 was due to operational scale up as well as a full year of operations as a result of the Company's acquisitions of The Apothecarium in June 2019, Ilera in September 2019 and State Flower in January 2020. In addition, the Company has continued to expand production capacity and wholesale and retail sales presence. The Company's production facility in Pennsylvania tripled production capacity in the first quarter of 2020. The improvement in the ratio of cost of sales relative to net sales is a result of the Company becoming more cost efficient throughout its production process.

During the year ended December 31, 2021, the Company recorded impairment of $2,322, related to aged, obsolete, or unsaleable inventories at its Canada and Florida operations. Additionally, the Company recorded impairment of $1,889 at its Pennsylvania operations related to inventory that did not meet its quality standardsDuring the years ended December 31, 2020 and 2019, the Company recorded inventory impairments of $4,111 and $6,956, respectively, relating to raw materials and Cannabis products (finished goods) exceeding the net realizable value. Management determines net realizable value as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Of the impairment charges during the twelve months ended December 31, 2020, $1,795 of the charges were related to write down of inventory purchased from a third-party supplier, during the current period, at prices per prior signed agreements. The impairment charges for the year ended December 31, 2019 were due to the carrying value of inventory exceeding the estimated net realizable value.

General and Administrative Expense (G&A)

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
General and administrative expense	$ 80,973	$ 65,534	$ 45,898
$ change	15,439	19,636	
% change	24 %	43 %	
G&A as a % of revenue	36 %	42 %	69 %
G&A excluding share-based compensation	66,031	55,459	39,160
G&A excluding share-based compensation as a % of revenue	30 %	35 %	59 %

The increase in G&A expenses for the years ended December 31, 2021 as compared to December 31, 2020 was primarily a result of increased salaries and wages of $11,716, mainly as a result of the increase in US operations. Additionally, the Company recognized increased share-based compensation expense of $4,867, primarily due to the greater number of options granted to new employees during the latter half of 2020, resulting in higher expenses during the twelve months ended December 31, 2021 as compared to the twelve months ended December 31, 2020, as well as expense related to the acceleration of options related to severance. In addition, the Company paid $2,121 in one-time legal settlements during the twelve months ended December 31, 2021.

The increase in G&A expenses for the twelve months ended December 31, 2021 was partially reduced by a decrease in professional fees from the twelve months ended December 31, 2020 as a result of payments due of $7,500 related to amounts payable to an entity controlled by the minority shareholders of TerrAscend NJ pursuant to services surrounding the granting of certain licenses. Excluding this payment, professional fees increased $6,283 primarily due to legal fees and fees for US filer preparation.

The increase in G&A expenses for the year ended December 31, 2020 as compared to December 31, 2019 was primarily driven by an increase in professional fees related to payments due of $7,500 to an entity controlled by the minority shareholders of TerrAscend New Jersey. Additionally, the Company recognized an increase in share-based compensation expense of $3,337 due to options granted to new employees in 2020 and vesting of RSU grants. No RSU grants vested during the twelve months ended December 31, 2019. The increase in G&A was also partially driven by the full year impact of the acquisitions of The Apothecarium, Ilera and State Flower in 2019 and the organic expansion of dispensaries in California and Pennsylvania.

Amortization and Depreciation Expense

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Amortization and depreciation	$ 7,656	$ 5,562	$ 3,067
$ change	2,094	2,495	
% change	38 %	81 %	

The increase in amortization and depreciation expense for the twelve months ended December 31, 2021 as compared to December 31, 2020 is primarily related to additions of property and equipment due to the Company’s cultivation expansions and increase in dispensaries in Pennsylvania, New Jersey and California.

The increase in amortization and depreciation expense for the year ended December 31, 2020 as compared to December 31, 2019 was primarily driven by a full year of US operations as a result of the acquisitions that occurred during the year ended December 31, 2019. Additionally, the Company completed construction of the cultivation facility in New Jersey and began recording depreciation during the year ended December 31, 2020.

Revaluation of contingent considerations

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Revaluation of contingent consideration	$ 3,584	$ 18,709	$ 46,857
$ change	(15,125)	(28,148)	
% change	-81 %	-60 %	

The decrease in the revaluation of contingent consideration for the year ended December 31, 2021 as compared to December 31, 2020 is a result of a reduction in the liability as compared to December 31, 2020 due to payments for the earnout of Ilera of $29,668 made subsequent to December 31, 2020, reducing the amount outstanding. This decrease is partially offset by the accretion of contingent consideration payable, which was recorded at the present value of future payments upon initial recognition.

The decrease in the revaluation of contingent consideration for the year ended December 31, 2020 as compared to December 31, 2019 is a result of a reduction in the liability as compared to December 31, 2019 due to payments of $147,184, reducing the amount outstanding. This decrease was partially offset by the accretion of the contingent consideration payable for Ilera and State Flower which were recorded at the present value of future payments upon initial recognition.

(Gain) loss on fair value of warrants and purchase option derivative asset

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
(Gain) loss on fair value of warrants and purchase option derivative asset	$ (57,904)	$ 110,518	$ —
$ change	(168,422)	110,518	
% change	-152 %	100 %	

The Preferred Share warrant liability has been remeasured to fair value at December 31, 2021 using the Black Scholes model. The Company recognized a gain during the twelve months ended December 31, 2021 as a result of the reduction of the Company's share price from December 31, 2020 as compared to December 31, 2021, as well as from warrants exercised during the twelve months ended December 31, 2021. The combined impact resulted in a gain on fair value of warrants of $58,158 for the twelve months ended December 31, 2021.

For the year ended December 31, 2021, the purchase option derivative asset was remeasured to fair value using the Monte Carlo simulation model resulting in a loss of $254.

During the twelve months ended December 31, 2020, the Company recognized a loss on fair value of warrants of $110,518 as a result of the increase in the Company's share price from the valuation date.

Finance and other expenses

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Finance and other expenses	$ 29,229	$ 8,193	$ 3,524
$ change	21,036	4,669	
% change	257 %	132 %	

The increase in finance and other expenses for the year ended December 31, 2021 as compared to December 31, 2020 is primarily due to a full year of interest expense of $18,213 related to the Ilera term loan and Canopy Growth Arise loan issued in December 2020, as compared to $674 during the year ended December 31, 2020. In addition, during the year ended December 31, 2021, the Company recorded a reduction to the indemnification asset related to The Apothecarium's tax audit settlement

and statute expirations for tax years ended September 30, 2014 and September 30, 2015 in the amount of $4,504 included in finance and other expenses, with an offset recorded to reduce the Company's income tax provision (refer to "Provision for income taxes" below). During the current period, finance and other expenses is partially offset by $1,414 of other income related to the forgiveness of the Company's Paycheck Protection Program ("PPP") loans received by the Company's Arise business. The finance expense in the comparable prior year period was primarily related to borrowings on the $75,000 credit facility with JW Asset Management LLC, as well as the Canopy Growth loan (formerly RIV Capital loan) entered into in the latter half of 2019, and the Canopy Growth Canada Inc financing received in the first quarter of 2020.

The increase in finance and other expenses during the year ended December 31, 2020 as compared to December 31, 2019 was due to the Ilera term loan, Canopy Growth Arise loan, RIV Capital loan, and convertible debt entered into during the year ended December 31, 2020. The finance expense for the year ended December 31, 2019 was primarily related to borrowings on the $75,000 credit facility with JW Asset Management LLC, which was fully paid off in the first quarter of 2020 using proceeds received from the Canopy Growth Canada Inc. financing.

Transaction and restructuring costs

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Transaction and restructuring costs	$ 3,111	$ 2,093	$ 8,444
$ change	1,018	(6,351)	
% change	49 %	-75 %	

The increase in transaction and restructuring costs for the year ended December 31, 2021 as compared to December 31, 2020 was primarily due to higher legal costs related to the acquisitions of KCR and HMS and the pending acquisition of Gage. The transaction and restructuring costs during the year ended December 31, 2020 are related to acquisition costs for State Flower and Preferred Share issuance costs.

Transaction and restructuring costs decreased for the year ended December 31, 2020 from the year ended December 31, 2019 mainly due to the acquisitions of Grander, The Apothecarium and Ilera during the year ended December 31, 2019.

Impairment of goodwill

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Impairment of goodwill	$ 5,007	$ —	$ 45,802
$ change	5,007	(45,802)	
% change	100 %	-100 %	

The impairment recorded during the year ended December 31, 2021 relates to the Company's Florida reporting unit as the Company determined that the estimated cash flows of its Arise business did not support the carrying value of the intangible assets and goodwill. As a result, the Company recorded impairment to reduce the balance of goodwill at its Florida reporting unit to $nil.

During the year ended December 31, 2019, it was determined that the fair values of TerrAscend's Canada and California reporting units were more likely than not less than their carrying amounts and as such a one-step impairment test was performed. The following significant assumptions are applied in the determination of the fair value of the reporting units:

- Cash flows: estimated cash flows were projected based on actual operating results form internal sources, as well as industry and market trends. The forecasts were extended to a total of five years (with a terminal value thereafter);
- Terminal value growth rate: the terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators and projected industry growth;
- Post-tax discount rate: the post-tax discount rate is reflective of the reporting units weighted average cost of capital ("**WACC**"). The WACC was estimated based on the risk-free rate, equity risk premium, beta premium and after-tax cost of debt based on corporate bond yields; and
- Tax rate: the tax rate used in determining the future cash flows were those substantively enacted at the respective valuation date

As a result of the impairment tests performed, the Company determined that the carrying values of the Canada and California reporting units were less than their fair values. As such, the Company recorded impairment of $1,825 related to its Canada reporting unit, and $43,977 related to its California reporting unit.

Impairment of intangible assets

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Impairment of intangible assets	$ 3,633	$ 766	$ 3,309
$ change	2,867	(2,543)	
% change	374 %	-77 %	

The impairment recorded during the year ended December 31, 2021 relates to the write-off of intellectual property at the Company's Arise business.

During the year ended December 31, 2020, the Company recorded impairment of $423 of intellectual property in Canada related to packaging designs that were written down to its recoverable amount, as well as impairment of $342 related to its customer relationships at Arise as a result of its termination of an agreement with one of its wholesale distributors.

For the year ended December 31, 2019, the Company recorded impairment of $2,928 related to the brand intangible assets at its California business as a result of the annual impairment test performed as it was determined that the carrying value exceeded its fair value.

Impairment of property and equipment

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Impairment of property and equipment	$ 470	$ 823	$ 1,746
$ change	(353)	(923)	
% change	-43 %	-53 %	

During the year ended December 31, 2021, the Company determined that equipment purchased for the purpose of extracting CBD and THC oils to support the medical cannabis business in Canada needed to be assessed for impairment as the equipment was never put into use and the Company has since exited the medical cannabis business in Canada. The Company evaluated the recoverability of the asset to determine whether it would be recoverable, and it was determined that the carrying value of the asset exceeded its estimated future undiscounted cash flows and, therefore, recorded an impairment loss of $470.

The impairment losses for the year ended December 31, 2020 were a result of the Company's strategic decision to cease the growing and cultivation of cannabis in Canada. The Company performed an impairment analysis over the assets that could not be sold. As a result of the impairment analysis, the Company wrote down the net book value of the lighting and irrigation assets previously used in the Canadian cultivation business to $nil.

During the year ended December 31, 2019, the Company shut down its proposed Drug Preparation Premises business as management deemed that market conditions could not support this business and was determined to be no longer commercially viable. As a result, the Company recorded an impairment of $1,746 during the year ended December 31, 2019.

Loss on lease termination

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Loss on lease termination	$ 3,278	$ —	$ —
$ change	3,278	—	
% change	100 %	0 %	

The Company entered into a lease termination agreement ("Lease Termination") during the year ended December 31, 2021, with the landlord at its 22,000 square foot facility in Frederick, Maryland to enable the Company to terminate the lease prior to the end of the lease term. As a result of the Lease Termination, the Company recorded a loss on lease termination of $3,278.

Unrealized and realized foreign exchange loss

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Unrealized and realized foreign exchange loss	$ 4,810	$ 178	$ 313
$ change	4,632	(135)	
% change	2602 %	-43 %	

The increase in unrealized and realized foreign exchange loss is a result of the remeasurement of USD denominated cash and other assets recorded in C$ functional currency at the Company's Canadian operations.

Unrealized and realized (gain) loss on investments and notes receivable

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Unrealized and realized (gain) loss on investments and notes receivable	$ (6,192)	$ (186)	$ 4,394
$ change	(6,006)	(4,580)	
% change	3229 %	-104 %	

The increase in the unrealized gain in the year ended December 31, 2021 relates to the acquisition of the remaining 90% of investment in Guadco LLC and KCR Holdings LLC during the first half of 2021.

The unrealized gain for the year ended December 31, 2020 relates to the equity income pick-up from the Company's 10% investment in Guadco LLC and KCR Holdings LLC.

The unrealized loss on investments during the year ended December 31, 2019 primarily relates to the unrealized loss on the Company's investment in Solace Rx as the Company obtained 65% ownership in Solace Rx on June 3, 2019. As a result it was determined that the Company controls Solace Rx and consolidated the financial results from June 3, 2019 onward.

Provision for income taxes

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Provision for income taxes	$ 28,314	$ 10,769	$ 1,769
$ change	17,545	9,000	
% change	163 %	509 %	

The increase in tax expense is related to operational scale up.

Liquidity and Capital Resources

	December 31, 2021 $	**December 31, 2020 $**
Cash and cash equivalents	**79,642**	59,226
Current assets	**143,221**	95,546
Non-current assets	**438,713**	331,698
Current liabilities	**70,362**	93,484
Non-current liabilities	**282,618**	347,076
Working capital	**72,859**	2,062
Total shareholders' equity (deficit)	**228,954**	(13,316)

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

At December 31, 2021, TerrAscend had cash and cash equivalents of $79,642, which is sufficient to fund the Company's ongoing operations. Any additional future requirements will be funded through the following sources of capital:

- Cash from ongoing operations
- Market offerings - the Company has the ability to offer equity in the market for significant potential proceeds to a large investor base, as evidenced by oversubscriptions on previous recent private placements
- Debt - the Company has the ability to obtain additional debt from additional creditors.
- Sale leaseback - the Company has the ability to sell and lease back its capital properties.
- Exercise of options and warrants - the Company would receive funds from exercise of options and warrants from the holders of such securities.

See Item 1A – "*Risk Factors*" – "*Regulatory and Legal Risks to the Company's Business Due to the Nature of the Industry*" – "*The Company's business is subject to applicable anti-money laundering laws and regulations and have restricted access to capital markets, banking and other financial services, which may adversely affect TerrAscend's business*" for further information.

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 its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through the issuance of shares and utilization of borrowings. The Company expects that its cash on hand and cash flows from operations, along with financing transactions, will be adequate to meet its capital requirements and operational needs for the next 12 months.

Cash Flows

Cash flows from operating activities

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Net cash used in operating activities	$ (31,815)	$ (36,971)	$ (39,841)

During the year ended December 31, 2021, the Company made payments in excess of the amount of fair value of the contingent consideration payable at the date of the Ilera acquisition on September 16, 2019 of $11,394 as compared to payments of $56,527 during the year ended December 31, 2020. Excluding these amounts, the Company had net cash used in operating activities of $22,669 and cash provided by operating activities of $19,556 (refer to "Reconciliation of Non-GAAP Measures" below) for the years ended December 31, 2021 and December 31, 2020, respectively. The increase in cash used in operating activities during the year ended December 31, 2021 is mainly the result of income tax payments of $37,060 during the year ended December 31, 2021, as compared to $11,204 during the year ended December 31, 2020, and interest payments of $21,694 during the year ended December 31, 2021, as compared to $2,192 during the year ended December 31, 2020. The increase in interest payments is primarily due to the Ilera term loan in which the Company received proceeds during December 2020. Excluding these payments, the Company saw an increase in cash provided by operating activities during the year ended December 31, 2021, which is primarily due to increased sales.

The improvement in the net cash used in operating activities for the year ended December 31, 2020, as compared to December 31, 2019, is primarily due to a ramp up of the US operations, partially offset by income tax payments of $11,204. Excluding the payments of contingent consideration for Ilera in excess of the amount of the fair value of the contingent consideration payable at the date of acquisition made during the year ended December 31, 2020, the Company had positive cash provided by operating activities of $19,556 (refer to "*Reconciliation of Non-GAAP Measures*" below).

Cash flows from investing activities

	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Net cash used in investing activities	$ (132,421)	$ (45,890)	$ (104,218)

The net cash used in investing activities for the year ended December 31, 2021 primarily relates to cash consideration paid for the acquisitions of KCR and HMS totaling $42,736. During the year ended December 31, 2021, the Company made payments of $50,000 related to the purchase of the additional 12.5% of the issued and outstanding equity of TerrAscend NJ from BWH NJ, LLC and Blue Marble Ventures, LLC. Additionally, the Company had investments in property and equipment of $38,483 primarily related to the buildout of the New Jersey operations and expansions in Pennsylvania cultivation and $1,977 related to deposits paid for the expansion of the cultivation premises in Pennsylvania.

In comparison, the net cash used in investing activities for the year ended December 31, 2020 was primarily due to investments in property and equipment of $44,621 primarily relating to the buildout of the New Jersey operations and expansions in Pennsylvania and California cultivation.

The net cash used in investing activities for the twelve months ended December 31, 2019 was primarily due to cash consideration paid of $67,540 on the acquisitions of Grander, Ilera and The Apothecarium, as well as investments in property and equipment of $32,834, primarily related to the expansion of its Pennsylvania and initial buildout of its New Jersey operations, and investments in notes receivable of $10,456.

Cash flows from financing activities

	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Net cash provided by financing activities	$ 182,201	$ 133,406	$ 136,934

Net cash provided by financing activities for the twelve months ended December 31, 2021, was mainly a result of the private placement on January 28, 2021, in which the Company issued 18,115,656 Common Shares at a price of $9.64 (C$12.35) per Common Share for total proceeds of $173,477, net of share issuance costs of $1,643. Additionally, during the twelve months ended December 31, 2021, 8,755,339 Common Share warrants were exercised for total proceeds of $21,735 and 1,376,496 stock options were exercised at $0.67-$6.93 (C$0.85-$8.52) per unit for total gross proceeds of $5,462. In addition, 1,968 Preferred Share warrants were exercised at $3,000 per unit for total gross proceeds of $3,588. The cash provided by financing activities was offset by payments of contingent consideration related to the acquisition of Ilera of $18,274 and by payments of loan principal of $4,500 related to the KCR loan.

Net cash provided by financing activities during the year ended December 31, 2020, was primarily due to loan proceeds in the amount of $201,496 and proceeds from private placements net of share issuance costs of $71,023. Additionally, 829,050 Common Share warrants were exercised for total gross proceeds of $2,075 and 1,816,496 stock options were exercised at $0.43-$6.52 per unit for total gross proceeds of $4,462. In addition, 625 Preferred Share warrants were exercised at $3,000 per unit for total gross proceeds of $750. The cash provided by financing activities was partially offset by payments of contingent consideration of $90,657 to the sellers of Ilera, as well as payments of principal on the Company's outstanding loans of $53,886 to pay off the remaining balance of the JW Asset Management credit facility, a financing loan in Canada, and the loans from management of Ilera.

During the year ended December 31, 2019, the Company received loan proceeds in the amount of $38,000 from JW Asset Management and management of Ilera, as well as proceeds from a mortgage assumed on the Canadian facility of $4,843. Additionally, the Company received proceeds from convertible debt in the amount of $15,336 from RIV Capital. Total private placement net of shares issuance proceeds amounted to $49,955. Additionally, 959,772 Common Share warrants and 28,636 proportionate share warrants were exercised for total gross proceeds of $24,927 and 1,117,936 stock options were exercised at a weighted average exercise price of $1.79 per unit for gross proceeds of $1,967.

Reconciliation of Non-GAAP Measures

In addition to reporting the financial results in accordance with GAAP, the Company reports certain financial results that differ from what is reported under GAAP. Non-GAAP measures used by management do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. The Company believes that certain investors and analysts use these measures to measure a company's ability to meet other payment obligations or as a common measurement to value companies in the cannabis industry, and the Company calculates Adjusted EBITDA as

EBITDA adjusted for certain material non-cash items and certain other adjustments management believes are not reflective of the ongoing operations and performance. 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 this definition is a useful measure to assess the performance of the Company as it provides more meaningful 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 income (loss) to EBITDA and Adjusted EBITDA for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

		For the years ended		
Summary of EBITDA and Adjusted EBITDA	Notes	**December 31, 2021**	**December 31, 2020**	**December 31, 2019**
Net income (loss)		$ 6,135	$ (142,256)	$ (163,147)
Add (deduct) the impact of:				
Provision for income taxes		28,314	10,769	1,769
Finance expenses		24,662	8,416	3,694
Amortization and depreciation		15,390	10,433	4,444
EBITDA	(a)	**74,501**	$ **(112,638)**	$ **(153,240)**
Add (deduct) the impact of:				
Non-cash write downs of inventory	(b)	2,417	$ 3,668	$ 6,956
Relief of fair value of inventory upon acquisition	(c)	3,465	(230)	2,677
Share-based compensation	(d)	14,941	10,475	7,661
Impairment of goodwill and intangible assets	(e)	8,640	766	49,111
Impairment of property and equipment	(f)	470	823	1,746
Loss on lease termination	(g)	3,278	—	—
Revaluation of contingent consideration	(h)	3,584	18,709	46,857
Restructuring costs and executive severance	(i)	931	1,023	121
Legal settlements	(j)	2,121	—	—
Fees for services related to NJ licenses	(k)	—	7,500	—
Other one-time items	(l)	6,070	1,070	8,323
(Gain) loss on fair value of warrants and purchase option derivative asset	(m)	(57,904)	110,518	—
Indemnification asset release	(n)	4,504	—	—
Unrealized and realized (gain) loss on investments and notes receivable	(o)	(6,192)	(186)	4,394
Unrealized and realized foreign exchange loss	(p)	4,810	178	313
Adjusted EBITDA		$ **65,636**	$ **41,676**	$ **(25,081)**

(a) EBITDA is a non-GAAP measure and is calculated as earnings before interest, tax, depreciation and amortization.
(b) Represents inventory write downs outside the normal course of operations.
(c) In connection with the Company's acquisitions, inventory was acquired at fair value, which included a markup or markdown for profit. Recording inventory at fair value in purchase accounting has the effect of increasing or decreasing inventory and thereby increasing or decreasing cost of sales as compared to the amounts the Company would have recognized if the inventory was sold through at cost. The write-up or write-down of acquired inventory represents the incremental cost of sales that were recorded during purchase accounting.
(d) Represents non-cash share-based compensation expense.
(e) Represents impairment charges taken on the Company's intangible assets and goodwill.
(f) Represents impairment charges taken on the Company's property and equipment.
(g) Represents loss taken as a result of the Company's early termination payment on its Frederick, Maryland lease.
(h) Represents the loss on period end revaluation of the Company's contingent consideration liabilities.
(i) Represents costs associated with severance and restructuring of business units.
(j) Represents one-time legal settlement charges.
(k) Represents amounts payable to an entity controlled by the minority shareholders of TerrAscend NJ due upon NJ being granted an alternative treatment center license in the state of New Jersey and NJ making its first sale of medical cannabis to a patient in compliance with the New Jersey Compassionate Use Marijuana Act.
(l) Includes one-time fees incurred in connection with the Company's acquisitions, such as expenses related to professional fees, consulting, legal and accounting, that would otherwise not have been incurred. In addition, includes

one-time charges for work completed in preparation of becoming a US filer. These fees are not indicative of the Company's ongoing costs and are expected to be incurred only as additional acquisitions are completed.

(m) Represents the (gain) loss on fair value of warrants, including effects of the foreign exchange of the US denominated Preferred Share warrants, as well as the revaluation of the fair value of the purchase option derivative asset.

(n) Represents the reduction to the indemnification asset related to The Apothecarium's tax audit settlement and statute expirations for tax years ended September 30, 2014 and September 30, 2015.

(o) Represents unrealized and realized loss and gains on fair value changes on strategic investments and note receivables held.

(p) Represents the remeasurement of USD denominated cash and other assets recorded in C$ functional currency.

The increase in Adjusted EBITDA for year ended December 31, 2021 was primarily due to operational scale up, as well as the Company's acquisitions of KCR and HMS. The Company continued to expand in the US organically through an increase in production and wholesale capacity in Pennsylvania, store expansions in Pennsylvania, New Jersey, and California, and operations in New Jersey and Maryland.

The increase in Adjusted EBITDA for the year ended December 31, 2020 as compared to December 31, 2019, was a result of operational scale up as well as a full year of operations from the Company's acquisitions. The Company acquired The Apothecarium in June 2019, Ilera in September 2019, and State Flower in January 2020. The growth in the US was offset by the reduction of operations in Canada in 2020, which was driven by a shift in focus towards more profitable and sustainable sales.

The table below reconciles net cash used in operating activities to adjusted net cash used in operating activities for the years ended December 31, 2021, December 31, 2020, and December 31, 2019. The Company calculates adjusted net cash provided by (used in) operating activities to adjust net cash provided by (used in) operating activities for the one-time payments of contingent consideration as the Company does not believe that these payments are reflective of ongoing operations.

	For the years ended		
	December 31 2021	**December 31, 2020**	**December 31 2019**
Net cash used in operating activities	$ (31,815)	$ (36,971)	$ (39,841)
Add the impact of:			
Contingent consideration payments in excess of fair value on acquisition	11,394	56,527	—
Adjusted net cash provided by (used in) operating activities	**$ (20,421)**	**$ 19,556**	**$ (39,841)**

The amount of contingent consideration paid in excess of the liability recognized at the date of acquisition is reflected as net cash used in operating activities in the Statements of Cash Flows. Excluding this amount, the Company had positive cash provided by operating activities of $19,556 for the year ended December 31, 2020 and net cash used in operating activities of $20,421 and $39,841 for the years ended December 31, 2021 and December 31, 2019, respectively.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company has $224,171 in principal amount of loans payable outstanding at December 31, 2021. Of this amount, $4,490 are due within the next twelve months. The Company has entered into operating leases for certain premises and offices for which it owes monthly lease payments.

In addition, the Company's undiscounted contingent consideration payable is $17,782 at December 31, 2021. The contingent consideration payable relates to the Company's business acquisitions of The Apothecarium and State Flower. Contingent consideration is based upon the potential earnout of the underlying business unit and is measured at fair value using a projection model for the business and the formulaic structure for determining the consideration under the agreement. The contingent consideration is revalued at the end of each reporting period using a probability weighted model based on the likelihood of achieving certain revenue outcomes.

The Company believes that it has sufficient liquidity, as described above under "Liquidity and Capital Resources", to allow the Company to meet these contractual obligations.

Subsequent Transactions

On March 10, 2022, the Company closed its previously announced acquisition of Gage Growth Corp. ("Gage") pursuant to an arrangement agreement dated August 31, 2021 (as amended) (the "Gage Acquisition"). The Company acquired all of the issued and outstanding subordinate voting shares (or equivalent) of Gage. At closing, Gage shareholders received 51,349,978 Common Shares and an additional 25,811,460 of Common Shares are reserved for issuance in connection with the exercise or exchange of former Gage convertible securities that will be settled with the Company's Common Shares if and when exercised or exchanged. Total consideration was approximately $386 million based on the closing price of the Common Shares on the Canadian Stock Exchange ("CSE") on March 9, 2022, to be issued in reliance upon the exemption from registration available under Section 3(a)(10) of the Securities Act of 1933, as amended (the "Securities Act").

Changes in or Adoption of Accounting Principles

New standards, amendments and interpretations adopted:

The Company adopted certain accounting and reporting standards during the year ended December 31, 2021. Information regarding the Company's adoption of new accounting and reporting standards is discussed in Note 2 to the accompanying consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

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

While the Company's significant accounting policies are described in more detail in Note 2 to the accompanying consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" in this Annual Report on the Form 10-K, the accounting estimates and assumptions discussed in this section are those that the Company considers to be the most critical in the preparation of the consolidated financial statements. An accounting estimate or assumption is considered critical if both (a) the nature of the estimate or assumption is material due to the levels of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimate and assumption is material to the financial condition.

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

Inventory

The net realizable value of inventory represents the estimated selling price in the ordinary course of business less the reasonably predictable costs of completion, disposal and transportation. The Company estimates the net realizable value of inventories, taking into account the most reliable evidence available at each reporting date. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price the Company expects to realize by selling the inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and gross profit.

Revenue recognition

Revenues consist of wholesale and retail sales, which are recognized when control of the goods has transferred to the purchaser and the collectability is reasonably assured.

From time to time, the Company partakes in sales agreements with suppliers in which it also purchases inventory. As part of the five-step revenue model, the Company assesses whether instances of bulk sales made to suppliers of goods have commercial substance and should be recognized as revenue under ASC 606, or whether the transaction should be assessed under ASC 845 *Nonmonetary Transactions.* The determination of whether the sale has commercial substance requires management's judgment.

Share-based compensation

In calculating share-based compensation, key estimates are used such as, the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price, the vesting period of the option and the risk-free interest rate. The fair value of each option grant is estimated using the Black-Scholes option-pricing model. While assumptions used to calculate and account for share-based compensation awards represent management's best estimates, these estimates involve inherent uncertainties and the application of management's judgment. As a result, if revisions are made to the underlying assumptions and estimates, share based compensation expense could vary significantly from period to period. The Company recognized share-based compensation expense of $14,942, $10,075, and $6,738 for the years ended December 31, 2021, 2020, and 2019, respectively.

Warrant Liability

The Company uses the Black-Scholes model to calculate the fair value of the warrants issued, which includes various unobservable inputs such as the volatility of the Company's stock price and the risk-free interest rate. The Company uses judgment to select methods used and in performing the fair value calculations at the initial measurement at issuance, as well as for subsequent measurement on a recurring basis. The assumptions could have a material impact on the valuation of the warrant liability. The warrant liability was remeasured to fair value of $54,986 and $132,257 at December 31, 2021 and 2020, respectively. An increase of 50 basis points to the discount rate and volatility would not have a material impact.

Income taxes

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

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

Impairment of goodwill and indefinite lived intangible assets

Goodwill and indefinite lived intangible assets are reviewed for impairment annually and whenever there are events or changes in circumstances that indicate the carrying amount has been impaired. Definite lived intangible assets are tested for impairment when there are indications that an asset may be impaired. If it is determined that it is more likely than not that the fair value of a reporting unit exceeds its carrying value, additional quantitative impairment testing is performed which compares the carrying value of the reporting unit to its estimated fair value.

The Company uses an income-based approach as necessary to assess the fair values of intangible assets and its reporting units for goodwill testing purposes. Under the income approach, fair value is based on the present value of estimated cash flows. An impaired asset is written down to its estimated fair value based on the most recent information available.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. A number of factors, including historical results, business plans, forecasts, and market data are used to determine the fair value of the reporting unit and intangible assets.

The Company's impairment loss calculation contains uncertainties because it requires management to make assumptions and apply judgement to qualitative factors as well as estimate future cash flows and asset fair values, including forecasting projected financial information and selecting the discount rate that reflects the risk inherent in future cash flows. If actual results are not consistent with the Company's estimates and assumptions, the Company may be exposed to non-cash impairment losses that could be material.

During the year ended December 31, 2021, the Company made a decision to undertake a strategic review process to explore, review, and evaluate potential alternatives for its Arise business. The Company also determined that the estimated future cash flows for the business did not support the carrying value of the intangible assets and goodwill, and therefore, the intangible

assets and goodwill were written down to $nil. The Company recorded impairment of intangible assets of $3,633 and impairment of goodwill of $5,007.

During the fourth quarter of 2021, the Company performed qualitative analyses over its goodwill and indefinite lived intangible assets for each of its reporting units. The Company determined that it was more likely than not that the fair value of its California and Maryland reporting units exceeded their carrying values, and therefore, no quantitative impairment analysis was performed. The Company performed a quantitative analysis over its Pennsylvania reporting unit and determined that the fair value exceeded its carrying value by approximately 15%, resulting in no impairment. An increase of the discount rate of 100 basis points would not cause an impairment. There is no goodwill or indefinite lived intangible assets at the Company's Canada reporting unit.

During the year ended December 31, 2020, the Company performed qualitative analyses over its goodwill and indefinite lived intangible assets for each of its reporting units and determined that it was more likely than not that the fair value of its California and Pennsylvania reporting units exceeded their carrying values, and therefore, no quantitative analyses was performed. The Company performed a quantitative analysis over its Florida reporting unit and determined that the fair value exceeded its carrying value by approximately 10%, resulting in no impairment. An increase in the discount rate of 100 basis points would not cause an impairment.

During the year ended December 31, 2019, the Company performed qualitative analyses over its goodwill and indefinite lived intangible assets for each of its reporting units and determined that the fair values of its Canada and California reporting units were more likely than not less than the respective carrying values, and therefore, the Company performed a one-step impairment test for each reporting unit. As a result of the one-step impairment tests, the Company recorded impairment loss on goodwill at its Canada reporting unit of $1,825 and impairment loss of $43,977 at its California reporting unit. Additionally, the Company recorded impairment of its indefinite lived intangible assets at its California reporting unit of $2,928.

Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets, including property and equipment, ROU assets, and definite lived intangible assets, whether events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable.

When the Company determines that the carrying value of the long-lived asset may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value. Management judgement is required in the determination of indicators of impairment, as well as the estimation of future undiscounted cash flows, and as necessary, the fair value of those assets or asset groups in which indicators of impairment have been identified.

The Company recorded impairment of property and equipment of $470, $823, and $1,746 for the years ended December 31, 2021, 2020, and 2019, respectively.

Business combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the asset acquire constitutes a business, which can be a complex judgement. The Company has determined that its acquisitions in Note 4 are business combinations under ASC 805 Business Combinations.

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company may utilize an independent external valuation expert to develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

The estimates are based upon assumptions that the Company believes are reasonable, but which are inherently uncertain and unpredictable. These valuations require the use of management's assumptions, which do not reflect unanticipated events and circumstances that may occur.

Contingent Consideration

Contingent consideration payable as the result of a business combination is recorded at the date of acquisition at fair value. The fair value of contingent consideration is subject to significant judgement and estimates, such as projected future revenue. Subsequent changes to the fair value of contingent consideration are measured at each reporting date, with changes recognized through profit or loss. Refer to Note 21 included in Item 8, *"Financial Statements and Supplementary Data"* in this Annual Report on Form 10-K for the sensitivity analysis performed over the contingent consideration liability.

Incremental borrowing rates

Lease payments are discounted using the rate implicit in the lease if that rate is readily available. If that rate cannot be easily determined, the lessee is required to use its incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Company estimates it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The Company calculates its incremental borrowing rate as the interest rate the Company would pay to borrow funds necessary to obtain an asset of similar value over similar terms taking into consideration the economic factors and the credit risk rating at the commencement date of the lease.

In addition, the Company utilizes a discount rate to determine the appropriate fair value of convertible debentures and loans issued with warrants attached. The discount rate applied reflects the interest rate that the Company would have to pay to borrow a similar amount at a similar term and with a similar security.

Control, joint control or level of influence

When determining the appropriate basis of accounting for the Company's interests in affiliates, the Company makes judgments about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities.

Emerging Growth Company Status

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

The Company will remain an emerging growth company until the earlier to occur of: (i) the last day of the fiscal year (a) following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under the Securities Act, (b) in which the Company has total annual gross revenue of $1.07 billion or more, or (c) in which the Company is deemed to be a large accelerated filer, which means the market value of the Company's voting and non-voting common equity that is held by non-affiliates exceeds $700.0 million as of the prior June 30th; and (ii) the date on which the Company has issued more than $1.0 billion in non-convertible debt during the prior three-year period.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Financial Instruments and Risk Management

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

Level 1- quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2- inputs other than quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data

Level 3- inputs for assets and liabilities not based upon observable market data

Risk Management

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

(a) Credit risk

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

The Company has reviewed the items comprising the accounts receivable balance and determined that the majority of accounts are collectible; accordingly, an allowance for doubtful accounts has been recorded. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of operations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company has no customers whose balance is greater than 10% of total trade receivables as of December 31, 2021.

(b) Liquidity risk

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

(c) Market Risk

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

i) Foreign currency risk:

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

The Company and its subsidiaries hold cash and cash equivalents in currencies other than their functional currency. The Company does not currently engage in currency hedging activities to limit the risks of currency fluctuations. Consequently, fluctuations in foreign currencies could have a negative impact on the profitability of the Company's operations. A 10% increase in the value of the U.S. dollar compared to the Canadian dollar resulted in $3,191 potential loss. A 10% decrease in the value of the U.S. dollar compared to the Canadian dollar resulted in a $3,900 potential gain. The estimated fair values of the Company's foreign currency exchange rate. Other than the cash and cash equivalents noted previously, the Company does not hold significant monetary assets or liabilities in currencies other than its functional currency.

ii) Interest rate risk:

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

The company does not have significant cash equivalents at year end. The Company's loans payable have fixed interest rates from 6% to 12.875% per annum. The mortgage payable bears interest at a fixed rate of 5.5% per annum. All other financial liabilities are non-interest-bearing instruments.

Item 8. Financial Statements and Supplementary Data

All information required by this item may be found on pages F-1 through F-55 of this Form 10-K.

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Internal control over financial reporting is defined in Rule 13a-15(f) promulgated under the Exchange Act, as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's management, with the participation of its Executive Chairman and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Form 10-K. Based upon that evaluation, management, including the Executive Chairman and Chief Financial Officer, determined that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2021.

Limitations on Effectiveness of Controls and Procedures

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

Management's Annual Report on Internal Controls Over Financial Reporting

This Form 10-K does not include a report of management's assessment regarding our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) or an attestation report of our independent registered accounting firm due to a transition period established by rules of the SEC. Additionally, our independent registered accounting firm will not be required to opine on the effectiveness of our internal control over financial reporting pursuant to Section 404 until we are no longer an "emerging growth company" as defined in the JOBS Act.

Changes in Internal Control Over Financial Reporting

There have been no changes to the Company's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the year ended December 31, 2021, that materially affected, or were reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by Item 10 of Part III will be included in the Company's Proxy Statement relating to the Company's 2022 Annual Meeting of Shareholders and is incorporated herein by reference.

Item 11. Executive Compensation

Information required by Item 11 of Part III will be included in the Company's Proxy Statement relating to the Company's 2022 Annual Meeting of Shareholders and is incorporated herein by reference.

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

Information required by Item 12 of Part III will be included in the Company's Proxy Statement relating to the Company's 2022 Annual Meeting of Shareholders and is incorporated herein by reference.

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

Information required by Item 13 of Part III will be included in the Company's Proxy Statement relating to the Company's 2022 Annual Meeting of Shareholders and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information required by Item 14 of Part III will be included in the Company's Proxy Statement relating to the Company's 2022 Annual Meeting of Shareholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this Form 10-K:

1. *Financial Statements*

   The accompanying Index to Consolidated Financial Statements on page F-1 of this Form 10-K is provided in response to this item.

2. *List of Financial Statement Schedules.*

   All schedules are omitted because the required information is either not present, not present in material amounts or presented within the consolidated financial statements.

(b) The exhibits listed in the following "Exhibit Index" are filed, furnished or incorporated by reference as part of this Form 10-K.

Appendix A

List of Licenses and Permits of TerrAscend Corp.*

US State or Country	License Number	Agency	Name of License Holder	Address	Category	Medical or Adult Use License	Expiration Date
CA	Provisional Retailer License C10-0000738-LIC	BCC	BTHHM Berkeley, LLC	2312 Telegraph Ave., Berkeley, CA 94704	Provisional Retailer License	Both	7/21/2022
CA	Provisional Retailer License C10-0000515- LIC	BCC	RHMT LLC (d/b/a The Apothecarium)	2029 Market St., San Francisco, CA 94114	Provisional Retailer License	Both	7/25/2022
CA	Provisional Retail License C10-0000522- LIC	BCC	Howard Street Partners, LLC	527 Howard St, San Francisco, CA 94105	Provisional Retailer License	Both	7/28/2022
CA	C-92172	City & County of San Francisco, Department of Public Health, Population Health Division	Howard Street Partners, LLC	527 Howard St, San Francisco, CA 94105	Medical Cannabis Dispensary Permit Amendment	Both	6/30/2022
CA	Provisional Retail License C10-0000523- LIC	BCC	Deep Thought, LLC (d/b/a The Apothecarium)	2414 Lombard St, San Francisco, CA 94123	Provisional Retailer License	Both	7/28/2022
CA	C-82289	City & County of San Francisco, Department of Public Health, Population Health Division	Deep Thought, LLC (d/b/a The Apothecarium)	2414 Lombard St, San Francisco, CA 94123	Medical Cannabis Dispensary Permit Amendment	Both	7/7/2022

US State or Country	License Number	Agency	Name of License Holder	Address	Category	Medical or Adult Use License	Expiration Date
CA	Distributor License C11- 0000300-LIC	BCC	ABI SF, LLC (d/b/a State Flower)	75 Industrial St, San Francisco, CA 94124-1502	Distribution License	Both	6/9/2022
CA	Cultivation (Small Indoor) Permit CCL18-0000943)	CDFA	ABI SF, LLC (d/b/a State Flower)	75 Industrial St, San Francisco, CA 94124-1502	Cultivation (Small Indoor)	Adult Use	4/2/2022
CA	Distributor License C11- 0000052-LIC	BCC	V Products LLC	2445 Bluebell Dr Santa Rosa, CA 95403	Distribution License	Both	5/6/2022
CA	Manufacturer (Type N: Infusion) License CPDH-10003318	CDPH	V Products LLC	2445 Bluebell Dr Santa Rosa, CA 95403	Manufacturer License	Both	5/29/2022
CA	Occupancy # 04867	City of Santa Rosa	Valhalla Confections	2445 Bluebell Dr Santa Rosa, CA 95403	Consolidated Permit to Operate	Both	7/31/2022
CA	Provisional Retailer License C10-0000706-LIC	BCC	Capitola Caring Project LLC	1850 41st. Ave, Suite 101, Capitola, CA 95010	Retail License	Both	04/20/2022
NJ	1162020	CRC	TerrAscend NJ	130 Old Denville Rd., Boonton, NJ 07005	ATC- Cultivation	Medical	12/31/2022
NJ	1162020	CRC	TerrAscend NJ	55 South Main St., Phillipsburg, NJ 08865	ATC- Dispensary	Medical	12/31/2022

US State or Country	License Number	Agency	Name of License Holder	Address	Category	Medical or Adult Use License	Expiration Date
NJ	1162020	CRC	TerrAscend NJ	1865 Springfield Ave., Maplewood, NJ 07040	ATC- Dispensary	Medical	12/31/2022
PA	GP-3010-17	DOH	Ilera Healthcare LLC	3786 N Hess, Waterfall, PA 16689	Grower/ Processor	Medical	6/20/2022
PA	D-1037-17	DOH	Ilera Healthcare LLC (d/b/a The Apothecarium) - Plymouth	420 Plymouth Road, Plymouth Meeting, PA, 19462	Dispensary	Medical	6/29/2022
PA	D-1037-17	DOH	Ilera Healthcare LLC (d/b/a The Apothecarium) - Lancaster	2405 Covered Bridge Drive, Lancaster, PA, 17602	Dispensary	Medical	6/29/2022
PA	D-1037-17	DOH	Ilera Healthcare LLC (d/b/a The Apothecarium) - Thorndale	2701 Lincoln Highway East, Thorndale, PA 19372	Dispensary	Medical	6/29/2022
PA	D-2035-17	DOH	Guadco LLC (d/b/a Keystone Canna Remedies)	3340 Hamilton Blvd., Allentown, PA 18103	Dispensary	Medical	6/29/2022
PA	D-2035-17	DOH	Guadco LLC (d/b/a Keystone Canna Remedies)	1523 N. 9th St., Suite 102, Stroudsburg, PA 18360	Dispensary	Medical	6/29/2022
PA	D-2035-17	DOH	Guadco LLC (d/b/a Keystone Canna Remedies)	1309 Stefko Blvd., Bethlehem, PA 18017	Dispensary	Medical	6/29/2022

US State or Country	License Number	Agency	Name of License Holder	Address	Category	Medical or Adult Use License	Expiration Date
MD	G-17-00012	MMCC	HMS Health, LLC	4106 Harvard Place, Unit B2, Frederick, MD 21703	Cultivation	Medical	8/31/2023
MD	P-18-00003	MMCC	HMS Processing, LLC DBA HMS Processing - Frederick	4106 Harvard Place, Unit B2, Frederick, MD 21703	Processing	Medical	9/27/2024
Canada	LIC-7FINC9ZUTW-2021	Health Canada	TerrAscend Canada	3610 Mavis Road, Mississauga, ON, Canada L5C 1W2	Processing	Both (Currently only operating as Adult Use)	6/25/2024

* As of February 28, 2022

Exhibit Index

Exhibit Number	Exhibit Title	Incorporated By Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Arrangement Agreement, dated October 8, 2018, by and among TerrAscend Corp., Canopy Growth Corporation, Canopy Rivers Corporation, JW Opportunities Master Fund, Ltd., JW Partners, LP and Pharmaceutical Opportunities Fund, LP.*	10-12G	000-56363	2.1	11/2/2021	
2.2	Securities Purchase Agreement, dated February 10, 2019, by and among BTHHM Berkeley, LLC, PNB Noriega, LLC, V Products, LLC, certain limited liability company interest holders of each of the forgoing entities, Michael Thomsen and TerrAscend Corp. and WDB Holding CA, Inc.*	10-12G	000-56363	2.2	11/2/2021	
2.3	Securities Purchase Agreement, dated February 10, 2019, by and among RHMT, LLC, Deep Thought, LLC, Howard Street Partners, LLC, certain limited liability company interest holders of each of the forgoing entities, Michael Thomsen, and TerrAscend Corp. and WDB Holding CA, Inc.*	10-12G	000-56363	2.3	11/2/2021	
2.4	Securities Purchase and Exchange Agreement, dated August 1, 2019, by and among Ilera Holdings LLC, Mera I LLC, Mera II LLC, TerrAscend Corp., WDB Holding PA, Inc. and Osagie Imasogie.*	10-12G	000-56363	2.4	11/2/2021	
2.5	Securities Purchase Agreement, dated February 10, 2019, by and among Gravitas Nevada Ltd, Verdant Nevada LLC, Green Achers Consulting Limited, TerrAscend Corp. and WDB Holding, NV, Inc.*	10-12G	000-56363	2.5	11/2/2021	
2.6	Arrangement Agreement, dated August 31, 2021, by and between TerrAscend Corp. and Gage Growth Corp.*	10-12G	000-56363	2.6	11/2/2021	
2.7	Membership Interest Purchase Agreement, dated August 31, 2021, by and between WDB Holdings MI, Inc. and 3 State Park, LLC, AEY Holdings, LLC, AEY Capital, LLC, AEY Thrive, LLC and Seller.*	10-12G	000-56363	2.7	11/2/2021	
2.8	First Amendment to Membership Interest Purchase Agreement, dated November 9, 2021, by and between WDB Holdings MI, Inc. and 3 State Park, LLC, AEY Holdings, LLC, AEY Capital, LLC, AEY Thrive, LLC and Seller.*	10-12G/A	000-56363	2.8	12/22/2021	
2.9	Amending Agreement, dated October 4, 2021, by and between TerrAscend Corp. and Gage Growth Corp.	10-12G	000-56363	2.8	11/2/2021	
3.1	Articles of TerrAscend Corp., dated March 7, 2017.	10-12G	000-56363	3.1	11/2/2021	
3.2	Articles of Amendment to the Articles of TerrAscend Corp., dated November 30, 2018.	10-12G/A	000-56363	3.2	12/22/2021	

3.3	Articles of Amendment to the Articles of TerrAscend Corp., dated May 22, 2020.	10-12G/A	000-56363	3.3	12/22/2021	
3.4	By-laws of TerrAscend Corp., dated March 7, 2017.	10-12G	000-56363	3.4	11/2/2021	
4.1	Description of Securities.					X
10.1	Form of Voting Support Agreement.	10-12G	000-56363	10.1	11/2/2021	
10.2	Debenture Agreement, dated March 10, 2020, by and between Canopy Growth and TerrAscend Canada Inc.*	10-12G	000-56363	10.2	11/2/2021	
10.3	Credit Agreement, dated December 18, 2020, by and among WDB Holding PA, Inc., the lenders party thereto and Acquiom Agency Services LLC, as Administrative Agent.	10-12G	000-56363	10.3	11/2/2021	
10.4	Employment Agreement, dated May 1, 2018, by and between TerrAscend Corp. and Michael Nashat.	10-12G	000-56363	10.4	11/2/2021	
10.5	Employment Agreement, dated August 16, 2018, by and between TerrAscend Corp. and Adam Kozak.	10-12G	000-56363	10.5	11/2/2021	
10.6	Independent Contractor Agreement, dated December 1, 2019, by and between TerrAscend Corp. and Lisa Swartzman.	10-12G	000-56363	10.6	11/2/2021	
10.7	Amendment to Independent Contractor Agreement, dated June 2, 2021, by and between TerrAscend Corp. and Lisa Swartzman.	10-12G	000-56363	10.7	11/2/2021	
10.8	Consulting Agreement, dated January 9, 2020, by and between TerrAscend Corp. and JA Connect LLC.	10-12G	000-56363	10.8	11/2/2021	
10.9	Employment Agreement, dated December 3, 2020, by and between TerrAscend Corp. and Greg Rochlin.	10-12G	000-56363	10.9	11/2/2021	
10.10	Employment Agreement, dated April 22, 2020, by and between TerrAscend Corp. and Keith Stauffer.	10-12G	000-56363	10.10	11/2/2021	
10.11	Employment Agreement, dated May 1, 2020, by and between TerrAscend Corp. and Jason Ackerman.	10-12G	000-56363	10.11	11/2/2021	
10.12	Separation Agreement, dated March 6, 2020, by and between TerrAscend Corp. and Michael Nashat.	10-12G	000-56363	10.12	11/2/2021	
10.13	Separation Agreement and General Release, dated July 29, 2021, by and between TerrAscend Corp. and Greg Rochlin.	10-12G	000-56363	10.13	11/2/2021	
10.14	Separation Agreement and General Release, dated August 17, 2021, by and between TerrAscend Corp. and Jason Ackerman.	10-12G	000-56363	10.14	11/2/2021	
10.15	Employment Agreement, dated January 5, 2022, by and between TerrAscend USA, Inc. and Ziad Ghanem.	10-12G/A	000-56363	10.15	1/19/2022	

10.16	Form of Indemnity Agreement.	10-12G	000-56363	10.15	11/2/2021	
10.17	TerrAscend Corp. Stock Option Plan.	10-12G/A	000-56363	2.8	12/22/2021	
10.18	Form of Option Agreement.	10-12G/A	000-56363	10.15	1/19/2022	
10.19	TerrAscend Corp. Share Unit Plan.	10-12G/A	000-56363	2.8	12/22/2021	
10.20	Form of Share Unit Agreement.	10-12G/A	000-56363	10.15	1/19/2022	
10.21	Credit Agreement, dated November 2, 2021, by and among Gage Growth Corp. and its subsidiaries, as Borrowers, and Chicago Atlantic Admin, LLC, as Administrative Agent and Collateral Agent.					X
21.1	List of Subsidiaries of TerrAscend Corp.	10-12G/A	000-56363	21.1	12/22/2021	
31.1	Certification of Executive Chairman required by Rule 13a-14(a) or 15d-14(a).					X
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or 15d-14(a).					X
32.1	Certification of Executive Chairman pursuant to Section 1350.					X
32.2	Certification of Executive Chairman pursuant to Section 1350.					X

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

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Company Name

Date: March 17, 2022

By: /s/ Jason Wild
Jason Wild
Executive Chairman

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Form 10-K has been signed by the following persons in the capacities indicated on March 17, 2022.

Signature	Title
/s/ Jason Wild Jason Wild	Executive Chairman and Chairman of the Board of Directors (*Principal Executive Officer*)
/s/ Keith Stauffer Keith Stauffer	Chief Financial Officer (*Principal Financial Officer and Principal Accounting Officer*)
/s/ Craig Collard Craig Collard	Director
/s/ Richard Mavrinac Richard Mavrinac	Director
/s/ Ed Schutter Ed Schutter	Director
/s/ Lisa Swartzman Lisa Swartzman	Director
/s/ Kara DioGuardi Kara DioGuardi	Director

TerrAscend Corp.
Index to the Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of TerrAscend Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of TerrAscend Corp. (the Company) as of December 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' (deficit) equity, and cash flows, for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

/s/ **MNP LLP**

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
March 17, 2022

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

Consolidated Balance Sheets

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

	At December 31, 2021	At December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	$ 79,642	$ 59,226
Accounts receivable, net	14,920	10,856
Share subscriptions receivable	105	—
Inventory	42,323	20,561
Prepaid expenses and other current assets	6,231	4,903
	143,221	95,546
Non-Current Assets		
Property and equipment, net	140,762	110,245
Operating lease right of use assets	29,561	23,229
Intangible assets, net	168,984	110,710
Goodwill	90,326	72,796
Indemnification asset	3,969	11,500
Investment in associate	—	1,379
Other non-current assets	5,111	1,839
	438,713	331,698
Total Assets	**$ 581,934**	**$ 427,244**
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 30,340	$ 27,382
Deferred revenue	1,071	638
Loans payable, current	8,837	5,734
Contingent consideration payable, current	9,982	30,966
Lease liability, current	1,193	1,025
Corporate income tax payable	18,939	27,739
	70,362	93,484
Non-Current Liabilities		
Loans payable, non-current	176,306	171,172
Contingent consideration payable, non-current	2,553	6,590
Lease liability, non-current	30,754	23,836
Warrant liability	54,986	132,257
Convertible debentures	—	5,284
Deferred income tax liability	14,269	7,937
Other non-current liabilities	3,750	
	282,618	347,076
Total Liabilities	352,980	440,560
Commitments and Contingencies		
Shareholders' Equity (Deficit)		
Share Capital		
Series A, convertible preferred stock, no par value, unlimited shares authorized; and 13,708 and 14,258 shares outstanding as of December 31, 2021 and December 31, 2020, respectively	—	—
Series B, convertible preferred stock, no par value, unlimited shares authorized; and 610 and 710 shares outstanding as of December 31, 2021 and December 31, 2020, respectively	—	—
Series C, convertible preferred stock, no par value, unlimited shares authorized; and 36 and nil shares outstanding as of December 31, 2021 and December 31, 2020, respectively	—	—
Series D, convertible preferred stock, no par value, unlimited shares authorized; and nil and nil shares outstanding as of December 31, 2021 and December 31, 2020, respectively	—	—
Proportionate voting shares, no par value, unlimited shares authorized; and nil and 76,307 shares outstanding as of December 31, 2021 and December 31, 2020, respectively	—	—
Exchangeable shares, no par value, unlimited shares authorized; and 38,890,571 and 38,890,571 shares outstanding as of December 31, 2021 and December 31, 2020, respectively	—	—
Common stock, no par value, unlimited shares authorized; 190,930,800 and 79,526,785 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively	—	—
Additional paid in capital	535,418	305,138
Accumulated other comprehensive income (loss)	2,823	(3,662)
Accumulated deficit	(314,654)	(318,594)
Non-controlling interest	5,367	3,802
Total Shareholders' Equity (Deficit)	228,954	(13,316)
Total Liabilities and Shareholders' Equity (Deficit)	**$ 581,934**	**$ 427,244**

Consolidated Statements of Operations and Comprehensive Income (Loss)
(Amounts expressed in thousands of United States dollars, except for per share amounts)

	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Revenue	$ 222,067	$ 157,906	$ 66,164
Excise and cultivation taxes	(11,648)	(10,073)	(2,351)
Revenue, net	210,419	147,833	63,813
Cost of sales	98,315	66,813	61,255
Gross profit	112,104	81,020	2,558
Operating expenses:			
General and administrative	80,973	65,534	45,898
Amortization and depreciation	7,656	5,562	3,067
Research and development	-	317	582
Total operating expenses	88,629	71,413	49,547
Income (loss) from operations	23,475	9,607	(46,989)
Other (income) expense			
Revaluation of contingent consideration	3,584	18,709	46,857
(Gain) loss on fair value of warrants and purchase option derivative asset	(57,904)	110,518	—
Finance and other expenses	29,229	8,193	3,524
Transaction and restructuring costs	3,111	2,093	8,444
Impairment of goodwill	5,007	—	45,802
Impairment of intangible assets	3,633	766	3,309
Impairment of property and equipment	470	823	1,746
Loss on lease termination	3,278	—	—
Unrealized and realized foreign exchange loss	4,810	178	313
Unrealized and realized (gain) loss on investments and notes receivable	(6,192)	(186)	4,394
Income (loss) before provision for income taxes	34,449	(131,487)	(161,378)
Provision for income taxes	28,314	10,769	1,769
Net income (loss)	**$ 6,135**	**$ (142,256)**	**$ (163,147)**
Foreign currency translation	(6,485)	2,875	(2,088)
Comprehensive income (loss)	**$ 12,620**	**$ (145,131)**	**$ (161,059)**
Net income (loss) attributable to:			
Common and proportionate Shareholders of the Company	$ 3,111	$ (139,204)	$ (160,668)
Non-controlling interests	$ 3,024	$ (3,052)	$ (2,479)
Comprehensive income (loss) attributable to:			
Common and proportionate Shareholders of the Company	$ 9,596	$ (142,079)	$ (158,580)
Non-controlling interests	$ 3,024	$ (3,052)	$ (2,479)
Net income (loss) per share, basic and diluted			
Net income (loss) per share – basic	$ 0.02	$ (0.93)	$ (1.61)
Weighted average number of outstanding common and proportionate voting shares	181,056,654	149,740,210	99,592,007
Net income (loss) per share - diluted	$ 0.01	$ (0.93)	$ (1.61)
Weighted average number of outstanding common and proportionate voting shares, assuming dilution	208,708,664	149,740,210	99,592,007

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

Consolidated Statements of Changes in Shareholders' (Deficit) Equity

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

	Number of Shares												
				Convertible Preferred Stock									
	Common Stock	Exchangeable Shares	Proportionate Voting Shares	Series A	Series B	Series C	Series D	Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive loss	Accumulated deficit	Non-controlling interest	Total
Balance at December 31, 2018	**41,147,636**	**38,890,571**	**35,022**	**—**	**—**	**—**	**—**	**115,059,736**	**$ 65,721**	**$ (2,875)**	**$ (22,185)**	**$ 1,012**	**$ 41,673**
Shares issued - stock option and warrant exercises	2,061,334	—	20,045	—	—	—	—	22,106,426	26,894	—	—	—	**26,894**
Shares issued - proportionate voting shares purchased warrants	—	—	8,591	—	—	—	—	8,590,908	—	—	—	—	**—**
Shares issued - acquisitions	1,362,343	—	11,759	—	—	—	—	13,121,343	56,662	—	—	—	**56,662**
Private placement net of share issuance costs	21,992,009	—	—	—	—	—	—	21,992,009	74,334	—	—	—	**74,334**
Issuance of convertible debentures-warrants	—	—	—	—	—	—	—	—	657	—	—	—	**657**
Share-based compensation expense	—	—	—	—	—	—	—	—	7,661	—	—	—	**7,661**
Options and warrants expired/forfeited	—	—	—	—	—	—	—	—	(292)	—	292	—	**—**
Non-controlling interest on acquisitions	—	—	—	—	—	—	—	—	—	—	—	6,022	**6,022**
Capital contributions	—	—	—	—	—	—	—	—	—	—	—	1,906	**1,906**
Net loss for the year	—	—	—	—	—	—	—	—	—	—	(160,668)	(2,479)	**(163,147)**
Foreign currency translation	—	—	—	—	—	—	—	—	—	2,088	—	—	**2,088**
Balance at December 31, 2019	**66,563,322**	**38,890,571**	**75,417**	**—**	**—**	**—**	**—**	**180,870,422**	**$ 231,637**	**$ (787)**	**$ (182,561)**	**$ 6,461**	**$ 54,750**
Shares issued - stock option, warrant and RSU exercises	3,203,470	—	—	—	—	—	—	3,203,470	8,448	—	—	—	**8,448**
Shares issued - compensation for services	1,625,701	—	—	—	—	—	—	1,625,701	3,750	—	—	—	**3,750**
Private placement net of share issuance costs	5,313,786	—	—	15,239	3,440	—	—	23,992,786	23,977	—	—	—	**23,977**
Shares issued - conversion	2,820,506	—	890	(981)	(2,730)	—	—	—	—	—	—	—	**—**
Issuance of warrants	—	—	—	—	—	—	—	—	27,177	—	—	—	**27,177**
Share-based compensation expense	—	—	—	—	—	—	—	—	10,475	—	—	—	**10,475**
Options expired/forfeited	—	—	—	—	—	—	—	—	(3,171)	—	3,171	—	**—**
Modification of warrants associated with RIV Capital debt	—	—	—	—	—	—	—	—	2,845	—	—	—	**2,845**
Capital contributions	—	—	—	—	—	—	—	—	—	—	—	393	**393**
Net loss for the year	—	—	—	—	—	—	—	—	—	—	(139,204)	(3,052)	**(142,256)**
Foreign currency translation	—	—	—	—	—	—	—	—	—	(2,875)	—	—	**(2,875)**
Balance at December 31, 2020	**79,526,785**	**38,890,571**	**76,307**	**14,258**	**710**	**—**	**—**	**209,692,379**	**$ 305,138**	**$ (3,662)**	**$ (318,594)**	**$ 3,802**	**$ (13,316)**

	Number of Shares												
				Convertible Preferred Stock									
	Common Stock	Exchangeable Shares	Proportionate Voting Shares	Series A	Series B	Series C	Series D	Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive loss	Accumulated deficit	Non-controlling interest	Total
Balance at December 31, 2020	**79,526,785**	**38,890,571**	**76,307**	**14,258**	**710**	**—**	**—**	**209,692,379**	**$ 305,138**	**$ (3,662)**	**$ (318,594)**	**$ 3,802**	**$ (13,316)**
Shares issued - stock option, warrant and RSU exercises	10,172,500	—	—	—	—	123	—	10,295,500	50,000	—	—	—	**50,000**
Shares issued-acquisitions	3,464,870	—	—	—	—	—	—	3,464,870	34,427	—	—	—	**34,427**
Shares issued-liability settlement	8,000	—	—	—	—	—	—	8,000	80	—	—	—	**80**
Private placement net of share issuance costs	18,115,656	—	—	—	—	—	—	18,115,656	173,477	—	—	—	**173,477**
Shares issued-conversion	78,358,768	—	(76,307)	(550)	(100)	(87)	—	1,314,768	—	—	—	—	**—**
Share-based compensation expense	—	—	—	—	—	—	—	—	14,941	—	—	—	**14,941**
Options expired/forfeited	—	—	—	—	—	—	—	—	(829)	—	829	—	**—**
Conversion of convertible debt	1,284,221	—	—	—	—	—	—	1,284,221	5,656	—	—	—	**5,656**
Investment in NJ Partnership	—	—	—	—	—	—	—	—	(47,472)	—	—	(1,406)	**(48,878)**
Capital distributions	—	—	—	—	—	—	—	—	—	—		(53)	**(53)**
Net income for the period	—	—	—	—	—	—	—	—	—	—	3,111	3,024	**6,135**
Foreign currency translation	—	—	—	—	—	—	—	—	—	6,485	—	—	**6,485**
Balance at December 31, 2021	**190,930,800**	**38,890,571**	**—**	**13,708**	**610**	**36**	**—**	**244,175,394**	**$ 535,418**	**$ 2,823**	**$ (314,654)**	**$ 5,367**	**$ 228,954**

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

Consolidated Statements of Cash Flows

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

	For the years ended December 31, 2021	December 31, 2020	December 31, 2019
Operating activities			
Net income (loss)	$ 6,135	$ (142,256)	$ (163,147)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Non-cash write downs of inventory	4,941	7,167	10,805
Accretion expense	4,363	5,500	973
Depreciation of property and equipment and amortization of intangible assets	15,390	10,433	4,444
Amortization of operating right-of-use assets	1,247	4,239	1,086
Share-based compensation	14,941	10,475	7,661
Deferred income tax expense	(1,808)	(11,970)	(1,234)
(Gain) loss on fair value of warrants and purchase option derivative	(57,904)	110,518	—
Revaluation of contingent consideration	3,584	18,709	46,857
Impairment of goodwill and intangible assets	8,640	766	49,111
Impairment of property and equipment	470	823	1,746
Loss on lease termination	3,278	—	—
Release of indemnification asset	4,504	—	—
Forgiveness of loan principal and interest	(1,414)	—	—
Fees for services related to NJ licenses	—	7,500	—
Unrealized and realized foreign exchange loss	4,810	178	313
Unrealized and realized (gain) loss on investments and notes receivable	(6,192)	(186)	4,394
Changes in operating assets and liabilities			
Receivables	(2,967)	(4,472)	199
Inventory	(19,264)	(11,779)	(6,651)
Prepaid expense and deposits	(1,445)	(46)	(456)
Other assets	(423)	(442)	—
Accounts payable and accrued liabilities and other payables	2,162	6,364	1,548
Operating lease liability	(705)	(3,055)	(1,042)
Other liability	3,750	—	—
Contingent consideration payable	(11,394)	(56,527)	—
Corporate income taxes payable	(6,938)	11,358	2,653
Deferred revenue	424	(268)	899
Net cash used in operating activities	(31,815)	(36,971)	(39,841)
Investing activities			
Investment in property and equipment	(38,483)	(44,621)	(32,834)
Investment in intangible assets	(387)	(896)	(1,306)
Investment in notes receivable	—	—	(10,456)
Principal payments received on notes receivable	—	—	6,111
Principal payments received on lease receivable	693	124	—
Sale of investments	—	—	2,427
Distribution of earnings from associates	469	153	—
Investment in NJ partnership	(50,000)	—	—
Investment in joint venture	—	—	(620)
Deposits for property and equipment	(1,977)	—	—
Deposits for business acquisition	—	(1,389)	—
Cash portion of consideration paid in acquisitions, net of cash acquired	(42,736)	—	(67,540)
Cash received on acquisitions	—	739	—
Net cash used in investing activities	(132,421)	(45,890)	(104,218)
Financing activities			
Proceeds from options and warrants exercised	30,785	7,287	26,894
Proceeds from loans payable	766	201,496	42,843
Capital contributions (paid) received by non-controlling interests	(53)	393	1,906
Loan principal paid	(4,500)	(53,886)	—
Loan origination fee paid	—	(2,250)	—
Payments of contingent consideration	(18,274)	(90,657)	—
Proceeds from convertible debentures, net of issuance costs	—	—	15,336
Proceeds from private placement, net of share issuance costs	173,477	71,023	49,955
Net cash provided by financing activities	182,201	133,406	136,934
Net increase (decrease) in cash and cash equivalents during the period	17,965	50,544	(7,125)
Net effects of foreign exchange	2,451	(480)	327
Cash and cash equivalents, beginning of period	59,226	9,162	15,960
Cash and cash equivalents, end of period	**$ 79,642**	**$ 59,226**	**$ 9,162**

Supplemental disclosure with respect to cash flows			
Income taxes paid	$ 37,060	$ 11,204	$ -
Interest paid	$ 21,694	$ 2,192	$ 2,760
Non-cash transactions			
Shares issued as consideration for acquisitions	34,427	—	56,663
Shares issued for compensation of services	—	3,750	—
Accrued capital purchases	450	4,544	7,042
Notes receivable settled for business acquisition	—	3,032	—
Promissory note issued as consideration for acquisitions	8,839	—	—
Conversion of shares into note receivable	—	—	3,163
Conversion of note receivable into shares	—	—	(2,687)

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

1. Nature of operations

TerrAscend Corp. ("TerrAscend" or the "Company") was incorporated under the Ontario Business Corporations Act on March 7, 2017. TerrAscend provides cannabis products, brands, and services to the United States ("US") and Canada cannabinoid market. With operations in both Canada and the US, TerrAscend participates in the medical and legal adult use market across Canada and in several US states where cannabis has been legalized for therapeutic or adult use. TerrAscend operates a number of synergistic businesses, including The Apothecarium ("Apothecarium"), a cannabis dispensary with several retail locations in California, Pennsylvania and New Jersey; Arise Bioscience Inc., a manufacturer and distributor of hemp-derived products; Ilera Healthcare ("Ilera"), Pennsylvania's medical cannabis cultivator, processor and dispenser; HMS Health, LLC and HMS Processing, LLC (collectively "HMS"), a medical cannabis cultivator and processor based in Maryland; Valhalla Confections, a manufacturer of cannabis-infused edibles; and State Flower a California-based cannabis producer operating a licensed cultivation facility in San Francisco. TerrAscend holds a permit to operate as an alternative treatment center in New Jersey, which allows for the cultivation and processing of cannabis with the ability to operate up to three alternative treatment centers.

The Company was listed on the Canadian Stock Exchange effective May 3, 2017, having the ticker symbol TER and effective October 22, 2018, the Company began trading on OTCQX under the ticker symbol TRSSF. The Company's registered office is located at PO Box 43125, Mississauga, Ontario, L5C 1W2.

2. Summary of significant accounting policies

(a) Basis of presentation and measurement

These consolidated financial statements as of and for the years ended December 31, 2021, 2020, and 2019 (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").

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

(b) Functional and presentation currency

The functional currency of the Company and its Canadian subsidiaries is Canadian dollars ("C$"). The functional currency of the Company's US subsidiaries is the US dollar ("USD"). The Company's presentation currency is in USD. All amounts are presented in USD unless otherwise specified. References to C$ are to Canadian dollars.

(c) Basis of consolidation

These consolidated financial statements include the financial information of the Company and its subsidiaries. The Company consolidates legal entities in which it holds a controlling financial interest. The Company has a two-tier consolidation model: one focused on voting rights (the voting interest model) and the second focused on a qualitative analysis of power over significant activities and exposure to potentially significant losses or benefits (the variable interest model). All entities are first evaluated to determine whether they are variable interest entities ("VIE"). If an entity is determined not to be a VIE, it is assessed on the basis of voting and other decision-making rights under the voting interest model. The accounts of the subsidiaries are prepared for the same reporting period using consistent accounting policies.

All intercompany balances and transactions were eliminated on consolidation.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand at retail locations, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Cash held in money market investments are carried at fair value, cash held in financial institution and cash held at retail locations have carrying values that approximate fair value.

(e) Inventory

Inventories of harvested and purchased finished goods and packaging materials are valued at the lower of cost or net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the reasonably predictable costs of completion, disposal and transportation. The direct and indirect costs of inventory include materials, labor and depreciation expense on equipment involved in packaging, labeling and inspection. Amortization of acquired cannabis production licenses are also considered to be indirect costs of inventory. All direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded within cost of sales on the consolidated statements of operations at the time cannabis is sold.

Products for resale and supplies and consumables are valued at the lower of cost or net realizable value. The Company reviews inventory for obsolete, redundant, and slow-moving goods, and any such inventories are written down to net realizable value.

(f) Property and equipment and long-lived assets held for sale

Property and equipment is measured at cost, including capitalized borrowing costs, less accumulated depreciation and impairment losses. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms:

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

Assets in process are transferred to the appropriate asset type when available for use and depreciation of the assets commences at that point.

Long-lived assets held for sale are recorded at their estimated fair value less costs to sell. The Company discontinues depreciation on these assets.

An asset's residual value, useful life and depreciation method are reviewed annually, or when events or circumstances indicate that the current estimate or depreciation method are no longer applicable. Changes are adjusted prospectively if appropriate. Gains and losses on disposal of an asset are determined by comparing the proceeds from disposal with the carrying amount of the items and are recognized in the consolidated statements of operations. If a loss on disposal is expected, such losses are recognized when the assets are reclassified as assets held for sale or when impaired as part of an asset group's impairment.

The Company evaluates the recoverability of property and equipment and long-lived assets held for sale, whenever events or changes in circumstances indicate that the carrying value of the asset or asset group may not be recoverable. See *– Impairment of long-lived assets* information within this note for detailed information on the Company's impairment assessment of its property and equipment.

The Company capitalizes interest and borrowing costs on significant qualifying capital construction projects. Upon the asset becoming available for use, capitalization of borrowing costs ceases, and depreciation commences on a straight-line basis over the estimated useful life of the related asset.

(g) Leases

The Company's leases are primarily operating leases for corporate offices, retail dispensaries, and cultivation and manufacturing facilities. The operating lease periods generally range from 1 to 28 years.

The Company's leases include fixed payments, as well as in some cases, scheduled base rent increases over the term of the lease. Certain leases require variable payments of common area maintenance, operating expenses, and real estate taxes applicable to the property. Variable payments are excluded from the measurements of lease liabilities and are expensed as incurred. Any tenant improvement allowances received from the lessor are recorded as a reduction to rent expense over the

term of the lease. None of the Company's lease agreements contained residual value guarantees or material restrictive covenants.

The Company determines if an arrangement is a lease at the inception of the contract. Lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term for those arrangements where there is an identified asset and the contract conveys the right to control its use. The right-of-use ("ROU") asset is measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, and initial direct costs. For operating leases, right-of-use assets are reduced over the lease term by the straight-line expense recognized, less the amount of accretion of the lease liability determined using the effective interest rate method. Finance leases are included in property and equipment in the Consolidated Balance Sheets. Net and accrued obligations on the Company's finance leases is included in accounts payable and accrued liabilities.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in cost of sales and general and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Loss. Finance lease cost includes amortization, which is recognized on a straight-line basis over the expected life of the lease asset, and interest expense, which is recognized following an effective interest rate method and is included in finance and other expenses in the Company's Consolidated Statements of Operations.

The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics. The majority of the Company's leases do not provide an implicit rate that can be easily determined, and therefore uses its incremental borrowing rate and the information available at the commencement date (refer to Note 10).

Certain leases include one or more options to renew or terminate the lease at the Company's discretion. The Company regularly evaluates lease renewal and termination options and, when they are reasonably certain of exercise, includes the renewal or termination option in the lease term.

The Company evaluates its ROU assets for impairment consistent with its impairment of long-lived assets. See *–Impairment of long-lived assets* information within this note for detailed information on the Company's impairment assessment of its right-of-use assets.

In some instances, the Company subleases excess office space to third party tenants. The Company, as sublessor, continues to account for the head lease. If the lease cost for the term of the sublease exceeds the Company's anticipated sublease income for the same period, this indicates that the right-of-use asset associated with the head lease should be assessed for impairment under the long-lived asset impairment provisions. Sublease income is included in Finance (expense) income in the Company's Consolidated Statements of Operations.

The Company accounts for non-lease and lease components to which they relate as a single lease component. Additionally, the Company recognized lease payments under short-term leases with an initial term of twelve months or less, as well as low value assets, as an expense on a straight-line basis over the lease term without recognizing the lease liability and ROU asset.

(h) Goodwill

Goodwill is recorded at the time of acquisition and represents the excess of the aggregate consideration paid for an acquisition over the fair value of the net tangible and intangible assets acquired. Goodwill is not subject to amortization and is tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that they might be impaired. See – *Impairment of goodwill and intangible assets* information within this note for detailed information on the Company's impairment assessment of its goodwill and intangible assets.

(i) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Amortization is calculated on a straight-line basis over the following terms:

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

Licenses relating to cultivation and dispensaries are amortized using a useful life consistent with the property and equipment to which they relate.

Intangible assets that have indefinite useful lives, which include brand names, are not subject to amortization but the carrying value is tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that they may be impaired. See – *Impairment of long-lived assets* information within this note for detailed information on the Company's impairment assessment of its goodwill and intangible assets.

(j) Impairment of intangible assets and goodwill

The Company operates as one operating segment. For the purposes of testing goodwill, the Company has identified five reporting units. The Company analyzed its reporting units by first reviewing the operating statements based on geographic areas in which the Company conducts business (or each market). The Company's reporting units to which goodwill has been assigned include Pennsylvania, California, Florida, Maryland, and Canada.

Goodwill and indefinite lived intangible assets are reviewed for impairment annually and whenever there are events or changes in circumstances that indicate the carrying amount has been impaired. In performing the qualitative assessment, the Company considers many factors in evaluating whether the carrying value of goodwill may not be recoverable. If, based on the results of the qualitative assessment, it is determined that it is more likely than not that the fair value of a reporting unit exceeds its carrying value, additional quantitative impairment testing is performed which compares the carrying value of the reporting unit to its estimated fair value.

Definite lived intangible assets are tested for impairment when there are indications that an asset may be impaired. When indicators of impairment exist, the Company performs a quantitative impairment test which compares the carrying value of the assets for intangibles and reporting unit for goodwill to their estimated fair values.

(k) Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets, including property and equipment, ROU assets, and definite lived intangible assets, whether events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable.

When the Company determines that the carrying value of the long-lived asset may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value.

(l) Revenue recognition

Revenue is recognized by the Company in accordance with ASU 2014-09*Revenue from Contracts with Customers* (Topic 606). The standard requires sales to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize sales when (or as) the entity satisfies a performance obligation.

Revenues consist of wholesale and retail sales, which are recognized when control of the goods has transferred to the purchaser and the collectability is reasonably assured. This is generally when goods have been delivered, which is also when the performance obligations have been fulfilled under the terms of the related sales contract. Revenue from retail sales of cannabis to customers for a fixed price is recognized when the Company transfers control of the goods to the customer at the point of sale and the customer has accepted and paid for the goods. Revenue for wholesale sales for a fixed price is recognized upon delivery to the customer. Sales are recorded net of returns and discounts and incentives, but inclusive of freight. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy. All shipping and handling activities are performed before the customers obtain control of products and are accounted for as cost of sales.

From time to time, the Company partakes in sales agreements with suppliers in which it also purchases inventory. As part of the five-step revenue model, the Company assesses whether instances of bulk sales made to suppliers of goods have commercial substance and should be recognized as revenue, or whether they should be assessed under ASC 845 *Nonmonetary Transactions.*

Local authorities will often impose excise or cultivation taxes on the sale or production of cannabis products. Excise and cultivation taxes are effectively a production tax which become payable when a cannabis product is delivered to the customer and are not directly related to the value of sales. The excise is borne by the Company and is included in revenue. The subtotal "net revenue" on the statements of operations and consolidated loss represents the revenue as defined by ASC 606, minus the excise or cultivation taxes.

(m) Business combinations

The Company accounts for business combinations using the acquisition method when control is obtained by the Company (see Note 2(c)). The Company measures the consideration transferred, the assets acquired, and the liabilities assumed in a business combination at their acquisition-date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred, and the services are received, except for the costs to issue debt or equity securities which are recognized according to specific requirements. The excess of the consideration transferred to obtain control, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Contingent consideration for a business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as a liability is measured at subsequent reporting dates in accordance with ASC 450 *Contingencies,* as appropriate, with the corresponding gain or loss being recognized in profit or loss.

If the acquiree's former owners contractually indemnify the Company for a particular uncertainty, an indemnification asset is recognized on a basis that matches the indemnified item, subject to the contractual provisions or any collectability considerations.

(n) Investments

Investments in equity securities without readily determinable fair value

The Company accounted for its investment in equity securities without readily determinable fair values using a valuation technique which maximizes the use of relevant observable inputs, with subsequent holding changes in fair value recognized in unrealized gain or loss on investments in the consolidated statement of loss. Investments in these types of securities are classified as Level 3 investments in the fair value hierarchy. See Note 21 – Financial Instruments and Risk Management for further discussion

Investment in associates and joint ventures

The Company accounts for long-term equity investments in which it is able to exercise significant influence, but do not have control over, using the equity method. Investments accounted for using the equity method include investments in associates, and joint arrangements representing joint ventures.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company accounts for its investments in associates and joint ventures using the equity method of accounting. Under the equity method, investments in associates and joint ventures are initially recognized in the consolidated statements of financial position at cost, and subsequently adjusted for the Company's share of the net income (loss), comprehensive income (loss) and distributions of the investee. The carrying value is assessed for impairment at each statement of financial position date. The Company recognized unrealized gains related to its investment in equity securities of $6,192 and $186 during the year ended December 31, 2021 and 2020. These amounts were included in other (expense) income in the Company's consolidated statements of operations. See Note 21 – *Financial Instruments and Risk Management* for further discussion

(o) Non-controlling interests

Non-controlling interests ("NCI") represents equity interests owned by outside parties. NCI may be initially measured at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The Company elected to measure acquired NCI at its fair value as of the acquisition date (refer to Note 2x(viii)).

(p) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the consolidated statements of operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years. Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(q) Share capital

Common shares

Common shares are classified as equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Equity units

Proceeds received on the issuance of equity units comprised of common shares and warrants, such as convertible debentures and convertible preferred stock with detachable warrants, are allocated to common shares and warrants based on the relative fair value method.

(r) Share based compensation

The Company has a stock option plan in place. The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense on a straight-line basis over the vesting period. Fair value is measured using the Black-Scholes option pricing model. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future share price, risk free rates, expected forfeiture and future dividend yields at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results. Expected forfeitures are estimated at the date of grant, based on historical trends of actual option forfeitures, and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. Any revisions are recognized in the consolidated statements of operations and comprehensive loss such that the cumulative expense reflects the revised estimate. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. If the actual forfeiture rate is materially different from management's estimates, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

Upon exercise of stock options and warrants that are classified as equity, any historical fair value in the warrants and share-based compensation reserve is allocated to additional paid in capital. Amounts recorded for expired unexercised stock options and warrants are transferred to deficit in the year of expiration.

The fair value of restricted share units is based on the closing price of the Company's stock as of the grant date. Compensation expense is recognized on a straight-line basis, by amortizing the grant date fair value over the vesting period.

(s) Convertible instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815, Derivatives and Hedging Activities.

Companies are required to bifurcate conversion options from their host instrument and account for them as free-standing derivative financial instruments according to certain criteria. The criteria includes circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not remeasured at fair value under GAAP with changes in fair value reported in earnings as they occur, and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when it has been determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

The Company issued convertible debentures with detachable share purchase warrants at various times to raise capital to expand its business and support general corporate needs. The convertible instruments also included embedded derivatives in the form of conversion features and put options. Management evaluated the convertible debentures to determine the proper accounting and whether the embedded derivatives required bifurcation from the host instrument and whether the conversion feature was a beneficial conversion feature ("BCF"). It was concluded that the embedded derivative did not require bifurcation from the host instrument and that the conversion feature was not a BCF.

The Company accounted for the convertible debentures and embedded derivatives as a single unit of account and classified them entirely as non-current liabilities in the Company's consolidated balance sheets in accordance with Debt with Conversion and Other Options (Subtopic ASC 470-20). The Company engaged a third-party to determine the fair value of each of the instruments issued and allocated the proceeds received from the issuance and the transaction costs related to the issuance of the convertible debentures and warrants based on their relative fair values as determined at issuance.

(t) Convertible preferred stock and detachable warrants

The Company evaluates convertible preferred stock in accordance with Debt with Conversion and Other Options (Subtopic ASC 470-20-35-7). All of the issued series preferred stock are convertible into shares of the Company's common stock at a conversion ratio of one preferred share for 1,000 common shares. All series of convertible preferred stock are classified as shareholders' equity in the Company's consolidated balance sheets. The fair value of the related preferred stock is based on the closing price of the Company's common stock on the day of issuance of the preferred stock.

Included in the issuance were detachable warrants to purchase a convertible preferred share. The detachable purchase warrants were evaluated for equity or liability classification and were determined to meet liability classification. The warrants are legally detachable and separately exercisable from the convertible preferred shares.

(u) Warrant liability

The Company may issue common stock warrants with debt, equity or as a standalone financing instrument that is recorded as either liabilities or equity in accordance with the respective accounting guidance. Warrants recorded as equity are recorded at their relative fair value determined at the issuance date and remeasurement is not required. Warrants recorded as liabilities are recorded at their fair value, within warrant liability on the consolidated balance sheets, and remeasured on each reporting date with changes recorded in the Company's consolidated statements of operations and comprehensive loss.

(v) Embedded derivative liabilities

The Company evaluates its financial instruments to determine if those instruments or any embedded components of those instruments qualify as derivatives that need to be separately accounted for in accordance with ASC 815, Derivatives and Hedging. Embedded derivatives satisfying certain criteria are recorded at fair value at issuance and marked-to-market at each balance sheet date with the change in the fair value recorded as income or expense. In addition, upon the occurrence of an event that requires the derivative liability to be reclassified to equity, the derivative liability is revalued to fair value at that date.

(w) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its ordinary shares. Basic earnings (loss) per share is calculated using the treasury stock method, by dividing the income (loss) attributable to common and proportionate shareholders of the Company by the weighted average number of common and proportionate voting shares outstanding during the period. Contingently issuable shares (including shares held in escrow) are not considered outstanding common shares and consequently are not included in the earnings (loss) per share calculations. The Company has the following categories of potentially dilutive common share equivalents: RSUs, stock options, warrants, convertible preferred shares, exchangeable shares and convertible debentures.

In order to determine diluted earnings (loss) per share, it is assumed that any proceeds from the exercise of dilutive instruments would be used to repurchase common shares at the average market price during the period. The Company also considers all outstanding convertible securities, such as the convertible preferred shares, convertible debentures, and outstanding exchangeable shares as if the instruments were converted to the Company's common stock.

Diluted earnings (loss) per share is determined by adjusting the income (loss) attributable to common shareholders and the weighted average number of common and proportionate voting shares outstanding, adjusted for the effects of all dilutive potential common and proportionate voting shares. Proportionate voting shares are converted to their common share equivalent of one thousand common shares for every one proportionate voting share for the purposes of calculating basic and diluted earnings (loss) per share. In a period of losses, all of the potentially dilutive common share equivalents are excluded in the determination of dilutive net loss per share because their effect is antidilutive. During the year ended December 31, 2021, 27,652,010 potentially dilutive common share equivalents were included in the computation of diluted earnings per share. During the years ended December 31, 2020 and 2019, no potentially dilutive common share equivalents were included in the computation of diluted loss per share because their impact would have been anti-dilutive.

(x) Use of significant estimates and judgments

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Management has applied significant estimates and judgements related to the following:

i) *Inventory*

The net realizable value of inventory represents the estimated selling price in the ordinary course of business less the reasonably predictable costs of completion, disposal and transportation. The Company estimates the net realizable value of inventories, taking into account the most reliable evidence available at each reporting date. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price the Company expects to realize by selling the inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and gross profit.

The impact of inventory reserves is reflected in cost of sales.

ii) *Revenue recognition*

From time to time, the Company partakes in sales agreements with suppliers in which it also purchases inventory. As part of the five-step revenue model, the Company assesses whether instances of bulk sales made to suppliers of goods have commercial substance and should be recognized as revenue, or whether they should be assessed under ASC 845 *Nonmonetary Transactions*, which requires management judgment to determine if the transaction has commercial substance

iii) *Share based payments*

In calculating share-based compensation expense, key estimates are used such as, the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price, and the risk-free interest rate.

iv) *Warrant Liability*

In calculating the fair value of warrants issued, the Company includes key estimates such as the volatility of the Company's stock price and the risk-free interest rate. The Company uses judgment to select methods used and in performing the fair value calculations at the initial measurement at issuance, as well as for subsequent measurement on a recurring basis.

v) *Income taxes*

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

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

vi) *Impairment of goodwill and intangible assets*

Goodwill and indefinite lived intangible assets are reviewed for impairment annually and whenever there are events or changes in circumstances that indicate the carrying amount has been impaired. Definite lived intangible assets are tested for impairment when there are indications that an asset may be impaired. If it is determined that it is more likely than not that the fair value of a reporting unit are less than its carrying value, additional quantitative impairment testing is performed which compares the carrying value of the reporting unit to its estimated fair value.

The Company uses an income-based approach as necessary to assess the fair values of intangible assets and its reporting units for goodwill testing purposes. Under the income approach, fair value is based on the present value of estimated cash flows. An impaired asset is written down to its estimated fair value based on the most recent information available.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. A number of factors, including historical results, business plans, forecasts, and market data are used to determine the fair value of the reporting unit and intangible assets.

vii) *Impairment of long-lived assets*

The Company evaluates the recoverability of long-lived assets, including property and equipment, ROU assets, and definite lived intangible assets, whether events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable.

When the Company determines that the carrying value of the long-lived asset may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value.

viii) *Business combinations*

Classification of an acquisition as a business combination or an asset acquisition depends on whether the asset acquired constitutes a business, which can be a complex judgement. The Company has determined that its acquisitions in Note 4 are business combinations under ASC 805 *Business Combinations.*

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company may utilize an independent external valuation expert to develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. The Company elected to measure each NCI at its fair value as of the acquisition date based on an appraisal of the real estate acquired using the market approach, specifically the direct comparison approach of comparable properties.

ix) *Contingent Consideration*

Contingent consideration payable as the result of a business combination is recorded at the date of acquisition at fair value. The fair value of contingent consideration is subject to significant judgement and estimates, such as projected future revenue. Subsequent changes to the fair value of contingent consideration are measured at each reporting date, with changes recognized through profit or loss.

x) *Incremental borrowing rates*

Lease payments are discounted using the rate implicit in the lease if that rate is readily available. If that rate cannot be easily determined, the lessee is required to use its incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Company estimates it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The Company calculates its incremental borrowing rate as the interest rate the Company would pay to borrow funds necessary to obtain an asset of similar value over similar terms taking into consideration the economic factors and the credit risk rating at the commencement date of the lease.

In addition, the Company utilizes a discount rate to determine the appropriate fair value of convertible debentures and loans issued with warrants attached. The discount rate applied reflects the interest rate that the Company would have to pay to borrow a similar amount at a similar term and with a similar security.

xi) *Control, joint control or level of influence*

When determining the appropriate basis of accounting for the Company's interests in affiliates, the Company makes judgments about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities.

xii) *COVID-19 Estimation Uncertainty*

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company's operations during the year ended December 31, 2020. The production and sale of cannabis have been recognized as essential services across Canada and the US and the Company has not experienced production delays or prolonged retail closures as a result.

Management has been closely monitoring the impact of COVID-19 and has implemented various measures to reduce the spread of the virus including enhanced cleaning protocols and implementing social distancing measures. In April 2020, to mitigate patient and caregiver concerns, the Company's Ilera operations implemented a curbside service at its dispensaries to promote social distancing. Additionally, the Company's Apothecarium business launched a delivery service in California.

Due to the uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the business, financial position, and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. Management is closely monitoring the impact of the pandemic on all aspects of its business. At December 31, 2021, management has not observed any material impairments of assets or significant change in the fair value of assets due to the COVID-19 pandemic.

(y) New standards, amendments and interpretations adopted

(i) In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to the accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The Company adopted this standard effective January 1, 2021 and notes that it did not have a material impact on the Company's consolidated financial statements.

(In thousands, except per share/unit amounts)

(ii) In January 2020, the FASB issued ASU 2020-01, Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) ("ASU 2020-01"), which is intended to clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounting for under Topic 815. The Company adopted this standard January 1, 2021 and notes that it did not have a material impact on the Company's consolidated financial statements.

(iii) On August 5, 2020, the FASB issued ASU No. 2020-06, Debt- Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, to improve financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company adopted this standard January 1, 2021 and notes that it does not have a material impact on the Company's consolidated financial statements.

(y) New standards, amendments and interpretations not yet adopted

(i) In October 2021, the FASB issued ASC No. 2021-08, Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805). This ASU requires an acquirer to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The ASU is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Adoption of the ASU should be applied prospectively. Early adoption is permitted, including adoption in an interim period. The ASU is currently not expected to have a material impact on the Company's consolidated financial statements.

3. Accounts receivable, net

	December 31, 2021	December 31, 2020
Trade receivables	$ 14,684	$ 12,443
Sales tax receivables	358	45
Other receivables	370	150
Provision for sales returns	(157)	(1,772)
Expected credit losses	(335)	(10)
Total receivables, net	**$ 14,920**	**$ 10,856**

Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada. Other receivables at December 31, 2021 and December 31, 2020 include amounts due from the sellers of the Apothecarium (Note 4).

(In thousands, except per share/unit amounts)

	December 31, 2021	December 31, 2020
Trade receivables	$ 14,684	$ 12,443
Less: provision for sales returns and expected credit losses	(492)	(1,782)
Total trade receivables, net	**$ 14,192**	**$ 10,661**
Of which		
Current	$ 13,282	$ 9,893
31-90 days	569	2,445
Over 90 days	833	105
Less: provision for sales returns and expected credit losses	(492)	(1,782)
Total trade receivables, net	**$ 14,192**	**$** 10,661

The following is a roll-forward of the provision for sales returns and allowances related to trade accounts receivable for the years ended:

	December 31, 2021	December 31, 2020
Beginning of period	$ 1,782	$ 2,016
Provision for sales returns	1,125	2,200
Expected credit losses	357	10
Write-offs charged against provision	(2,772)	(2,444)
Total provision for sales returns and expected credit losses	**$ 492**	**$ 1,782**

4. Acquisitions

2021 Acquisitions

New Jersey Partnership

On August 20, 2021, the Company purchased an additional 12.5%, with an option to purchase an additional 6.25% ownership, of the issued and outstanding equity of TerrAscend NJ from BWH NJ, LLC and Blue Marble Ventures, LLC for a total consideration of $50,000, which was paid during the year ended December 31, 2021. Upon closing of the agreement, the Company now owns 87.5% of the issued and outstanding equity of TerrAscend NJ.

The Company has the option to purchase an additional 6.25% ownership, for a total of 93.75%, at a predetermined valuation during the period commencing April 1, 2023 through June 15, 2023. The purchase option derivative asset was measured at fair value at the date of transaction using the Monte Carlo simulation model, and subsequently remeasured at December 31, 2021 and has been classified as Level 3 in the fair value hierarchy. Refer to Note 21 for discussion regarding changes in fair value of the purchase option derivative asset, as well as the key inputs and assumptions used in the model. The purchase option derivative is included in other non-current assets in the Company's consolidated balance sheets.

This transaction was accounted for as an equity transaction. The carrying amount of the non-controlling interest was adjusted by $1,406 to reflect the change in the net book value ownership interest in TerrAscend. The difference from the consideration paid of $47,472 is recognized in additional paid in capital and attributed to the parent's equity holders.

(In thousands, except per share/unit amounts)

Acquisition of HMS

On May 3, 2021, the Company acquired HMS Health, LLC ("HMS Health") and HMS Processing, LLC ("HMS Processing" and together with HMS Health "HMS"), a cultivator and processor of medical cannabis products in the state of Maryland. TerrAscend acquired 100% of the equity of HMS Health and the rights to acquire 100% of the equity of HMS Processing post-closing following receipt of certain regulatory approvals, for total consideration of $24,488, comprised of $22,399 in cash and a $2,089 note, which bears 5.0% annual interest, due April 2022. 100% of HMS' economics is retained by the Company through full ownership of HMS Health and a master services agreement with HMS Processing. The acquisition has been accounted for as a business combination.

On a standalone basis, had the Company acquired the business on January 1, 2021, sales estimates would have been $10,209 for the twelve months ended December 31, 2021 and net loss estimates would have been $4,915. Actual sales and net loss for the twelve months ended December 31, 2021 since the date of acquisition are $6,797 and $3,272, respectively.

The following table presents the fair value of assets acquired and liabilities assumed as of the May 3, 2021 acquisition date and an allocation of the consideration to net assets acquired:

Receivables	$	758
Inventory		4,725
Prepaid expenses and deposits		68
Operating right-of-use asset		1,660
Property and equipment		756
Intangible assets		19,750
Goodwill		8,877
Accounts payable and accrued liabilities		(1,098)
Lease liability		(1,660)
Corporate income tax payable		(1,195)
Deferred tax liability		(8,153)
Net assets acquired	**$**	**24,488**
Consideration paid in cash	$	22,399
Promissory note payable		2,089
Total consideration	**$**	**24,488**
Cash outflow	$	**22,399**

The consideration paid reflected the benefit of expected sales growth, future market conditions, and product development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

Costs related to this transaction were $69, including legal, accounting, due diligence, and other transaction-related expenses, and were included in transaction and restructuring costs in the consolidated statements of operations and comprehensive loss.

Acquisition of KCR

Upon the acquisition of Ilera on September 16, 2019, the Company acquired a $1,000 investment in GuadCo LLC and KCR Holdings LLC (collectively "KCR"). KCR holds a permit from the Pennsylvania Department of Health which grants the right to operate three dispensaries in the state of Pennsylvania. The Company's investment represented a 10% equity share in KCR. The Company had significant influence over KCR as the Company's Ilera business supplies a significant portion of inventory, and therefore, the investment in KCR was accounted for using the equity method and was included in investment in associate on the Company's Consolidated Balance Sheets. The acquisition was adjusted for earnings and cash distributions. On April 30, 2021, the investment had a carrying value of $1,223. The fair value of the investment on April 30, 2021 was estimated to be $7,101, which was implied based on the overall purchase price. An unrealized gain of $5,878 was recorded and included in the unrealized and realized gain on investments and notes receivable in the statement of operations.

On April 30, 2021, the Company acquired the remaining 90% of equity of KCR for total consideration of $69,847, comprised of $34,427 in common shares, $20,506 in cash, $7,101 related to the fair value of previously owned shares, and a $6,750 note which bears 10.0% annual interest, due April 2022. The transaction added three retail dispensaries located in Bethlehem, Allentown and Stroudsburg, Pennsylvania to complement the Company's existing retail footprint in Southeastern Pennsylvania. The acquisition has been accounted for as a business combination.

The Company will pay up to $6,300 in shares if (i) within two years of the closing date, legislation is enacted into law by the General Assembly of the Commonwealth of Pennsylvania, which permits the cultivation, processing and/or sale of adult use cannabis; and (ii) the legislation provides that any Pennsylvania medical marijuana dispensary permit holder existing on the date of enactment of the legislation may be issued an additional adult-use dispensing organization permit (or similar permit) to operate at least three locations to serve adult use purchasers in Pennsylvania; and (iii) if as a result of the legislation, within three years of the date the legislation is enacted and effective, the Company commences retail sales at an additional two dispensaries under, through or on account of the GuadCo license or any other Pennsylvania license acquired from a third-party after the closing date. The total value of the potential purchase consideration payable by the Company under the terms of the agreement is approximately $75,084, and the fair value of the contingent consideration was $1,063 at acquisition.

On a standalone basis, had the Company acquired the business on January 1, 2021, sales estimates would have been $30,547 for the twelve months ended December 31, 2021 and net income estimates would have been $5,171. Actual sales and net income for the twelve months ended December 31, 2021 since the date of acquisition are $20,588 and $3,485, respectively.

The following table presents the fair value of assets acquired and liabilities assumed as of the April 30, 2021 acquisition date and an allocation of the consideration to net assets acquired:

(In thousands, except per share/unit amounts)

Cash and cash equivalents	$	169
Inventory		2,461
Prepaid expenses and other assets		559
Operating right-of-use asset		2,176
Property and equipment		4,237
Intangible assets		49,228
Goodwill		13,660
Accounts payable and accrued liabilities		(479)
Lease liability		(2,164)
Net assets acquired	**$**	**69,847**

Consideration paid in cash	$	20,506
Consideration paid in shares		34,427
Promissory note payable		6,750
Contingent consideration payable		1,063
Fair value in previously owned shares		7,101
Total consideration	**$**	**69,847**

Cash and cash equivalents acquired, net cash inflow	$	**20,337**

The consideration paid reflected the benefit of expected sales growth, future market and product development, synergies and workforce. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

Costs related to this transaction were $237, including legal, accounting, due diligence, and other transaction-related expenses, and were included in transaction and restructuring costs in the consolidated statements of operations and comprehensive loss.

2020 Acquisitions

Acquisition of ABI SF, LLC ("State Flower")

On January 23, 2020, the Company, acquired 49.9% of the equity of State Flower through conversion of the note principal and accrued interest into 4,880.44 Class B units of State Flower. The Company agreed to purchase the remaining 50.1% of equity of State Flower under a Securities Purchase Agreement at a future date to be determined for total consideration based on future sales over a predetermined period. The Company also extended State Flower a separate line of credit of up to $4,500 for cultivation facility improvements to expand its production capacity. As of December 31, 2020, the full amount was drawn on the line of credit. The Company consolidates State Flower into its financial statements beginning on the date it obtained a controlling financial interest, which was the conversion date.

(In thousands, except per share/unit amounts)

As consideration, the Company converted its previously issued note receivable and accrued interest in the amount of $3,032 into a 49.9% equity interest in State Flower. As part of this transaction, the Company entered into a put/call arrangement with the State Flower principals. As a result, the non-controlling interest in State Flower does not qualify for equity treatment. Under the put/call arrangement, the non-controlling interest is redeemable by either party to the agreement after certain regulatory approvals are met. The Company has classified the non-controlling interest as a liability on the Consolidated Balance Sheets as contingent consideration payable. The initial 50.1% non-controlling interest liability was recorded at fair value of $6,630, representing the expected consideration payable to acquire the remaining 50.1% of State Flower, which comprises 100% of its Class A common shares, subject to regulatory approval. The contingent consideration is based on a multiple of future revenue less the total principal amount drawn under the line of credit and discounted using an appropriate risk adjusted rate. Any fair value adjustments to the liability are recorded in the consolidated statements of operations and comprehensive loss. No profit or loss with respect to State Flower operations is allocated to the non-controlling interests. Effective with the conversion, the Company controls the appointment of three out of five seats on the board of directors and controls strategic and financial operations of State Flower.

On a standalone basis had the Company acquired the business on January 1, 2020, sales estimates would have been $2,192 for the twelve months ended December 31, 2020 and net loss estimates would have been $1,568. Actual sales and net loss for the year ended December 31, 2020 since the date of acquisition are $1,871 and $1,564, respectively.

The following table presents the fair values of assets acquired and liabilities assumed as of the acquisition date and an allocation of the consideration to net assets acquired:

Cash and cash equivalents	**$**	739
Receivables		106
Inventory		432
Prepaid expenses and deposits		139
Operating right-of-use assets		2,734
Property and equipment		1,215
Intangible assets		4,770
Goodwill		4,689
Accounts payable and accrued liabilities		(378)
Lease liability		(2,734)
Net assets acquired	**$**	**11,712**
Consideration paid on conversion of note receivable	**$**	3,032
Contingent consideration payable		6,630
Line of credit advances at date of acquisition		2,050
Total consideration	**$**	**11,712**
Cash and cash equivalents acquired, net cash inflow	**$**	**739**

Goodwill was recognized for this acquisition because the purchase consideration included a control premium. In addition, the consideration paid reflected the benefit of expected sales growth and future market and product development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.
Costs related to this transaction were $43, including legal, accounting, due diligence, and other transaction-related expenses and were included in transaction and restructuring costs.

(In thousands, except per share/unit amounts)

Contingent consideration

Contingent consideration recorded relates to the Company's business acquisitions. Contingent consideration is based upon the potential earnout of the underlying business unit and is measured at fair value using a projection model for the business and the formulaic structure for determining the consideration under the terms of the agreement. The determination of the fair value of the contingent consideration payable is primarily based on the Company's expectations of the amount of revenue to be achieved by the underlying business units within a specified time period based on the agreement. Refer to Note 21 for further discussion surrounding the fair value of the contingent consideration.

The balance of contingent consideration is as follows:

	State Flower	Ilera	Apothecarium	KCR	Total
Carrying amount, December 31, 2019	**$ —**	**$ 156,373**	**$ 3,028**	**$ —**	**$ 159,401**
Contingent consideration recognized on acquisition	6,630	—	—	—	6,630
Payments of contingent consideration	—	(147,184)	—	—	(147,184)
Revaluation of contingent consideration	(40)	18,749	—	—	18,709
Carrying amount, December 31, 2020	**6,590**	**27,938**	**3,028**	**—**	**37,556**
Amount recognized on acquisition of KCR	**—**	**—**	**—**	**1,063**	**1,063**
Payments of contingent consideration	**—**	**(29,668)**	**—**	**—**	**(29,668)**
Revaluation of contingent consideration	**1,770**	**1,730**	**—**	**84**	**3,584**
Carrying amount, December 31, 2021	**$ 8,360**	**$ —**	**$ 3,028**	**$ 1,147**	**$ 12,535**
Less: current portion	**(6,954)**	**—**	**(3,028)**	**—**	**(9,982)**
Non-current contingent consideration	**$ 1,406**	**$ —**	**$ —**	**$ 1,147**	**$ 2,553**

The contingent consideration for State Flower was calculated based on fiscal year 2021 revenue and as of December 31, 2021, the final earnout has been calculated. The Company will make a payment of $6,954 in January 2022. The remaining amount will be paid to the sellers of State Flower upon the Company's acquisition of the remaining 50.1% of State Flower.

On September 4, 2020, the Company and the sellers of Ilera amended the Ilera Purchase Agreement to allow the Company to utilize cash flow generated by the Ilera business to prepay up to $30,000 (the "Pre-Payment Amount") towards the final earnout payment. The amendment also allows the Company to defer up to an amount equal to the actual Pre-Payment Amount paid to the sellers of Ilera until June 30, 2021. The contingent consideration was calculated based on fiscal year 2019 and 2020 performance. During the year ended December 31, 2020, the Company made payments to the sellers of Ilera totaling $147,184. The remaining amount of $29,668 was paid on June 30, 2021.

Refer to Note 21 for discussion of valuation methods used when determining the fair value of the contingent consideration liability, and the changes in fair value.

5. Inventory

The Company's inventory of dry cannabis and oil includes both purchased and internally produced inventory. The Company's inventory is comprised of the following items:

	December 31, 2021	December 31, 2020
Raw materials	$ 3,185	$ 3,777
Finished goods	8,721	8,750
Work in process	26,852	5,519
Accessories	74	81
Supplies and consumables	3,491	2,434
	$ 42,323	**$ 20,561**

(In thousands, except per share/unit amounts)

The inventory change is mainly due to an increase in distillate being held for the processing of manufactured products in Pennsylvania. In addition, in New Jersey, the Company has made a strategic decision to build up inventory for its own dispensaries in advance of expected adult-use transition by the end of Q2 2022.

During the year ended December 31, 2021, the Company recorded impairment of $2,322, related to aged, obsolete, or unsaleable inventories at its Canada and Florida operations. Additionally, the Company recorded impairment of $1,889 at its Pennsylvania operations related to inventory that did not meet its quality standards.

During the years ended December 31, 2020 and 2019, the Company recorded inventory impairments of $4,111 and $6,956, respectively, relating to raw materials and Cannabis products (finished goods) exceeding the net realizable value. Management determines net realizable value as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Of the impairment charges during the twelve months ended December 31, 2020, $1,795 of the charges were related to write down of inventory purchased from a third-party supplier, during the current period, at prices per prior signed agreements. The impairment charges for the year ended December 31, 2019 were due to the carrying value of inventory exceeding the estimated net realizable value.

In addition, management wrote off $730, $1,261, and $3,849 of inventory that it deemed unsaleable for the years ended December 31, 2021, 2020, and 2019, respectively. Inventory impairment and write-offs have been recorded in cost of sales.

6. Property and equipment, net

Property and equipment consisted of:

		December 31, 2021		December 31, 2020
Land	$	4,183	$	3,640
Assets in process		6,858		2,275
Buildings & improvements		117,703		92,672
Machinery & equipment		23,424		15,862
Office furniture & production equipment		3,232		2,742
Assets under finance leases		239		239
Total cost		155,639		117,430
Less: accumulated depreciation		(14,877)		(7,185)
Property and equipment, net	**$**	**140,762**	**$**	**110,245**

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

During the years ended December 31, 2021 and December 31, 2020, borrowing costs were not capitalized because the assets in process did not meet the criteria of a qualifying asset.

Depreciation expense was $8,322 for the year ended December 31, 2021 ($5,682 included in cost of sales), $4,658 for the year ended December 31, 2020 ($2,670 included in cost of sales), and $1,164 for the year ended December 31, 2019 ($735 included in cost of sales).

Asset Specific Impairment

The Company reviews the carrying value of its property and equipment at each reporting period for indicators of impairment.

During the year ended December 31, 2021, the Company determined that equipment purchased for the purpose of extracting CBD and THC oils to support the medical cannabis business in Canada needed to be assessed for impairment as the equipment was never put into use and the Company has since exited the medical cannabis business in Canada. The Company evaluated the recoverability of the asset to determine whether it would be recoverable, and it was determined that the carrying value of the asset exceeded its estimated future undiscounted cash flows and therefore, recorded an impairment loss of $470. The

(In thousands, except per share/unit amounts)

Company determined that the assets meet the criteria to be classified as held for sale and the remaining net book value of $343 was includedn other current assets on the Company's Consolidated Balance Sheets.

During the year ended December 31, 2020, the Company made a strategic decision to cease the growing and cultivation of cannabis in Canada. As a result of this decision, the Company wrote down the net book value of the lighting and irrigation assets previously used in the Canadian cultivation business to $nil and recognized asset specific impairment of $823.

During the year ended December 31, 2019, the Company determined that Solace Rx's proposed Drug Preparation Premise ("DPP") was no longer commercially viable and ceased all further construction and operations, which was determined to be an indicator of impairment. The fair value of the DPP was determined based on a third-party appraisal. As a result, the Company recorded impairment of property and equipment of $1,746 for the DPP.

7. Intangible assets, net and goodwill

Intangible assets consisted of the following:

At December 31, 2021	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets			
Software	$ 2,626	$ (1,353)	$ 1,273
Licenses	153,300	(11,311)	141,989
Brand intangibles	1,144	(254)	890
Non-compete agreements	280	(221)	59
Total finite lived intangible assets	157,350	(13,139)	144,211
Indefinite lived intangible assets			
Brand intangibles	24,773	—	24,773
Total indefinite lived intangible assets	24,773	—	24,773
Intangible assets, net	**$ 182,123**	**$ (13,139)**	**$ 168,984**

At December 31, 2020	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets			
Software	$ 2,447	$ (733)	$ 1,714
Licenses	85,302	(5,511)	79,791
Customer relationships	4,000	(1,601)	2,399
Non-compete agreements	1,630	(997)	633
Total finite lived intangible assets	93,379	(8,842)	84,537
Indefinite lived intangible assets			
Brand intangibles	26,173	—	26,173
Total indefinite lived intangible assets	26,173	—	26,173
Intangible assets, net	**$ 119,552**	**$ (8,842)**	**$ 110,710**

The gross carrying amount of intangible assets increased $62,571 during the year ended December 31, 2021. The increase was mainly a result of business combinations, which accounted for $68,978 of the increases during the year ended December 31, 2021, partially offset by impairment of intangible assets of $3,633.

Amortization expense was $7,068 for the year ended December 31, 2021 ($2,052 included in cost of sales), $5,775 for the year ended December 31, 2020 ($2,201 included in cost of sales), and $3,280 for the year ended December 31, 2019 ($642 included in cost of sales).

(In thousands, except per share/unit amounts)

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

2022	$ 7,814
2023	6,818
2024	6,383
2025	5,960
2026	5,927

Impairment of Intangible Assets

The Company recorded the following impairment losses by category of intangible assets:

	December 31, 2021	December 31, 2020	December 31, 2019
Finite lived intangible assets			
Software	$ 9	$ 1	$ 113
Licenses	—	423	268
Customer relationships	2,000	342	—
Non-compete agreements	224	—	—
Total impairment of finite lived intangible assets	2,233	766	381
Indefinite lived intangible assets			
Brand intangibles	1,400	—	2,928
Total impairment of indefinite lived intangible assets	1,400	—	2,928
Total impairment of intangible assets	$ **3,633**	$ **766**	$ **3,309**

During the year ended December 31, 2021, the Company made the decision to undertake a strategic review process to explore, review, and evaluate potential alternatives for its Arise business. The Company also determined that the estimated future cash flows for the business did not support the carrying value of the intangible assets and goodwill, and therefore, the intangible assets and goodwill were written down to $nil. The Company recorded impairment of intangible assets of $3,633 for the year ended December 31, 2021.

The Company recorded impairment of $423 of intellectual property in Canada during the year ended December 31, 2020 related to packaging designs that were written down to its recoverable value. Additionally, during the year ended December 31, 2020, the Company recorded impairment of $342 related to its customer relationships at Arise as a result of its termination of an agreement with one of its wholesale distributors.

At the end of each reporting period, the Company first performs a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit exceeds its carrying value. For any reporting units in which it is more likely than not that the fair value exceeds its carrying value, the Company tests its indefinite useful life for impairment by comparing its carrying amount with its fair value. During the year ended December 31, 2019, the Company recognized impairment losses of $2,928 related to the brand intangible asset at its California business. The fair value of the brand was calculated using a relief of royalty method.

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

Balance at December 31, 2019	**$ 68,107**
Acquisitions (see Note 4)	4,689
Balance at December 31, 2020	**72,796**
Acquisitions (see Note 4)	22,537
Impairment of goodwill	(5,007)
Balance at December 31, 2021	**$ 90,326**

Impairment of Goodwill

During the years ended December 31, 2021, 2020 and 2019, the Company qualitatively assessed whether it was more likely than not that the respective fair values of its reporting units were less than their carrying amounts. If it was determined that it was more likely than not that the reporting unit's fair value was less than its carrying amount, a one-step quantitative impairment test was performed. The following significant assumptions are applied in the determination of the fair value of the reporting units:

- Cash flows: estimated cash flows were projected based on actual operating results from internal sources, as well as industry and market trends. The forecasts were extended to a total of five years (with a terminal value thereafter);
- Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators and projected industry growth;
- Post-tax discount rate: The post-tax discount rate is reflective of the reporting units weighted average cost of capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta premium, and after-tax cost of debt based on corporate bond yields; and
- Tax rate: the tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date

As a result of the Company's decision to undertake a strategic review of its Arise business, Company recorded impairment of goodwill of $5,007 during the year ended December 31, 2021.

During the fourth quarter of 2021, the Company performed qualitative analyses over its goodwill for each of its reporting units. The Company determined that it was more likely than not that the fair value of its California and Maryland reporting units exceeded their carrying values, and therefore, no quantitative analysis was performed. The Company performed a quantitative analysis over its Pennsylvania reporting unit and determined that the fair value of the Company's reporting unit exceeded its carrying value by approximately 15%, resulting in no impairment. The carrying value of the goodwill attributable to the Pennsylvania reporting unit was $76,761 at December 31, 2021. There is no goodwill at the Company's Canada and New Jersey reporting units.

During the fourth quarter of 2020, the Company performed qualitative analyses over its goodwill for each of its reporting units. It was determined that it was more likely than not that the fair value of its California and Pennsylvania reporting units exceed their carrying values, and therefore, no quantitative analysis was performed. The Company performed a quantitative analysis over its Florida reporting unit and determined that the fair value of the Company's reporting unit exceeded its carrying value by approximately 10%, resulting in no impairment. The carrying value of the goodwill attributable to the Florida reporting unit was $5,007 at December 31, 2020.

During the fourth quarter of 2019, as a result of the Company's qualitative analyses performed, it was determined that the fair values of its Canada and California reporting units were more likely than not less than the respective carrying values, and therefore, the Company performed a one-step impairment test for each reporting unit.

The Company's Canada reporting unit includes its operations dedicated to the research and development of cannabis biotechnology, including the development of novel formulations and delivery forms, the reconstitution, dilution and preparation of drug preparations for health care practitioners and institutions, and the sale and distribution of medical cannabis. During the year ended December 31, 2019, the Company shut down its drug preparation facility as management deemed that market conditions did not support the operations of this business. As a result, sales forecasts were updated to $nil. Management obtained a third-party appraisal to determine the reporting units fair value using the direct comparison cost approach of comparable properties and applied it against the carrying amount. As a result of the impairment test, management concluded that the carrying value was higher than the fair value and recorded an impairment loss on goodwill of $1,825.

The Company's California reporting unit represents its operations dedicated to the sale of cannabis products and accessories at retail dispensaries within the state of California. During the year ended December 31, 2019, as a result of the quantitative impairment test performed, management concluded that the carrying value was higher than the fair value of the reporting unit and recorded impairment losses of $43,977.

(In thousands, except per share/unit amounts)

8. Loans payable

	Credit Facility	Loans from Related Parties	Canopy Growth (formerly RIV Capital) Loan	Canopy Growth-Canada Inc Loan	Other Loans	Canopy Growth-Arise Loan	Ilera Term Loan	KCR Loan	Total
Balance at December 31, 2019	**$ 45,959**	**$ 2,500**	$ —	$ —	**$ 4,949**	$ —	$ —	$ —	**$ 53,408**
Loan principal net of transaction costs	—	1,500	—	58,355	5,914	19,801	115,926	—	201,496
Loan discount - origination fee paid	—	—	—	—	—	—	(2,250)	—	(2,250)
Converted from convertible debt	—	—	9,396	—	—	—	—	—	9,396
Less: fair value of warrants	—	—	(2,792)	(24,697)	—	(12,232)	—	—	(39,721)
Interest accretion	1,173	—	1,205	4,078	269	68	606	—	7,399
Principal and interest paid	(47,085)	(4,000)	—	—	(4,993)	—	—	—	(56,078)
Effects of movements in foreign exchange	(47)	—	354	2,757	192	—	—	—	3,256
Ending carrying amount at December 31, 2020	—	—	**8,163**	**40,493**	**6,331**	**7,637**	**114,282**	—	**176,906**
Loan principal net of transaction costs	—	—	—	—	2,855	—	—	6,750	9,605
Interest accretion	—	—	1,281	5,435	713	1,263	16,950	378	26,020
Principal and interest paid	—	—	(795)	(3,926)	(596)	—	(15,999)	(4,878)	(26,194)
Forgiveness of principal and interest	—	—	—	—	(1,414)	—	—	—	(1,414)
Effects of movements in foreign exchange	—	—	31	163	26	—	—	—	220
Ending carrying amount at December 31, 2021	—	—	**8,680**	**42,165**	**7,915**	**8,900**	**115,233**	**2,250**	**185,143**
Less: current portion	—	—	(630)	(3,143)	(2,772)	—	(42)	(2,250)	**(8,837)**
Non-current loans payable	**$ —**	**$ —**	**$ 8,050**	**$ 39,022**	**$ 5,143**	**$ 8,900**	**$ 115,191**	**$ —**	**$ 176,306**

Total interest paid on all loan payables was $21,694, $2,192, and $2,760 for the years ended December 31, 2021, 2020 and 2019, respectively.

Credit Facility

On March 11, 2020, a portion of the proceeds received from Canopy Growth Corporation (“Canopy Growth”) were used to fully pay off the outstanding principal and interest amounts under the Credit Facility with JW Asset Management. The amendment was treated as a modification of the Credit Facility and as a result, no gains or losses were recorded for the transaction.

Loan from Related Parties

The principal and interest on the Company's loan from related parties was fully paid during the year ended December 31, 2020.

Canopy Growth (formerly RIV Capital) Loan

On February 5, 2020, the Company and RIV Capital Inc. ("RIV Capital"), formerly Canopy Rivers Inc., agreed to amend the terms of their previously issued convertible debentures with a face value of $10,000 (refer to Note 9). Pursuant to the amended terms, the first tranche of the convertible debentures was converted into a $10,000 loan payable bearing interest at a rate of 6% per annum, payable annually, with a balance due date of October 2, 2024. The effective interest rate on the loan is 15.99%. The Company also issued RIV Capital 2,225,714 common share purchase warrants (Note 11), exercisable at $4.48 (C$5.95) upon the occurrence of certain triggering events. The warrants were issued such that they can be exercised upon maturity of the loan payable in a cashless exercise by offsetting the principal value of the loan payable. The amendment was treated as a modification of the convertible debenture and as a result, no gains or losses were recorded for the transaction.

During the year ended December 31, 2021, Canopy Growth acquired the common share purchase warrants previously issued to RIV Capital as well as the loan payable outstanding balance.

Canopy Growth Canada Inc Loans

On March 10, 2020, TerrAscend Canada Inc. entered into a loan financing agreement with Canopy Growth in the amount of $58,645 pursuant to a secured debenture. In connection with the funding of the loan, the Company had issued 17,808,975 common share purchase warrants to Canopy Growth.

The secured debenture bears interest at a rate of 6.10% per annum, with an effective interest rate of 14.15% and matures on March 10, 2030. The debenture is secured by the assets of TerrAscend Canada, is not convertible and is not guaranteed by the Company. The warrants are comprised of 15,656,242 common share purchase warrants entitling Canopy Growth to acquire one common share of TerrAscend at an exercise price of $3.59 (C$5.14) per share, expiring on March 10, 2030, and 2,152,733 common share purchase warrants entitling Canopy Growth to acquire one common share of TerrAscend at an exercise price of $2.72 (C$3.74) per share, expiring on March 10, 2031 (refer to Note 11).

All warrants will be exercisable following changes in US federal laws permitting the cultivation, distribution, and possession of cannabis or to remove the regulation of such activities from the federal laws of the US. The warrants were issued such that they can be exercised upon maturity of the loan payable by offsetting the principal value of the loan payable. The fair value of the debt was calculated using the effective interest rate method and allocated the proceeds of the issuance to the debenture and the warrants based on their relative fair values as determined at issuance.

In accordance with the terms of the loan financing agreement, the funds cannot be used, directly or indirectly, in connection with or for any cannabis or cannabis-related operations in the US, unless and until such operations are permitted by the federal and applicable state laws of the US.

Of the total proceeds received from Canopy Growth, $48,243 was used to fully pay off the outstanding principal and interest amounts under the Credit Facility with JW Asset Management.

Other Loans

Manufacturing facility loan

The loan principal and interest were fully paid on the Company's mortgage financing loan in June 2020.

On June 19, 2020, the Company completed a $5,336 loan financing secured by its manufacturing facility in Mississauga, bearing interest of 8.25% and a balance due date of July 1, 2023. The mortgage payable was recorded at its fair value at inception and subsequently carried at amortized cost.

Paycheck Protection Program loan

On March 13, 2021, the Company's Arise business was granted a loan from Bank of America in the aggregate amount of $766, pursuant to the Paycheck Protection Program (the "PPP"), bearing interest at 1.00% per annum. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") provides for loans to qualifying businesses with the proceeds to be used for payroll costs, rent, utilities, and interest on other debt obligations. The loans and accrued interest are forgivable after eight weeks as long as the funds are used for qualifying expenses as described in the CARES Act (refer to Note 23). During the year ended December 31, 2021, the principal and interest on the PPP loan was partially forgiven in the amount of $648. The remaining amount was repaid on December 17, 2021, reducing the total outstanding amount to $nil at December 31, 2021.

Canopy Growth Arise Loan

On December 10, 2020, the Company, through a wholly owned subsidiary Arise Bioscience Inc. ("Arise") entered into a loan financing agreement with Canopy Growth in the amount of $20,000 pursuant to a secured debenture. In connection with the funding of the loan, the Company has issued 2,105,718 common share purchase warrants to Canopy Growth.

The secured debenture bears interest at a rate of 6.10% per annum commencing four years from the effective date, with an effective interest rate of 15.61%, and matures on December 9, 2030. The debenture is secured by the assets of Arise, is not convertible, and is not guaranteed by the Company. The warrants are comprised of 1,926,983 common share purchase warrants entitling Canopy Growth to acquire one common share of TerrAscend at an exercise price of $12.00 (C$15.28) per share, expiring on December 9, 2030, and 178,735 common share purchase warrants entitling Canopy Growth to acquire one common share of TerrAscend at an exercise price of $13.50 (C$17.19) per share, expiring on December 9, 2030 (refer to Note 11).

All warrants will be exercisable following changes in US federal laws permitting the cultivation, distribution, and possession of cannabis or to remove the regulation of such activities from the federal laws of the US. The warrants were issued such that they can be exercised upon maturity of the loan payable by offsetting the principal value of the loan payable. The fair value of the debt was calculated using the effective interest rate method and allocated the proceeds of the issuance to the debenture and the warrants based on their relative fair values as determined at issuance.

In accordance with the terms of the loan financing agreement, the funds cannot be used, directly or indirectly, in connection with or for any cannabis or cannabis-related operations in the US, unless and until such operations are permitted by the federal and applicable state laws of the US.

Ilera Term Loan

On December 18, 2020, Ilera Healthcare entered into a senior secured term loan with a syndicate of lenders in the amount of $120,000. The term loan bears interest at 12.875% per annum and matures on December 17, 2024. The Company has the ability to increase the facility by up to $30,000. The term loan is secured by the Ilera Healthcare Division. The loan can be refinanced at the option of the borrower after 18 months from the closing date subject to a premium payment due. Of the total proceeds received, $105,767 was used to satisfy the remaining Ilera earn-out payments.

HMS loan

The acquisition of HMS included a $2,500 note payable which bears a 5.0% annual interest, due October 2022. The note was recorded at its fair value at inception of $2,089 and subsequently carried at amortized cost.

KCR Loan

The acquisition of KCR included a $6,750 note payable which bears interest at 10.00% per annum and matures on April 30, 2022. The note was recorded at its fair value at inception and subsequently carried at amortized cost. The Company made principal payments on this loan of $4,500 during the year ended December 31, 2021.

(In thousands, except per share/unit amounts)

Maturities of loans payable

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

Loan payable principal payments		December 31, 2021
2022	$	4,490
2023		5,719
2024		130,446
2025		—
2026		—
Thereafter		83,516
Total principal payments	$	224,171

9. Convertible debentures

	December 31, 2021	December 31, 2020
Opening carrying amount	$ 5,687	$ 14,795
Convertible debentures issued, net of transaction costs	—	—
Less: fair value of warrants	—	—
Converted loan payable	(5,684)	(9,396)
Interest accretion	37	381
Effects of movements in foreign exchange	(40)	(93)
Ending carrying amount	**$ —**	**$ 5,687**
Less: current portion	—	(403)
Non-current convertible debt	**$ —**	**$ 5,284**

On February 5, 2020, the Company amended the terms of its previously announced $10,000 convertible debenture issuance to RIV Capital. The carrying value of the debt was converted to a loan payable as of the amendment date (Note 8). The fair value was calculated using the effective interest method and allocated the proceeds of the issuance to the debenture and the warrants based on their respective fair values as determined at issuance.

During the twelve months ended December 31, 2021, the Company converted the remaining convertible debentures for 1,284,221 common shares.

10. Leases

The majority of the Company's leases are operating leases used primarily for corporate offices, retail, cultivation and manufacturing. The operating lease periods generally range from 1 to 28 years. The Company had one finance lease at December 31, 2021 and 2020, respectively.

(In thousands, except per share/unit amounts)

Amounts recognized in the consolidated balance sheets were as follows:

	December 31, 2021	December 31, 2020
Operating leases:		
Operating lease right-of-use assets	**$ 29,561**	**$ 23,229**
Operating lease liability classified as current	1,171	1,006
Operating lease liability classified as non-current	30,573	23,633
Total operating lease liabilities	**$ 31,744**	**$ 24,639**
Finance leases:		
Property and equipment, net	$ **168**	**$ 199**
Lease obligations under finance leases classified as current	$ 22	$ 19
Lease obligations under finance leases classified as non-current	181	203
Total finance lease obligations	**$ 203**	**$ 222**

The Company recognized operating lease expense of $3,986 ($273 included in cost of sales), $3,066 ($145 included in cost of sales), and $1,039 ($nil included in cost of sales) for the years ended December 31, 2021, 2020 and 2019, respectively.

The Company entered into a lease termination agreement ("Lease Termination") in the amount of $3,278 with the landlord at its 22,000 square foot facility in Frederick, Maryland to enable the Company to terminate the lease prior to the end of the lease term. The Lease Termination was accounted for as a lease modification that reduces the term of the existing lease and the Company adjusted the value of its right-of-use asset and operating lease liability using an incremental borrowing rate of approximately 10%. The lease termination fee is included in accounts payable and accrued liabilities on the Company's Consolidated Balance Sheets and will be paid to the landlord in January 2022.

Other information related to operating leases as of December 31, 2021 and 2020 consisted of the following:

	December 31, 2021	December 31, 2020
Weighted-average remaining lease term (years)		
Operating leases	14.2	13.3
Finance leases	5.5	6.5
Weighted-average discount rate		
Operating leases	10.72 %	11.06 %
Finance leases	10.00 %	10.00 %

Supplemental cash flow information related to leases were as follows:

	December 31, 2021	December 31, 2020
Cash paid for amounts included in measurement of operating lease liabilities	$ 3,987	$ 3,093
Right-of-use assets obtained in exchange for lease obligations	$ 9,773	$ 9,421
Cash paid for amounts included in measurement of finance lease liabilities	$ 40	$ 39

(In thousands, except per share/unit amounts)

Undiscounted lease obligations as of December 31, 2021 are as follows:

	Operating	Finance	Total
2022	$ 4,422	$ 41	$ 4,463
2023	4,380	42	4,422
2024	4,474	44	4,518
2025	4,609	45	4,654
2026	4,437	46	4,483
Thereafter	43,475	53	43,528
Total lease payments	**65,797**	**271**	**66,068**
Less: interest	(34,053)	(68)	(34,121)
Total lease liabilities	**$ 31,744**	**$ 203**	**$ 31,947**

Under the terms of these operating sublease agreements, future undiscounted rental income from such third-party leases is expected to be as follows:

2022	$ 545
2023	555
2024	563
2025	581
2026	400
Thereafter	297
Total rental payments	**$ 2,941**

11. Shareholders' equity

The Company is authorized to issue an unlimited number of common shares, proportionate voting shares, exchangeable shares, and preferred shares. The Company's board of directors have the discretion to determine the rights, preferences, privileges, and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges, and liquidation preferences, of each class of the Company's capital stock.

Unlimited Number of Preferred Shares

The Board of Directors has authorized the Company to issue an unlimited number of preferred shares in Series A, Series B, Series C and Series D convertible preferred shares (the "Convertible Preferred Shares"). The preferred shares of each series will, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntarily or involuntarily, rank on parity with the preferred shares of every other series and be entitled to preference over the Proportionate Voting Shares, Common Shares and Exchange Shares.

Voting Rights

Holders of the Company's Convertible Preferred Shares are not entitled to receive notice of, or to attend or to vote at any meeting of the shareholders of the Company.

Dividends

The holders of the Convertible Preferred Shares are not entitled to receive any dividends, except that if the Company issues a dividend when necessary to comply with contractual provisions in respect of an adjustment to the conversion ratio in connection with any dividend paid on the Common Shares.

Conversion Rights

Holders of the Company's Convertible Preferred Shares are entitled to convert each outstanding share to 1,000 common shares of the Company (or the economic equivalent in proportionate voting shares for US investors) at the option of the holder, subject to customary anti-dilution provisions.

The Convertible Preferred Shares will be automatically converted into proportionate voting shares at the then-effective conversion ratio, instead of being redeemed for cash and other assets, in the event of a change in control.

Redemption Rights

The Company classified the Convertible Preferred Shares as permanent equity in the financial statements given that the terms do not obligate the Company to buy back the shares of preferred stock in exchange for cash or other assets, nor do the shares represent an obligation that must or may be settled with a variable number of shares, which are debt-like features. No other redemption provisions exist within the terms of the instrument.

Liquidation Preference

In the event of liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, or upon any other return of capital or distribution of the assets of the Company among its shareholders, in each case for the purposes of winding up its affairs, each Convertible Preferred Share entitles the holder thereof to receive and to be paid out of the assets of the Company available for distribution, before any distribution or payment may be made to a holder of any Common Shares, Proportionate Voting Shares, Exchangeable Shares or any other shares ranking junior in such liquidation, dissolution, or winding up to the Convertible Preferred Shares, an amount per Convertible Preferred Share equal to the fair market value of the consideration paid for such preferred share upon issuance.

The Company's Series A, Series B, Series C and Series D convertible preferred shares have a liquidation preference that is initially equal to $2,000, $2,000, $3,000 and $3,000, respectively, per share; provided that if the Company makes a distribution to holders of all or substantially all of the respective series of Convertible Preferred Shares, or if the Company effects a share split or share consolidation of the respective series of Convertible Preferred Shares, then the liquidation preference will then be adjusted on the effective date of such event by a rate computed as (i) the number of respective series of Convertible Preferred Shares outstanding immediately before giving effect to such event divided by (ii) the number of respective series of Convertible Preferred Shares outstanding immediately after such event.

After payment to the holders of the Convertible Preferred Shares of the full liquidation preference to which they are entitled in respect of outstanding Convertible Preferred Shares (which, for greater certainty), have not been converted prior to such payment), such Convertible Preferred Shares will have no further right or claim to any of the assets of the Company.

The liquidation preference will be payable to holders of Convertible Preferred Shares in cash; provided, however, that to the extent the Company has, having exercised commercially reasonable efforts to make such payment, insufficient cash available to pay the liquidation preference in full in cash, the portion of the Liquidation Preference with respect to which the Company has insufficient cash may be paid in property or other assets of the Company. The value of any property or assets not consisting of cash that is distributed by the Company in satisfaction of any portion of the liquidation preference will equal the fair market value on the date of distribution. As of December 31, 2021, the Convertible Preferred Series A and B Shares have an aggregate liquidation value of $28,686, or $2,000 per share. The Convertible Preferred Series C Shares have an aggregate liquidation value of $108, or $3,000 per share.

Unlimited Number of Proportionate Voting Shares

Holders of Proportionate Voting Shares are entitled to receive, as and when declared by the Board, dividends in cash or property of the Company. No dividend may be declared on the Proportionate Voting Shares unless the Company simultaneously declares dividends on the Common Shares in an amount equal to the dividend declared per Proportionate Voting Shares divided by 1,000.

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of

Proportionate Voting Shares are entitled to participate pari passu with the holders of Common Shares in an amount equal to the amount of such distribution per Common Share multiplied by 1,000.

Holders of Proportionate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of shares, or bonds, debentures or other securities of the Company.

There may be no subdivision or consolidation of the Proportionate Voting Shares unless, simultaneously, the Common Shares and Exchangeable Shares are subdivided or consolidated using the same divisor or multiplier.

Proportionate Voting Shares carry 1,000 votes per share, are entitled to participate in dividends and in the distribution of proceeds on a wind-up of the Company on a $1,000-to-$1.00 basis relative to the Common Shares. Each Proportionate Voting Share is exchangeable into 1,000 Common Shares.

Unlimited Number of Exchangeable Shares

Voting Rights

The holders of Exchangeable Shares will not be entitled to receive notice of, attend or vote at meetings of the shareholders of the Company; provided that the holders of Exchangeable Shares will, however, be entitled to receive notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its assets, or a substantial part thereof, but holders of Exchangeable Shares will not be entitled to vote at such meeting of the shareholders of the Company.

Dividends

The holders of the Exchanges Shares will not be entitled to receive any dividends.

Dissolution

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Exchangeable Shares will not be entitled to receive any amount, property or assets of the Company.

Exchange Rights

Each issued and outstanding Exchangeable Share may at any time following the exchange start date applicable to the holder of such Exchangeable Share, at the option of the holder, be exchanged for on Common Share.

Unlimited Number of Common Shares

Voting Rights

Holders of Common Shares are entitled to receive notice of, and to attend, all meetings of the shareholders of the Company and shall have one vote per each Common Share held at all meetings of the Company, except for meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series.

Dividend Rights

The holders of the Common Shares are entitled to receive, subject to the rights of the holder of any other class of shares, any dividends declared by the Company. If, as and when dividends are declared by the directors, each Common Share will be entitled to 0.001 times the amount paid or distributed per Proportionate Voting Share (or, if a stock dividend is declared, each Common Share will be entitled to receive the same number of Common Shares per Common Share of Proportionate Voting Shares entitled to be received per Proportionate Voting Share).

(In thousands, except per share/unit amounts)

Dissolution

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares will, subject to the rights of any other class of shares, be entitled to receive the remaining property of the Company on the basis that each Common Share will be entitled to 0.001 times the amount distributed per Proportionate Voting Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares.

Conversion Rights

Each issued and outstanding Common Share may at any time, at the option of the holder, be converted into 0.001 of a Proportionate Voting Share.

Description of Transactions:

Preferred Stock (Private Placements)

During the year ended December 31, 2020, the Company closed a non-brokered private placement by issuing 18,679 total units in Series A, B, C, and D convertible preferred stock at an issue price of $2,000 per unit, resulting in proceeds of $37,358. Each unit consists of one non-voting, non-participating preferred share and one preferred share warrant ("Preferred Warrant"). See Note 2 – Convertible preferred stock for discussion regarding accounting treatment.

On issuance date the total proceeds were allocated as follows:

Date of Issuance	Preferred Shares Units Issued	Preferred Shares Equity Component	Preferred Shares Warrant Liability	Total Proceeds
22-May-20	13,646	$ 10,303	$ 16,768	$ 27,071
28-May-20	3,561	2,688	4,376	7,064
5-Jun-20	1,397	1,055	1,717	2,772
8-Jun-20	75	57	92	149
Total	**18,679**	**$ 14,103**	**$ 22,953**	**$ 37,056**

The Preferred Warrants were recorded under warrant liability in the consolidated balance sheets have been measured at fair value at issuance date and subsequently remeasured using the Black Scholes model and have been classified as Level 3 in the fair value hierarchy. Refer to Note 21 for discussion regarding changes in fair value of the preferred share warrant liability, as well as the key inputs and assumptions used in the model.

Transaction costs associated with the brokered preferred share issuance amounted to $784 and have been allocated pro rata between the preferred share warrant liability and share capital. Transaction costs allocated to the liability component was $482 and immediately expensed and transaction costs related to the equity component was $302 netted with share capital.

Common Stock (Private Placements)

On January 28, 2021, the Company completed a private placement and issued 18,115,656 common shares at a price of $9.64 (C$12.35) per common share for total proceeds of $173,477, net of share issuance costs of $1,643.

(In thousands, except per share/unit amounts)

In addition, the Company completed the below non-brokered private placement. Proceeds from the private placement were allocated to share capital and the warrants based on the relative fair value of the proceeds of each tranche of the unit issuances. The Company recorded $25,506 to share capital and $8,600 to the warrants, which is included in additional paid in capital in the Company's consolidated balance sheets. Total transaction costs related to this transaction were $110 related to the warrants, which was expensed, and $327 recorded as reduction to share capital. Total proceeds were allocated to the warrants as follows:

- Tranche 1- On December 30, 2019, the Company issued 12,968,325 units at a price of $1.88 (C$2.45), each comprised of one common share and one common share purchase warrant, for total proceeds of $24,463. The proceeds were collected in January 2020.
- Tranche 2- On January 10, 2020, the Company issued 3,450,127 units at an issue price of $1.88 (C$2.45) per unit, resulting in proceeds of $6,477. Each unit consists of one common share and one common share purchase warrant, exercisable into one common share prior to January 14, 2022 at an exercise price of $2.49 (C$3.25).
- Tranche 3- On January 27, 2020, the Company issued 1,863,659 units at an issue price of $1.86 (C$2.45) per unit, resulting in proceeds of $3,464. Each unit consists of one common share and one common share purchase warrant, exercisable into one common share prior to January 14, 2022 at an exercise price of $2.47 (C$3.25).

On May 15, 2019, the Company completed the first tranche of a private placement and issued 5,257,662 common shares at a price of $5.68 (C$7.64) per common share for total proceeds of $29,863. On May 27, 2019, the Company completed the second tranche and issued 3,766,022 common shares at a price of $5.68 (C$7.64) per common share for total proceeds of $21,404. Total proceeds of the private placement were $49,955, net of share issue costs of $1,312.

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, 2018	**1,354,772**	**999,772**	**1.80**	**1.70**
Granted	13,488,955			
Exercised	(959,772)			
Cancelled/Expired	(5,000)			
Outstanding, December 31, 2019	**13,878,955**	**13,718,955**	**2.62**	**2.18**
Granted	27,454,193			
Exercised	(829,050)			
Outstanding, December 31, 2020	**40,504,098**	**18,363,691**	**3.80**	**5.34**
Granted	—			
Exercised	(9,508,625)			
Outstanding, December 31, 2021	**30,995,473**	**8,855,066**	**4.20**	**5.66**

The following is a summary of the outstanding warrants for Proportionate Voting Shares. These warrants are exercisable for 0.001 of a Proportionate Voting Share. The Proportionate Voting Shares are exchangeable into Common Shares on a basis of 1,000 Common Shares per Proportionate Voting Share.

(In thousands, except per share/unit amounts)

	Number of Proportionate Share Warrants Outstanding	Number of Proportionate Share Warrants Exercisable	Weighted Average Exercise Price $	Weighted Average Remaining Life (years)
Outstanding, December 31, 2018	**28,636,361**	**28,636,361**	**0.81**	**1.94**
Issued as PVS purchase warrants (as converted)	8,590,908			
Exercised	(28,636,361)			
Outstanding, December 31, 2019	**8,590,908**	**8,590,908**	**5.55**	**2.65**
Granted	—			
Exercised	—			
Outstanding, December 31, 2020	**8,590,908**	**8,590,908**	**5.66**	**1.64**
Granted	—			
Exercised	—			
Outstanding, December 31, 2021	**8,590,908**	**8,590,908**	**5.69**	**0.64**

The fair value of 2019 PVS purchase warrant was estimated on its respective grant date using the Black-Scholes valuation model based on the following assumptions:

	August 23, 2019
Volatility	90.29 %
Risk-free interest rate	1.32 %
Expected life (years)	3.00
Dividend yield	Nil
Forfeiture rate	0 %
Number of Warrants issued	8,590,908
Share price	$ 4.77
Value per warrant	$ 2.58

The following is a summary of the outstanding warrants for Preferred Shares. Each warrant is exercisable into one preferred share:

	Number of Preferred Share Warrants Outstanding	Number of Preferred Share Warrants Exercisable	Weighted Average Exercise Price $	Weighted Average Remaining Life (years)
Outstanding, December 31, 2019	—	—	—	—
Granted	18,679		3,000	
Exercised	(655)		3,000	
Outstanding, December 31, 2020	**18,024**	**18,024**	**3,000**	**2.39**
Granted				
Exercised	(1,968)			
Outstanding, December 31, 2021	**16,056**	**16,056**	**3,000**	**1.39**

In connection with the Canopy Growth and RIV Capital financings, the Company allocated the proceeds of the issuance to the debenture and the warrants based on their relative fair values as determined at issuance (Note 9).

(In thousands, except per share/unit amounts)

12. Share-based compensation plans

Share-based payments expense

Total share-based payments expense was as follows:

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Stock options	13,988	$ 9,700	$ 7,219
Restricted share units	954	686	—
Warrants	—	89	442
Total share-based payments	**$ 14,942**	**$ 10,475**	**$ 7,661**

The amount of share-based compensation expense included in cost of sales was $nil, $400, and $923 for the years ended December 31, 2021, 2020, and 2019, respectively.

As of December 31, 2021, the total compensation cost related to nonvested stock options and RSUs not yet recognized is $21,688 and $1,705, respectively. The weighted-average period over which it is expected to be recognized is 6.49 for options.

Common shares issued for compensation

On March 25, 2020, the Company issued 1,625,701 common shares to an entity controlled by the minority shareholders of NJ, pursuant to services surrounding the granting of certain licenses in the state of New Jersey to NJ.

Stock Options

The Company's Board of Directors approved the Stock Option Plan (the "Plan") effective March 8, 2017. The Plan provides for the granting of stock options to directors, officers, employees and consultants of the Company. Stock options are granted for a term not to exceed ten years at an exercise price, which is the greater of the closing market price of the shares on the CSE on the trading day immediately preceding the date the options are granted and on the same day of the option grant. The options are not transferrable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the fully diluted shares of the Company at the date of the grant of options.

The stock options outstanding noted below consist of service-based options granted to employees to purchase common stock, the majority of which vest over a one to three-year period and have a five to ten-year contractual term. These awards are subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company.

(In thousands, except per share/unit amounts)

The following table summarizes the stock option activity:

	Number of Stock Options	Weighted average remaining contractual life (in years)	Weighted average exercise price (per share) $	Aggregate intrinsic value	Weighted average fair value of nonvested options (per share) $
Outstanding, December 31, 2018	**8,473,129**	**5.88**	**3.14**	**12,157**	**2.66**
Granted	6,844,000		4.99		
Exercised	(1,117,936)		1.79		
Forfeited (1)	(3,706,178)		4.30		
Outstanding, December 31, 2019	**10,493,015**	**4.04**	**4.26**	**1,877**	**3.30**
Granted	12,861,050		2.82		
Exercised	(1,816,496)		2.46		
Forfeited (1)	(4,174,221)		4.19		
Outstanding, December 31, 2020	**17,363,348**	**3.96**	**3.49**	**112,675**	**2.58**
Granted	3,905,000		10.11		
Exercised	(1,376,496)		3.97		
Forfeited (1)	(6,838,347)		4.46		
Expired	(198,986)		5.95		
Outstanding, December 31, 2021	**12,854,519**	**4.84**	**4.85**	**27,557**	**4.22**
Exercisable at December 31, 2021	**7,787,610**	**3.77**	**3.26**	**23,073**	**N/A**
Nonvested at December 31, 2021	**5,066,909**	**6.49**	**7.30**	**4,484**	**N/A**

(1) For stock options forfeited, represent one share for each stock option forfeited.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Company's closing stock price at the end of the period and the exercise price, multiplied by the number of the in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options on December 30, 2021, 2020, and 2019, respectively.

The total pre-tax intrinsic value (the difference between the market price of the Company's common stock on the exercise date and the price paid by the options to exercise the option) related to stock options exercised during the years ended December 31, 2021, 2020, and 2019, was $6,667, $10,123, and $2,923, respectively. The total estimated fair value of stock options that vested during the years ended December 31, 2021, 2020, and 2019, was $14,840, $9,035, and $5,387, respectively.

The fair value of the various stock options granted were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2021	December 31, 2020	December 31, 2019
Volatility	79.05% - 81.51%	82.29% - 87.09%	88.04% - 96.98%
Risk-free interest rate	0.90% - 1.72%	0.35% - 1.60%	1.15% - 1.96%
Expected life (years)	4.57 - 10.05	4.76 - 4.95	5.00
Dividend yield	0 %	0 %	0 %

Volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that the options issued are expected to be outstanding. The risk-free rate is based on US treasury bond issues with a remaining term approximately equal to the expected life of the options. Dividend yield is based on the fact that the Company

(In thousands, except per share/unit amounts)

has never paid cash dividends and does not expect to pay cash dividends in the foreseeable future. The Company applied a forfeiture rate ranging between 23.21%-26.60% for the years ended December 31, 2021, 2020, and 2019.

Restricted Share Units

Effective November 19, 2019, the Company adopted the Share Unit Plan, which allows for the granting of performance share units (PSUs) and restricted share units (RSUs) to directors, officers, employees, and consultants of the Company and provides them the opportunity to defer certain compensation and equity awards paid or grated for their service in the form of stock units ("Stock Units"). The Stock Units are used solely as a device for determining the amount of cash benefit to eventually be paid to the grantee. Each Stock Unit has the same value as one share of the Company's common stock. The PSUs generally become vested upon attainment of established performance conditions, as well as service conditions. The RSUs generally become vested upon completion of continuous employment over the requisite service period.

The following table summarizes the activities for the RSUs:

	Number of RSUs	Number of RSUs vested	Weighted average remaining contractual life (in years)
Outstanding, December 31, 2019	**—**	**—**	**—**
Granted	280,099		
Vested	(157,788)		
Forfeited (1)	—		
Outstanding, December 31, 2020	**122,311**	**33,733**	**N/A**
Granted	174,408		
Vested	(40,665)		
Forfeited (1)	(63,883)		
Outstanding, December 31, 2021	**192,171**	**13,294**	**N/A**

Of the RSUs granted during the year ended December 31, 2021, 43,385 will vest over a 3-year term and 131,023 will vest over a 4-year term. Of the RSUs granted during the year ended December 31, 2020, 191,521 vested on the grant date. The remaining will vest over a 4-year term. The Company recognized $954, $686, and $nil as share-based payment expense during the year ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021, there was $1,705 of total unrecognized compensation cost related to unvested RSUs.

13. Non-controlling interest

Non-controlling interest consists mainly of the Company's ownership minority interest in its New Jersey and IHC Real Estate operations and consists of the following amounts:

	December 31, 2021	December 31, 2020
Opening carrying amount balance	**$** 3,802	6,461
Capital (distributions) contributions	(53)	393
Investment in NJ partnership	(1,406)	—
Net income (loss) attributable to non-controlling interest	3,024	(3,052)
Ending carrying amount balance	**$ 5,367**	**$ 3,802**

14. Related parties

The amounts due to/from related parties consisted of:

(a) *Loans payable:* During the year ended December 31, 2020, a small number of related persons, which consisted of key management of the Company, participated in the Ilera term loan (Note 8), which makes up $3,550 of the total loan principal balance at December 31, 2021 and December 31, 2020, respectively.

(In thousands, except per share/unit amounts)

(b) *Fixed assets*: On November 12, 2021, the Company completed the acquisition of a property in Hagerstown, Maryland. The property was purchased from GB & J's, LLC, the members of which include Jason Ackerman (former Director, Executive Chairman and CEO of the Company), Greg Rochlin (former CEO of Ilera), and several entities affiliated with Jason Wild (Executive Chairman and Director of TerrAscend) (the "GB & J Sellers") for the purchase price of $2,808. The value of Jason Ackerman's interest in the transaction is $401, the value of Greg Rochlin's interest in the transaction is $401, the value of the interests of funds controlled directly or indirectly by Jason Wild in the transaction is $401.

(c) *Shareholders' Equity:* During the years ended December 31, 2021, 2020, and 2019, the Company had the following transactions related to shareholders' equity:

- On March 25, 2020, the Company issued 1,625,701 common shares to an entity controlled by minority shareholders of NJ, pursuant to services surrounding the granting of certain licenses (Note 7).
- During the year ended December 31, 2020, the Company paid a total of $136 and granted stock options totaling 500,000 to a current member of the Company's Board of Directors for consulting services performed in the Canadian business on an interim basis. The consulting agreement ended on June 30, 2020.
- Through the private placements during the year ended December 31, 2020 (Note 11), the Company issued 1,159,805 common shares, 1,159,805 common share purchase warrants, 10,000 preferred shares and preferred share warrants to entities controlled by Jason Wild, Chairman of the Board of TerrAscend. At December 31, 2021, there were nil common shares, nil common share purchase warrants, and 10,000 preferred shares and preferred share warrants outstanding.
- On August 26, 2019, the Company issued 8,590.908 Proportionate Voting Share purchase warrants to entities controlled by Jason Wild as incentive to accelerate the exercise of warrants. Each warrant is exercisable at $5.41 per 0.001 share and expires at 36 months from the respective closing date. The warrants resulted in a reduction in share capital of $22.457. The Proportionate Voting Shares remain outstanding at December 31, 2021.
- On August 30, 2019, certain funds managed by JW Asset Management LLC exercised an aggregate 28,636,361 warrants to acquire 28,636.361 Proportionate Voting Shares which are convertible into 28,636,361 Common Shares for an aggregate amount of $31,500.
- Through the private placements during the year ended December 31, 2019, the Company issued 33,130 Common Shares at a price of C$7.64 per Common Share to employees and Directors of the Company. Additionally, the Company issued 8,119,291 Common Shares to Jason Wild and his affiliates.

15. Income taxes

The domestic and foreign components of income (loss) before income taxes are as follows:

	December 31, 2021	December 31, 2020	December 31, 2019
Domestic	$ 15,513	$ 10,270	$ (117,551)
Foreign	18,936	(141,757)	(43,827)
Income (loss) before income taxes	**$ 34,449**	**$ (131,487)**	**$ (161,378)**

(In thousands, except per share/unit amounts)

The provision for income taxes expense consists of:

	December 31, 2021	December 31, 2020	December 31, 2019
Current:			
Federal	$ 21,522	$ 15,262	$ 2,505
State	8,600	7,476	479
Foreign	—	1	19
Total Current	**$ 30,122**	**$ 22,739**	**$ 3,003**
Deferred:			
Federal	$ (1,916)	$ (4,210)	$ (558)
State	108	(623)	(412)
Foreign	—	(7,137)	(264)
Total Deferred	**$ (1,808)**	**$ (11,970)**	**$ (1,234)**
Total Income Tax Provision	**$ 28,314**	**$ 10,769**	**$ 1,769**

The following table reconciles the expected statutory federal income tax to the actual income tax provision:

	December 31, 2021		December 31, 2020		December 31, 2019	
	Amount	Percent	Amount	Percent	Amount	Percent
Net income (loss) before income taxes	**$ 34,449**		**$ (131,487)**		**$ (161,378)**	
Expected Income Benefit at Statutory Tax Rate	7,234	21.0%	(27,611)	21.0%	(42,765)	26.5%
IRC 280E adjustment	17,858	51.8%	9,809	-7.5%	3,028	-1.9%
Impairment on goodwill and intangible assets	—	0.0%	—	0.0%	23,810	-14.8%
Changes in unrecognized tax benefits	(4,274)	-12.4%	(2,821)	2.1%	1,155	-0.7%
Foreign income taxes at different statutory rate	—	0.0%	—	0.0%	1,118	-0.7%
Canada income taxes at different statutory rate	(1,290)	-3.7%	(1,271)	1.0%	—	0.0%
Share based compensation	3,138	9.1%	2,028	-1.5%	3,100	-1.9%
Changes in tax benefits not recognized	8,664	25.2%	(2,412)	1.8%	11,186	-6.9%
U.S. State Income taxes	9,849	28.6%	5,193	-3.9%	—	0.0%
Revaluation of Equity/Warrants	(13,479)	-39.1%	23,227	-17.7%	—	0.0%
Revaluation of contingent consideration	753	2.2%	3,929	-3.0%	—	0.0%
Other	(139)	-0.4%	698	-0.5%	1,137	-0.7%
Actual income tax provision	**$ 28,314**	**82.3%**	**$ 10,769**	**-8.2%**	**$ 1,769**	**-1.1%**

As the operations of the Company are predominantly US based, the Company has prepared the tax rate table for the year ended December 31, 2021 and December 31, 2020 using the US Federal tax rate of 21.0%.

The following table presents a reconciliation of unrecognized tax benefits:

	December 31, 2021	December 31, 2020
Balance at beginning of period	**$ 12,008**	**$ 14,830**
Increase based on tax positions related to prior periods	4,884	780
Decreases based on tax positions related to prior periods	(4,546)	(3,602)
Decreases related to settlements with taxing authorities	(3,028)	—
Balance at end of period	**$ 9,318**	**$ 12,008**

(In thousands, except per share/unit amounts)

Interest and penalties related to unrecognized tax benefits are recorded as components of the provision for income taxes. As of December 31, 2021, and December 31, 2020, we had interest accrued of approximately $1,071, and $1,479, respectively.

The principal component of deferred taxes are as follows:

	December 31, 2021	December 31, 2020
Deferred tax assets		
Net operating losses	**$** 26,321	**$** 19,286
Share issuance costs	700	498
Property and equipment	2,038	1,585
Intangible assets	4,101	1,895
Other	1,696	962
Total deferred tax assets	34,856	24,226
Valuation allowance	(24,097)	(12,905)
Net deferred tax assets	**$ 10,759**	**$ 11,321**
Deferred tax liabilities		
Convertible Debentures	$ (10,065)	$ (11,271)
Intangible assets	(14,963)	(7,880)
Other	—	(107)
Total deferred tax liabilities	**$ (25,028)**	**$ (19,258)**
Net deferred tax liabilities	**$ (14,269)**	**$ (7,937)**

The Company assesses available positive and negative evidence to estimate if it is more likely than not to use certain jurisdiction-based deferred tax assets including net operating loss carryovers. On the basis of this assessment, a valuation allowance was recorded during the year ended December 31, 2021.

As of December 31, 2021, the Company has $79,826 of Canadian net operating loss carryovers that expire at different times, the earliest of which is 2034 for $546. As of December 31, 2021, the Company has $9,876 of domestic federal net operating loss carryovers with no expiration date. As of December 31, 2021, the Company has various state net operating loss carryovers that expire at different times. The statute of limitations with respect to our federal returns remains open for tax years 2018 and forward. For certain acquired subsidiaries, the federal statue remains open with respect to tax years 2014 and forward. Certain acquired subsidiaries are under IRS audit for tax years ended September 30, 2014 and September 30, 2015, in which upon acquisition the seller set aside cash in an escrow account to be used on future tax indemnifications. As of December 31, 2021, indemnification asset of $3,969 has been recorded. The Company does not expect that resolution of these examinations will have a significant effect on its consolidated financial position, but could have a significant impact on the consolidated results of operations for the period in which resolution occurs. Over the next twelve months, the Company believes it is reasonably possible that various tax examinations will be concluded and statutes of limitation will expire which would have the effect of reducing the balance of unrecognized tax benefits by $2,500.

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E, under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-deductible under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

(In thousands, except per share/unit amounts)

16. General and administrative expenses

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

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Office and general	$ 11,012	$ 11,112	$ 7,636
Professional fees	13,355	14,572	6,553
Lease expense	4,503	3,786	1,496
Facility and maintenance	1,608	2,369	1,113
Salaries and wages	32,409	20,693	19,226
Share-based compensation	14,942	10,075	6,738
Sales and marketing	3,144	2,927	3,136
Total	**$ 80,973**	**$ 65,534**	**$ 45,898**

During the year ended December 31, 2020, the Company expensed $7,500 related to amounts payable to an entity controlled by the minority shareholders of TerrAscend NJ pursuant to services surrounding the granting of certain licenses, which is included in professional fees in the table above. The first payment of $3,750 was due upon NJ being granted an alternative treatment center license in the state of New Jersey. On March 25, 2020, the first payment was settled in shares at a fair value determined on the date NJ received the license and issued 1,625,701 common shares. The second payment of $3,750 is due on the earlier of (i) March 31, 2023, and (ii) fifteen days after TerrAscend NJ shall have made distributions to one or more of its members totaling at least $15,000 in aggregate.

17. Revenue, net

The Company's disaggregated revenue by source, primarily due to the Company's contracts with its external customers were as follows:

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Wholesale	$ 123,300	$ 103,124	$ 46,693
Retail	87,119	44,709	17,120
Total	**$ 210,419**	**$ 147,833**	**$ 63,813**

For the years ended December 31, 2021, 2020, and 2019, the Company did not have any single customer that accounted for 10% or more of the Company's revenue.

18. Finance and other expense

Finance and other expenses were as follows:

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Interest accretion	$ 26,057	$ 7,780	$ 4,092
Indemnification Asset Release	4,504	—	—
Forgiveness of principal and interest on loans	(1,414)	—	—
Other expense (income)	82	413	(568)
Total	**$ 29,229**	**$ 8,193**	**$ 3,524**

During the year ended December 31, 2021, the Company recorded a reduction to the indemnification asset related to the Apothecarium tax audit settlement and statute of expirations in the amount of $4,504.

(In thousands, except per share/unit amounts)

19. Segment information

Operating Segment

The Company determines its operating segments according to how the business activities are managed and evaluated by the Company's chief operating decision maker. The Company operates under one operating segment, being the cultivation, production and sale of cannabis products.

Geography

The Company operates with subsidiaries located in Canada and the US.

The Company had the following net revenue by geography of:

	For the years ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
United States	$ 194,210	$ 132,152	$ 43,403
Canada	16,209	15,681	20,410
Total	**$ 210,419**	**$ 147,833**	**$ 63,813**

The Company had non-current assets by geography of:

	December 31, 2021	**December 31, 2020**
United States	$ 409,150	$ 299,169
Canada	29,563	32,529
Total	**$ 438,713**	**$ 331,698**

20. Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to achieve this objective, the Company prepares a capital budget to manage its capital structure. The Company defines capital as borrowings, equity comprised of issued share capital, share-based payments, accumulated deficit, as well as funds borrowed from related parties.

Since inception, the Company has primarily financed its liquidity needs through the issuance of share capital and debt. The equity issuances are outlined in Note 11 and debt issuances are outlined in Note 8.

The Company is subject to financial covenants as a result of its loans payable with various lenders. The Company is in compliance with its debt covenants as of December 31, 2021. In the event that, in future periods, the Company's financial results are below levels required to maintain compliance with any of its covenants, the Company will assess and undertake appropriate corrective initiatives with a view to allowing it to continue to comply with its covenants. Other than these items related to loans payable, the Company is not subject to externally imposed capital requirements.

21. 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

(In thousands, except per share/unit amounts)

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

Cash and cash equivalents, net accounts receivable, accounts payable and accrued liabilities, loans payable, convertible debentures, and other current receivables and payables represent financial instruments for which the carrying amount approximates fair value due to their short-term maturities.

The following table summarizes the Company's financial instruments measured at fair value at December 31, 2021, and December 31, 2020:

	At December 31, 2021			At December 31, 2020		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	$ 79,642	$ —	$ —	$ 59,226	$ —	$ —
Purchase option derivative asset	—	—	868	—	—	—
Total Assets	**$ 79,642**	**$ —**	**$ 868**	**$ 59,226**	**$ —**	**$ —**
Liabilities						
Contingent consideration payable	$ —	$ —	$ 12,535	$ —	$ —	$ 37,556
Warrant liability	—	54,986	—	—	132,257	—
Total Liabilities	**$ —**	**$ 54,986**	**$ 12,535**	**$ —**	**$ 132,257**	**$ 37,556**

There were no transfers between the levels of fair value hierarchy during the years ended December 31, 2021 or December 31, 2020.

The valuation approaches and key inputs for each category of assets or liabilities that are classified within Level 1, Level 2 and Level 3 of the fair value hierarchy are presented below.

Level 1

Cash and cash equivalents, net accounts receivable, accounts payable and accrued liabilities, loans payable, convertible debentures, and other current receivables and payables represent financial instruments for which the carrying amount approximates fair value due to their short-term maturities.

Level 2

Investments

The Company accounted for its investment in equity securities without readily determinable fair values using a valuation technique which maximizes the use of relevant observable inputs, with subsequent holding changes in fair value recognized in unrealized gain or loss on investments in the consolidated statement of loss. The Company recognized unrealized gains related to its investment in equity securities of $6,192 and $186 during the years ended December 31, 2021 and December 31, 2020, respectively.

(In thousands, except per share/unit amounts)

Warrant liability

The following table summarizes the changes in the preferred share warrant liability for the years ended December 31, 2021 and December 31, 2020:

Balance at December 31, 2019	**$**	**—**
Initial fair value measurement of warrant liability		22,953
Included in loss on fair value of warrants		110,518
Exercises		(1,214)
Balance at December 31, 2020		**132,257**
Included in loss on fair value of warrants		(58,158)
Exercises		(19,113)
Balance at December 31, 2021	**$**	**54,986**

The preferred share warrant liability has been measured at fair value at issuance date using the Black Scholes simulation model which requires unobservable measures and other fair value inputs. The fair value of the warrant liability at the date of issuance was $22,953. Key inputs and assumptions used in the Black Scholes simulation valuation model used at the private placement dates are summarized below:

		May 22, 2020
Common Stock Price of TerrAscend Corp.*	$	1.94
Unit Issue Price	$	2,000.0
Warrant Exercise Price	$	3,000.0
Initial Conversion Ratio		1,000
Annual Volatility		76.8 %
Annual Risk-Free Rate		0.2 %
Term		3 year

*Fair value input was based on the weighted-average closing price for the Company's common stock, based on all issuance dates for the Units described in Note 11

The warrant liability was remeasured to fair value of $54,986 and $132,257 at December 31, 2021 and December 31, 2020, respectively, using the Black Scholes model. The fair value of warrant liability changed mainly as a result of fluctuations in the Company's share price. Increases or decreases in the fair value of the Company's warrant liability are reflected as a gain or loss on fair value of warrants in the Company's consolidated statements of operations and comprehensive loss. The Company recognized a gain on fair value of warrants of $58,158 for the year ended December 31, 2021 and a loss of $110,518 for the year ended December 31, 2020.

Key inputs and assumptions used in the Black Scholes valuation were as follows:

		December 31, 2021		**December 31, 2020**
Common Stock Price of TerrAscend Corp.	$	6.11	$	9.95
Warrant Exercise Price	$	3,000	$	3,000
Warrant conversion ratio		1,000		1,000
Annual Volatility		65.5 %		71.3 %
Annual Risk-Free Rate		0.6 %		0.2 %
Expected Term		1.4 year		2.4 year

(In thousands, except per share/unit amounts)

Level 3

Purchase option derivative asset

The following table summarizes the changes in the purchase option derivative asset for the year ended December 31, 2021:

Balance at December 31, 2020	**$**	—
Initial fair value measurement of purchase option derivative asset		1,122
Revaluation of purchase option derivative asset		(254)
Balance at December 31, 2021	**$**	**868**

The purchase option derivative asset has been measured at fair value at the transaction date using the Monte Carlo simulation model that relies on assumptions around the Company's EBITDA volatility and risk adjusted discount, among others. The fair value of the derivative asset at the date of transaction was $1,122. The derivative asset was remeasured to fair value at $868 at December 31, 2021. The Company recognized a loss on fair value of purchase option derivative asset of $254. Key inputs and assumptions used in the Monte Carlo simulation model are summarized below:

	August 20, 2021	**December 31, 2021**
Term (in years)	1.7	1.3
Risk-free rate	0.3 %	0.4 %
EBITDA discount rate	15.0 %	15.0 %
EBITDA volatility	60.0 %	44.0 %

Contingent Consideration Payable

The fair value of contingent consideration was determined using a probability weighted model based on the likelihood of achieving certain revenue and EBITDA scenario outcomes. A discount rate of 12.2% (December 31, 2020 – 12.3% to 12.9%; December 31, 2019- 11.8%) was utilized to determine the present value of the liabilities, resulting in a loss on revaluation of contingent consideration of $3,584, $18,709, and $46,857 for the years ended December 31, 2021, 2020, and 2019, respectively. See Note 4 – Acquisitions for reconciliation of and discussion the changes in fair value.

The illustrative variance of the total contingent consideration at December 31, 2021 based on reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Discount rate sensitivity		**KCR**
Increase 100 basis points	$	1,105
Increase 50 basis points	$	1,126
Decrease 50 basis points	$	1,170
Decrease 100 basis points	$	1,193

The contingent consideration for State Flower was calculated based on fiscal year 2021 revenue and the final earnout has been calculated as of December 31, 2021 (Note 4).

The contingent consideration for Ilera was calculated based on fiscal year 2019 and 2020 performance and the final earn out has been calculated as of December 31, 2020 (Note 4).

Risk Management

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

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, net and notes receivable. The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date. The carrying amounts of trade

receivables are reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of operationsand comprehensive loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses.

The Company has reviewed the items comprising the accounts receivable balance and determined that the majority of accounts are collectible. Accordingly, an allowance for doubtful accounts has been recorded. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of operations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company has no customers whose balance is greater than 10% of total trade receivables as of December 31, 2021.

(b) Liquidity risk

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

(c) Market Risk

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

i) Foreign currency risk:

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

The Company and its subsidiaries hold cash and cash equivalents in currencies other than their functional currency. The Company does not currently engage in currency hedging activities to limit the risks of currency fluctuations. Consequently, fluctuations in foreign currencies could have a negative impact on the profitability of the Company's operations. A 10% increase in the value of the U.S. dollar compared to the Canadian dollar resulted in $3,191 potential loss. A 10% decrease in the value of the U.S. dollar compared to the Canadian dollar resulted in a $3,900 potential gain. The estimated fair values of the Company's foreign currency exchange rate. Other than the cash and cash equivalents noted previously, the Company does not hold significant monetary assets or liabilities in currencies other than its functional currency.

ii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. In respect of financial assets, the Company's policy is to invest excess cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return.

Fluctuations in interest rates impact the value of cash equivalents. The Company's investments in guaranteed investment certificates bear a fixed rate and are cashable at any time prior to maturity date.

The company does not have significant cash equivalents at year end. The Company's loans payable have fixed interest rates from 6% to 12.875% per annum. The mortgage payable bears interest at a fixed rate of 5.5% per annum. All other financial liabilities are non-interest-bearing instruments.

22. Commitments and contingencies

On October 15, 2018, the Company's wholly owned subsidiary TerrAscend Canada entered into a multi-year cultivation agreement (the "PharmHouse Agreement") with PharmHouse Inc. ("PharmHouse"), a joint venture between RIV Capital and 2615975 Ontario Inc., the operators of a leading North American greenhouse produce company ("261"). Under the terms of the PharmHouse Agreement, it was expected that PharmHouse would grow and supply cannabis to TerrAscend Canada from its existing 1.3 million square foot greenhouse located in Leamington, Ontario. Once fully licensed, the production of flower, trim and clones from up to 20% of the dedicated flowering space planted at the greenhouse was expected to be made available to TerrAscend Canada. To date, PharmHouse has not yet delivered product in accordance with the terms of the PharmHouse Agreement.

On September 11, 2020, the Company and TerrAscend Canada were informed that a statement of claim was issued on August 31, 2020 in the Ontario Superior Court of Justice by 261 against RIV Capital, Canopy Growth, the Company and TerrAscend Canada (the "261 Claim"). In the 261 Claim, 261 alleged the Company worked with the other defendants to bankrupt PharmHouse in order to avoid having to purchase certain products to be provided by PharmHouse under the PharmHouse Agreement. 261 sought damages from the defendants in the amount of C$500,000 and alleged certain causes of action, including bad faith, fraud, civil conspiracy, breach of the duty of honesty and good faith in contractual relations and breach of fiduciary duty.

On September 16, 2020, in connection with its bankruptcy proceedings, PharmHouse obtained an order from the Ontario Superior Court of Justice granting PharmHouse creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). Pursuant to the CCAA order, the 261 Claim was stayed. During a CCAA hearing in November 2020, 261 objected to the stay of the 261 Claim. The judge presiding over the CCAA process agreed to allow 261 to discontinue the 261 Claim against the defendants "without prejudice" to its right to recommence the 261 Claim against all parties except PharmHouse Inc., provided that such recommenced claim can only be brought after January 1, 2021. This does not affect any of the defendants' ability to move for a stay of the recommenced 261 Claim. On February 10, 2021, 261 served the Company and TerrAscend Canada with the recommenced 261 Claim. The recommenced 261 Claim contains the same factual allegations as the 261 Claim, the same legal claims and the same relief sought; however, it was not recommenced against PharmHouse Inc. The Company has not accrued any contingencies with respect to the recommenced 261 Claim.

On March 11, 2021, the Ontario Superior Court of Justice approved a settlement agreement (the "Settlement Agreement") between the Company, TerrAscend Canada and PharmHouse. 261 is not a party to the Settlement Agreement. The Ontario Superior Court of Justice held in its March 11, 2021 endorsement that nothing in the Settlement Agreement releases or compromises any of the claims or causes of action asserted against the Company or TerrAscend Canada in the recommenced 261 Claim. The Settlement Agreement provides that the Company make a one-time purchase of a specific quantity of cannabis that was grown under the PharmHouse Agreement for a set price per gram, totaling C$1,166,669.93, and for a one-time cash payment of C$725,000 to PharmHouse for full and final satisfaction of any claims or obligations between the Company, TerrAscend Canada and PharmHouse. The Company paid all amounts due under the Settlement Agreement and has commercialized the purchased cannabis. The Settlement Agreement does not affect the recommenced 261 Claim issued on February 10, 2021, as the plaintiff in the recommenced 261 Claim is not a party to the Settlement Agreement and the Ontario Superior Court of Justice held that nothing in the Settlement Agreement releases or compromises any of the claims or causes of action asserted against the Company or TerrAscend Canada in the recommenced 261 Claim.

On October 20, 2018, Investments International Inc. ("Investments") signed a lease agreement with the Company and its wholly owned subsidiaries, 2627685 Ontario Inc. and 2151924 Alberta Inc. On February 8, 2019, Investments filed a statement of claim under the Court of Alberta against the Company and its wholly owned subsidiaries, for breach of the lease agreement. The amount claimed is $2,764 plus interest from and after the termination date of an unexecuted lease. The Company has paid initial lease deposits in addition to submitting a statement of defence. The Company does not expect the claim to have a material adverse impact on the Company and no amount has been accrued in the consolidated financial statements.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2021, there were no pending lawsuits other than those disclosed that could reasonably be expected to have a material effect on the results of the Company's consolidated financial statements.

23. Subsequent events

- On January 5, 2022, the Company appointed Ziad Ghanem as President and Chief Operating Officer of TerrAscend.
- In January 2022, 7,989,436 common share purchase warrants were exercised at an exercise price of $2.49 (C$3.25) for total proceeds of C$25,966.
- On January 27, 2022, the Company made a payment of $6,954 to the sellers of its previously acquired State Flower business related to the contingent consideration liability outstanding at December 31, 2021 (Note 4).
- On January 27, 2022, the Company made a payment of $3,300 related to the Lease Termination at its Hagerstown location which enables the Company to terminate its building lease at a later date (Note 10).

- On February 3, 2022 the Company appointed Charishma Kothari as SVP Marketing, Charles Oster as SVP Sales, and Jared Anderson as SVP Finance and Strategy.
- On February 4, 2022, more than 500 vape products were recalled by the Pennsylvania's Department of Health, including several of the Company's SKUs. The Company, along with the majority of other publicly traded Grower-Processors in Pennsylvania are pursuing multiple pathways to allow patients to continue to buy these products which were previously approved by the Pennsylvania DOH. The Company has quarantined all of the impacted products in the interim as it waits for more specific guidance from the state. The Company is still assessing the potential impact on the Company's financial statements.
- On March 3, 2022, the Company appointed Kara DioGuardi to its Board of Directors.
- On March 10, 2022, the Company completed the Gage acquisition. Gage shareholders received 51,349,978 Company common shares and an additional 25,811,460 of Company common shares are reserved for issuance in connection with the exercise or exchange of former Gage convertible securities that will be settled with the Company's common shares if and when exercised or exchanged. Total consideration was valued at approximately $385,807 based on the closing price of the Company's common shares on the Canadian Stock Exchange on March 9, 2022. The exchange ratio implied consideration of $1.50 per Gage share as of March 9, 2022.

  Pursuant to the Gage Acquisition, Jason Wild and his respective affiliates received 10,467,229 of the Company's common shares in exchange for their Gage subordinate voting shares that were owned, held, controlled or directed, directly or indirectly, by Mr. Wild and his respective affiliates and 7,129,517 of the Company's warrants in exchange for their Gage warrants that were owned, held, controlled or directed, directly or indirectly, by Mr. Wild and his respective affiliates. The value of the interests of funds controlled directly or indirectly by Mr. Wild in the transaction in respect of the common shares was $52,336, in addition to the Company warrants issued in replacement of Gage warrants, at the implied consideration of $1.50 per Gage warrant. Richard Mavrinac, a director of the Company, received 40,213 of the Company's common shares in exchange for his Gage subordinate voting shares that were owned, held, controlled or directed, directly or indirectly, by Mr. Mavrinac and also received 6,683 of the Company's common shares in exchange for his Gage restricted stock units that were owned, held, controlled or directed, directly or indirectly by Mr. Mavrinac. The value of Mr. Mavrinac's interest in the transaction was $234.

EXHIBIT 4.1

DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES
EXCHANGE ACT OF 1934

Description of the Company's Securities

TerrAscend Corp. ("TerrAscend" or the "Company") is authorized to issue an unlimited number of the Company's common shares ("Common Shares").

The summary of the rights, privileges, restrictions and conditions attaching to the Common Shares set out below is qualified in its entirety by reference to TerrAscend's articles of incorporation, as amended (the "Articles"), which are included as exhibits to the Company's Annual Report on Form 10-K.

Common Shares

Voting Rights, Dividends and Dissolution

The holders of the Common Shares are entitled to one vote per share at all meetings of the shareholders of the Company, except for meetings at which only holders of another specified class or series of shares are entitled to vote separately as a class or series. The holders of the Common Shares are entitled to receive, subject to the rights of the holders of any other class of shares, any dividend declared by the Company. If, as and when dividends are declared by the directors of the Company, each Common Share is entitled to 0.001 times the amount paid or distributed per proportionate voting share of the Company ("Proportionate Voting Share"). In the event of a dissolution, liquidation or winding-up of the Company, the holders of the Common Shares are, subject to the rights of any other class of shares, entitled to receive the remaining property of the Company on the basis that each Common Share is entitled to 0.001 times the amount distributed per Proportionate Voting Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares.

Conversion at Option of Holder

Each issued and outstanding Common Share may at any time, at the option of the holder, be converted into 0.001 of a Proportionate Voting Share. The conversion right may be exercised at any time and from time to time in the manner specified in the Articles of the Company. Exercise of the conversion right requires delivery of a written notice to the Company's transfer agent signed by the registered holder of the Common Shares (or by his, her or its duly authorized representative) and be accompanied by the certificate or certificates representing the Common Shares, or, if uncertificated, such other evidence of ownership as the transfer agent may require, in respect of which the holder wishes to exercise the right of conversion. This conversion right of the holders of the Common Shares terminates on the occurrence of a Proportionate Share Conversion Event (as defined below).

Effect of Proportionate Voting Shares, Exchangeable Shares and Preferred Shares on Common Shares

The Company is authorized to issue an unlimited number of Proportionate Voting Shares, exchangeable shares of the Company ("Exchangeable Shares") and preferred shares of the Company ("Preferred Shares") in one or more series. Currently, there are four series of Preferred Shares: Series A, Series B, Series C and Series D.

Voting Rights

The holders of Proportionate Voting Shares are entitled to 1,000 votes for each Proportionate Voting Share at all meetings of the shareholders of the Company, except for meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series. The holders of Exchangeable Shares and Preferred Shares are not entitled to vote at meetings of the shareholders of the Company

Conversion and Exchange Rights

Each issued and outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 1,000 Common Shares. The conversion right may be exercised from time to time in the manner specified in the

Articles of the Company. If the directors of the Company, in good faith, determine that it is no longer advisable to maintain the Proportionate Voting Shares as a separate class of shares, then, effective on the date approved by the directors, all of the Proportionate Voting Shares shall, without any further action on the part of any holder of Proportionate Voting Shares, immediately and automatically be converted into Common Shares at the conversion ratio of 1,000 Common Shares for each Proportionate Voting Share (a "Proportionate Share Conversion Event").

Each issued and outstanding Exchangeable Share may, at the option of the holder, be exchanged for one Common Share at any time following the Exchange Start Date, as specified in the Articles of the Company. "Exchange Start Date" means the date following the satisfaction of the following terms and conditions: (i) the Triggering Event has occurred; and (ii) all stock exchanges upon which the securities of the holder of the Exchangeable Share (or any entity of which the holder is a subsidiary) are listed for trading have approved the exchange of the Exchangeable Share into a Common Share, to the extent that any such approval is required. In this paragraph, "Triggering Event" means the earlier of: (i) the date that federal laws regarding the cultivation, distribution or possession of marijuana in the United States are changed, such that the Company is fully compliant with federal regulation in the United States; and (ii) the date that all stock exchanges upon which the securities of the holder of the Exchangeable Share (or any entity of which the holder is a subsidiary) are listed for trading have amended their policies to permit listed issuers to invest in entities that are engaged in the cultivation, distribution or possession of marijuana in states in the United States where it is legal to do so, such that the holder of the Exchangeable Share (and any entity of which the holder is a subsidiary) is fully compliant with all rules and regulations of all stock exchanges upon which the securities of the holder of the Exchangeable Shares (or any entity of which the holder is a subsidiary) are listed for trading.

Each Preferred Share may, at any time at the option of the holder, be converted into Common Shares, as specified in the Articles of the Company. Each Series A and Series C Preferred Share is convertible into one Common Share, subject to certain adjustments. Each Series B and D Preferred Share is convertible into 1,000 Common Shares, subject to certain adjustments. The Preferred Shares are also subject to automatic conversion in the event of certain change of control transactions.

Dividends and Dissolution

The holders of the Proportionate Voting Shares are entitled to receive, subject to the rights of the holders of any other class of shares, any dividend declared by the Company. If, as and when dividends are declared by the Company's Board of Directors, each Proportionate Voting Share is entitled to 1,000 times the amount paid or distributed per Common Share. In the event of a dissolution, liquidation or winding-up of the Company, the holders of the Proportionate Voting Shares are, subject to the rights of any other class of shares, entitled to receive the remaining property of the Company on the basis that each Proportionate Voting Share is entitled to 1,000 times the amount distributed per Common Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares. In the event of a dissolution, liquidation or winding-up of the Company, the holders of the Proportionate Voting Shares are, subject to the rights of any other class of shares, entitled to receive the remaining property of the Company on the basis that each Proportionate Voting Share is entitled to 1,000 times the amount distributed per Common Share, but otherwise there is no preference or distinction among or between the Proportionate Voting Shares and the Common Shares.

The holders of Exchangeable Shares are not entitled to receive any dividends. In the event of a dissolution, liquidation or winding-up of the Company, the holders of the Exchangeable Shares are not entitled to receive any amount, property or assets of the Company.

The holders of Preferred Shares are not entitled to receive any dividends, though the Preferred Shares are entitled to certain conversion ratio adjustments in the event the Company pays certain dividends. The Preferred Shares of each series, with respect to the distribution of assets of the Company in the event of the liquidation, dissolution or winding-up, rank on a parity with the Preferred Shares of every other Series of Preferred Shares, and are entitled to preference over the Proportionate Voting Shares, Common Shares and Exchangeable Shares of the Company. The liquidation preference of the Series A and Series B Preferred Shares is $2,000 per share and the liquidation preference of the Series C and D Preferred Shares is $3,000 per share, with each amount subject to adjustment in various events.

Foreign Ownership of Common Shares

There is no limitation imposed by TerrAscend Articles or by-laws on the right of non-Canadian residents to hold Common Shares or exercise voting rights on Common Shares. The following provides a brief summary of certain limitations imposed by Canadian laws on the rights of non-Canadian residents to hold Common Shares or exercise voting rights on Common Shares, but should not be deemed to be comprehensive or complete in any part, and any such holder or potential holder of Common Shares should undertake a more thorough review of such applicable laws, or consult the advice or services of a qualified expert or professional.

Competition Act

Limitations on the ability to acquire and hold Common Shares may be imposed by the Competition Act (Canada). The legislation permits the Commissioner of Competition of Canada ("Commissioner"), to review any acquisition or establishment, directly or indirectly, including through the acquisition of shares, of control over or of a significant interest in the Company. This legislation grants the Commissioner jurisdiction, for up to one year after the acquisition has been substantially completed, to seek a remedial order, including an order to prohibit the acquisition or require divestitures, from the Canadian Competition Tribunal, which order may be granted where the Competition Tribunal finds that the acquisition prevents or lessens, or is likely to prevent or lessen, competition substantially.

This legislation also requires any person or persons who intend to acquire more than 20% of Common Shares or, if such person or persons already own more than 20% of Common Shares prior to the acquisition, more than 50% of Common Shares, to file a notification with the Canadian Competition Bureau if certain financial thresholds are exceeded. Where a notification is required, unless an exemption is available, the legislation prohibits completion of the acquisition until the expiration of the applicable statutory waiting period, unless the Commissioner either waives or terminates such waiting period.

Investment Canada Act

Under the Investment Canada Act an "acquisition of control" of a Canadian business by a "non-Canadian" (as determined pursuant to the Investment Canada Act) involving the "acquisition of control" are either (i) subject to review prior to completion (a "Reviewable Transaction") or (ii) subject to a requirement to submit a notification in prescribed form with the responsible Canadian federal government department or departments not later than 30 days after closing. An investment will be a Reviewable Transaction where the applicable financial threshold is met. Subject to certain exemptions, a Reviewable Transaction may not be implemented until an application for review has been filed and the responsible Minister or Ministers of the federal cabinet has determined that the investment is likely to be of "net benefit to Canada" taking into account certain factors set out in the Investment Canada Act.

The Investment Canada Act contains various rules to determine if there has been an "acquisition of control" by a non-Canadian. For example, for purposes of determining whether an investor has acquired control of a corporation by acquiring shares, the following general rules apply, subject to certain exceptions: the acquisition of a majority of the undivided ownership interests in the voting shares of the corporation is deemed to be acquisition of control of that corporation; the acquisition of less than a majority, but one third or more, of the voting shares of a corporation or of an equivalent undivided ownership interest in the voting shares of the corporation is presumed to be acquisition of control of that corporation unless it can be established that, on the acquisition, the corporation is not controlled in fact by the acquirer through the ownership of voting shares; and the acquisition of less than one third of the voting shares of a corporation or of an equivalent divided ownership interest in the voting shares of the corporation is deemed not to be acquisition of control of that corporation.

The Investment Canada Act, also includes a discretionary national security review regime which allows the federal government to review a much broader range of investments by a non-Canadian to "acquire, in whole or part, or to establish an entity carrying on all or any part of its operations in Canada" where the federal government believes that the investment by a non-Canadian could be "injurious to national security." No financial threshold applies to a national security review. The federal government has broad discretion to determine whether an investor is a non-Canadian and therefore subject to national security review. A national security review may occur on a pre- or post-closing basis.

Exchange Controls

There are no government laws, decrees or regulations in Canada which restrict the export or import of capital or which affect the remittance of dividends, interest or other payments to non-resident holders of Common Shares. Any remittances of dividends to United States residents and to other non-residents are, however, subject to withholding tax.

Certain Canadian Federal Income Taxation

The following general summary describes the principal Canadian federal income tax consequences applicable to a holder of Common Shares who is a resident of the US, who is not, will not be and will not be deemed to be a resident of Canada for purposes of the *Income Tax Act* (Canada) (the "Tax Act") and who does not use or hold, and is not deemed to use or hold, his, her or its Common Shares in the capital of the Company in connection with carrying on a business in Canada (a "Non-Resident Holder").

This summary is based on the current provisions of the Tax Act and the regulations thereunder, the Canada-United States Tax Convention as amended by the Protocols thereto (the "Canada-US Treaty") and the Company's understanding of the current publicly available administrative practices and assessing policies of the Canada Revenue Agency (the "CRA"). This summary also takes into account all specific proposals to amend the Tax Act and the regulations (the "Proposed Amendments") announced by or on behalf of the Minister of Finance (Canada) in writing prior to the date hereof and assumes that all Proposed Amendments will be enacted in the form proposed although there can be no assurance that the Proposed Amendments will be enacted in the form proposed or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action or decision, nor does it take into account other federal or any provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below. There can be no assurance that the CRA will not change its administrative policies or assessing practices. This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder or prospective holder of Common Shares, and no opinion or representation with respect to the tax consequences to any holder or prospective holder of Common Shares is made. Accordingly, holders and prospective holders of Common Shares should consult their own tax advisors with respect to the income tax consequences of purchasing, owning and disposing of Common Shares in their particular circumstances.

Dividends

Dividends paid or credited or deemed to be paid or credited by the Company to a Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of such withholding to which the Non-Resident Holder is entitled under an applicable income tax treaty between Canada and the country where the Non-Resident Holder is resident. For example, under the Canada-US Treaty, the withholding tax rate in respect of a dividend paid to a Non-Resident Holder who is the beneficial owner of the dividend and is resident in the United States for purposes of, and entitled to full benefits under, the Canada-US Treaty, is generally reduced to 15% (or to 5% for a company that holds at least 10% of the voting stock of the corporation paying the dividend).

Capital Gains

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of Common Shares of the Company, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Shares disposed of constitute "taxable Canadian property" of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under the Canada-US Treaty. Provided that, at the time of disposition, the Common Shares are listed on a "designated stock exchange", as defined in the Tax Act, the Common Shares generally will not constitute "taxable Canadian property" of a Non-Resident Holder at that time, unless, at any time in the sixty (60) month period preceding the disposition the following two conditions were met concurrently: (a) 25% or more of the issued shares of any class or series of the capital stock of the Company were owned by any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm's length and (iii) partnerships in which persons referred to in (i) or (ii) hold a membership interest (directly or indirectly through one or more partnerships); and (b) more than 50% of the fair market value of the Common Shares was derived, directly or indirectly, from any combination of (i) real or immovable property situated in Canada, (ii) "Canadian resource properties" (as defined in the Tax Act), (iii) "timber resource properties" (as defined in the Tax Act), and (iv) options

in respect of, or an interest in, or for civil law rights in, the property described in (i) to (iii), whether or not such property exists. Notwithstanding the foregoing, a Common Share may in certain circumstances be deemed to be taxable Canadian property of a Non-Resident Holder for purposes of the Tax Act.

Exhibit 10.21

CREDIT AGREEMENT

by and among

GAGE GROWTH CORP. AND ITS SUBSIDIARIES,
as Borrowers,

the Persons from time to time party hereto as Guarantors,

the Lenders from time to time party hereto

and

CHICAGO ATLANTIC ADMIN, LLC,
as Administrative Agent and Collateral Agent

Dated as of November 22, 2021

GREEN IVY CAPITAL, LLC,
as Lead Arranger

TABLE OF CONTENTS

SCHEDULES

EXHIBITS

CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of November 22, 2021, is among **GAGE GROWTH CORP.**, a Canadian federal corporation ("***Parent***"), **GAGE INNOVATIONS CORP.**, a Canadian federal corporation ("***Gage Innovations***"), **COOKIES RETAIL CANADA CORP.**, a Canadian federal corporation ("***Cookies***"), **2668420 ONTARIO INC.**, an Ontario corporation ("***Cookies Sub #1***"), **2765533 ONTARIO INC.**, an Ontario corporation ("***Cookies Sub #2***"), **RIVERS INNOVATIONS, INC.**, a Delaware corporation ("***Rivers***"), **RIVERS INNOVATIONS US SOUTH LLC**, a Delaware limited liability company ("***Rivers South***"), **RI SPE 1 LLC**, a Delaware limited liability company ("***RI SPE***"), **SPARTAN PARTNERS CORPORATION**, a Michigan corporation ("***Spartan***"), **SPARTAN PARTNERS HOLDINGS, LLC**, a Michigan limited liability company ("***Spartan Holdings***"), **SPARTAN PARTNERS SERVICES LLC**, a Michigan limited liability company ("***Spartan Services***"), **SPARTAN PARTNERS PROPERTIES LLC**, a Michigan limited liability company ("***Spartan Properties***"), **SPARTAN PARTNERS LICENSING LLC**, a Michigan limited liability company ("***Spartan Licensing***"; together with Parent, Gage Innovations, Cookies, Cookies Sub #1, Cookies Sub #2, Rivers, Rivers South, Spartan, Spartan Holdings, Spartan Services, and Spartan Properties, and each other Subsidiary of Parent that becomes a borrower hereunder pursuant to Section 8.09, each, a "***Borrower***" and collectively, jointly and severally, "***Borrowers***"), Parent and any Subsidiaries of Parent hereto that are Guarantors or become Guarantors hereunder pursuant to Section 8.09, the lenders from time to time party hereto (each, a "***Lender***" and, collectively, the "***Lenders***"), **CHICAGO ATLANTIC ADMIN, LLC**, a Delaware limited liability company ("***Chicago Atlantic***"), as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "***Administrative Agent***") and Chicago Atlantic, as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, "***Collateral Agent***", and together with Administrative Agent, each, an "***Agent***" and collectively, "***Agents***").

RECITALS

WHEREAS, Borrowers have requested that the Lenders extend to Borrowers on the Closing Date certain Loans in the aggregate principal amount of $55,000,000 (the "***Aggregate Commitment***"); and

WHEREAS, the Lenders have agreed to provide the Loans, in each case subject to the terms and conditions contained in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

ARTICLE I
Definitions

Defined Terms

. As used herein, the following terms shall have the meanings specified in this Section 1.01 unless the context otherwise requires:

"***Administrative Agent***" shall have the meaning set forth in the Preamble.

"***Administrative Questionnaire***" shall mean a questionnaire completed by each Lender, in a form approved by Administrative Agent, in which such Lender, among other things, (a) designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Credit Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with such Lender's compliance procedures

and Applicable Laws, including federal and state securities laws and (b) designates an address, electronic mail address or telephone number for notices and communications with such Lender.

"***Affiliate***" shall mean, with respect to any Person, (a) any Person which, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, or (b) any Person who is a director or officer (i) of such Person, (ii) of any Subsidiary of such Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, in each case whether through the ownership of any Capital Stock, by contract or otherwise. No Agent or Lender shall be an Affiliate of any Consolidated Company for purposes of this Agreement or any other Credit Document.

"***Agents***" shall have the meaning set forth in the Preamble.

"***Aggregate Commitment***" shall have the meaning set forth in the Preamble.

"***Agreement***" shall mean this Credit Agreement, as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"***ALTA***" shall mean the American Land Title Association.

"***Alterna Accounts***" means, collectively, the deposit accounts of the Credit Parties listed on Schedule 7.25 and maintained with Alterna Savings and Credit Union Limited.

"***Anti-Corruption Laws***" shall mean all laws, rules, and regulations of any jurisdiction applicable to any Credit Party or any of its Subsidiaries from time to time concerning or relating to bribery or corruption, including the United States Foreign Corrupt Practices Act of 1977, the *Corruption of Foreign Public Officials Act* (Canada), Canadian Economic Sanctions and Export Control Laws and other similar anti-corruption legislation in other jurisdictions.

"***Anti-Terrorism Laws***" shall have the meaning set forth in Section 7.28.

"***Applicable Accounting Standards***" means, (a) initially, (i) IFRS or (ii) generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, including ASPE and those otherwise set out in the Handbook of the Canadian Institute of Chartered Accountants, applied on a consistent basis, and (b) upon migration from IFRS to GAAP in accordance with Section 9.13, GAAP.

"***Applicable Fiscal Period***" shall mean the period of four consecutive fiscal quarters ending at the end of each prescribed fiscal quarter.

"***Applicable Laws***" shall mean, subject to the carve-outs and acknowledgments contained in Section 13.01, as to any Person, any law (including common law), statute, regulation, ordinance, rule, order, policy, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority or determination of an arbitrator, in each case applicable to or binding on such Person or any of its property, products, business, assets or operations or to which such Person or any of its property, products, business, assets or operations is subject.

"***Applicable Securities Legislation***" shall mean all applicable securities laws of each of the Reporting Jurisdictions and the respective rules and regulations under such laws together with applicable

published fee schedules, prescribed forms, policy statements, national or multilateral instruments, orders, blanket rulings and other applicable regulatory instruments of the securities regulatory authorities in any of the Reporting Jurisdictions.

"***Application Event***" shall have the meaning set forth in Section 4.02(d).

"***Approved Fund***" shall mean any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in commercial loans and similar extensions of credit in the ordinary course and that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

"***Arranger***" shall mean Green Ivy Capital, LLC, as lead arranger.

"***Assignment and Acceptance***" shall mean an assignment and acceptance substantially in the form of Exhibit A.

"***Assignment of Leases and Rents***" shall mean each assignment of leases and rents or other security document granted by any applicable Credit Party to Collateral Agent for the benefit of the Secured Parties in respect of any leases of Real Property owned or leased by such Credit Party, in such form as agreed between such Credit Party and Collateral Agent.

"***Attributable Indebtedness***" shall mean, on any date, in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear as a liability on a balance sheet of such Person prepared as of such date in accordance with Applicable Accounting Standards.

"***Authorized Officer***" shall mean, with respect to any Credit Party, the president, the chief financial officer, the chief operating officer, the secretary, the treasurer or any other senior officer of such Credit Party, but, in any event, with respect to financial matters, the chief financial officer of such Credit Party or such other senior officer who is in charge of financial matters for such Credit Party.

"***Bankruptcy Code***" shall mean the United States Bankruptcy Code (11 U.S.C. Section 101 et seq.).

"***Beneficial Ownership Certification***" shall mean a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

"***Beneficial Ownership Regulation***" shall mean 31 C.F.R. § 1010.230.

"***Benefited Lender***" shall have the meaning set forth in Section 12.08(a).

"***BIA***" shall mean the *Bankruptcy and Insolvency Act* (Canada), as amended from time to time.

"***Board***" shall mean the Board of Governors of the Federal Reserve System of the United States (or any successor).

"***Board of Directors***" shall mean the board of directors, board of managers or other equivalent governing body of a Person.

"***Borrower***" and "***Borrowers***" shall have the meanings set forth in the Preamble.

"***Budget***" shall have the meaning set forth in Section 8.01(f).

"***Business Day***" shall mean any day excluding Saturday, Sunday and any day that shall be in the City of Chicago, Illinois a legal holiday or a day on which banking institutions are authorized by law or other governmental actions to close.

"***Businesses***" shall mean, collectively, (a) the Cannabis Business and (b) the Support Business.

"***Canadian Anti-Money Laundering & Anti-Terrorism Legislation*** " shall mean the *Criminal Code*, R.S.C. 1985, c. C-46, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and the *United Nations Act*, R.S.C. 1985, c.U-2 or any similar Canadian legislation, together with all rules, regulations and interpretations thereunder or related thereto including the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism and the United Nations Al-Qaida and Taliban Regulations promulgated under the United Nations Act.

"***Canadian Blocked Person***" shall mean any Person that is a "designated person", "politically exposed foreign person" or "terrorist group" as described in any Canadian Economic Sanctions and Export Control Laws.

"***Canadian Cannabis Laws***" shall mean the *Cannabis Act* (Canada), the *Cannabis Regulations* (Canada), the *Excise Act* (Canada) as well as any other Applicable Law enacted or enforced by a Canadian Governmental Authority that governs the production, processing, sale, distribution, transfer or possession of any cannabis, cannabis accessory, or cannabis service.

"***Canadian Credit Party***" shall mean any Credit Party organized and existing under the federal laws of Canada or any province or territory thereof.

"***Canadian Economic Sanctions and Export Control Laws"*** shall mean any Canadian laws, regulations or orders governing transactions in controlled goods or technologies or dealings with countries, entities, organizations, or individuals subject to economic sanctions and similar measures, including the *Special Economic Measures Act* (Canada), *the United Nations Act* (Canada), the *Freezing Assets of Corrupt Foreign Officials Act* (Canada), Part II.1 of the *Criminal Code* (Canada) and the *Export and Import Permits Act* (Canada), and any related regulations.

"***Canadian Pension Plans***" shall mean, with respect to any Canadian Credit Party, all plans or arrangements that are pension plans required to be registered under Canadian federal or provincial law and that are administered or contributed to by such Credit Party for any of its employees or former employees located in Canada or any province or territory thereof, but does not include the Canada Pension Plan or the Quebec Pension Plan as maintained by the Government of Canada or the Province of Quebec, respectively.

"***Canadian Security Agreement***" shall mean that certain General Security Agreement dated as of the Closing Date, by and among each Canadian Credit Party and Collateral Agent for the benefit of the Secured Parties.

"***Canadian Statutory Lien***" shall mean a deemed trust or lien under applicable Canadian federal, provincial or territorial law securing claims for any unpaid wages, vacation pay, worker's compensation, unemployment insurance, pension plan contributions, pension solvency deficiency, employee source or non-resident withholding tax deductions, unremitted goods and services, harmonized sales, sales or other excise taxes or similar statutory obligations (secured by a deemed trust or lien), each of which are not overdue or are being contested in good faith by a Credit Party.

"***Cannabis Business***" shall mean the business of acquiring, cultivating, manufacturing, extracting, testing, producing, processing, possessing, selling (at retail or wholesale), dispensing, donating,

distributing, transporting, packaging, labeling, marketing or disposing of cannabis, marijuana or related substances or products containing or relating to the same, and all ancillary activities related to the foregoing, including leasing the Real Property on which any such activity is conducted.

"***Capital Expenditures***" shall mean, for any specified period, the sum of, without duplication, all expenditures made, directly or indirectly, by the Consolidated Companies during such period, determined on a consolidated basis in accordance with Applicable Accounting Standards, that are or should be reflected as additions to property, plant or equipment or similar items reflected in the consolidated statement of cash flows and balance sheet of the Consolidated Companies, or have a useful life of more than one year.

"***Capital Stock***" shall mean any and all shares, interests, participations, units or other equivalents (however designated) of capital stock of a corporation, membership interests in a limited liability company, unlimited liability company interest, partnership interests of a limited partnership, any and all equivalent ownership interests in a Person and any and all warrants, rights or options to purchase any of the foregoing.

"***Capitalized Lease Obligations***" shall mean, as applied to any Person, all obligations under Capitalized Leases of such Person or any of its Subsidiaries, in each case taken at the amount thereof accounted for as liabilities on the balance sheet (excluding the footnotes thereto) of such Person in accordance with Applicable Accounting Standards.

"***Capitalized Leases***" shall mean, as applied to any Person, all leases of property that have been or should be, in accordance with Applicable Accounting Standards, recorded as capitalized leases on the balance sheet of such Person or any of its Subsidiaries, on a consolidated basis; provided that for all purposes hereunder the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability on the balance sheet (excluding the footnotes thereto) of such Person in accordance with Applicable Accounting Standards.

"***Cash Equivalents***" shall mean:

(a) any direct obligation of (or unconditional guarantee by) the United States or, with respect to any Canadian Credit Party, Canada (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States or Canada, as the case may be) maturing not more than one year after the date of acquisition thereof;

(b) commercial paper maturing not more than one year from the date of issue and issued by (i) a corporation (other than an Affiliate of any Credit Party) organized under the laws of any state of the United States, the District of Columbia or, with respect to any Canadian Credit Party, any province of Canada and, at the time of acquisition thereof, rated A-1 or higher by S&P or P-1 or higher by Moody's, or carrying an equivalent rating by a nationally recognized rating agency if at any time neither S&P or Moody's shall be rating such obligations, or (ii) any Lender (or its holding company);

(c) any certificate of deposit, time deposit or bankers acceptance, maturing not more than one year after its date of issuance, which is issued by either: (i) a bank organized under the laws of the United States or, with respect to any Canadian Credit Party, Canada (or any state or province thereof) which has, at the time of acquisition thereof, (A) a credit rating of A-2 or higher from Moody's or A or higher from S&P and (B) a combined capital and surplus greater than $500,000,000, or (ii) a Lender;

(d) cash and demand deposits maintained with the domestic office of any commercial bank organized under the laws of the United States or, with respect to Parent, Canada (or any state or province of the United States or Canada) which has a combined capital and surplus and undivided profits of not less than $500,000,000);

(e) any repurchase agreement having a term of 30 days or less entered into with any Lender or any commercial banking institution satisfying, at the time of acquisition thereof, the criteria set forth in clause (c)(i) which (i) is secured by a fully perfected security interest in any obligation of the type described in clause (a), and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100.00% of the repurchase obligation of such commercial banking institution thereunder; and

(f) mutual funds investing primarily in assets described in clauses (a) through (d) of this definition.

"***Casualty Event***" shall mean the damage, destruction or condemnation, as the case may be, of property of any Person or any of its Subsidiaries.

"***CCAA***" shall mean the *Companies' Creditors Arrangement Act* (Canada) as amended from time to time.

"***CERCLA***" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

"***Change in Cannabis Law***" shall mean any adverse change after the Closing Date in U.S. Federal Cannabis Law, Canadian Cannabis Law or U.S. State Cannabis Law, or the application or interpretation thereof by any Governmental Authority, (a) that would make it unlawful for any Agent or Lender to (i) continue to be a party to any Credit Document, (ii) perform any of its obligations hereunder or under any other Credit Document, or (iii) to fund or maintain the Loans, (b) pursuant to which any Governmental Authority has enjoined any Agent or Lender from (i) continuing to be a party to any Credit Document, (ii) performing any of its obligations hereunder or under any other Credit Document, or (iii) funding or maintaining the Loans, or (c) pursuant to which any Governmental Authority requires (i) confidential information from or disclosure of confidential information about any Agent, any Lender, any Affiliate thereof or any investor therein, or (ii) such Agent or any Lender to obtain any Permit to, in each case, (A) continue to be a party to any Credit Document, (B) perform any of its obligations hereunder or under any other Credit Document, or (C) to fund or maintain the Loans.

"***Change in Law***" shall mean (a) the adoption of any law, rule, regulation or treaty after the date of this Agreement, (b) any change in any law, rule, regulation or treaty or in the interpretation, implementation or application thereof by any Governmental Authority after the date of this Agreement or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority after the date of this Agreement; provided that notwithstanding anything herein to the contrary, (x) the Dodd Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives issued thereunder or in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the day enacted, adopted, issued or implemented.

"***Change of Control***" shall mean an event or series of events by which (a) other than in connection with the TerrAscend Transaction, on or after March 31, 2023, there is a report filed with any securities commission or securities regulatory authority in Canada, disclosing that any offeror (as such term is defined in section 1.1 of Multilateral Instrument 62-104 Take-Over Bids and Issuer Bids) has acquired beneficial ownership (within the meaning of the Securities Act) of, or the power to exercise control or direction over, or securities convertible into, any Voting Stock of Parent, that together with the offeror's securities (as such term is defined in section 1.1 of Multilateral Instrument 62-104 Take-Over Bids and Issuer Bids) in relation to any Voting Stock of Parent, would constitute Voting Stock representing more than 30.00% of the total

voting power attached to all Voting Stock of Parent then outstanding; (b) other than in connection with the TerrAscend Transaction, there is consummated any amalgamation, consolidation, statutory arrangement (involving a business combination) or merger of Parent (i) in which Parent is not the continuing or surviving corporation or (ii) pursuant to which any Voting Stock would be reclassified, changed or converted into or exchanged for cash, securities or other property, other than (in each case) an amalgamation, consolidation, statutory arrangement or merger of Parent in which the holders of the Voting Stock immediately prior to the amalgamation, consolidation, statutory arrangement or merger have, directly or indirectly, more than 50.10% of the Voting Stock of the continuing or surviving corporation immediately after such transaction; (c) (i) prior to the consummation of the TerrAscend Transaction, there occurs any other change of control of Parent as it exists as at the date of this Agreement other than in connection with the TerrAscend Transaction, and (ii) upon and after the consummation of the TerrAscend Transaction, TerrAscend shall cease to own and control, directly or indirectly, free and clear of all Liens or other encumbrances (other than Permitted Liens arising by operation of law), at least 51.00% of the Capital Stock of Parent; (d) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of Parent cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; (e) any Borrower shall cease to own and control, directly or indirectly, free and clear of all Liens or other encumbrances (other than Permitted Liens arising by operation of law and Liens created pursuant to any Credit Document), (i) at least the percentage of the Capital Stock of each of its Subsidiaries held by such Borrower on the Closing Date and (ii) 100.00% of the Capital Stock of each of its Subsidiaries formed or acquired after the Closing Date. For the avoidance of doubt, the TerrAscend Transaction shall not constitute a Change of Control.

"***Chicago Atlantic***" shall have the meaning set forth in the Preamble.

"***Claims***" shall have the meaning set forth in the definition of Environmental Claims.

"***Closing Date***" shall mean November 22, 2021.

"***Code***" shall mean the Internal Revenue Code of 1986, and the Treasury Regulations promulgated and rulings issued thereunder.

"***Collateral***" shall mean any assets of any Credit Party or other assets upon which Collateral Agent has been, or has purportedly been, granted a Lien in connection with this Agreement or any other Credit Document.

"***Collateral Access Agreements***" shall mean a collateral access agreement or landlord waiver in form and substance reasonably satisfactory to Collateral Agent between Collateral Agent and any lessor, warehouseman, processor, bailee, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in, any Credit Party's books and records or assets.

"***Collateral Agent***" shall have the meaning set forth in the Preamble.

"***Collateral Assignee***" shall have the meaning set forth in Section 12.06(d).

"***Collateral Assignments of Leases***" shall mean, collectively, those certain Collateral Assignments of Lease among the applicable Credit Party, the lessor thereto and Collateral Agent, in form and substance reasonably satisfactory to Collateral Agent.

"***Collateral Assignments of Licensing Contracts***" shall mean, collectively, those certain Collateral Assignments of Licensing Contracts among the applicable Credit Party, the other parties party thereto and Collateral Agent, in form and substance reasonably satisfactory to Collateral Agent.

"***Collections***" shall mean all cash, checks, credit card slips or receipts, notes, instruments, and other items of payment (including insurance proceeds, proceeds of cash sales, rental proceeds, and Tax refunds) of the Credit Parties.

"***Commitment***" shall mean the obligation of the Lenders to make the Loans hereunder, in each case in the Dollar amounts set forth beside such Lender's name under the applicable heading on Schedule 1.01 or in the Assignment and Acceptance pursuant to which such Lender became a Lender under this Agreement, as such amounts may be changed from time to time pursuant to the terms of this Agreement.

"***Commitment Percentage***" shall mean, as to any Lender, the Commitment Percentage (if any) set forth beside such Lender's name in Schedule 1.01 (or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 12.06(b) or 12.06(c), the Commitment Percentage (if any) of such Lender as set forth in the applicable Assignment and Acceptance), as the same may be adjusted upon any assignment by or to such Lender pursuant to Section 12.06(b) or 12.06(c).

"***Communications***" shall mean, collectively, any notice, demand, communication, information, document or other material that any Credit Party provides to Administrative Agent pursuant to any Credit Document or the transactions contemplated therein which is distributed to Administrative Agent or any Lender by means of electronic communications pursuant to Section 12.23, including through the Platform.

"***Compliance Certificate***" shall mean a certificate duly completed and executed by an Authorized Officer of Parent substantially in the form of Exhibit B, together with such changes thereto or departures therefrom as Administrative Agent may from time to time reasonably request or approve for the purpose of monitoring the Credit Parties' compliance with the Financial Performance Covenants or certain other calculations, or as otherwise agreed to by Administrative Agent.

"***Confidential Information***" shall have the meaning set forth in Section 12.16.

"***Connection Income Taxes***" shall mean Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes.

"***Consolidated Companies***" shall mean Parent and its Subsidiaries on a consolidated basis in accordance with Applicable Accounting Standards.

"***Contingent Liability***" shall mean, for any Person, any agreement, undertaking or arrangement by which such Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Stock of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

"***Contractual Obligation***" shall mean, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound other than the Obligations.

"***Control Agreement***" shall mean a pledge, collateral assignment, control agreement or bank consent letter, in form and substance reasonably satisfactory to Collateral Agent, executed and delivered by the applicable Credit Party, Collateral Agent, and the applicable securities intermediary or bank, which agreement is sufficient to give Collateral Agent "control" over each of such Credit Party's securities accounts, deposit accounts or investment property, as the case may be.

"***Cookies***" shall have the meaning set forth in the Preamble.

"***Cookies Subsidiaries***" shall mean, collectively, Cookies Sub #1 and Cookies Sub #2.

*"**Copyright Security Agreements***" shall mean any and all copyright security agreements entered into by the Credit Parties in favor of Collateral Agent (as required by the Agreement or any other Credit Document).

"***Credit Agreement Joinder***" shall mean a joinder substantially in the form of Exhibit C.

"***Credit Documents***" shall mean (a) this Agreement, the Security Documents, any Notes, each Collateral Assignment of Lease, each Information Certificate, any subordination or intercreditor agreements in favor of any Agent with respect to this Agreement and (b) any other document or agreement executed by any Credit Party, or by any Borrower on behalf of the Credit Parties, or any of them, and delivered to any Agent or Lender in connection with any of the foregoing or the Obligations.

"***Credit Parties***" shall mean, collectively, Borrowers and Guarantors, and "***Credit Party***" shall mean any of the Credit Parties, individually.

"***Credit Party Materials***" shall have the meaning set forth in Section 12.23.

"***CSA***" shall mean the Canadian Securities Administrators, or any Governmental Authority succeeding to any of its principal functions.

"***CSE***" shall mean the Canadian Securities Exchange and its successors.

"***Debentures***" means, collectively, the unsecured debentures issued on September 30, 2020, by Parent (formerly known as Wolverine Partners Corp.), to each of 1110864 Ontario Inc., The Linton Family Trust and Eastwood Capital Corp.

"***Debtor Relief Laws***" shall mean the Bankruptcy Code, the BIA, the CCAA and all other liquidation, bankruptcy, assignment for the benefit of creditors, conservatorship, moratorium, receivership, insolvency, rearrangement, reorganization, or similar debtor relief laws of the United States of America or other applicable jurisdictions in effect from time to time.

"***Default***" shall mean any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"***Default Rate***" shall mean a rate per annum equal to the sum of (a) the Interest Rate plus (b) 7.50%.

"***Defaulting Lender***" shall mean any Lender that: (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Commitment, (ii) pay over to either Agent or any Lender any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including a particular Default or Event of Default, if any) has not been satisfied; (b) has notified Parent or Administrative Agent in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including a particular Default or Event of Default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit; (c) has failed, within two Business Days after request by Administrative Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon Administrative Agent's receipt of such certification in form and substance satisfactory to Administrative Agent or (d) has become the subject of an Insolvency Event.

"***Designated Jurisdiction***" shall mean any country or territory to the extent that such country or territory is the subject of any Sanction.

"***Disposition***" shall mean, with respect to any Person, any sale, transfer, lease, contribution or other conveyance (including by way of merger or amalgamation) of, or the granting of options, warrants or other rights to, any of such Person's or their respective Subsidiaries' assets (including Capital Stock of Subsidiaries) to any other Person in a single transaction or series of transactions.

"***Disqualified Capital Stock***" shall mean any Capital Stock that, by its terms (or by the terms of any security or other Capital Stock into which it is convertible or for which it is exchangeable) or upon the happening of any event or condition, (a) matures or is mandatorily redeemable (other than solely for Qualified Capital Stock after the Secured Parties are paid in full), pursuant to a sinking fund obligation or otherwise, (b) is redeemable at the option of the holder thereof (other than solely for Qualified Capital Stock or in connection with a Change of Control or Disposition of assets after the Secured Parties are paid in full), in whole or in part, (c) provides for the scheduled payment of dividends in cash or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Capital Stock that would constitute Disqualified Capital Stock, in each case, prior to the date that is 180 days after the Maturity Date; provided that if such Capital Stock is issued pursuant to a plan for the benefit of employees of Parent or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Capital Stock solely because it may be required to be repurchased by Parent in order to satisfy applicable statutory or regulatory obligations.

"***Disqualified Lenders***" shall mean (a) such Persons that have been designated in writing to Administrative Agent by Parent as a competitor on or prior to the Closing Date, and each such designation of such Person is reasonable, (b) competitors of Parent or any other Credit Party that have been designated in writing to Administrative Agent from time to time by Parent after the Closing Date not less than five Business Days prior to the date such designation will be effective, and each such designation of such Person as a competitor is reasonable, and (c) any of their Affiliates (other than Affiliates that are bona fide debt or private equity funds or fixed income investors) that are designated as a competitor in writing from time to time to Administrative Agent by Parent, and each such designation of such Person as a competitor is reasonable; provided that no such updates to the list of such designated Persons shall be deemed to retroactively disqualify any Person that has previously acquired an assignment or participation interest in respect of the Loans from continuing to hold or vote such previously acquired assignments and

participations on the terms set forth herein for Lenders that are not Disqualified Lenders (it being understood and agreed that such prohibitions with respect to Disqualified Lenders shall apply only to any potential future assignments or participations to any such parties). The list of Disqualified Lenders shall be maintained with Administrative Agent and may be communicated to a Lender upon request to Administrative Agent.

"***Dollars***" and "***$***" shall mean dollars in lawful currency of the United States.

"***Environmental Claims***" shall mean any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations (other than internal reports prepared by the Credit Parties (a) in the ordinary course of such Person's business or (b) as required in connection with a financing transaction or an acquisition or disposition of real estate) or proceedings relating to any Environmental Law or any permit issued, or any approval given, under any such Environmental Law (collectively, "***Claims***"), including (i) any and all Claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (ii) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the Release or threatened Release of Hazardous Materials or arising from alleged injury or threat of injury to health or safety (to the extent relating to the exposure to Hazardous Materials) or the environment.

"***Environmental Law***" shall mean any applicable federal, state, provincial, foreign or local statute, law, rule, regulation, ordinance, code and rule of common law now or hereafter in effect, and any binding judicial or administrative interpretation thereof, including any binding judicial or administrative order, consent decree or judgment, relating to the protection of the environment or human health or, to the extent relating to exposure to Hazardous Materials, safety.

"***Environmental Permit***" shall have the meaning set forth in Section 7.14(a)(ii).

"***ERISA***" shall mean the Employee Retirement Income Security Act of 1974, and the regulations promulgated thereunder.

"***Event of Default***" shall have the meaning set forth in Section 10.01.

"***Excluded Accounts***" shall mean (a) any deposit account that is used solely to fund payroll or employee benefits, so long as (i) such account is a zero balance account and (ii) the applicable Credit Party does not deposit or maintain funds in any such account in excess of amounts necessary to fund current payroll liabilities, payroll taxes or other wage and employee benefit payments, and (b) the Alterna Accounts, so long as the applicable Credit Parties do not deposit or maintain funds in any such accounts in excess of (i) at all times prior to the date that is 60 days after consummation of the TerrAscend Transaction, $4,000,000, individually or in the aggregate, and (ii) on and after the date that is 60 days after consummation of the TerrAscend Transaction, funds not in excess of amounts necessary to fund current Canadian payroll liabilities, Canadian payroll taxes or other Canadian wage and employee benefit payments.

"***Excluded Issuances***" shall mean (a) the issuance of Capital Stock (other than Disqualified Capital Stock) by Parent to members of the management, employees or directors of any Credit Party, (b) the issuance of Capital Stock of Parent (other than Disqualified Capital Stock) upon the exercise of any warrants issued by Parent on or prior to the Closing Date, (c) the issuance of Capital Stock of Parent in connection with the TerrAscend Transaction and (d) the issuance of Capital Stock of Parent (other than Disqualified Capital Stock) in an aggregate amount of up to $10,000,000, the proceeds of which are used solely by the Credit Parties (i) to finance the purchase of Capital Expenditures, (ii) to finance Permitted Acquisitions, or

(iii) for general working capital needs, in each case, so long as such issuance does not result in a Change of Control.

"***Excluded Subsidiary***" shall mean, (a) Mayde, so long as Mayde has no assets, no Indebtedness and no operations and (b) after consummation of the TerrAscend Transaction and after giving effect to the transactions described in Section 8.21, the Cookies Subsidiaries.

"***Excluded Taxes***" shall mean any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by Borrowers under Section 12.06) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 4.04, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 4.04(f) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"***Executive Order***" shall have the meaning set forth in Section 7.28.

"***Extraordinary Receipts***" shall mean any cash received by or paid to or for the account of any Consolidated Company not in the ordinary course of business, including: (a) proceeds of judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action to the extent not used to pay any corresponding cause of action or to reimburse a Consolidated Company for amounts previously expended, (b) indemnification payments received by any Consolidated Company to the extent not used or anticipated to be used to pay any corresponding liability or reimburse such Consolidated Company for the payment of any such liability, (c) any purchase price adjustment (other than a working capital adjustment) received in connection with any purchase agreements, (d) tax refunds, and (e) pension plan reversions, net of Taxes paid or payable with respect to such amounts.

"***FATCA***" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future Treasury Regulations thereunder or official interpretations thereof, any agreements entered into pursuant to current Section 1471(b)(1) of the Code (or any amended or successor version described above), and any intergovernmental agreements (together with any Applicable Laws implementing such agreements) implementing the foregoing.

"***Financial Performance Covenants***" shall mean the covenants set forth in Section 9.14.

"***Foreign Lender***" shall mean a Lender that is resident or organized under the laws of a jurisdiction other than that in which a Borrower is resident for tax purposes.

"***GAAP***" shall mean generally accepted accounting principles in the United States or Canada, as applicable, in effect from time to time.

"***Gage Innovations***" shall have the meaning set forth in the Preamble.

"***Governmental Authority***" shall mean the government of the United States, Canada, any foreign country or any multinational or supranational authority, or any state, commonwealth, protectorate or political subdivision thereof, and any entity, body or authority exercising executive, legislative, taxing, judicial, regulatory or administrative functions of or pertaining to government, including the Pension Benefit Guaranty Corporation, Health Canada and other administrative bodies or quasi-governmental entities established to perform the functions of any such agency or authority.

"***Guarantee Obligations***" shall mean, as to any Person, any Contingent Liability of such Person or other obligation of such Person guaranteeing or intended to guarantee any Indebtedness of any other Person (the "***primary obligor***") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such Indebtedness or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness or (d) otherwise to assure or hold harmless the owner of such Indebtedness against loss in respect thereof; provided that the term "***Guarantee Obligations***" shall not include endorsements of instruments for deposit or collection in the ordinary course of business and consistent with past practice (unless a departure from past practice coincides with an industry-wide departure from past practice or results from a new technological development or custom) or customary and reasonable indemnity obligations in effect on the Closing Date, entered into in connection with any acquisition or disposition of assets permitted under this Agreement (other than with respect to Indebtedness). The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith and reasonable business judgment.

"***Guarantor Obligations***" shall have the meaning set forth in Section 6.01(a).

"***Guarantors***" shall mean (a) Parent, (b) each direct or indirect Subsidiary of Parent (other than any Excluded Subsidiary) and (c) any other Person that provides a guarantee for the payment and performance of the Obligations pursuant to an agreement reasonably acceptable to Administrative Agent after the Closing Date pursuant to Section 8.09.

"***Hazardous Materials***" shall mean (a) any petroleum or petroleum products, radioactive materials, friable asbestos, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of "waste", "sludge", "hazardous substances", "hazardous waste", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", "toxic substances", "toxic pollutants", "contaminants", or "pollutants", or words of similar import, under any applicable Environmental Law; and (c) any other chemical, waste, recycled material, material or substance, which is prohibited, limited or regulated by any Environmental Law; provided that cannabis and marijuana are explicitly excluded from the definition of Hazardous Materials, as are any substances or products that would be deemed Hazardous Materials solely because they contain cannabis or marijuana, in each case, to the extent such substances are deemed hazardous solely because the Businesses are unlawful under U.S. Federal Cannabis Law.

"***Hedging Agreement***" shall mean (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, futures contracts, equity or equity index swaps or options, bond or bond price or bond

index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"***IFRS***" shall mean the International Financial Reporting Standards set forth in the opinions and pronouncements of the Canadian Accounting Standards Board, consistently applied.

"***Indebtedness***" shall mean, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with Applicable Accounting Standards:

(a) all indebtedness of such Person for borrowed money and all indebtedness of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount (after giving effect to any prior drawings or reductions which may have been reimbursed) of all letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;

(c) all obligations of such Person to pay the deferred purchase price of property or services, but excluding trade accounts payable in the ordinary course of business (which are not overdue for a period of more than 90 days past the applicable due date thereof);

(d) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements and mortgage, industrial revenue bond, industrial development bond and similar financings), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(e) all Attributable Indebtedness;

(f) all obligations of such Person with respect to the redemption, repayment or other repurchase or payment in respect of any Disqualified Capital Stock;

(g) all obligations of such Person with respect to Hedging Agreements (valued as the termination value thereof computed in accordance with a method approved by the International Swap Dealers Association and agreed to by such Person in the applicable Hedging Agreement, if any);

(h) all obligations of such Person under any sale-and-leaseback transaction; and

(i) all Guarantee Obligations of such Person in respect of any of the foregoing;

provided that Indebtedness shall not include (w) prepaid or deferred revenue arising in the ordinary course of business on customary terms, (x) purchase price holdbacks arising in the ordinary course of business and on customary terms in respect of a portion of the purchase price of an asset to satisfy warranties or other unperformed obligations of the seller of such asset, (y) endorsements of checks or drafts arising in the ordinary course of business and consistent with past practice (unless a departure from past practice coincides with an industry-wide departure from past practice or results from a new technological development or custom), and (z) preferred Capital Stock to the extent not constituting Disqualified Capital Stock.

For all purposes hereof, the Indebtedness of any Person shall not include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or another entity not disregarded for tax purposes) in which such Person is a general partner or a joint venture (whether partner or member), unless the terms of such Indebtedness provide that such Person is liable therefor. The amount of Indebtedness of any Person for purposes of clause (e) above shall be deemed to be equal to the lesser of (x) the aggregate unpaid amount of such Indebtedness and (y) the fair market value of the property encumbered thereby as determined by such Person in good faith and reasonable business judgment.

"***Indemnified Liabilities***" shall have the meaning set forth in Section 12.05.

"***Indemnified Taxes***" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Credit Document and (b) to the extent not otherwise described in (a), Other Taxes.

"***Information Certificates***" shall mean, collectively, (a) that certain Information Certificate dated as of the Closing Date and executed by Borrowers in favor of Collateral Agent and Lenders and (b) any other information or perfection certificate delivered by a Credit Party to Collateral Agent and accepted by Collateral Agent.

"***Insolvency Event***" shall mean, with respect to any Person, including any Lender, such Person or such Person's direct or indirect parent company (a) makes a proposal under the BIA, the CCAA or becomes the subject of a bankruptcy, insolvency or examinership proceeding (including any proceeding under any Insolvency Legislation, any similar law or proceeding seeking the compromise or extinguishment of claims of creditors or the *Canada Business Corporations Act*), or regulatory restrictions, (b) has had a receiver, interim receiver, receiver manager, monitor, examiner, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it or has called a meeting of its creditors, (c) admits in writing its inability, or be generally unable, to pay its debts as they become due or cease material operations of its present business, (d) commits an act of bankruptcy or becomes insolvent (such terms having the respective meanings ascribed thereto in the BIA), (e) is adjudicated insolvent or bankrupt by a court of competent jurisdiction, (f) admits the material allegations of a petition or application filed with respect to it in any bankruptcy, reorganization or insolvency proceeding, (g) takes any corporate action for the purpose of effecting any of the foregoing, (h) with respect to a Lender, such Lender is unable to perform hereunder due to the application of Applicable Law, or (i) in the good faith determination of Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment of a type described in clauses (a) or (b), provided that an Insolvency Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person or such Person's direct or indirect parent company by a Governmental Authority or instrumentality thereof if, and only if, such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or Canada or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"***Insolvency Legislation***" shall mean legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re adjustment of debt, dissolution or winding up, or any similar legislation, and specifically includes the BIA, the CCAA, the *Winding Up and Restructuring Act* (Canada), the Bankruptcy Code and any similar legislation under Applicable Law.

"***Intercompany Indebtedness***" shall have the meaning set forth in Section 12.22.

"***Interest Rate***" shall mean a per annum rate equal to the greater of (a) the Prime Rate plus 7.00% and (b) 10.25%.

"***Investment***" shall mean, relative to any Person: (a) any loan, advance or extension of credit made by such Person to any other Person, including the purchase by such first Person of any bonds, notes, debentures or other debt securities of any such other Person; (b) the incurrence of Contingent Liabilities for the benefit of any other Person; (c) acquisition of any Capital Stock or other investment held by such Person in any other Person; and (d) any contribution made by such Person to any other Person. The amount of any Investment at any time shall be the original principal or capital amount thereof less all returns of principal or equity thereon made on or before such time and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such Investment.

"***IP Rights***" shall have the meaning set forth in Section 7.13.

"***ITA***" shall mean the *Income Tax Act* (Canada) as amended from time to time.

"***Koach Landlord Agreement***" means that certain landlord agreement executed by each of the Koach Landlords in favor of Collateral Agent, pursuant to which the Koach Landlords agree to permit Collateral Agent and Lenders to cure breaches or defaults occurring under the Koach Leases.

"***Koach Landlords***" shall mean, collectively, Strategic Koach Properties LLC, a Delaware limited liability company, Koach GR I LLC, a Michigan limited liability company, and Koach Lansing I LLC, a Michigan limited liability company.

"***Koach Leases***" shall mean, collectively, (a) that certain Lease Agreement between Strategic Koach Properties LLC, a Delaware limited liability company, and Spartan Properties dated October, 23, 2020, with respect to that certain premises located at 1551 Academy Street, Ferndale, Michigan 48220, (b) that certain Lease Agreement between Strategic Koach GR I LLC, a Michigan limited liability company, and Spartan Properties dated October 28, 2020, with respect to that certain premises located at 3075 Peregrine Drive NE, Grand Rapids, Michigan 49505, (c) that certain Lease Agreement between Strategic Koach Properties LLC, a Delaware limited liability company, and Spartan Properties dated August 26, 2020, with respect to that certain premises located at 2712 Portage Road, Kalamazoo, Michigan 49001, (d) that certain Lease Agreement between Strategic Koach Properties LLC, a Delaware limited liability company, and Spartan Properties dated August 26, 2020, with respect to that certain premises located at 1025 Hannah Ave., Traverse City, Michigan 49686, (e) that certain Lease Agreement between Strategic Koach Properties LLC, a Delaware limited liability company, and Spartan Properties dated August 26, 2020, with respect to that certain premises located at 3 State Park Drive, Bay City, Michigan 48706 and (f) that certain Lease Agreement between Koach Lansing I LLC, a Michigan limited liability company, and Spartan Properties dated June 26, 2020, with respect to that certain premises located at 3425 S. Martin Luther King Jr. Blvd., Lansing, Michigan 48910.

"***Koach Reserve Amount***" shall have the meaning set forth in Section 2.04(c).

"***Land Contracts***" shall mean, collectively, that certain (a) Land Contract dated as of April 9, 2021, by and between SCL Transmission Properties, LLC and Spartan Properties, with respect to Real Property located at 2706 Portage Road, Kalamazoo, Michigan 49001, as evidenced by the Memorandum of Land Contract recorded in the Kalamazoo County Clerk's Office as Instrument No. 2021-015947, (b) Land Contract dated as of April 13, 2021, by and between Jefferson Property Holdings, LLC, and Spartan Properties, with respect to Real Property located at 11397 Jefferson Avenue, 7 Orchard Street and 9 Orchard Street, River Rouge, Michigan 48218, as evidenced by the Memorandum of Land Contract recorded in the Office of the Register of Deeds of Wayne County, Michigan on April 21, 2021 as Instrument No. 2021196224, (c) Land Contract dated as of March 25, 2021, by and between Production Holdings, LLC, and Spartan Properties, with respect to Real Property located at 41225-41239 Production Drive, Harrison Township, Michigan 48045, (d) Land Contract dated as of July 20, 2021, by and between 4174 W. Pierson Rd., LLC and Spartan Properties, with respect to Real Property located at 4174 W. Pierson Road, Flint, MI 48504 and (e) Land Contract dated June 10, 2021, between Ann Arbor Rd. LLC and Spartan Properties, with respect to Real Property located at 6007 Ann Arbor Road, Jackson, Michigan 49201.

"***Land Contracts Reserve Amount***" shall have the meaning set forth in Section 2.04(d).

"***Land Contracts Reserve Amount Excess***" shall mean the Land Contracts Reserve Amount less the Land Contracts Reserve Disbursement.

"***Land Contracts Reserve Disbursement***" shall mean (i) with respect to the Land Contract Transactions, the lesser of (x) the aggregate amount of Indebtedness paid or otherwise extinguished under the Land Contracts in connection with consummation of the Land Contract Transactions and (y) the Land Contracts Reserve Amount, and (ii) with respect to the New Property Purchase Transactions, the Land Contracts Reserve Amount.

"***Land Contracts Reserve Release Conditions***" shall mean the satisfaction of each of the following on or prior to December 30, 2021 (or such later date to which Administrative Agent agrees in its discretion):

(a) before and after giving effect to a disbursement of the Land Contracts Reserve Disbursement to Borrowers, no Default or Event of Default shall have occurred and be continuing;

(b) before and after giving effect to a disbursement of the Land Contracts Reserve Disbursement to Borrowers, all representations and warranties of the Credit Parties set forth in this Agreement and the other Credit Documents are true and correct in all material respects (other than such representations and warranties that are already qualified by materiality, Material Adverse Effect or similar language, in which case such representations and warranties shall be true and correct in all respects) on the date of such disbursement; and

(c) the Credit Parties have delivered to Agents, in form and substance reasonably satisfactory to Agents, evidence confirming that the Credit Parties have:

(i) paid in full or otherwise extinguished the outstanding balances owed under certain Land Contracts, such that title to the subject Real Property shall have become fully vested in a Credit Party, free and clear of all Liens (such transactions, collectively, the "***Land Contract Transactions***"), and the applicable Credit Party shall have recorded, or arrangements for recording reasonably satisfactory to Collateral Agent have been made for, a Mortgage and otherwise complied with the terms of Section 8.11 with respect to such Real Property; or

(ii) purchased or otherwise acquired fee simple interests in Real Property that is not subject to a Land Contract on the Closing Date, free and clear of all Liens (such purchases or acquisitions, the "***New Property Purchase Transactions***"), with an aggregate fair market value, as determined by Agents in their reasonable discretion, equal to or in excess of the Land Contracts Reserve Amount and the applicable Credit Party shall have recorded, or arrangements for recording reasonably satisfactory to Collateral Agent have been made for, a Mortgage and otherwise complied with the terms of Section 8.11 with respect to such Real Property.

"***Land Contracts Trust Account***" shall mean a trust account to hold the Land Contracts Reserve Amount.

"***Lender***" and "***Lenders***" shall have the meanings set forth in the Preamble.

"***Licensing Contracts***" shall mean the contracts set forth on Schedule 8.17 among a Credit Party, on the one hand, and a Licensing Entity, on the other hand.

"***Licensing Entity***" shall mean AEY Holdings, LLC, a Michigan limited liability company, AEY Capital, LLC, a Michigan limited liability company, AEY Thrive, LLC, a Michigan limited liability company, 3 State Park, LLC, a Michigan limited liability company, Thrive Enterprises LLC, a Michigan limited liability company, RKD Ventures LLC, a Michigan limited liability company, the Cookies Subsidiaries and any other Affiliate of a Credit Party or, after giving effect to the TerrAscend Transaction, any Affiliate of TerrAscend engaged in a Cannabis Business, in each case, that enters into an agreement with a Credit Party with respect to such Credit Party's Support Business.

"***Lien***" shall mean any mortgage, pledge, security interest, hypothecation, charge, claim, assignment for collateral purposes, lien (statutory or other) or similar encumbrance, and any easement, right-of-way, license, restriction (including zoning restrictions), defect, exception or irregularity in title or similar charge or encumbrance (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof); provided that in no event shall an operating lease entered into in the ordinary course of business and on customary terms or any precautionary UCC or PPSA filings made pursuant thereto by an applicable lessor or lessee, be deemed to be a Lien.

"***Liquidity***" shall mean, for the Credit Parties, the result of (a) the aggregate amount of unrestricted cash and Cash Equivalents, in each case, which is held in a deposit account set forth on Schedule 7.25 and subject to a Control Agreement, other than those deposit accounts which are Excluded Accounts, minus (b) all un-processed outstanding checks written by Borrowers.

"***Loans***" shall have the meaning set forth in Section 2.01.

"***Make-Whole Amount***" shall mean, with respect to any prepayment of the Loans pursuant to Section 4.01(a), certain mandatory prepayments as set forth in Section 4.02 or repayment in connection with an acceleration of the Loans prior to October 22, 2022, (a) if such prepayment or repayment occurs after May 22, 2022 but on or prior to September 22, 2022, an amount equal to 2.00% of the aggregate amount of the Loans being prepaid or repaid, or (b) if such prepayment or repayment occurs after September 22, 2022, but on or prior to October 22, 2022, an amount equal to 1.00% of the aggregate amount of the Loans being prepaid or repaid.

"***Material Adverse Effect***" shall mean a material adverse effect on (a) the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise), results of operations or performance

of Parent and its Subsidiaries taken as a whole, (b) the validity or enforceability of this Agreement, any other Credit Document, (c) the ability of any Credit Party to perform its obligations under any Credit Document to which it is a party, (d) the rights or remedies of the Secured Parties or the Lenders hereunder or thereunder, (e) the priority of any Liens granted to Collateral Agent in or to any Collateral (other than as a result of voluntary and intentional discharge of the Lien by Collateral Agent) or (f) the Regulatory Licenses.

"***Material Contracts***" shall mean (a) any agreement evidencing, securing or pertaining to any Indebtedness, or any guaranty thereof, in a principal amount exceeding $500,000, (b) any real property lease where annual rent exceeds $500,000, (c) any operating lease where annual rentals exceed $500,000, (d) any agreement (other than the agreements set forth in the foregoing clauses (a) through (c)) which involves aggregate consideration payable to or by such Person or such Subsidiary of $500,000 or more on an annual basis, (e) any other agreement the termination of which (without contemporaneous replacement of substantially equivalent value) could reasonably be expected to have a Material Adverse Effect, (f) each Material Regulatory License and (g) each other Regulatory License the termination of which (without contemporaneous replacement of substantially equivalent value) could reasonably be expected to have a Material Adverse Effect.

"***Material Regulatory License***" shall mean any Regulatory License of a Consolidated Company or a Licensing Entity designated on Schedule 7.19 by Borrowers as material, as such Schedule may be supplemented or updated in accordance with Section 8.01(i)(viii).

"***Maturity Date***" shall mean November 30, 2022.

"***Mayde***" means Mayde US LLC, a Michigan limited liability company.

"***Michigan Real Property***" shall mean, collectively, the Real Property now owned or hereafter acquired by any Credit Party, and located in Michigan.

*"**Moody's***" shall mean Moody's Investors Service, Inc. or any successor by merger or consolidation to its business.

"***Mortgage***" shall mean each mortgage, deed of trust, or deed to secure debt, trust deed or other security document granted by any applicable Credit Party to Collateral Agent for the benefit of the Secured Parties in respect of any Real Property owned or leased by such Credit Party, in such form as agreed between such Credit Party and Collateral Agent.

"***Net Cash Proceeds***" shall mean, as applicable, (a) with respect to any Disposition by a Person, cash and cash equivalent proceeds received by or for such Person's account, net of (i) fees, costs and expenses paid to third parties (other than Affiliates) and relating to such Disposition, (ii) the amount of any Indebtedness secured by any Permitted Lien on any asset (other than Indebtedness assumed by the purchaser of such asset) that is required to be, and is, repaid in connection with such Disposition, (iii) net income taxes to be paid in connection with such Disposition and (iv) sale, use or other transactional taxes paid or payable by such Person as a result of such Disposition, (b) with respect to any condemnation or taking of such assets by eminent domain proceedings of a Person, cash and cash equivalent proceeds received by or for such Person's account (whether as a result of payments made under any applicable insurance policy therefor or in connection with condemnation proceedings or otherwise), net of (i) fees, costs and expenses paid to third parties (other than Affiliates) in connection with the collection of such proceeds, awards or other payments and (ii) taxes paid or payable by such Person as a result of such casualty, condemnation or taking, and (c) with respect to any offering of Capital Stock of a Person or the issuance of any Indebtedness by a Person, cash and cash equivalent proceeds received by or for such Person's account, net of (i) legal,

underwriting, and other fees, costs and expenses paid to third parties (other than Affiliates) and incurred as a result thereof, (ii) transfer taxes paid by such Person or such Subsidiary in connection therewith and (iii) net income taxes to be paid in connection therewith.

"***Non-Defaulting Lender***" shall mean, at any time, any Lender holding a Commitment which is not a Defaulting Lender.

"***Note***" shall mean a promissory note (or amended and restated promissory note) substantially in the form of Exhibit D.

"***Notice of Control***" shall have the meaning set forth in Section 8.13(b).

"***Obligations***" shall mean (a) with respect to each Borrower, all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of such Borrower arising under or in connection with any Credit Document, including all original issue discount, fees, costs, expenses (including fees, costs and expenses incurred during the pendency of any proceeding of the type described in Section 10.01(h), whether or not allowed or allowable in such proceeding) and premiums payable under any Credit Document, the principal of and interest (including interest accruing during the pendency of any proceeding of the type described in Section 10.01(h), whether or not allowed or allowable in such proceeding) on the Loans, all indemnification obligations and all obligations to pay or reimburse any Secured Party for paying any costs or expenses under any Credit Document, and all other fees to be paid to any Agent or Arranger, or (b) with respect to each Credit Party other than Borrowers, all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of such Credit Party arising under or in connection with any Credit Document, all indemnification obligations and all obligations to pay or reimburse any Secured Party for paying any costs or expenses under any Credit Document.

"***OFAC***" shall mean the Office of Foreign Assets Control of the United States Department of the Treasury.

"***OID***" shall have the meaning set forth in Section 12.24.

"***Organization Documents***" shall mean, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate, constitution or articles of formation or organization and operating agreement (if relevant); and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and, if applicable, any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"*OSC*" shall mean the Ontario Securities Commission, or any Governmental Authority succeeding to any of its principal functions.

"***Other Connection Taxes***" shall mean, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

"***Other Taxes***" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 12.06).

"***Parent***" shall have the meaning set forth in the Preamble.

"***Participant***" shall have the meaning set forth in Section 12.06(c).

"***Participant Register***" shall have the meaning set forth in Section 12.06(c)(ii).

"***Patent Security Agreements***" shall mean any patent security agreements entered into by a Credit Party in favor of Collateral Agent (as required by the Agreement or any other Credit Document), in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"***Patriot Act***" shall mean the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), and the *Proceeds of Crime (money laundering) and Terrorist Financing Act* (Canada).

"***Payment Date***" shall mean the last Business Day of each calendar month.

"***Permits***" shall mean, with respect to any Person, any permit, approval, authorization, license, registration, certificate, concession, grant, franchise, variance or permission from, and any other Contractual Obligations with, any Governmental Authority, in each case whether or not having the force of law and applicable to or binding upon such Person or any of its property or operations or to which such Person or any of its property or operations is subject.

"***Permitted Acquisition***" shall mean an acquisition of Capital Stock or assets by any Credit Party in a transaction or series of transactions:

(I) that satisfies each of the following requirements:

(a) such acquisition is not a hostile or contested acquisition;

(b) the business acquired in connection with such acquisition is not engaged in any line of business other than the Support Business;

(c) Parent shall have notified Administrative Agent not less than 10 days (or such shorter time period as may be agreed to by Administrative Agent) prior to any such acquisition;

(d) if such acquisition involves a merger or a consolidation involving a Credit Party, such Credit Party shall be the surviving entity;

(e) if a new Subsidiary is formed or acquired as a result of or in connection with such acquisition, Borrowers shall have complied with the requirements of Sections 8.09 and 8.11 in connection therewith;

(f) (i) no Default or Event of Default shall exist, and (ii) the Credit Parties shall be in compliance with the Financial Performance Covenants recomputed as of the end of the Applicable Fiscal Period most recently ended for which financial statements have been delivered pursuant to Section 8.01(a)

or 8.01(b) after giving effect to such acquisition on a pro forma basis, and Parent shall have delivered to Administrative Agent a Compliance Certificate evidencing such compliance;

(g) all transactions related to such acquisition shall be consummated in accordance with Applicable Law;

(h) such acquisition would not reasonably be expected to cause a Material Adverse Effect;

(i) Parent shall have delivered any additional information or other materials relating to such acquisition, including financial statements of the acquired business and the documents evidencing such acquisition (each in form and substance reasonably satisfactory to Administrative Agent) that have been reasonably requested by Administrative Agent at least three Business Days prior to the closing date of such acquisition; and

(j) after giving effect to such acquisition, the cash amount invested by the Credit Parties for all such acquisitions pursuant to clause (I) of this definition does not exceed $8,000,000; or

(II) that is listed on Schedule P-1.

"***Permitted Capital Lease Debt***" shall mean Indebtedness incurred under Section 9.01(d) in an aggregate outstanding principal amount not to exceed $3,500,000 at any time.

"***Permitted Liens***" shall have the meaning set forth in Section 9.02.

"***Person***" shall mean any individual, partnership, joint venture, firm, corporation, limited liability company, unlimited liability company, association, trust or other enterprise or any Governmental Authority.

"***Platform***" shall have the meaning set forth in Section 12.23.

"***PPSA***" shall mean the *Personal Property Security Act* (Ontario), including the regulations thereto; provided, that, if perfection or the effect of perfection or non-perfection or the priority of any Lien created hereunder or under any other Credit Document on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in a jurisdiction in Canada other than the Province of Ontario, "PPSA" shall mean the Personal Property Security Act or such other applicable legislation (including the *Civil Code* (Quebec)) in effect from time to time in such other jurisdiction in Canada for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"***Primary Officers***" shall mean Fabian Monaco, David Watza, and Mike Finos, each in their capacities as Authorized Officers of the applicable Credit Parties.

"***Prime Rate***" shall mean, for any day, a floating rate equal to the rate publicly quoted from time to time in The Wall Street Journal's "Bonds, Rates & Yields" table as the "prime rate".

"***Promotional Rights***" shall have the meaning set forth in Section 12.16.

"***Public Lender***" shall have the meaning set forth in Section 12.23.

"***Qualified Capital Stock***" shall mean any Capital Stock that is not Disqualified Capital Stock.

"***Real Estate Settlement***" shall mean the settlement of the litigation matter involving Shahin Haddad; *et al* v. Spartan Partners Corporation; *et al*, including all claims and counterclaims relating thereto, for an amount not to exceed $5,000,000 in exchange for a Credit Party's purchase of Real Property located at 6030 E. Eight Mile Road, Detroit, Michigan.

"***Real Property***" shall mean, with respect to any Person, all right, title and interest of such Person (including any leasehold estate) in and to a parcel of real property owned, leased or operated by such Person together with, in each case, all improvements and appurtenant fixtures, equipment, personal property, easements and other property and rights incidental to the ownership, lease or operation thereof.

"***Recipient***" shall mean (a) Administrative Agent and (b) any Lender.

"Refinancing Indebtedness" shall mean refinancings, renewals, or extensions of Indebtedness so long as:

(a) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended, other than by the amount of premiums and compounded interest paid thereon and the reasonable and customary fees and expenses incurred in connection therewith and by the amount of unfunded commitments with respect thereto,

(b) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended,

(c) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Lenders as those that were applicable to the refinanced, renewed, or extended Indebtedness, and

(d) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended.

"***Register***" shall have the meaning set forth in Section 12.06(b)(iii).

"***Regulation D***" shall mean Regulation D of the Board as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"***Regulation U***" shall mean Regulation U of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"***Regulation X***" shall mean Regulation X of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"***Regulatory Licenses***" shall mean each Permit required to be held by any Consolidated Company or Licensing Entity, or that any Consolidated Company or Licensing Entity must have rights to use, to conduct its Business in compliance with Applicable Laws.

"***Related Parties***" shall mean, with respect to any specified Person, such Person's Affiliates and the directors, officers, employees, agents, trustees, advisors of such Person and any Person that possesses,

directly or indirectly, the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

"***Release***" shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, depositing, disposing, emanating or migrating of Hazardous Materials in the environment.

"***Replacement Lender***" shall have the meaning set forth in Section 2.07(d).

"***Reporting Jurisdictions***" shall mean (a) all of the jurisdictions in Canada in which Parent is a "reporting issuer", including, as of the date hereof, the Province of Ontario, and (b) if Parent's Capital Stock is listed and posting for trading on the New York Stock Exchange or Nasdaq, the applicable reporting jurisdictions in the United States.

"***Required Lenders***" shall mean, at any time when there is more than one Lender which is not a Defaulting Lender, at least two Lenders which are not Defaulting Lenders having Loans and unused Commitments representing greater than 50.00% of the sum of the aggregate Loans and unused Commitments at such time, or at any time when there is only one Lender which is not a Defaulting Lender, such Lender.

"***Restricted Cannabis Activities***" shall mean, subject to Section 13.01, in connection with the cultivation, distribution, sale and possession of cannabis and related products: (a) any activity that is not permitted under applicable U.S. State Cannabis Laws or Canadian Cannabis Laws; (b) knowingly distributing and selling cannabis and related products to minors that is not approved under a U.S. State Cannabis Law or a Canadian Cannabis Law; (c) payments to criminal enterprises, gangs, cartels and Persons subject to Sanctions in violation of Applicable Law; (d) non-compliance with Anti-Terrorism Laws and other Applicable Law relating to money-laundering; (e) diversion of cannabis and related products from states where it is legal under U.S. State Cannabis Law to other states or to Canada in violation of Applicable Law, or the import of cannabis and related products from Canada in violation of Applicable Law; (f) the commission, or making threats, of violence and the use of firearms in violation of Applicable Law; (g) growing cannabis and related products on federal lands in violation of Applicable Law; and (h) directly or indirectly, aiding, abetting or otherwise participating in a common enterprise with any Person or Persons in such activities.

"***Restricted Debt***" shall mean (a) the Indebtedness of any Credit Party existing on the Closing Date and listed on Schedule 7.24, and (b) any other Indebtedness the repayment of which is expressly subordinated and made junior to the payment in full of the Obligations and contains terms and conditions (including terms relating to interest, fees, repayment and subordination) satisfactory to Agents.

"***Restricted Payment***" shall mean, with respect to any Person, (a) the declaration or payment of any dividend on, or the making of any payment or distribution on account of, or setting apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any class of Capital Stock of such Person or any warrants or options to purchase any such Capital Stock, whether now or hereafter outstanding, or the making of any other distribution in respect thereof, either directly or indirectly, whether in cash or property, and (b) any payment of a management fee (or other fee of a similar nature) or any reimbursable costs and expenses related thereto by such Person to any holder of its Capital Stock or any Affiliate thereof.

"***RI SPE***" shall have the meaning set forth in the Preamble.

"***Rivers***" shall have the meaning set forth in the Preamble.

"***Rivers South***" shall have the meaning set forth in the Preamble.

"***S&P***" shall mean Standard & Poor's Ratings Services or any successor by merger or consolidation to its business.

"***Sales Tracking Software***" shall mean any "seed-to-sale" tracking, point-of-sale, or other inventory or sales reporting software used by the Credit Parties.

"***Sanction(s)***" shall mean all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, (b) the Canadian government, or (c) the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority.

"***SEC***" shall mean the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"***Secured Parties***" shall mean, collectively, (a) the Lenders, (b) Agents, (c) the beneficiaries of each indemnification obligation undertaken by any Credit Party under the Credit Documents, (d) any successors, endorsees, transferees and assigns of each of the foregoing to the extent any such transfer or assign is permitted by the terms of this Agreement and (e) any other holder of any Obligation or Secured Obligation (as defined in any applicable Security Document).

"***Security Agreements***" shall mean, collectively, the U.S. Security Agreement and the Canadian Security Agreement.

"***Security Documents***" shall mean, collectively, as applicable, the Security Agreements, each Collateral Assignment of Lease, the Collateral Access Agreements, the Control Agreements, the Patent Security Agreements, the Trademark Security Agreements, the Copyright Security Agreements, each Collateral Assignment of Licensing Contracts, each Mortgage, each Assignment of Leases and Rents and each other instrument or document executed and delivered pursuant to this Agreement or any of the Security Documents to guarantee or secure any of the Obligations.

"***SEDAR***" shall mean the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval.

"***Solvency Certificate***" shall mean a solvency certificate, duly executed and delivered by an Authorized Officer of Parent who is the chief financial officer or such other senior officer who is in charge of financial matters for Parent to Administrative Agent, in form and substance reasonably satisfactory to Administrative Agent.

"***Solvent***" shall mean:

(a) with respect to any U.S. Credit Party, at any date, that (i) the sum of such Person's debt (including Contingent Liabilities) does not exceed the present fair saleable value of such Person's present assets (which, for this purpose, shall include rights of contribution in respect of obligations for which such Person has provided a guarantee), (ii) such Person's capital is not unreasonably small in relation to its business as contemplated on such date, (iii) such Person has not incurred and does not intend to incur debts including current obligations beyond its ability to generally pay such debts as they become due (whether at maturity or otherwise), and (iv) such Person is "solvent" or is not "insolvent", as applicable, within the meaning given that term and similar terms under Applicable Laws relating to fraudulent and

other avoidable transfers and conveyances. For purposes of this definition, the amount of any Contingent Liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5); and

(b) with respect to any Canadian Credit Party, at any date, that (i) the aggregate property of such Credit Party is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due, (ii) the aggregate property of such Credit Party is, at a fair valuation, sufficient to enable payment of all its obligations, due and accruing due, (iii) such Credit Party is able to meet its obligations as they generally become due, (iv) such Credit Party has not ceased paying its current obligations in the ordinary course of business as they generally become due, and (v) such Person is not an "insolvent person", as such term is defined in the BIA.

"***Spartan***" shall have the meaning set forth in the Preamble.

"***Spartan Holdings***" shall have the meaning set forth in the Preamble.

"***Spartan Properties***" shall have the meaning set forth in the Preamble.

"***Spartan Services***" shall have the meaning set forth in the Preamble.

"***Subsidiary***" of any Person shall mean and include (a) any corporation more than 50.00% of whose Voting Stock having by the terms thereof power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (b) any partnership, limited liability company, association, joint venture or other entity in which such Person directly or indirectly through one or more Subsidiaries has more than (i) a 50.00% equity interest measured by either vote or value at the time or (ii) a 50.00% general partnership interest at the time. Unless otherwise expressly provided, all references herein to a Subsidiary shall mean a Subsidiary of Parent.

"***Support Business***" shall mean the business of managing or supporting a Cannabis Business, and all ancillary or complimentary activities related to the foregoing, including owning the Real Property on which any such activity is conducted.

"***Taxes***" shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"***Termination Date***" shall mean the date on which the Loans and the other Obligations (other than Unasserted Contingent Obligations) shall have been paid in full in cash in accordance with the terms of this Agreement.

"***TerrAscend"*** shall mean TerrAscend Corp., an Ontario corporation.

"***TerrAscend Letter Agreement***" shall mean that certain letter agreement dated on or about the date hereof among TerrAscend, Parent and Agents, pursuant to which TerrAscend agrees to not, directly or through an Affiliate of TerrAscend, apply for any new marijuana retail Permit in the State of Michigan except through a Licensing Entity.

"***TerrAscend Transaction***" shall mean, collectively, the acquisition by TerrAscend of all of the issued and outstanding Capital Stock of Parent pursuant to a court-approved plan of arrangement under the *Canada Business Corporations Act*, after which Parent shall be a private, wholly-owned Subsidiary of TerrAscend, and the other transactions contemplated by the TerrAscend Transaction Documents, in each case in accordance with the terms of the TerrAscend Transaction Documents.

"***TerrAscend Transaction Documents***" shall mean, collectively, (a) that certain Arrangement Agreement dated August 31, 2021 among TerrAscend and Parent and (b) that certain Membership Interest Purchase Agreement dated August 31, 2021 among WDB Holdings MI, Inc., certain Licensing Entities party thereto, David Malinoski, and Parent, true and complete copies of which have been delivered to the Administrative Agent prior to the date hereof, together with (i) any amendments or modifications thereto prior to the date hereof, copies of which have been delivered to Administrative Agent prior to the date hereof, and (ii) any amendments or modifications thereto on or after the date hereof, copies of which shall be promptly delivered to the Administrative Agent; provided that any such amendments or modifications executed on or after the date hereof shall not materially alter the terms of the TerrAscend Transaction Documents delivered to Administrative Agent prior to the date hereof.

"***Total Credit Exposure***" shall mean, as of any date of determination (a) with respect to each Lender, (i) prior to the termination of the Commitments, the sum of such Lender's Commitment plus the outstanding principal amount of such Lender's Loans or (ii) upon the termination of the Commitments, the outstanding principal amount of such Lender's Loans and (b) with respect to all Lenders, (i) prior to the termination of the Commitments, the sum of all of the Lenders' Commitments plus the aggregate outstanding principal amount of all Loans and (ii) upon the termination of the Commitments, the aggregate outstanding principal amount of all Loans.

"***Trademark Security Agreements***" shall mean the Trademark Security Agreements dated as of the Closing Date made in favor of Collateral Agent and the Lenders by each applicable Credit Party and any trademark security agreement entered into after the Closing Date (as required by the Agreement or any other Credit Document), in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"***Transactions***" shall mean the funding of the Loans pursuant hereto and the use of the proceeds thereof and all other transactions contemplated by or described in the Credit Documents.

"***Treasury Regulations***" shall mean the United States Treasury regulations promulgated under the Code.

"***U.S.***" and "***United States***" shall mean the United States of America.

"***U.S. Credit Party***" shall mean any Credit Party organized and existing under the laws of the United States or any state or subdivision thereof.

"***U.S. Federal Cannabis Law***" shall mean any federal laws of the United States, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing.

"***U.S. Person***" shall mean any person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"**U.S.** ***Security Agreement***" shall mean that certain Security Agreement dated as of the Closing Date, among each Credit Party party thereto and Collateral Agent for the benefit of the Secured Parties.

"***U.S. State Cannabis Law***" shall mean any law enacted by any state or locality of the United States which legalizes marijuana, cannabis and related products in some form and which implements strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis and related products that is applicable to any Credit Party, any Licensing Entity, any Subsidiary of any of the foregoing or, solely with respect to the definition of Change in Cannabis Law, any Secured Party.

"***U.S. Tax Compliance Certificate***" has the meaning specified in Section 4.04(f)(ii)(3).

"***UCC***" shall mean the Uniform Commercial Code as from time to time in effect in the state of Illinois and any other applicable jurisdiction.

"***Unasserted Contingent Obligations***" shall mean, at any time, Obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no assertion of liability (whether oral or written) and no claim or demand for payment or indemnification (whether oral or written) has been made or threatened.

"***Voting Stock***" shall mean, with respect to any Person, shares of such Person's Capital Stock having the right to vote for the election of directors (or Persons acting in a comparable capacity) of such Person under ordinary circumstances.

"***Withholding Agent***" shall mean any Credit Party and Administrative Agent.

Other Interpretive Provisions

. With reference to this Agreement and each other Credit Document, unless otherwise specified herein or in such other Credit Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. Any pronoun used shall be deemed to cover all genders.

(b) The words "herein", "hereto", "hereof" and "hereunder" and words of similar import when used in any Credit Document shall refer to such Credit Document as a whole and not to any particular provision thereof.

(c) Preamble, Article, Section, Exhibit and Schedule references are to the Credit Document in which such reference appears unless otherwise specifically provided.

(d) The term "including" is by way of example and not limitation, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or."

(e) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(f) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including".

(g) Section headings herein and in the other Credit Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Credit Document.

(h) All references in any Credit Document to the consent or discretion of, or approval by any Agent or Lender, shall be deemed to mean the consent of or approval by such Agent or Lender in its sole and absolute discretion, except as otherwise expressly provided in the applicable Credit Document.

(i) A Default or an Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default occurs to the date on which such Default or Event of Default is waived in writing pursuant to this Agreement or, with respect to any Default, is cured within any period of cure expressly provided in this Agreement. Whenever in any provision of this Agreement or any other Credit Document any Agent or any Lender is authorized to take or decline to take any action (including making any determination) in the exercise of its "discretion," such provision shall be understood to mean that such Agent or such Lender may take or refrain to take such action in its sole and absolute discretion.

(j) Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, Credit Party, joint venture or any other like term shall also constitute such a Person or entity).

(k) Where the context so requires, any term defined in this Agreement by reference to the "UCC" shall also have any extended, alternative or analogous meaning given to such term in the PPSA when used in relation to any Collateral subject to the PPSA.

Accounting Terms and Principles

. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, Applicable Accounting Standards, applied in a consistent manner. No change in the accounting principles used in the preparation of any financial statement hereafter adopted by Parent or any of its Subsidiaries shall be given effect for purposes of measuring compliance with any provision of Article IX, including Section 9.13, or otherwise in this Agreement unless Parent, Administrative Agent and Required Lenders agree in writing to modify such provisions to reflect such changes in Applicable Accounting Standards and, unless such provisions are modified, all financial statements, Compliance Certificates and similar documents provided hereunder shall be provided together with a reconciliation between the calculations and amounts set forth therein before and after giving effect to such change in Applicable Accounting Standards; provided that the Credit Parties may change their accounting method in accordance with Section 9.13. Notwithstanding any other provision contained herein, at all times when the Applicable Accounting Standard is GAAP, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts referred to in Article IX shall be made, without giving effect to any election under Accounting Standards Codification 825-10 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of any Credit Party or any Subsidiary of any

Credit Party at "fair value". A breach of a Financial Performance Covenant shall be deemed to have occurred as of any date of determination by Administrative Agent or Required Lenders as of the last day of any specified measurement period, regardless of when the financial statements reflecting such breach are delivered to any Agent. Anything in this Agreement to the contrary notwithstanding, any obligation of a Person under a lease (whether existing as of the Closing Date or entered into after the Closing Date) that is not (or would not be) required to be classified and accounted for as a capital lease on the balance sheet of such Person under Applicable Accounting Standards as in effect on the Closing Date shall not be treated as a Capitalized Lease Obligation solely as a result of (x) the adoption of any changes in, or (y) changes in the application of, such Applicable Accounting Standards after the Closing Date.

[Intentionally Omitted]

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References to Agreements, Laws, Etc

. Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including this Agreement and each of the other Credit Documents) and other Contractual Obligations shall be deemed to include all subsequent amendments, restatements, amendment and restatements, extensions, supplements, renewals and other modifications thereto, but only to the extent that such amendments, restatements, amendment and restatements, extensions, supplements, renewals and other modifications are permitted by the terms hereof and thereof; and (b) references to any Applicable Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing, implementing or interpreting such Applicable Law and any successor or replacement statutes and regulations.

Times of Day

. Unless otherwise specified, all references herein to times of day shall be references to the time in Chicago, Illinois.

Timing of Payment of Performance

. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day. All payments required hereunder shall be paid in immediately available funds unless otherwise expressly provided herein.

Corporate Terminology

. Any reference to officers, shareholders, stock, shares, directors, boards of directors, corporate authority, articles of incorporation, bylaws or any other such references to matters relating to a corporation made herein or in any other Credit Document with respect to a Person that is not a corporation shall mean and be references to the comparable terms used with respect to such Person.

ARTICLE II
Amount and Terms of Loans

Loans

. Subject to and upon the terms and conditions herein set forth, each Lender agrees, severally in accordance with its Commitment and not jointly with any other Lender, to make a term loan (each, a "Loan", and collectively, the "Loans") to Borrowers on the Closing Date, which Loans (a) when aggregated with each other Loan made hereunder, shall be in an amount not to exceed the Aggregate Commitment and (b) for each Lender, when aggregated with each other Loan made by such Lender hereunder, shall be in an amount not to exceed, for each Lender, such Lender's Commitment. Each Loan may be repaid or prepaid in accordance with the provisions hereof, but once repaid or prepaid may not be reborrowed.

[Intentionally Omitted]

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[Intentionally Omitted]

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SECTION 2.04 Disbursement of Funds.

(a) If all the conditions set forth in Section 5.01 to the effectiveness of this Agreement are met prior to 12:00 noon on the Business Day immediately preceding the Closing Date, then, each Lender will make available its *pro rata* portion of the Loans to be made on the Closing Date in the manner provided below no later than 4:00 p.m. on the Closing Date.

(b) Each Lender shall make available all amounts it is to fund to Borrowers and will remit such amounts, in immediately available funds and in Dollars to Borrowers, by remitting the same to such Persons and such accounts as may be designated by Borrowers to Administrative Agent in writing. The failure of any Lender to make available the amounts it is to fund to Borrowers hereunder or to make a payment required to be made by it under any Credit Document shall not relieve any other Lender of its obligations under any Credit Document, but no Lender shall be responsible for the failure of any other Lender to make any payment required to be made by such other Lender under any Credit Document.

(c) Notwithstanding anything to the contrary herein, following the funding of the advances from the Lenders of the Loans on the Closing Date, the Administrative Agent shall hold $1,800,000 of such advances (the "***Koach Reserve Amount***") in an account designated by Administrative Agent, of which Administrative Agent shall disburse to Borrowers (i) on February 22, 2022, $450,000 from the Koach Reserve Amount, (ii) on May 22, 2022, $450,000 from the Koach Reserve Amount, (iii) on August 22, 2022, $450,000 from the Koach Reserve Amount and (iv) on November 21, 2022, $450,000 from the Koach Reserve Amount; provided, that, before and after giving effect to the disbursement of the applicable portion of the Koach Reserve Amount on each such date, no Default or Event of Default shall have occurred and be continuing and all representations and warranties of the Credit Parties set forth in this Agreement and the other Credit Documents are true and correct in all material respects (other than such representations and warranties that are already qualified by materiality, Material Adverse Effect or similar language, in which case such representations and warranties shall be true and correct in all respects) on such date; provided, further, for the avoidance of doubt, the Koach Reserve Amount shall be deemed advanced to Borrowers on the Closing Date for purposes of the calculation of fees and interest payable to Agents and Lenders hereunder. Administrative Agent shall have exclusive control, including the exclusive right of withdrawal, over the monies funding the Koach Reserve Amount. Such monies shall not bear interest or profits for the account of Borrowers.

(d) Notwithstanding anything to the contrary herein, following the funding of the advances from the Lenders of the Loans on the Closing Date, Dentons Canada LLP shall hold, at the request of Parent and with the consent of Administrative Agent, $4,500,000 of such advances (the "***Land Contracts Reserve Amount***") in the Land Contracts Trust Account, and such Land Contracts Reserve Amount will be disbursed on December 31, 2021 (or such later date to which Administrative Agent agrees in its discretion in connection with the satisfaction of the Land Contracts Reserve Release Conditions) (i) if the Land Contracts Reserve Release Conditions have been satisfied, to the Borrowers in an amount equal to the Land Contracts Reserve Disbursement and (ii) to the Lenders in an amount equal to the Land Contracts Reserve Amount Excess to be applied as set forth in Section 4.02(a)(vii); provided, further, for the avoidance of doubt, the Land Contracts Reserve Amount shall be deemed advanced to Borrowers on the Closing Date for purposes of the calculation of fees and interest payable to Agents and Lenders hereunder. Borrowers agree that the Land Contracts Reserve Amount and the Land Contracts Trust Account have been established for the benefit of the Secured Parties and the Land Contracts Reserve Amount is being held in trust for the Secured Parties. Parent shall not withdraw, transfer or otherwise direct disbursement of the Land Contracts Reserve Amount or the monies funding the Land Contracts Trust Account without the express prior written consent of Administrative Agent. At all times while the Land Contracts Reserve Amount remains

outstanding and the Land Contracts Trust Account is in effect, Parent shall provide Administrative Agent with account statements, confirmation of the account balance and any other information relating to the Land Contracts Reserve Amount and the Land Contracts Trust Account as Administrative Agent may reasonably request from time to time.

(e) Nothing in this Section 2.04 shall be deemed to relieve any Lender from its obligation to fulfill its commitments and obligations hereunder or to prejudice any rights that Borrowers may have against any Lender as a result of any default by such Lender hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to fulfill its commitments and obligations hereunder).

SECTION 2.05 Payment of Loans; Evidence of Debt.

(a) Borrowers agree to pay to Administrative Agent, for the benefit of the Lenders, or to Lenders, at the direction of each Lender, the outstanding principal and interest due on the Loans on the Maturity Date or upon such earlier date on which the Obligations are accelerated pursuant to the terms of this Agreement.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of Borrowers to the appropriate lending office of such Lender resulting from each Loan made by such lending office of such Lender from time to time, including the amounts of principal and interest payable and paid to such lending office of such Lender from time to time under this Agreement.

(c) Borrowers agree that from time to time on or after the Closing Date, upon the request to Administrative Agent by any Lender, at Borrowers' own expense, Borrowers will execute and deliver to such Lender a Note evidencing the Loans, and payable to such Lender or registered assigns in a maximum principal amount equal to such Lender's applicable Commitment. Administrative Agent shall maintain the Register pursuant to Section 12.06(b)(iii), and a subaccount for each Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrowers to each Lender hereunder and (iii) the amount of any sum received by Administrative Agent from Borrowers and each Lender's share thereof.

(d) The entries made in the Register and accounts and subaccounts maintained pursuant to Sections 2.05(b) and 2.05(c) shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations of Borrowers therein recorded; provided that the failure of any Lender or Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of Borrowers to repay (with applicable interest) the Loans made to Borrowers by such Lender in accordance with the terms of this Agreement.

(e) In addition to the foregoing, each Borrower hereby irrevocably promises to pay all Obligations, including the outstanding aggregate principal amount of the Loans and interest and fees with respect to the foregoing, as the same become due and payable hereunder and, in any event, on the Maturity Date.

SECTION 2.06 Interest.

(a) The unpaid principal amount of the Loans shall bear interest from the Closing Date at the Interest Rate and shall be due and payable in cash monthly on each Payment Date, in arrears, with the first installment being payable on the last day of the first month following the Closing Date.

(b) Interest on the Loans shall accrue from and including the Closing Date through and including the date of any repayment in full thereof.

(c) From and after the occurrence and during the continuance of any Event of Default, Borrowers shall pay interest on the principal amount of all Loans and all other unpaid Obligations, to the extent permitted by Applicable Law, at the Default Rate, which Default Rate shall accrue from the date of such Event of Default (regardless of the date of notice of the imposition of the Default Rate) until waived in writing and shall be payable on demand and in cash.

(d) All computations of interest hereunder shall be made in accordance with Section 4.05 .

SECTION 2.07 Increased Costs, Illegality, Etc.

(a) In the event that any Lender shall have reasonably determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) at any time, after the later of the Closing Date and the date such entity became a Lender hereunder, that such Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to the Loans, including as a result of any Tax (other than any (x) Indemnified Taxes, (y) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes or (z) Connection Income Taxes) because of any change since the date hereof in any Applicable Law (or in the interpretation or administration thereof and including the introduction of any new Applicable Law), such as, for example, without limitation, a change in official reserve requirements (but excluding changes in the rate of tax on the overall net income of such Lender), then, and in any such event, such Lender shall promptly give notice (if by telephone, confirmed in writing) to Parent and Administrative Agent of such determination (which notice Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter, Borrowers shall pay to such Lender, within 10 Business Days after receipt of written demand therefor such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its reasonable discretion shall determine) as shall be required to compensate such Lender for such increased costs or reductions in amounts receivable hereunder (it being agreed that a written notice as to the additional amounts owed to such Lender submitted to Borrowers by such Lender shall, absent manifest error, be final and conclusive and binding upon all parties hereto).

(b) If, after the later of the date hereof and the date such entity becomes a Lender hereunder, the adoption of any Applicable Law regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by a Lender or its parent with any request or directive made or adopted after such date regarding capital adequacy (whether or not having the force of law) of any such authority, association, central bank or comparable agency, has the effect of reducing the rate of return on such Lender's or its parent's capital or assets as a consequence of such Lender's commitments or obligations hereunder to a level below that which such Lender or its parent could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Lender's or its parent's policies with respect to capital adequacy), then within 10 days after receipt of written demand by such Lender (with a copy to Administrative Agent), Borrowers shall pay to such Lender such additional amount or amounts as will compensate such Lender or its parent for such reduction, it being understood and agreed, however, that a Lender shall not be entitled to such compensation as a result of such Lender's compliance with, or pursuant to any request or directive to comply with, any such Applicable Law as in effect on the date hereof. Each Lender (on its own behalf), upon determining in good faith that any additional amounts will be payable pursuant to this Section 2.07(b), will, as promptly as practicable upon ascertaining knowledge thereof, give written notice thereof to Parent, which notice shall set forth in reasonable detail the basis of the calculation of such additional amounts. Without limiting

Section 2.07(d), the failure to give any such notice with respect to a particular event shall not release or diminish any of Borrowers' obligations to pay additional amounts pursuant to this Section 2.07(b) for amounts accrued or incurred after the date of such notice with respect to such event. Notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all rules, regulations, orders, requests, guidelines or directives in connection therewith, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or other foreign regulatory authorities, in each case pursuant to Basel III, in each case, are deemed to have been adopted and to have taken effect after the Closing Date.

(c) This Section 2.07 shall not apply to Taxes to the extent duplicative of Section 4.04. In addition, this Section 2.07 shall not apply to any demand made after the 180th day following the requesting Lender's knowledge that it would be entitled to any such amounts.

(d) If any Lender shall give notice to Parent that such Lender is entitled to receive and is requesting payments under this Section 2.07 or requires Borrowers to pay additional amounts pursuant to Section 4.04 (any such Lender, an "***Increased Cost Lender***"), then Borrowers may, at their sole expense and effort, permanently replace such Increased Cost Lender with one or more substitute Lenders reasonably acceptable to Administrative Agent (each, a "***Replacement Lender***"), and such Increased Cost Lender shall have no right to refuse to be replaced hereunder. Such notice to replace the Increased Cost Lender shall specify an effective date for such replacement, which date shall not be sooner than five Business Days and not be later than 10 Business Days after the date such notice is given, provided that (i) such Increased Cost Lender shall have received payment of an amount equal to the outstanding Obligations payable to it from the assignee (to the extent of outstanding principal and accrued interests and fees) or Borrowers (in the case of all other amounts) and (ii) such assignment does not conflict with Applicable Law. Notwithstanding anything to the contrary herein, a Lender shall not be required to make any such assignment pursuant to this Section 2.07(d) if, prior to the effective date for such replacement, as a result of a waiver by such Lender or otherwise, the circumstances entitling Borrowers to require such assignment pursuant to this Section 2.07(d) cease to apply.

(e) Prior to the effective date of such replacement pursuant to Section 2.07(d), the Increased Cost Lender and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Increased Cost Lender being repaid all Obligations owed to it through the effective date of the replacement. If the Increased Cost Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Increased Cost Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Increased Cost Lender shall be made in accordance with the terms of Section 12.06.

(f) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in Section 2.07(a) or 2.07(b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error.

Multiple Borrowers

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(a) It is the intent of the parties to this Agreement that Borrowers shall be jointly and severally obligated hereunder and under the Notes, as co-borrowers under this Agreement and as co-makers of the Notes, in respect of the principal of and interest on, and all other amounts owing in respect of, the Loans and the Notes. Each Borrower hereby (i) jointly and severally and irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers with respect to the payment and performance of all of the Obligations hereunder, it being the intention of the parties hereto that all such Obligations shall be the joint and several obligations of each Borrower

without preferences or distinction among them and that the obligations of each Borrower hereunder shall be unconditional irrespective of any circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor or surety, and (ii) further agrees that if any such Obligations are not paid in full when due (whether at stated maturity, as mandatory prepayment or cash collateralization, by acceleration or otherwise), Borrowers will, jointly and severally, promptly pay the same, without any demand or notice whatsoever. Each Borrower acknowledges and agrees that the delivery of funds to any Borrower under this Agreement shall constitute valuable consideration and reasonably equivalent value to all Borrowers for the purpose of binding them and their assets on a joint and several basis for the Obligations hereunder.

(b) Each Borrower expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which such Borrower may now or hereafter have against the other Borrowers or any other Person directly or contingently liable for the Obligations hereunder, or against or with respect to any other Borrowers' property (including any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this Agreement and repayment in full of the Obligations.

(c) Notwithstanding anything contained herein to the contrary, the obligations of each Borrower under the Credit Documents at any time shall be limited to the maximum amount as will result in the obligations of such Borrower under the Credit Documents not constituting a fraudulent transfer or conveyance for purposes of any Debtor Relief Laws.

(d) If any payment shall be required to be made to any Secured Party under any Credit Document, each Borrower hereby unconditionally and irrevocably agrees it will contribute, to the maximum extent permitted by law, such amounts to each other Credit Party so as to maximize the aggregate amount paid to the Secured Parties under or in connection with the Credit Documents.

(e) This Section 2.08 is intended solely to preserve the rights of Agents and the other Secured Parties hereunder and under the other Credit Document to the maximum extent that would not cause the Obligations or the Secured Obligations (as defined in the Security Agreement) of each Borrower to be subject to avoidance or unenforceability under any Debtor Relief Laws, and neither any Borrower nor any other Person shall have any right or claim under this Section 2.06 as against any Agent or any other Secured Party that would not otherwise be available to such Person under the Bankruptcy Code or such other laws.

Borrower Representative

. Each Borrower, by its execution of this Agreement, irrevocably appoints Parent to act on its behalf as its agent in relation to the Credit Documents and irrevocably authorizes:

(a) Parent on its behalf to supply all information concerning itself contemplated by this Agreement to Agents and Lenders and to give and receive all notices, instructions and other communications, to sign all certificates, to make such agreements and to effect the relevant amendments, supplements, variations and waivers capable of being given, made or effected by any Borrower, notwithstanding that they may affect such Borrower, without further reference to or the consent of such Borrower; and

(b) Agents and Lenders to give any notice, demand or other communication to such Borrower pursuant to the Credit Documents to Parent,

and in each case such Borrower shall be bound as though such Borrower itself had given the notices and instructions or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice, instruction or other communication given or made by Parent or given to Parent under any Credit Document on behalf of another Borrower (whether or not known to any other Borrower and whether occurring before or after such other Borrower became a Borrower under any Credit Document) shall be binding for all purposes on such Borrower as if such Borrower had expressly agreed, executed, made, given or concurred with it or received the relevant notice, demand or other communication. In the event of any conflict between any notices or other communications of Parent and any other Borrower, those of Parent shall prevail.

SECTION 2.10 Defaulting Lender.

(a) Notwithstanding anything to the contrary contained herein, in the event any Lender is a Defaulting Lender, all rights and obligations hereunder of such Defaulting Lender and of the other parties hereto shall be modified to the extent of the express provisions of this Section 2.10 so long as such Lender is a Defaulting Lender.

(b) Except as otherwise expressly provided for in this Section 2.10, Loans shall be made pro rata from the Lenders holding Commitments which are not Defaulting Lenders based on their respective Commitment Percentages, and no Commitment Percentage of any Lender or any pro rata share of any Loans required to be advanced by any Lender shall be increased as a result of any Lender being a Defaulting Lender. Amounts received in respect of principal of any type of Loans shall be applied to reduce such type of Loans of each Lender (other than any Defaulting Lender) holding a Commitment in accordance with their Commitment Percentages; provided that Administrative Agent shall not be obligated to transfer to a Defaulting Lender any payments received by Administrative Agent for Defaulting Lender's benefit, nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder (including any principal, interest or fees). Amounts payable to a Defaulting Lender shall instead be paid to or retained by Administrative Agent (it being understood that such retention by Administrative Agent shall not trigger an Event of Default due to such Defaulting Lender not receiving such funds). Administrative Agent may hold and, in its discretion, re-lend to Borrowers the amount of such payments received or retained by it for the account of such Defaulting Lender.

(c) A Defaulting Lender shall not be entitled to give instructions to Administrative Agent or to approve, disapprove, consent to or vote on any matters relating to this Agreement or the other Credit Documents, and all amendments, waivers and other modifications of this Agreement or the other Credit Documents may be made without regard to a Defaulting Lender and, for purposes of the definition of Required Lenders, a Defaulting Lender shall not be deemed to be a Lender, to have any outstanding Loans or a Commitment Percentage; provided that this Section 2.10(c) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification described in Sections 12.01(a) and 12.01(c).

(d) Other than as expressly set forth in this Section 2.10, the rights and obligations of a Defaulting Lender (including the obligation to indemnify Agents) and the other parties hereto shall remain unchanged. Nothing in this Section 2.10 shall be deemed to release any Defaulting Lender from its obligations under this Agreement or the other Credit Documents, shall alter such obligations, shall operate as a waiver of any default by such Defaulting Lender hereunder, or shall prejudice any rights which any Borrower, any Agent or any Lender may have against any Defaulting Lender as a result of any default by such Defaulting Lender hereunder.

(e) In the event that Administrative Agent and Borrowers agree in writing that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then Administrative Agent will so notify the parties hereto.

(f) If any Lender is a Defaulting Lender, Borrowers may, within 90 days of receipt of such Lender becoming a Defaulting Lender, by notice in writing to Administrative Agent and such Defaulting Lender (i) request the Defaulting Lender to cooperate with Borrowers in obtaining a Replacement Lender; (ii) request the Non-Defaulting Lenders to acquire and assume all of the Defaulting Lender's Loans and its Commitment Percentage as provided herein, but none of such Lenders shall be under any obligation to do so; or (iii) propose a Replacement Lender subject to approval by Administrative Agent in its good faith business judgment. If any satisfactory Replacement Lender shall be obtained, or if any one or more of the Non-Defaulting Lenders shall agree to acquire and assume all of the Defaulting Lender's Loans and its Commitment Percentage, then such Defaulting Lender shall assign, in accordance with Section 12.06, all of its Loans and its Commitment Percentage and other rights and obligations under this Agreement and the other Credit Documents to such Replacement Lender or Non-Defaulting Lenders, as the case may be, in exchange for payment of the principal amount so assigned and all interest and fees accrued on the amount so assigned, plus all other Obligations then due and payable to the Defaulting Lender. Nothing in this Section 2.10 shall limit any other remedies available at law or in equity to Borrowers against any Defaulting Lender for damages sustained by Borrowers due to such Lender being a Defaulting Lender.

ARTICLE III
Commitment Terminations

Mandatory Reduction of Commitments

. The Commitment shall be permanently reduced by the amount of each Loan made on the Closing Date.

ARTICLE IV
Payments

Voluntary Prepayments

.

(a) On and after May 22, 2022, Borrowers shall have the right to prepay the outstanding remaining balance of the Loans in whole on May 31, 2022, and the last Business Day of each month thereafter; provided that Borrowers shall give Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of their intent to make such prepayment and the proposed date thereof no later than the date 90 days prior to such proposed date, and such notice shall promptly be transmitted by Administrative Agent to each of the relevant Lenders.

(b) Any voluntary prepayment of the Loans hereunder that is made prior to the Maturity Date, or any payment upon acceleration in accordance with Section 10.02 (including, for the avoidance of doubt, in connection with an Event of Default under Section 10.01(a), 10.01(h) or 10.01(j) and, for the avoidance of doubt, any refinancing of the Loans) shall be accompanied by all accrued interest on the amount prepaid, together with the applicable Make-Whole Amount; provided, however, that no Make-Whole Amount shall be required to be paid in connection with the refinancing of the Obligations pursuant to Section 13.01(b)(ii).

SECTION 4.02 Mandatory Prepayments.

(a) Types of Mandatory Prepayments.

(i) Within three Business Days of the receipt by any Credit Party or any of its Subsidiaries of any Net Cash Proceeds from the incurrence of any Indebtedness by any Credit Party or any of its Subsidiaries (other than Indebtedness permitted under Section 9.01), Borrowers shall prepay the Loans in an amount equal to 100.00% of such Net Cash Proceeds, to be applied as set forth in Section 4.02(c). Nothing in this Section 4.02(a)(i) shall be construed to permit or waive any Default or Event of Default arising from any incurrence of Indebtedness not permitted under the terms of this Agreement. Any mandatory prepayment of the Loans made pursuant to this Section 4.02(a)(i) shall be accompanied by all accrued interest on the amount prepaid, together with the applicable Make-Whole Amount.

(ii) Within three Business Days of the receipt by any Credit Party or any of its Subsidiaries of any Net Cash Proceeds from any Disposition (other than any Disposition permitted under Section 9.04(d) or Sections 9.04(g) through 9.04(n)) Borrowers shall prepay the Loans in an amount equal to 100.00% of the Net Cash Proceeds from such Disposition, to be applied as set forth in Section 4.02(c). Nothing in this Section 4.02(a)(ii) shall be construed to permit or waive any Default or Event of Default arising from any Disposition not permitted under the terms of this Agreement. Any mandatory prepayment of the Loans made pursuant to this Section 4.02(a)(ii) shall be accompanied by all accrued interest on the amount prepaid, together with the applicable Make-Whole Amount.

(iii) Within three Business Days of the receipt by any Credit Party or any of its Subsidiaries of any Net Cash Proceeds from any Casualty Event, Borrowers shall prepay the Loans in an amount equal to 100.00% of such Net Cash Proceeds, to be applied as set forth in Section 4.02(c); provided that Borrowers may, at their option by notice in writing to Administrative Agent no later than 30 days following the occurrence of the Casualty Event resulting in such Net Cash Proceeds, apply such Net Cash Proceeds to the rebuilding or replacement of such damaged, destroyed or condemned assets or property so long as such Net Cash Proceeds are in fact used to commence the rebuilding or replacement of the damaged, destroyed or condemned assets or property within 90 days following the receipt of such Net Cash Proceeds, with the amount of Net Cash Proceeds unused after such period to be applied as set forth in Section 4.02(c). Nothing in this Section 4.02(a)(iii) shall be construed to permit or waive any Default or Event of Default arising from, directly or indirectly, any Casualty Event.

(iv) Within three Business Days of the receipt by any Credit Party or any of its Subsidiaries of any Net Cash Proceeds from the issuance of any Capital Stock (other than Excluded Issuances), Borrowers shall prepay the Loans in an amount equal to 100.00% of such Net Cash Proceeds, to be applied as set forth in Section 4.02(c). Nothing in this Section 4.02(a)(iv) shall be construed to permit or waive any Default or Event of Default arising, directly or indirectly, from any such issuance of Capital Stock. Any mandatory prepayment of the Loans made pursuant to this Section 4.02(a)(iv) shall be accompanied by all accrued interest on the amount prepaid, together with the applicable Make-Whole Amount.

(v) Within three Business Days of the receipt by any Credit Party or any of its Subsidiaries of any proceeds from any Extraordinary Receipts, Borrowers may, if no Event of Default has occurred and is continuing, and shall, if an Event of Default has occurred and is continuing, prepay the Loans in an amount equal to 100.00% of such Extraordinary Receipts, to be applied as set forth in Section 4.02(c). Nothing in this Section 4.02(a)(v) shall be construed to permit or waive any Default or Event of Default arising, directly or indirectly, from any event or circumstance giving rise to any Extraordinary Receipts.

(vi) The aggregate amount of the Koach Reserve Amount that has not been disbursed on or before November 21, 2022, shall be used to prepay the Loans in an amount equal to 100.00% of such aggregate amount, to be applied as set forth in Section 4.02(c).

(vii) The aggregate amount of the Land Contracts Reserve Amount Excess shall be used to prepay the Loans in an amount equal to 100.00% of such aggregate amount, to be applied as set forth in Section 4.02(c).

(viii) Immediately upon any acceleration of the Maturity Date of any Loans pursuant to Section 10.02, Borrowers shall repay all the Loans, unless only a portion of all the Loans is so accelerated (in which case the portion so accelerated shall be repaid).

(b) Option to Decline Prepayment. Notwithstanding anything to the contrary herein, any mandatory prepayment pursuant to Section 4.02(a) may be declined in whole or in part by any Lender without prejudice to such Lender's rights hereunder to accept or decline any future payments in respect of any mandatory prepayment. If a Lender chooses not to accept payment in respect of a mandatory prepayment, in whole or in part, the other Lenders that accept such mandatory prepayment shall have the option to share such proceeds on a pro rata basis (and if declined by all Lenders, such declined proceeds shall be retained by Borrowers). Each Lender shall have until the Business Day immediately preceding the Business Day on which such prepayment is due in order to decline such prepayment (and any election by a Lender delivered prior to such Business Day can be rescinded by such Lender at its discretion until such Business Day).

(c) Application of Payments. With respect to each prepayment of the Loans required by Section 4.02(a), the amounts prepaid shall be applied, so long as no Application Event shall have occurred and be continuing, first to pay any fees and expenses of Agents and the Lenders under the Credit Documents until paid in full, second to any accrued and unpaid interest on the Loans until paid in full and thereafter to the outstanding principal on the Loan until the Loans are paid in full.

(d) Application of Collateral Proceeds. Notwithstanding anything to the contrary in Section 4.01 or this Section 4.02, all proceeds of Collateral received by Collateral Agent or any other Person pursuant to the exercise of remedies against the Collateral, and all payments received upon and after the acceleration of any of the Obligations (an "***Application Event***") shall be applied as follows (subject to adjustments pursuant to any agreements entered into among the Lenders):

(i) first, to pay any costs and expenses of Agents (in their respective capacity as Agent) and fees then due to Agents (in their respective capacity as Agent) under the Credit Documents, including any indemnities then due to any Agents (in their respective capacity as Agent) under the Credit Documents, until paid in full,

(ii) second, to pay any fees and premiums then due to Agents (in their respective capacity as Agent) under the Credit Documents until paid in full,

(iii) third, ratably to pay any costs, expense reimbursements, fees or premiums of the Lenders and indemnities then due to any of the Lenders under the Credit Documents until paid in full,

(iv) fourth, ratably to pay interest due in respect of the outstanding Loans until paid in full,

(v) fifth, ratably to pay the outstanding principal balance of the Loans in the inverse order of maturity until the Loans are paid in full,

(vi) sixth, to pay any other Obligations, and

(vii) seventh, to Borrowers or such other Person entitled thereto under Applicable Law.

SECTION 4.03 Payment of Obligations; Method and Place of Payment.

(a) The obligations of each Credit Party hereunder and under each other Credit Document are not subject to counterclaim, set-off, right of rescission, recoupment or deduction of any kind. Subject to Section 4.03(b), and except as otherwise specifically provided herein, all payments under any Credit Document shall be made by Borrowers, without counterclaim, set-off, right of rescission, recoupment or deduction of any kind, to Administrative Agent for the ratable account of the Secured Parties entitled thereto, not later than 5:00 p.m. on the date when due and shall be made in immediately available funds in Dollars to Administrative Agent. Administrative Agent will thereafter cause to be distributed on the same day (if payment was actually received by Administrative Agent prior to 5:00 p.m. on such day) like funds relating to the payment of principal or interest or fees ratably to the Secured Parties entitled thereto.

(b) For purposes of computing interest or fees, any payments under this Agreement that are made later than 5:00 p.m., shall be deemed to have been made on the next succeeding Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall continue to accrue during such extension at the applicable rate in effect immediately prior to such extension.

(c) Borrowers shall make each payment under any Credit Document by wire transfer to such deposit account as Administrative Agent shall notify Parent in writing from time to time within a reasonable time prior to such payment.

Taxes

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(a) Any and all payments by or on account of any obligation of any Credit Party under any Credit Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent , then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Credit Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 4.04) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Credit Parties shall timely pay, and shall authorize Administrative Agent to pay in their name, to the relevant Governmental Authority in accordance with Applicable Law, or at the option of Administrative Agent timely reimburse it for the payment of, any Other Taxes. As soon as practicable after the date of any payment of Taxes or Other Taxes by any Credit Party, the Credit Parties

shall furnish to Agent, at its address referred to in Section 12.02, the original or a certified copy of a receipt evidencing payment thereof or other evidence of payment reasonably satisfactory to Administrative Agent.

(c) The Credit Parties shall jointly and severally indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 4.04) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any costs and expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrowers by a Lender (with a copy to Administrative Agent), or by Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Each Lender shall severally indemnify Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.06(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by Administrative Agent in connection with any Credit Document, and any costs and expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Credit Document or otherwise payable by Administrative Agent to the Lender from any other source against any amount due to Administrative Agent under this Section 4.04(d).

(e) As soon as practicable after any payment of Taxes by any Credit Party to a Governmental Authority pursuant to this Section 4.04, such Credit Party shall deliver to Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Administrative Agent.

(f) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to Parent and Administrative Agent, at the time or times reasonably requested by Parent or Administrative Agent, such properly completed and executed documentation reasonably requested by Parent or Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Parent or Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Parent or Administrative Agent as will enable Borrowers or Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 4.04(f)(ii)(A), 4.04(f)(ii)(B) and 4.04(f)(ii)(D)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to Parent and Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Parent or Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Parent and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Parent or Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Parent within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code in customary form consistent with the Model Credit Agreement Provisions of the Loan Syndications and Trading Association (a "***U.S. Tax Compliance Certificate***") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate, IRS Form W-9, or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Parent and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Parent or Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrowers or Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Parent and Administrative Agent at the time or

times prescribed by law and at such time or times reasonably requested by Parent or Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Parent or Administrative Agent as may be necessary for Borrowers and Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 4.04(f)(ii)(D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Parent and Administrative Agent in writing of its legal inability to do so.

(g) If any Recipient determines, in its discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 4.04 (including by the payment of additional amounts pursuant to this Section 4.04), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 4.04 with respect to the Taxes giving rise to such refund), net of all costs and expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 4.04(g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 4.04(g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 4.04(g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 4.04(g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Each party's obligations under this Section 4.04 shall survive the resignation or replacement of Administrative Agent or any assignment of rights by, or the replacement of, a Lender, and the repayment, satisfaction or discharge of all obligations under any Credit Document.

SECTION 4.05 Computations of Interest and Fees. All interest and fees shall be computed on the basis of the actual number of days occurring during the period for which such interest or fee is payable over a year comprised of 360 days. For the purposes of the *Interest Act* (Canada) or any successor or similar legislation, whenever any interest or fee under this Agreement is calculated using a rate based on a period other than a calendar year or similar expression, such interest rate, fee or other amount shall be determined pursuant to such calculation, when expressed as an annual rate, is equivalent to such rate as determined multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends and divided by the number of days comprising such other period. Each determination by Administrative Agent of an interest rate and fees hereunder shall be presumptive evidence of the correctness of such rates and fees, absent manifest error. Payments due on a day that is not a Business Day shall (except as otherwise required by Administrative Agent) be made on the immediately preceding Business Day and such reduction of time shall not be included in computing interest and fees in connection with that payment but shall be included in computing interest and fees in connection with the immediately succeeding payment.

SECTION 4.06 Maximum Interest.

(a) In no event whatsoever shall interest and other charges charged hereunder exceed the highest rate permissible under applicable law. In the event interest and other charges as computed hereunder would otherwise exceed the highest rate permitted under applicable law: (i) the interest rates hereunder will be reduced to the maximum rate permitted under applicable law; (ii) such excess amount shall be first applied to any unpaid principal balance owed by Borrowers; and (iii) if the then remaining excess amount is greater than the previously unpaid principal balance, the applicable Lender shall promptly refund such excess amount to Borrowers and the provisions hereof shall be deemed amended to provide for such permissible rate.

(b) If the amount of any interest, premium, fees or other monies or any rate of interest stipulated for, taken, reserved or extracted under the Credit Documents would otherwise contravene the provisions of Section 347 of the *Criminal Code* (Canada), Section 8 of the *Interest Act* (Canada) or any successor or similar legislation (including any usury law in the U.S.), or would exceed the amounts which any Lender is legally entitled to charge and receive under any law to which such compensation is subject, then such amount or rate of interest shall be reduced to such maximum amount as would not contravene such provision; and to the extent that any excess has been charged or received such Lender shall apply such excess against the outstanding Loans and refund any further excess amount to the applicable Borrower.

(c) If any provision of this Agreement or any other Credit Document would obligate Borrowers or a Credit Party to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by any Lender of interest at a criminal rate (as construed under the *Criminal Code* (Canada)), then notwithstanding that provision, that amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by such Lender of interest at a criminal rate, the adjustment to be effected, to the extent necessary, as follows:

(i) first, by reducing the amount or rate of interest required to be paid to such Lender under this Section 4.06; and

(ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to such Lender which would constitute interest for purposes of the *Criminal Code* (Canada) or other applicable law;

provided that, notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if any Lender receives an amount in excess of the maximum permitted by the *Criminal Code* (Canada) or other Applicable Law, then Borrowers shall be entitled, by notice in writing to such Lender, to obtain reimbursement from such Lender in an amount equal to the excess, and pending reimbursement, the amount of the excess shall be deemed to be an amount payable by such Lender to Borrowers and shall be promptly paid to Borrowers.

Any amount or rate of interest referred to in this Agreement shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any Loan remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the earlier of the date of advance and the Closing Date to the relevant Maturity Date and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Administrative Agent shall be conclusive for the purposes of that determination.

ARTICLE V
Conditions Precedent to Loans

Closing Date Loan

. The obligation of each Lender to make the Loans on the Closing Date as provided for hereunder is subject to the fulfillment, to the satisfaction of Agents and each Lender, of each of the following conditions precedent on or before the Closing Date, unless any such condition is waived in accordance with Section 12.01:

(a) Credit Documents. Administrative Agent shall have received the following documents, duly executed by an Authorized Officer of each applicable Credit Party and each other relevant party:

(i) this Agreement;

(ii) the Notes;

(iii) Mortgages with respect to the Michigan Real Property;

(iv) the Information Certificate;

(v) a duly executed and delivered Collateral Access Agreement from the landlord for the U.S. Credit Parties' chief executive office located at 888 W. Big Beaver Rd., Suite 870, Troy, Michigan 48048;

(vi) one or more duly executed and delivered counterparts of Collateral Assignments of Licensing Contracts with respect to each of the Licensing Contracts;

(vii) a duly executed and delivered Collateral Assignment of Lease from the landlord for the U.S. Credit Parties' chief executive office located at 888 W. Big Beaver Rd., Suite 870, Troy, Michigan 48048;

(viii) the TerrAscend Letter Agreement;

(ix) the other Security Documents; and

(x) each other Credit Document.

(b) Collateral.

(i) All Capital Stock of each Credit Party and Subsidiary (other than Parent, Excluded Subsidiaries and minority interests in the Capital Stock of certain Credit Parties owned by non-Credit Parties on the date hereof, as previously disclosed to Administrative Agent prior to the date hereof) shall have been pledged pursuant to the Security Documents and Collateral Agent shall have received all certificates, if any, representing such securities pledged under the Security Documents, accompanied by instruments of transfer and undated stock powers endorsed in blank, or evidence that arrangements for receipt reasonably satisfactory to Collateral Agent have been made.

(ii) All Indebtedness owed to any of the Credit Parties (other than any Indebtedness of another Credit Party) which exceeds $100,000 individually or $250,000 in the aggregate that is evidenced by one or more promissory notes shall have been pledged pursuant to the Security Documents, and Collateral Agent shall have received original executed versions of all such promissory

notes, together with instruments of transfer with respect thereto endorsed in blank, or evidence that arrangements for receipt reasonably satisfactory to Collateral Agent have been made.

(iii) Collateral Agent shall have received the results of a search of the UCC filings, PPSA registrations and equivalent filings, as applicable, in addition to tax Lien, judgment Lien, bankruptcy and litigation searches made with respect to each Credit Party, together with copies of the financing statements, PPSA registrations and other filings (or similar documents) disclosed by such searches, and accompanied by evidence satisfactory to Collateral Agent that the Liens indicated in any such financing statement, PPSA registration and other filings (or similar document) are Permitted Liens or have been released or will be released substantially simultaneously with the making of the Loans hereunder.

(iv) Collateral Agent shall have received evidence, in form and substance satisfactory to Collateral Agent, that appropriate UCC financing statements (including fixture filings), PPSA registrations or equivalent filings, as applicable, have been duly filed in such office or offices as may be necessary or, in the opinion of Collateral Agent, desirable, to perfect Collateral Agent's Liens in and to the Collateral and certified searches reflecting the filing of all such financing statements and PPSA registrations.

(c) Legal Opinions.

(i) Administrative Agent shall have received an executed legal opinion of Dickinson Wright PLLC, counsel to the Credit Parties, which opinion shall be addressed to Agents and the other Secured Parties and shall be in form and substance reasonably satisfactory to Administrative Agent;

(ii) Administrative Agent shall have received an executed legal opinion of Clark Hill PLC, special Illinois counsel to the Credit Parties, which opinion shall be addressed to Agents and the other Secured Parties and shall be in form and substance reasonably satisfactory to Administrative Agent; and

(iii) Administrative Agent shall have received an executed legal opinion of Dentons Canada LLP, special Canadian counsel to the Credit Parties, which opinion shall be addressed to Agents and the other Secured Parties and shall be in form and substance reasonably satisfactory to Administrative Agent.

(d) Officer's Certificates. Administrative Agent shall have received a certificate for each Credit Party, dated the Closing Date, duly executed and delivered by an Authorized Officer of such Credit Party, as to:

(i) resolutions of each such Person's board of managers/directors (or other managing body, in the case of a Person that is not a corporation) then in full force and effect expressly and specifically authorizing, to the extent relevant, all aspects of the Credit Documents applicable to such Person and the execution, delivery and performance of each Credit Document, in each case, to be executed by such Person;

(ii) the incumbency and signatures of its Authorized Officers and any other of its officers, managing member or general partner, as applicable, authorized to act with respect to each Credit Document to be executed by such Person and a list of all officers and directors of the Credit Parties;

(iii) each such Person's Organization Documents, as amended, modified or supplemented as of Closing Date, certified by the appropriate officer or official body of the jurisdiction of organization of such Person; and

(iv) each such Person's investor rights agreements, voting agreements, registration rights agreements and other stockholders agreements, if any,

which certificates shall provide that each Secured Party may conclusively rely thereon until it shall have received a further certificate of an Authorized Officer of the applicable Person canceling or amending the prior certificate of such Person as provided in Section 8.01(k).

(e) Other Documents and Certificates. Administrative Agent shall have received the following documents and certificates, each of which shall be dated the Closing Date and duly executed by an Authorized Officer of each applicable Credit Party, in form and substance reasonably satisfactory to Administrative Agent:

(i) a certificate of an Authorized Officer of Parent, certifying as to such items as reasonably requested by Administrative Agent, including:

(A) the receipt of all required approvals and consents of all Governmental Authorities and other third parties, if applicable, with respect to the consummation of the Transactions and the operation of the Credit Parties' business, each of which shall be in full force and effect,

(B) both before and after giving effect to the Transactions, including the borrowing of the Loans on the Closing Date, (1) no Default or Event of Default shall have occurred, (2) no default, event of default or material breach under any Material Contract by Parent or its Subsidiaries shall have occurred and (3) each such Material Contract remains in full force and effect and no Credit Party or Subsidiary has received any notice of termination or non-renewal from the other party thereto, and

(C) the representations and warranties set forth in Article VII are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof);

(ii) (A) certificates of good standing or letter of status (or the local equivalent thereof, if applicable) with respect to each Credit Party, each dated within a recent date prior to the Closing Date, such certificates to be issued by the appropriate officer or official body of the jurisdiction of organization of such Credit Party, which certificate shall indicate that such Credit Party is in good standing in such jurisdiction, and (B) certificates of good standing (or the local equivalent thereof, if applicable) with respect to each Credit Party, each dated within a recent date prior to the Closing Date, such certificates to be issued by the appropriate officer of the jurisdictions where such Credit Party is qualified to do business as a foreign entity, which certificate shall indicate that such Credit Party is in good standing in such jurisdictions; and

(iii) a disbursement letter detailing the planned distribution of proceeds from the Loans and a funds flow memorandum detailing the sources and uses of the Transactions.

(f) Solvency. Administrative Agent shall be reasonably satisfied, based on financial statements (actual and pro forma), projections and other evidence provided by the Credit Parties, or requested by Administrative Agent, that Parent and its Subsidiaries (on a consolidated basis), after incurring the Loans, will be Solvent and Administrative Agent shall have received and shall be reasonably satisfied with a Solvency Certificate of an Authorized Officer of Parent, on behalf of the Credit Parties, confirming the Credit Parties and their Subsidiaries (on a consolidated basis), after giving effect to the Transactions, are Solvent.

(g) Financial Information. Administrative Agent shall have received a certificate in form and substance satisfactory to it, dated the Closing Date and properly executed by an Authorized Officer of Parent, attaching the financial projections of the Consolidated Companies for each fiscal year of the Consolidated Companies during the period from the Closing Date through the Maturity Date along with a pro forma balance sheet of the Consolidated Companies giving effect to the Transactions (including actual results for the 12 months prior to the Closing Date), each in form and substance reasonably satisfactory to Administrative Agent.

(h) Insurance. Collateral Agent shall have received certificates of insurance naming Collateral Agent as an additional insured on behalf of the Lenders and lender loss payee as to casualty insurance, in each case, as to the insurance required by Section 8.03, in form and substance reasonably satisfactory to Administrative Agent, and evidence that arrangements for endorsements to such insurance policies reasonably satisfactory to Collateral Agent have been made.

(i) Payment of Outstanding Indebtedness. (i) On the Closing Date, the Credit Parties and each of their respective Subsidiaries shall have no outstanding Indebtedness other than the Loans hereunder and the Indebtedness (if any) listed on Schedule 7.24 or otherwise permitted by Section 9.01, and Administrative Agent shall have received copies of all documentation and instruments evidencing the discharge of all Indebtedness paid off in connection with the Transactions and the transactions contemplated by this Agreement, and (ii) all Liens (other than Permitted Liens) securing payment of any such Indebtedness shall have been released and Administrative Agent shall have received pay-off letters, all form UCC-3 and PPSA termination statements, all releases or terminations of intellectual property security agreements and other instruments as may be reasonably requested by Administrative Agent in connection therewith.

(j) Material Adverse Effect. Administrative Agent shall have determined that, both immediately before and immediately after giving effect to the Transactions, no Material Adverse Effect has occurred since December 31, 2020.

(k) Fees, Expenses and Interest. Each of Agents and the Lenders shall have received, for its own respective account, (i) all fees and expenses due and payable to such Person and (ii) the fees, costs and expenses due and payable to such Person pursuant to Section 12.05 (including the reasonable fees, disbursements and other charges of counsel).

(l) Patriot Act Compliance and Reference Checks. Administrative Agent shall have received completed reference checks with respect to each Credit Party's senior management, and any required Patriot Act compliance, the results of which are satisfactory to Administrative Agent in its discretion.

(m) Due Diligence. Administrative Agent shall have completed and be reasonably satisfied its business, legal, and collateral due diligence on Parent and its Subsidiaries, including (i) corporate, capital and legal structure of Parent and its Subsidiaries, (ii) securities, labor, insurance, tax, litigation and environmental matters, (iii) review of all third party reports and (iv) an independent quality of earnings report, third party accounting review, and the results of Borrowers' pipeline and backlog.

(n) Material Contracts. Administrative Agent shall have received copies of (i) any agreement or other document evidencing any Restricted Debt and (ii) each other Material Contract of each Consolidated Company (if written), and, in each case, the results of Administrative Agent's review thereof shall be reasonably satisfactory to Administrative Agent.

(o) No Default, Representations and Warranties and No Injunctions .

(i) No Default or Event of Default shall have occurred and be continuing.

(ii) All representations and warranties of the Credit Parties set forth in this Agreement and the other Credit Documents are true and correct in all material respects (other than such representations and warranties that are already qualified by materiality, Material Adverse Effect or similar language, in which case such representations and warranties shall be true and correct in all respects) on the Closing Date.

(iii) No injunction, writ, restraining order, or other order of any nature restricting or prohibiting, directly or indirectly, the Transactions shall have been issued and remain in force by any Governmental Authority against any Credit Party , any Agent or any Lender.

(iv) There shall be no order or injunction or pending litigation in which there is a reasonable possibility of a decision that could reasonably be expected to have a Material Adverse Effect on Parent and its Subsidiaries, taken as a whole, and no pending litigation seeking to prohibit, enjoin or prevent any of the Transactions.

(p) Loan Amount. The aggregate principal amount of the Loans funded on the Closing Date shall not exceed the Aggregate Commitment.

(q) Michigan Real Property. Administrative Agent shall have received, with respect to each parcel of the Michigan Real Property, each of the following, in form and substance reasonably satisfactory to Administrative Agent:

(i) evidence that a counterpart of a Mortgage and an Assignment of Leases and Rents with respect to such Michigan Real Property has been recorded, or that arrangements for recording reasonably satisfactory to Collateral Agent have been made, in the place necessary, in Collateral Agent's reasonable judgment, to create a valid and enforceable first priority Lien in favor of Collateral Agent for the benefit of itself and the other Secured Parties;

(ii) if such Michigan Real Property is in a flood zone, a flood notification form signed by Parent and evidence that flood insurance is in place for the buildings and their contents located thereon; and

(iii) an appraisal.

ARTICLE VI
Guarantee

Guarantee

.

(a) To induce the Lenders to make the Loans and each other Secured Party to make credit available to or for the benefit of one or more Credit Parties, each Guarantor hereby, jointly and severally, absolutely, unconditionally and irrevocably, guarantees, as primary obligor and not merely as surety, the full and punctual payment when due, whether at stated maturity or earlier, by reason of acceleration, mandatory prepayment or otherwise in accordance with any Credit Document, of all the Obligations of each Borrower and each other Credit Party, whether existing on the date hereof or hereinafter incurred or created (collectively, the "***Guarantor Obligations***"). The Guarantor Obligations shall include interest accruing at the then-applicable rate provided herein after the maturity thereof and interest accruing

at the then-applicable rate provided herein after the commencement of any Insolvency Event relating to any Borrower or any other Credit Party, whether or not a claim for post-filing or post-petition interest is allowed or allowable in such proceeding, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with this Agreement or any other Credit Document, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel and other advisors retained by, or for the benefit of, Agents or to the other Secured Parties that are required to be paid by Borrowers pursuant to the terms of any of the foregoing agreements) and all obligations and liabilities of such Guarantor that arise or may arise under or in connection with this Agreement or any other Credit Document to which such Guarantor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel and other advisors retained by, or for the benefit of, Agents or the other Secured Parties that are required to be paid by such Guarantor pursuant to the terms of any such Credit Document) whether or not claims for any such amounts are allowed or allowable in any Insolvency Event. Each Guarantor's guarantee hereunder constitutes a guarantee of payment and not of collection.

(b) Any term or provision of this Agreement or any other Credit Document to the contrary notwithstanding, the maximum aggregate amount for which any Guarantor shall be liable under this guarantee shall not exceed the maximum amount for which such Guarantor can be liable without rendering the obligations of such Guarantor under this Agreement or any other Credit Document, as it relates to such Guarantor, subject to avoidance under Applicable Laws relating to fraudulent conveyance or fraudulent transfer (including the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act and Section 548 of the Bankruptcy Code or any applicable provisions of comparable Applicable Laws). Any analysis of the provisions of this Article VI for purposes of such Applicable Laws shall take into account the right of contribution established in Section 6.02 and, for purposes of such analysis, give effect to any discharge of intercompany debt as a result of any payment made under this Article VI.

(c) Each Guarantor agrees that the Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing this guarantee or affecting the rights and remedies of any Secured Party hereunder.

(d) This guarantee shall remain in full force and effect until the Termination Date occurs, notwithstanding that from time to time during the term of this Agreement no Guarantor Obligations may be outstanding.

(e) No payment made by any Borrower, any Guarantor, any other guarantor or any other Person or received or collected by any Secured Party from any Borrower, any Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder, and each Guarantor shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Obligations or any payment received or collected from such Guarantor in respect of the Obligations), remain liable for the Obligations up to the maximum liability of such Guarantor hereunder until the Termination Date occurs.

Right of Contribution

. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 6.03. The provisions of this Section 6.02 shall in no

respect limit the obligations and liabilities of any Guarantor to the Secured Parties, and each Guarantor shall remain liable to the Secured Parties for the full amount guaranteed by such Guarantor hereunder.

No Subrogation

. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by any Secured Party, no Guarantor shall be entitled to be subrogated to any of the rights of any Secured Party against any Borrower or any other Credit Party or any collateral security or guarantee or right of offset held by any Secured Party for the payment of the Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from any Borrower or any other Credit Party in respect of payments made by such Guarantor under this guarantee, in each case, until after the Termination Date occurs. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time on or prior to the Termination Date, such amount shall be held by such Guarantor for the benefit of Secured Parties, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to Collateral Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to Collateral Agent, if required), to be applied against the Obligations, whether matured or unmatured, as Collateral Agent may determine in accordance with Section 4.02(d).

Modification of the Guarantor Obligations

. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Guarantor Obligations made by any Secured Party may be rescinded by such Secured Party and any of the Guarantor Obligations continued, and the Guarantor Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered, subordinated or released by any Secured Party, and this Agreement and the other Credit Documents, and any other documents executed and delivered in connection therewith may be amended, amended and restated, supplemented or otherwise modified or terminated, in whole or in part, as Agents (or Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by any Secured Party for the payment of the Guarantor Obligations may be sold, exchanged, waived, surrendered, subordinated or released. No Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Guarantor Obligations or for this Agreement or any other Credit Document or any property subject thereto.

Guarantee Absolute and Unconditional

. Each Guarantor waives to the fullest extent permitted by Applicable Law any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by any Secured Party upon this Agreement or acceptance of the guarantee contained in this Article VI. The Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Article VI and all dealings between any Borrower or any other Credit Party, on the one hand, and the Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Article VI. Each Guarantor, to the fullest extent permitted by Applicable Law, waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon any Borrower or any other Credit Party with respect to the Obligations. Each Guarantor waives, to the fullest extent permitted by law, any right such Guarantor may now have or hereafter acquire to revoke, rescind, terminate or limit (except as expressly provided herein) the guarantee set forth in this Article VI or any of its obligations hereunder. Each Guarantor understands and agrees, to the fullest extent permitted by Applicable Law, that the guarantee set forth in this Article VI shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity, enforceability or avoidability of this Agreement or any other Credit Document, any of the Guarantor Obligations or any other collateral security therefor or guarantee or right of offset with respect

thereto at any time or from time to time held by any Secured Party, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Borrower or any other Person against any Secured Party, or (c) any other circumstance whatsoever (with or without notice to or knowledge of any Borrower or any Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Borrower with respect to any Obligations, or of such Guarantor under this guarantee, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, any Secured Party may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against any Borrower, any other Guarantor or any other Person or against any collateral security or guarantee for the Guarantor Obligations or any right of offset with respect thereto, and any failure by any Secured Party to make any such demand, to pursue such other rights or remedies or to collect any payments from any Borrower, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any Borrower, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of any Secured Party against any Guarantor. For the purposes hereof, "demand" shall include the commencement and continuance of any legal proceedings.

Reinstatement

. The guarantee set forth in this Article VI shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Guarantor Obligations is rescinded or must otherwise be restored or returned by any Secured Party, including upon the insolvency, bankruptcy, examinership, dissolution, liquidation or reorganization of any Borrower or any other Credit Party, or upon or as a result of the appointment of a receiver, examiner, intervenor or conservator of, or trustee or similar officer for, any Borrower or any other Credit Party or any substantial part of its property, or otherwise, all as though such payments had not been made.

Payments

. Each Guarantor hereby guarantees that payments hereunder will be paid to Administrative Agent, for the benefit of the Lenders, without set-off or counterclaim in Dollars in accordance with Section 4.03(c).

Taxes

. Each payment of the Guarantor Obligations will be made by each Guarantor subject to the same provisions as are set forth in Section 4.04.

ARTICLE VII
Representations, Warranties and Agreements

In order to induce the Lenders to enter into this Agreement and continue the Loans as provided for herein, the Credit Parties make the following representations and warranties to, and agreements with, the Lenders, all of which shall survive the execution and delivery of this Agreement and the making of the Loans, but subject to Section 13.01:

Status

. Each Credit Party (a) is a duly organized or formed and validly existing limited liability company or other registered entity in good standing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact the business in which it is engaged and (b) has duly qualified and is authorized to do business and is in good standing in all jurisdictions where it does business or owns assets, except, in the case of this clause (b), where the failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

Power and Authority

. Each Credit Party has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Credit Documents to which it is a party. Each Credit Party has duly executed and delivered the Credit Documents to which it is a party and such Credit Documents constitute the legal, valid and binding obligation of such Credit Party enforceable against each Credit Party that is a party thereto in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, moratorium, examinership, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

No Violation

. None of (a) the execution, delivery and performance by any Credit Party of the Credit Documents to which it is a party and compliance with the terms and provisions thereof, (b) the consummation of the Transactions, or (c) the consummation of the other transactions contemplated hereby or thereby on the relevant dates therefor will (i) contravene any applicable provision of any material Applicable Law of any Governmental Authority, (ii) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of any Credit Party (other than Liens created under the Credit Documents) pursuant to, (A) the terms of any material indenture, loan agreement, lease agreement, mortgage or deed of trust, or (B) any other Material Contract of any Credit Party, in the case of either of clauses (A) and (B), to which any Credit Party is a party or by which it or any of its property or assets is bound, or (iii) violate any provision of the Organization Documents or Permit of any Credit Party, except, with respect to any conflict, breach or contravention or default (but not creation of Liens) referred to in clause (ii), to the extent that such conflict, breach, contravention or default could not reasonably be expected to have a Material Adverse Effect.

Litigation, Labor Controversies, Etc

. There is no pending or, to the knowledge of any Credit Party, threatened in writing, litigation, action, proceeding or labor controversy (including strikes, lockouts or slowdowns against the Credit Parties or any of their respective Subsidiaries pending or, to the knowledge of any Credit Party, threatened in writing) (a) which could reasonably be expected to have a Material Adverse Effect, (b) which purports to affect the legality, validity or enforceability of any Credit Document or the Transactions or (c) relating to any Indebtedness or purported Indebtedness of any Credit Party or any Subsidiary having a principal or stated amount, individually or in the aggregate, in excess of $500,000. There is no outstanding judgment rendered by any court or tribunal against any Credit Party or any Subsidiary.

Use of Proceeds; Regulations U and X

. The proceeds of the Loans are intended to be and shall be used solely for the purposes set forth in and permitted by Section 8.10. No Credit Party is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of the Loans will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with Regulation U or Regulation X.

Approvals, Consents, Etc

. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person, and no consent or approval under any contract or instrument (other than (a) those that have been duly obtained or made and which are in full force and effect, or if not obtained or made, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (b) the filing of UCC financing statements, PPSA registrations and other equivalent filings for foreign jurisdictions, and (c) the filings or other actions necessary to perfect Liens under the Credit Documents) is required for the consummation of the Transactions or the due execution, delivery or performance by any Credit Party of any Credit Document to which it is a party, or for the due execution, delivery or performance of the Credit Documents, in each case by any of the Credit Parties party

thereto. There does not exist any judgment, order, injunction or other restraint issued or filed against the Credit Parties or, to the knowledge of the Credit Parties, any other Person with respect to the transactions contemplated by the Credit Documents, the consummation of the Transactions, the making of the Loans or the performance by the Credit Parties or any of their respective Subsidiaries of their Obligations under the Credit Documents.

Investment Company Act

. No Credit Party is, or will be after giving effect to the Transactions and the transactions contemplated under the Credit Documents, an "investment company" or a company "controlled" by a Person required to be registered as an "investment company", within the meaning of the Investment Company Act of 1940.

SECTION 7.08 Accuracy of Information.

(a) None of the factual information and data (taken as a whole) at any time furnished by any Credit Party, any of their respective Subsidiaries or any of their respective authorized representatives in writing to any Agent or any Lender (including all information contained in the Credit Documents) for purposes of or in connection with this Agreement or any of the Transactions contains any untrue statement of a material fact or omits to state any material fact necessary to make such information and data (taken as a whole) not materially misleading, in each case, at the time such information was provided in light of the circumstances under which such information or data was furnished; provided that, to the extent any such information was based upon or constitutes a forecast or projection, the Credit Parties represent only that the Credit Parties acted in good faith and utilized assumptions believed to be reasonable at the time and in the circumstances made and due care in the preparation of such information, it being understood that forecast and projections are subject to uncertainties and contingencies and no assurance can be given that any forecast or projection will be realized.

(b) The Budgets and pro forma financial information provided to Administrative Agent were prepared in good faith based upon assumptions believed by the Credit Parties to be reasonable at the time and in the circumstances made, it being recognized by Administrative Agent and the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results and such differences may be material.

(c) As of the Closing Date, the information included in the Beneficial Ownership Certification provided on or prior to the Closing Date to any Lender in connection with this Agreement, and the information in the Information Certificate, is true and correct in all material respects.

Financial Condition; Financial Statements

. The Tax returns and financial statements delivered to Administrative Agent present fairly in all material respects the financial position and results of operations of Parent and its Subsidiaries at the respective dates of such information and for the respective periods covered thereby, subject in the case of unaudited financial information, to changes resulting from normal year-end audit adjustments and to the absence of footnotes. The Tax returns, financial statements and all of the balance sheets, all statements of income and of cash flow and all other financial information furnished pursuant to Section 8.01 have been and will for all periods following the Closing Date be prepared in accordance with Applicable Accounting Standards consistently applied. All of the financial information to be furnished pursuant to Section 8.01 will present fairly in all material respects the financial position and results of operations of Parent and its Subsidiaries at the respective dates of such information and for the respective periods covered thereby, subject in the case of unaudited financial information, to changes resulting from normal year-end audit adjustments and to the absence of footnotes. None of the Credit Parties or any of their respective Subsidiaries has any Indebtedness or other material

obligations or liabilities, direct or contingent that, either individually or in the aggregate, has had or could reasonably be expected to have, a Material Adverse Effect.

Tax Returns and Payments

. Each Credit Party and its Subsidiaries has timely filed or caused to be timely filed all Tax returns and reports required to have been filed (and all such Tax returns are true, complete and correct in all material respects) and has paid or caused to be paid all Taxes required to have been paid by it prior to becoming delinquent, except Taxes (or any requirement to file Tax returns with respect thereto) that are being contested in good faith by appropriate proceedings and for which the Credit Party or such Subsidiary, as applicable, has set aside on its books adequate reserves in accordance with Applicable Accounting Standards. There are no proposed or pending tax assessments, deficiencies, audits or other proceedings with respect to any material amount of Taxes. None of the Credit Parties nor any of their Subsidiaries has ever "participated" in a "reportable transaction" within the meaning of Section 1.6011-4 of the Treasury Regulations or was subject to reporting pursuant to Section 237.3 of the ITA. None of the Credit Parties nor any of their Subsidiaries is a party to any tax sharing or similar agreement. No Lien has been filed and no material claim is being asserted, with respect to any such Tax, fee, or other charge.

Benefit Plans

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(a) No Reportable Event or Prohibited Transaction, as each such term is defined in ERISA, has occurred or is reasonably expected to occur, and no Credit Party has failed to meet the minimum funding requirements of ERISA.

(b) No Credit Party sponsors, contributes to or administers any Canadian Pension Plans. All obligations of each Credit Party (including fiduciary, contribution, funding, investment and administration obligations) required to be performed in connection with any employee benefit plans and any funding agreements therefor under the terms thereof and applicable statutory and regulatory requirements, have been performed or satisfied in a timely and proper fashion and in compliance with Applicable Law and the terms of the applicable employee benefit plan. There have been no improper withdrawals or applications of the assets of any Credit Party's employee benefit plans. There are no outstanding material disputes concerning the assets or liabilities of any Credit Party's employee benefit plans. No Credit Party has a material contingent liability with respect to any post-employment or post-retirement benefits under an employee benefit plans and all post-employment and post-retirement liabilities, if any, under any employee benefit plans have been properly identified in the financial statements of the Credit Parties.

Subsidiaries

; Partnership Interest Units of Parent.
None of the Credit Parties has any Subsidiaries other than the Subsidiaries listed on Schedule 7.12. Schedule 7.12 describes the direct and indirect ownership interest of each of the Credit Parties in each Subsidiary. Mayde holds no assets and does not have any operations.

Intellectual Property; Licenses, Etc

. Each Credit Party and each of its Subsidiaries owns, or possesses the right to use, all of the trademarks, service marks, trade names, Internet domain names, copyrights and copyrightable works, patents, inventions, trade secrets, know-how, proprietary computer software, franchises, intellectual property licenses and other intellectual property rights, including all registrations and applications to register any of the foregoing and all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof that are necessary for the operation of their respective businesses (collectively, the "***IP Rights***"). To the knowledge of the Credit Parties, the conduct and operations of the businesses of each Credit Party and each of its Subsidiaries do not infringe, misappropriate, dilute, or otherwise violate in any material respect any intellectual property owned by any other Person, no other Person has challenged in writing or

questioned any right, title or interest of any Credit Party or any of its Subsidiaries in any IP Rights of such Credit Party or Subsidiary, and no Credit Party or Subsidiary thereof has received a written challenge from any other Person contesting the use of any IP Rights owned by such Credit Party or Subsidiary or the validity or enforceability of such IP Rights other than as set forth on Schedule 7.13. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of such Credit Party threatened in writing other than as set forth on Schedule 7.13. Schedule 7.13 is a complete and accurate list of (i) all IP Rights registered or pending registration with the United States Copyright Office, the United States Patent and Trademark Office or the Canadian Intellectual Property Office and owned by each Credit Party and each of its Subsidiaries as of the Closing Date and (ii) all material license agreements or similar arrangements granting IP Rights of another Person to any Credit Party or any of its Subsidiaries, other than software license agreement for "off-the-shelf" or "click-through" agreements. As of the Closing Date, none of the IP Rights owned by any Credit Party or any of its Subsidiaries is subject to any licensing agreement, other than (i) non-exclusive licenses granted to customers in the ordinary business, or (ii) as set forth on Schedule 7.13.

Environmental Warranties

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(a) Except as set forth in Schedule 7.14:

(i) The Credit Parties, their Subsidiaries and their respective businesses, operations and Real Property are and have at all times during the Credit Parties' or their Subsidiaries' ownership, lease or operation thereof been in material compliance with, and the Credit Parties and their Subsidiaries have no material liability under, any applicable Environmental Law.

(ii) The Credit Parties and their Subsidiaries have obtained all material permits, licenses, certificates or authorizations required under Environmental Law (collectively, "***Environmental Permits***") and necessary for the conduct of their businesses and operations, and the ownership, operation and use of their Real Property. The Credit Parties and their Subsidiaries are in material compliance with the terms and conditions of such Environmental Permits, and all such Environmental Permits are valid and in good standing.

(iii) There has been no Release or threatened Release or any handling, management, generation, treatment, storage or disposal of Hazardous Materials in, on, at, under, to, or from any Real Property presently or, to the knowledge of any Credit Party, formerly owned, leased or operated by any of the Credit Parties, their Subsidiaries or their respective predecessors in interest that has resulted in, or is reasonably expected to result in, material liability or obligations by any of the Credit Parties under Environmental Law or result in a material Environmental Claim.

(iv) There is no material Environmental Claim pending or, to the knowledge of the Credit Parties, threatened in writing against any of the Credit Parties or their Subsidiaries, or relating to the Real Property currently or formerly owned, leased or operated by any of the Credit Parties or their Subsidiaries or relating to the operations of the Credit Parties or their Subsidiaries, and, to the knowledge of the Credit Parties, there are no actions, activities, circumstances, conditions, events or incidents that are reasonably likely to form the basis of a material Environmental Claim.

(v) No Person with a material indemnity, contribution or other obligation to any of the Credit Parties or their Subsidiaries relating to compliance with or liability under Environmental Law is in default with respect to any such indemnity, contribution or other obligation.

(vi) No Real Property owned, leased or operated by the Credit Parties or their Subsidiaries and, to the knowledge of the Credit Parties, no Real Property or facility formerly owned, leased

or operated by any of the Credit Parties or any of their predecessors in interest is (i) listed or proposed for listing on the National Priorities List as defined in and promulgated pursuant to CERCLA or (ii) listed on the Comprehensive Environmental Response, Compensation and Liability Information System promulgated pursuant to CERCLA or (iii) included on any similar list maintained by any governmental or regulatory authority that indicates that any Credit Party or Subsidiary has or may have an obligation to undertake investigatory or remediation obligations under applicable Environmental Laws.

(vii) No Lien has been recorded or, to the knowledge of any Credit Party, threatened in writing under any Environmental Law with respect to any Real Property of the Credit Parties or their Subsidiaries.

(b) None of the matters, individually or in the aggregate, disclosed in Schedule 7.14 could reasonably be expected to have a Material Adverse Effect.

(c) The Credit Parties and their Subsidiaries have made available to Administrative Agent all material reports, assessments, audits, studies and investigations in the possession, custody or control of the Credit Parties and their Subsidiaries concerning Environmental Claims or compliance with or liability or obligation under Environmental Law, including those concerning the condition of the Real Property or the existence of Hazardous Materials at Real Property or facilities formerly owned, operated, leased or used by any of the Credit Parties, their Subsidiaries or their predecessors-in-interest.

Ownership of Properties

. Set forth on Schedule 7.15 is a list of all of the Real Property owned, leased or operated by any of the Credit Parties as of the Closing Date, indicating in each case whether the respective property is owned or leased, the identity of the owner or lessor, the location of the respective property and the status of any construction at the respective property. Each Credit Party owns (a) in the case of owned Real Property, good and valid fee simple title to such Real Property, (b) in the case of owned personal property, good and valid title to such personal property, and (c) in the case of leased Real Property or material leased personal property, valid and enforceable (except as may be limited by bankruptcy, insolvency, examinership, moratorium, fraudulent conveyance or other laws applicable to creditors' rights generally and by generally applicable equitable principles, whether considered in an action at law or in equity) leasehold interests (as the case may be) in such leased property, in each case, free and clear in each case of all Liens or claims, except for Permitted Liens.

No Default

. None of the Credit Parties or any of their respective Subsidiaries (a) is in default or material breach under any Contractual Obligation of any of the Licensing Contracts or (b) is in default or material breach under or with respect to, or a party to, any other Contractual Obligation except, with respect to any default or material breach referred to in this clause (b), to the extent that such default or material breach could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. On the Closing Date, after giving effect to the Transactions, none of the Credit Parties or any of their respective Subsidiaries is in default under or with respect to (a) any Contractual Obligation in respect of Indebtedness or purported Indebtedness or (b) any of the Licensing Contracts.

Solvency

. On the Closing Date after giving effect to the Transactions and the other transactions related thereto, the Consolidated Companies are Solvent.

Locations of Offices, Records and Collateral

. The address of the principal place of business and chief executive office of each Credit Party is, and the books and records of each Credit Party and all of its Chattel Paper (as defined in the UCC) and records of Accounts (as defined in the UCC) are maintained exclusively in the possession of such Credit Party at, the address of such Credit Party specified in Schedule 7.18 (or, after the Closing Date, at such other address permitted by Section 4.3(a)(i) of either Security Agreement). Except as otherwise agreed by Administrative Agent, each leased location

of a Credit Party that is the headquarters of any Credit Party, where books and records of any Credit Party are maintained or where Collateral having value in excess of $500,000 is located, shall be subject to a Collateral Access Agreement to be provided by the landlord of such leased location in favor of Collateral Agent.

SECTION 7.19 Compliance with Laws and Permits; Authorizations.

(a) Each Credit Party and each of its Subsidiaries (a) is in material compliance with all Applicable Laws and Permits, including all applicable U.S. State Cannabis Laws and all Canadian Cannabis Laws and (b) has all requisite governmental licenses, Permits, authorizations, consents and approvals necessary to operate its business as currently conducted, except in such instances in which such requirement of Applicable Laws, Permits, government licenses, authorizations or approvals are being contested in good faith by appropriate proceedings diligently conducted. No Credit Party has received any written notice that is outstanding or unresolved to the effect that its operations are not in material compliance with any Environmental Law or Permit or are the subject of any investigation by any Governmental Authority evaluating whether any cleanup or other action is needed to respond to a Release or impose further controls on any existing discharge of Hazardous Materials to the environment.

(b) No Credit Party, nor any Subsidiary, nor, to the knowledge of the Credit Parties and their Subsidiaries, any director, officer, employee, agent, Affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any Person that is (i) currently the subject or target of any Sanctions or Canadian Economic Sanctions and Export Control Laws, (ii) included on OFAC's List of Specially Designated Nationals or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction. No Credit Party is engaged in any Restricted Cannabis Activities.

(c) The Credit Parties and their Subsidiaries have conducted their business in compliance with Anti-Corruption Laws, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

No Material Adverse Effect

. Since December 31, 2020, (a) there has been no Material Adverse Effect, and (b) there has been no circumstance, event or occurrence, and no fact is known to the Credit Parties that could reasonably be expected to result in a Material Adverse Effect.

Contractual or other Restrictions

. Other than the Credit Documents, as set forth in Schedule 7.21 and to the extent permitted by Section 9.11, no Credit Party or any of its Subsidiaries is a party to any agreement or arrangement or subject to any Applicable Law that limits its ability to pay dividends to, or otherwise make Investments in or other payments to any Credit Party, that limits its ability to grant Liens in favor of Collateral Agent or that otherwise limits its ability to perform the terms of the Credit Documents.

Collective Bargaining Agreements

. Set forth on Schedule 7.22 is a list of all collective bargaining or similar agreements between or applicable to any Credit Party or any of its Subsidiaries and any union, labor organization or other bargaining agent in respect of the employees of any Credit Party or any of its Subsidiaries.

Insurance

. The properties of each Credit Party are insured as required by Section 8.03. As of the Closing Date, all premiums with respect thereto that are due and payable have been duly paid and no Credit Party has received or has knowledge of any written notice of violation or cancellation thereof and each Credit Party has complied in all material respects with the requirements of such policy.

Evidence of other Indebtedness

. Schedule 7.24 is a complete and correct list of each credit agreement, loan agreement, indenture, purchase agreement, guarantee, letter of credit or other arrangement providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, any Credit Party or Subsidiary outstanding on the Closing Date which will remain outstanding after the Closing Date (other than this Agreement and the other Credit Documents), in each case, in excess of $50,000 and the aggregate principal or face amount outstanding or that may become outstanding under each such arrangement as of the Closing Date is correctly described in Schedule 7.24. The aggregate principal amount of all Indebtedness of (and all commitments for extensions of credit to) the Credit Parties and their Subsidiaries outstanding on the Closing Date which is not disclosed on Schedule 7.24 by reason of the disclosure threshold set forth in the immediately preceding sentence does not exceed $50,000.

Deposit Accounts and Securities Accounts

. Set forth in Schedule 7.25 is a list as of the Closing Date of all of the deposit accounts and securities accounts of each Credit Party, including, with respect to each bank or securities intermediary at which such accounts are maintained by such Credit Party (a) the name and location of such Person and (b) the account numbers of the deposit accounts or securities accounts maintained with such Person.

Absence of any Undisclosed Liabilities

. There are no material liabilities of any Credit Party of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in any such liabilities, other than those liabilities provided for or disclosed in the most recent financial statements delivered pursuant to Section 8.01.

Material Contracts and Regulatory Matters

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(a) Schedule 7.27(a), as updated from time to time pursuant to Section 8.01(h)(viii), sets forth all Material Contracts of the Credit Parties. As of the Closing Date, all Material Contracts are in full force and effect and no defaults currently exist thereunder.

(b) The relevant Credit Parties and Licensing Entities hold the applicable Regulatory License required for such Credit Party or Licensing Entity to conduct its Businesses. Each Material Regulatory License is in full force and effect in all material respects and has not been revoked, suspended, cancelled, rescinded, terminated, modified and has not expired. There are no pending or threatened actions by or before any Governmental Authority to revoke, suspend, cancel, rescind, terminate or materially adversely modify any Material Regulatory License. Schedule 7.27(b) sets forth all Sales Tracking Software.

Anti-Terrorism Laws

. No Credit Party or any Subsidiary is in violation of any Applicable Law relating to terrorism or money laundering, including the Patriot Act, Executive Order No. 13224 on Terrorism Financing, effective September 24, 2001 (the "***Executive Order***") and the Canadian Anti-Money Laundering & Anti-Terrorism Legislation (collectively, "***Anti-Terrorism Laws***"). No Credit Party, Subsidiary or agent acting or benefiting in any capacity in connection with the Loans is (a) a Person that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order, (c) a Person with whom any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) a Person who commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order, (e) a Person that is named as a "specially designated national and blocked person" on the most current list published by the United States Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list or (f) a Canadian Blocked Person.

No Credit Party or Subsidiary or, to the Credit Parties' knowledge, other agents acting or benefiting in any capacity in connection with the Loans (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in the preceding sentence, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in any property blocked pursuant to the Executive Order, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Anti-Terrorism Laws.

Conduct of Business

. Parent does not engage in any business or activity other than (a) the ownership of the Capital Stock in Cookies, Spartan, and Gage Innovations and activities reasonably incidental thereto, (b) the corporate actions required to maintain its existence and (c) the execution and delivery of the Credit Documents to which it is a party and the performance of its obligations thereunder. Parent does not directly own any assets other than Capital Stock of Cookies, Spartan, and Gage Innovations.

SECTION 7.30 Transactions with Affiliates. Except (a) transactions for the sale of goods or services rendered in the ordinary course of business upon terms no less favorable to such Person than such Person could obtain in a comparable arms-length transaction with an unrelated third party, (b) the payment of reasonable fees to directors of any Credit Party or any of its Subsidiaries who are not employees of a Credit Party or any of its Subsidiaries, and customary compensation, employment, termination and other employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, officers or employees of any Credit Party or any Subsidiary in the ordinary course of business, and (c) transactions set forth on Schedule 7.30, there are no existing or proposed agreements, arrangements, understandings or transactions between any Credit Party and any of the officers, members, managers, directors, stockholders, parents, holders of other Capital Stock, employees or Affiliates (other than Subsidiaries that are Credit Parties) of any Credit Party.

SECTION 7.31 Canadian Securities Law Matters. Prior to the consummation of the TerrAscend Transaction:

(a) The outstanding subordinate voting shares in the share capital of Parent are listed and posted for trading on the CSE.

(b) Parent is a reporting issuer or the equivalent in each Reporting Jurisdiction and is in material compliance with the Applicable Securities Legislation of each Reporting Jurisdiction and the policies of the CSE and is not included in any list of defaulting reporting issuers maintained by the securities commission of any Reporting Jurisdiction.

(c) There is no "material change", as defined in the Applicable Securities Legislation, relating to Parent that has not been fully disclosed in accordance with the requirements of the Applicable Securities Legislation and the policies of the CSE.

ARTICLE VIII
Affirmative Covenants

The Credit Parties hereby covenant and agree that on the Closing Date and thereafter, until the Loans, together with interest, fees and all other Obligations incurred hereunder (other than Unasserted Contingent Obligations) are paid in full in accordance with the terms of this Agreement, subject to Section 13.01:

Financial Information, Reports, Notices and Information

. The Credit Parties will furnish Administrative Agent and each Lender copies of the following financial statements, reports, notices and information:

(a) Quarterly Financial Statements. As soon as available and in any event within 45 days after the end of each fiscal quarter of Parent, unaudited (i) consolidated and consolidating balance sheets of Parent and its Subsidiaries as of the end of such fiscal quarter, (ii) consolidated and consolidating statements of income and cash flow of Parent and its Subsidiaries as of the end of such fiscal quarter, in each case, including in comparative form (both in Dollar and percentage terms) the figures for the corresponding fiscal quarter in the preceding fiscal year of Parent and in the then-current Budget for such fiscal year, if applicable, and year-to-date portion of, the immediately preceding fiscal year of Parent, and (iii) a management discussion and analysis (with reasonable detail and specificity) of the results of operations for the fiscal periods reported, including, in comparative form the figures for the corresponding fiscal quarter in, and year-to-date portion of, the immediately preceding fiscal year of Parent, and period commencing at the end of the previous fiscal year of Parent and ending with the end of such fiscal quarter.

(b) Annual Financial Statements. As soon as available and in any event within 120 days after the end of each fiscal year of Parent, copies of the consolidated and consolidating balance sheets of Parent and its Subsidiaries, and the related consolidated and consolidating statements of income and cash flows of Parent and its Subsidiaries for such fiscal year, setting forth in comparative form (both in Dollar and percentage terms) the figures for the immediately preceding fiscal year and in the then-current Budget for such fiscal year, such consolidated statements audited and certified without qualification, or exception as to the scope of such audit, by an independent public accounting firm reasonably acceptable to Administrative Agent, together with a management discussion and analysis (with reasonable detail and specificity) of the results of operations for the fiscal periods reported.

(c) Compliance Certificates. Concurrently with the delivery of the financial information pursuant to Sections 8.01(a) and 8.01(b), a Compliance Certificate, executed by an Authorized Officer of Parent, (i) certifying that such financial information presents fairly in all material respects the financial condition, results of operations and cash flows of Parent and its Subsidiaries in accordance with Applicable Accounting Standards at the respective dates of such information and for the respective periods covered thereby, subject in the case of unaudited financial information, to changes resulting from normal year-end audit adjustments and to the absence of footnotes, (ii) showing compliance with the Financial Performance Covenants, and stating that no Default or Event of Default has occurred and is continuing (or, if a Default or an Event of Default has occurred, specifying the details of such Default or Event of Default and the actions taken or to be taken with respect thereto) and containing the applicable certifications set forth in Section 7.09 with respect thereto, (iii) in the case of each Compliance Certificate delivered concurrently with the financial information pursuant to clause (b) above, specifying any change in the identity of the Subsidiaries as at the end of such fiscal year from the Subsidiaries provided to the Lenders on the Closing Date or the most recent fiscal year, as the case may be, and (iv) in the case of each Compliance Certificate delivered concurrently with the financial information pursuant to clause (b) above, including (A) updated Schedules 7.15 and 7.25 (if applicable) and (B) a written supplement substantially in the form of Schedules 1 through 3, as applicable, to each Security Agreement, in each case, with respect to any additional assets and property acquired by any Credit Party after the date hereof, all in reasonable detail.

(d) Additional Information. Promptly upon request, (i) such other information regarding the condition or operations (financial or otherwise and including receivable schedules, copies of invoices, shipping documents, and delivery receipts), changes in ownership of Capital Stock, and business affairs of any Credit Party or any Subsidiary, or compliance with the terms of this Agreement, as Administrative Agent or any Lender (through Administrative Agent) may reasonably request and (ii)

information and documentation reasonably requested by Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation.

(e) Cash Flow Forecast. No later than 60 days prior to the Maturity Date, (i) a cash flow forecast as of such date and (ii) if such cash flow forecast does not demonstrate, in a manner satisfactory to Administrative Agent in its reasonable discretion, that the Obligations will be paid in full on the scheduled maturity date thereof, a management plan, in form and substance acceptable to Agents in their reasonable discretion, which shall provide in reasonable detail Borrowers' sources of debt or equity financing permitted hereunder in an amount sufficient to pay in full the Obligations on or prior to the stated maturity date thereof, together with copies of documentation for legally binding commitments for such debt or equity financing, in form and substance acceptable to Administrative Agent in its discretion.

(f) Budget. No later than 30 days prior to the commencement of each fiscal year of Parent, the forecasted consolidated and consolidating financial projections for Parent and its Subsidiaries for such fiscal year (on a quarter-by-quarter basis) (including projected consolidated and consolidating income statements, balance sheets and Capital Expenditures on a quarter-by-quarter basis as of the end of such fiscal year, the related consolidated statements of projected cash flow and projected changes in financial position and a description of the underlying assumptions applicable thereto), in each case, prepared by management of the Credit Parties in good faith based upon assumptions believed by the Credit Parties to be reasonable at the time made, consistent in scope with the financial statements provided pursuant to Section 8.01(b), setting forth the principal assumptions on which such projections are based (such projections, together with the projections delivered as of the Closing Date pursuant to Section 5.01(g), collectively, the "***Budget***").

(g) Defaults; Litigation; Material Adverse Effect. As soon as possible and in any event within three Business Days after an Authorized Officer of any Credit Party or any of their respective Subsidiaries obtains knowledge thereof, notice from an Authorized Officer of Parent of (i) the occurrence of any event that constitutes a Default or an Event of Default, which notice shall specify the nature thereof, the period of existence thereof and what action the applicable Credit Parties propose to take with respect thereto, (ii) the commencement of any litigation, action, proceeding or labor controversy of the type and the materiality described in Section 7.04, and to the extent Administrative Agent requests, copies of all documentation related thereto, and (iii) the occurrence of any event that has had, or could reasonably be expected to result in, a Material Adverse Effect.

(h) Notices. The Credit Parties shall provide Administrative Agent with the following promptly (and in no event later than five Business Days after an Authorized Officer of any Credit Party becoming aware thereof, or, with respect to clause (v), after becoming publically available):

(i) notice of any pending or threatened (in writing) litigation, action, proceeding or other controversy which purports to affect the legality, validity or enforceability of any Credit Document, or any document or instrument referred to in Section 9.08, which notice shall be signed by an Authorized Officer of Parent and shall specify the nature thereof, and what actions the applicable Credit Parties propose to take with respect thereto, together with copies of all relevant documentation;

(ii) notice of the commencement of, or any material development in, any litigation, investigation (formal or informal), document request or proceeding affecting any Credit Party or any Subsidiary thereof, in which (A) the amount of damages claimed is $500,000 or more, (B) injunctive or similar relief is or may be sought and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect, (C) the relief sought is or may be an injunction or other stay of the

performance of this Agreement or any other Credit Document or (D) the SEC or any other Governmental Authority is involved;

(iii) notice of any pending or threatened (in writing) labor dispute, strike, walkout, or union organizing activity with respect to any employees of a Credit Party;

(iv) notice of (i) any material default or breach by any Credit Party or Subsidiary under any Material Contract or (ii) any termination or non-renewal of any Material Contract or the receipt by any Credit Party or Subsidiary of any written notice from the other party to any Material Contract of such party's intent to terminate or not renew such Material Contract;

(v) copies of all material periodic and other reports, proxy statements and other materials filed by any Credit Party with the SEC, the CSA or the OSC, or with any national securities exchange, or distributed by Parent to its shareholders generally, as the case may be;

(vi) notice of the discharge or withdrawal or resignation by the Credit Parties' independent accountants;

(vii) copies of all amendments, consent letters, waivers or modifications to a Credit Party's Organization Documents (to the extent permitted hereunder);

(viii) copies of all significant written final reports submitted to the Credit Parties by its accountants in connection with each annual, interim or special audit or review of any type of the financial statements or related internal control systems, including any final comment letters delivered to management and all responses thereto;

(ix) notice of the entering into of any Material Contract following the Closing Date, which notice shall include an updated Schedule 7.27(a) and, if such Material Contract is a Material Regulatory License, an updated Schedule 7.19;

(x) copies of all material written communications to and from applicable Governmental Authorities, including the Internal Revenue Service, the Environmental Protection Agency, and any other Governmental Authority regulating cannabis, regarding notice of enforcement proceedings, complaints, inspections and related matters addressed to any Borrower, any other Credit Party or any Subsidiary thereof or relating to any Regulatory License or any Credit Party or any Subsidiary;

(xi) copies of the results of any facility audit by any Governmental Authority to the extent such results are material and negative;

(xii) a copy of any warning document, letter or notice from any Governmental Authority that would have a material and negative impact on any Material Regulatory License or the ability of the Credit Parties to conduct all or any material portion of their business;

(xiii) copies of all material documents and information furnished to any Governmental Authority in connection with any investigation of any Credit Party other than (A) routine inquiries by such Governmental Authority, (B) to the extent prohibited by Applicable Law or written request of any Governmental Authority having authority over such Credit Party, or (C) to the extent such documents and information are subject to attorney-client or similar privilege;

(xiv) notice of receipt of any rejection or non-renewal of (A) a Material Regulatory License or (B) any other Regulatory License, if such rejection or non-renewal of such other Regulatory License could reasonably be expected to have a Material Adverse Effect;

(xv) copies of any material notices that any Credit Party receives or delivers in connection with any leased real property; and

(xvi) notice of any written notice of default under an agreement evidencing Indebtedness owed to or from a Credit Party having a principal or stated amount, individually or in the aggregate, in excess of $500,000.

(i) Management Letters. Promptly upon, and in any event within five Business Days after receipt thereof, copies of all final "management letters" submitted to any Credit Party by the independent public accountants referred to in Section 8.01(b) in connection with each audit made by such accountants.

(j) Bankruptcy, Etc. Immediately upon becoming aware thereof, notice (whether involuntary or voluntary) of the bankruptcy, insolvency, examinership, reorganization of any Credit Party, or the appointment of any trustee, assignee, receiver or similar estate fiduciary in connection with or anticipation of any such occurrence, or the taking of any step by any Person in furtherance of any such action or occurrence.

(k) Corporate Information. Promptly upon, and in any event within five Business Days after, becoming aware of any additional corporate or limited liability company information of the type delivered pursuant to Section 5.01(d), or of any change to such information delivered on or prior to the Closing Date or pursuant to this Section 8.01 or otherwise under the Credit Documents, a certificate, certified to the extent of any change from a prior certification, from an Authorized Officer of such Credit Party notifying Administrative Agent of such information or change and attaching thereto any relevant documentation in connection therewith.

(l) Other Information. With reasonable promptness, such other information (financial or otherwise) that is reasonably related to the Credit Documents, the transactions contemplated thereby or the administration thereof as any Agent on its own behalf or at the request of any Lender may reasonably request in writing from time to time.

The documents required to be delivered pursuant to Section 8.01(a), 8.01(b), or 8.01(h)(v) shall be deemed delivered as of the date Parent notifies Administrative Agent of the public filing of such documents with EDGAR, SEDAR or the CSE. Other than each notice to be provided pursuant to the immediately preceding sentence, any notices required to be provided to Administrative Agent or Lenders pursuant to this Section 8.01 shall be deemed provided as of the date Parent notifies Administrative Agent of the public filing of such documents with EDGAR, SEDAR or the CSE.

Books, Records and Inspections

. The Credit Parties will, and will cause each of their respective Subsidiaries to, maintain proper books of record and account, in which entries that are full, true and correct in all material respects and are in conformity with Applicable Accounting Standards (subject to normal year-end adjustments pursuant to the audit required under Section 8.01(b)) consistently applied shall be made of all material financial transactions and matters involving the assets and business of the Credit Parties or such Subsidiary, as the case may be. The Credit Parties will, and will cause each of their respective Subsidiaries to, permit Administrative Agent and its representatives and independent contractors to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof at, unless an Event of Default has occurred and is continuing, the location

of the requested information or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Credit Parties; provided that such visits or inspections shall be at reasonable times during normal business hours, upon reasonable advance notice to the Credit Parties, but not more often than two times per year (except that none of the limitations in this proviso shall apply if an Event of Default then exists). Any information obtained by Administrative Agent pursuant to this Section 8.02 may be shared with Collateral Agent or any Lender upon the request of such Secured Party. Administrative Agent shall give the Credit Parties the opportunity to participate in any discussions with the Credit Parties' directors, officers and independent public accountants.

Maintenance of Insurance

. The Credit Parties will, and will cause each of their respective Subsidiaries to, at all times maintain in full force and effect, with insurance companies that the Credit Parties believe (in their reasonable business judgment) are financially sound and reputable at the time the relevant coverage is placed or renewed, insurance in at least such amounts and against at least such risks (and with such risk retentions) as are usually insured against in the same general area by companies engaged in businesses similar to those engaged in by the Credit Parties; and will furnish to Collateral Agent for further delivery to the Lenders, upon written request from Collateral Agent, information presented in reasonable detail as to the insurance so carried, including (i) endorsements to (A) all "All Risk" policies naming Collateral Agent, on behalf of the Secured Parties, as lender loss payee and (B) all general liability and other liability policies naming Collateral Agent, on behalf of the Secured Parties, as additional insured and (ii) legends providing that no cancellation, material reduction in amount or material change in insurance coverage thereof shall be effective until at least 30 days (10 days with respect to failure to pay premium) after receipt by Collateral Agent of written notice thereof.

Payment of Taxes

. The Credit Parties will timely pay and discharge, and will cause each of their respective Subsidiaries to timely pay and discharge, all Taxes, assessments and governmental charges or levies imposed upon them or upon their income or profits, or upon any properties belonging to it, prior to the date on which such Tax, assessment or governmental charge is delinquent, and all lawful claims that, if unpaid, could reasonably be expected to become a Lien having priority over Collateral Agent's Liens (other than Permitted Liens) or an otherwise material Lien upon any properties of the Credit Parties or any of their respective Subsidiaries; provided that none of the Credit Parties or any of their respective Subsidiaries shall be required to pay any such Tax, assessment, charge, levy or claim that is being contested in good faith and by proper proceedings that stays execution and as to which such Credit Party has maintained adequate reserves with respect thereto in accordance with Applicable Accounting Standards.

Maintenance of Existence; Compliance with Laws, Etc

. Each Credit Party will, and will cause its Subsidiaries to, (a) preserve and maintain in full force and effect its organizational existence (except in a transaction permitted by Section 9.03), (b) preserve and maintain its good standing under the laws of its state or jurisdiction of incorporation, organization or formation, and each state or other jurisdiction where such Person is qualified, or is required to be so qualified, to do business as a foreign entity or extra provincial corporation (as applicable), except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect, and (c) comply in all material respects with all Applicable Laws, including compliance with safety regulations applicable to any Borrower or any of its Subsidiaries.

SECTION 8.06 Environmental Compliance.

(a) Each Credit Party will, and will cause its Subsidiaries to, comply in all material respects with all Environmental Laws and Environmental Permits applicable to their business, operations and Real Property; obtain and maintain in full force and effect all material Environmental Permits

applicable to its business, operations and Real Property; and conduct all response, investigation, remediation, cleanup or monitoring activity required by any Governmental Authority or any applicable Environmental Laws, and in accordance with, the requirements of any Governmental Authority and applicable Environmental Laws in all material respects.

(b) Each Credit Party will, and will cause its Subsidiaries to, do or cause to be done all things required by Environmental Laws to prevent any Release of Hazardous Materials in, on, at, under, to or from any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries except in full compliance with applicable Environmental Laws or an Environmental Permit, and ensure that there shall be no Hazardous Materials in, on, at, under or from any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries except those that are present, used, stored, handled and managed in material compliance with applicable Environmental Laws.

(c) Each Credit Party will, and will cause its Subsidiaries to, undertake all actions, including response, investigation, remediation, cleanup or monitoring actions, necessary, at the sole cost and expense of the Credit Parties: (i) to address any Release of Hazardous Materials in, on, at, under, to or from any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries as required pursuant to Environmental Law; (ii) to address as may be required by Environmental Law any environmental conditions relating to any Credit Party, Subsidiary, or their respective business or operations or to any Real Property of any of the Credit Parties or their Subsidiaries; (iii) to keep any Real Property of any of the Credit Parties or their Subsidiaries free and clear of all Liens and other encumbrances pursuant to any Environmental Law; and (iv) to promptly notify Administrative Agent in writing of: (1) any material Release or threatened Release of Hazardous Materials in, on, at, under, to, or from any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries, except those that are pursuant to and in compliance with the terms and conditions of Environmental Law or an Environmental Permit, (2) any material non-compliance with, or violation of, any Environmental Law applicable to any Credit Party or Subsidiary, any Credit Party's or Subsidiary's business and any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries, (3) any Lien pursuant to Environmental Law imposed on any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries, (4) any response, investigation, remediation, cleanup or monitoring activity at any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries required to be undertaken pursuant to Environmental Law, and (5) any written notice or other written communication received by any Credit Party from any person or Governmental Authority relating to any material Environmental Claim against any Credit Party or Subsidiary pursuant to any Environmental Law.

(d) If a Default caused by reason of a breach of Section 7.14 or this Section 8.06 shall have occurred and is not reasonably curable within 30 days or shall be continuing for more than 30 days without the Credit Parties commencing activities reasonably likely to cure such Default, the Credit Parties shall, at the written request of Administrative Agent, (i) provide to Administrative Agent within 45 days after such request, at the expense of the Credit Parties, an environmental assessment report regarding the matters which are the subject of such Default, including, where appropriate, any soil or groundwater sampling, prepared by a nationally recognized environmental consulting firm reasonably acceptable to Administrative Agent and in the form and substance reasonably acceptable to Administrative Agent and evaluating the presence or absence of Hazardous Materials and the estimated cost of any compliance or response action to address such Default and findings; (ii) promptly undertake all actions required by applicable Environmental Law to address any non-compliance with or violation of Environmental Law; (iii) promptly undertake all response actions required by Environmental Laws to address any recognized environmental conditions identified in the environmental assessment report to the reasonable satisfaction of Administrative Agent; and (iv) permit Administrative Agent and its representatives to have access to all Real Property and all facilities owned, leased or operated by any of the Credit Parties and their Subsidiaries which are the subject of such Default for the purpose of conducting such environmental audits and testing

as is reasonably necessary, including subsurface sampling of soil and groundwater, the cost for which shall be payable by the Credit Parties.

Maintenance of Properties

. Each Credit Party will, and will cause its Subsidiaries to, maintain, preserve, protect and keep its properties and assets in good repair, working order and condition (ordinary wear and tear excepted and subject to casualty, condemnation and dispositions permitted pursuant to Section 9.04), and make necessary repairs, renewals and replacements thereto and will maintain and renew as necessary all licenses, Permits (including the Regulatory Licenses) and other clearances necessary to use and occupy such properties and assets, in each case so that the business carried on by such Person may be properly conducted at all times, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect. Each Credit Party will, and will cause its Subsidiaries to, timely pay any and all installment payments or other amounts due under the Land Contracts.

End of Fiscal Years; Fiscal Quarters

. The Credit Parties will, for financial reporting purposes, cause (a) each of their, and each of their Subsidiaries' fiscal years to end on December 31 of each year and (b) each of their, and each of their Subsidiaries', fiscal quarters to end on dates consistent with such fiscal year-end and Borrowers' past practice.

Additional Credit Parties

. Any Subsidiary (other than an Excluded Subsidiary) that is not a Credit Party on the Closing Date, and any direct or indirect Subsidiary formed or acquired after the Closing Date (including by division of any existing limited liability company pursuant to a "plan of division" under the Delaware Limited Liability Company Act), shall be subject to the following requirements:

(a) within five Business Days of such event, the Credit Parties will cause to be delivered to Administrative Agent each of the following, as applicable, in each case reasonably acceptable to Administrative Agent and, as applicable, duly executed by the parties thereto: (i) a Credit Agreement Joinder pursuant to which such Subsidiary shall become, as elected by Administrative Agent and Required Lenders, a Borrower or a Guarantor, together with other Credit Documents requested by Administrative Agent, including all Security Documents and other documents requested by Administrative Agent to establish and preserve the Lien of Collateral Agent in all assets of such Subsidiary of the type included in the Collateral; (ii) UCC financing statements, PPSA financing statements, Documents (as defined in the UCC), Documents of Title (as defined in the PPSA) and original collateral (including pledged Capital Stock, other securities and Instruments (as defined in the UCC or the PPSA, as applicable)) and such other documents and agreements as may be reasonably requested by Administrative Agent, all as necessary or desirable to establish and maintain a valid, perfected Lien in all assets of the type included in the Collateral in which such Subsidiary has an interest; (iii) an opinion of counsel to such Subsidiary addressed to Administrative Agent and the Lenders, in form and substance reasonably acceptable to Administrative Agent; (iv) current copies of the Organization Documents of such Subsidiary, resolutions of the board, other governing body thereof, or appropriate committees thereof (and, if required by such Organization Documents or applicable law, of the shareholders, members or partners) of such Person authorizing the actions and the execution and delivery of documents described in this Section 8.09, all certified by an Authorized Officer of such Subsidiary. In addition to the foregoing, the Credit Parties will promptly pledge to Collateral Agent, for the benefit of the Secured Parties, (i) all the Capital Stock of each Subsidiary held by a Credit Party; and (ii) any promissory notes executed after the Closing Date evidencing Indebtedness owing to any Credit Party in an amount which exceeds $100,000 individually or $250,000 in the aggregate; and

(b) the Credit Parties and each Subsidiary shall otherwise comply with Section 8.11.

Use of Proceeds

. The proceeds of the Loans shall be used (a) to fund certain Permitted Acquisitions and the reasonable costs and expenses incurred in connection therewith, (b) to pay the transaction fees, costs and expenses incurred directly in connection with the Transactions and (c) for general working capital purposes, in each case, to the extent consistent with the terms of the Credit Documents and Applicable Law.

Further Assurances

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(a) The Credit Parties will execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, financing change statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any Applicable Law, or which Collateral Agent may reasonably request, in order to grant, preserve, protect and perfect the validity, enforceability, priority and non-avoidability of the security interests created or intended to be created by any Credit Document, all at the sole cost and expense of Borrowers.

(b) If any Credit Party acquires any fee simple interest in Real Property with a fair market value in excess of $50,000, Borrowers will notify Collateral Agent and the Lenders thereof promptly (and in any event within five Business Days) and will cause such assets to be subjected to a Lien securing the applicable Obligations and will take, and cause the other Credit Parties to take, such actions as shall be necessary or reasonably requested by Collateral Agent to grant or perfect such Liens consistent with the applicable requirements of the Security Documents, including actions described in Section 8.11(a), all at the sole cost and expense of Borrowers; provided that in the case of leasehold interests, no Mortgage shall be required except to the extent requested by Administrative Agent in its reasonable discretion. Any Mortgage delivered to Collateral Agent in accordance with the preceding sentence shall be furnished to Collateral Agent within 45 days of the acquisition of such Real Property accompanied by (i) a policy or policies (or unconditional binding commitment thereof) of title insurance issued by a nationally recognized title insurance company insuring the Lien of such Mortgage as a valid Lien (with the priority described therein) on the Real Property described therein, free of any other Liens except as expressly permitted by Section 9.02, together with such endorsements and reinsurance as Collateral Agent may reasonably request, (ii) a current ALTA survey of such Real Property, satisfactory in form and substance to Collateral Agent and the title insurance company issuing the title policies (or unconditional binding commitments thereof) referenced in clause (i) above, which is prepared by a licensed surveyor satisfactory to Collateral Agent, (iii) a flood zone determination issued by a national certification agency to Collateral Agent indicating the flood zone for each Real Property, together with evidence that the mortgagee under such Mortgage carries flood insurance reasonably satisfactory to Collateral Agent if such Real Property is located in a special flood hazard area, (iv) a zoning report and environmental site assessment reflecting such Real Property's compliance with Applicable Law and (v) an opinion of local counsel to the applicable Credit Party(ies) in form and substance reasonably satisfactory to Collateral Agent .

(c) Notwithstanding anything herein to the contrary, if Collateral Agent determines that the cost of creating or perfecting any Lien on any property is excessive in relation to the practical benefits afforded to the Lenders thereby, then such property may be excluded from the Collateral for all purposes of the Credit Documents.

Collateral Access Agreements

. The Credit Parties shall obtain a Collateral Access Agreement for each leased location to the extent required by any Security Agreement.

SECTION 8.13 Bank Accounts.

(a) Subject to Section 8.20, the Credit Parties shall establish and deliver to Collateral Agent a Control Agreement with respect to each of their respective securities accounts, deposit accounts and investment property, each of which is set forth on Schedule 7.25, other than those accounts which are Excluded Accounts. The Credit Parties shall not allow any Collections to be deposited to any accounts other than those listed on Schedule 7.25 which are subject to a Control Agreement (to the extent such Control Agreement has been put in place upon the request of Collateral Agent as set forth above); provided that so long as no Event of Default has occurred and is continuing, the Credit Parties may establish new deposit accounts, commodities accounts or securities accounts so long as, prior to or concurrently with the time such account is established: (i) the Credit Parties have delivered to Agents an amended Schedule 7.25 including such account and (ii) the Credit Parties have delivered to Collateral Agent a form of Control Agreement with respect to such account to the extent such account is not an Excluded Account, which Control Agreement shall be executed within seven days of opening such account.

(b) Each Control Agreement shall provide, among other things, that upon notice (a " ***Notice of Control***") from Collateral Agent, the bank, securities intermediary or other financial institution party thereto will comply with instructions of Collateral Agent directing the disposition of funds or other financial assets in the account without further consent by the applicable Credit Party; provided that Collateral Agent agrees not to issue a Notice of Control unless an Event of Default has occurred and is then continuing. In the event Collateral Agent issues a Notice of Control under any Control Agreement, all Collections or other amounts subject to such Control Agreement and all Collections or other amounts in the Alterna Accounts shall be transferred as directed by Collateral Agent and used to pay the Obligations in the manner set forth in Section 4.02(d).

(c) If, notwithstanding the provisions of this Section 8.13, after the occurrence and during the continuance of an Event of Default, the Credit Parties receive or otherwise have dominion over or control of any Collections or other amounts, the Credit Parties shall hold such Collections and amounts in trust for Collateral Agent and shall not commingle such Collections with any other funds of any Credit Party or other Person or deposit such Collections in any account other than those accounts set forth on Schedule 7.25.

(d) Within three Business Days after written request by Administrative Agent, the Credit Parties shall provide Collateral Agent with copies of all monthly (or other, periodic) bank (or other financial intermediary) statements of account with respect to all securities accounts, deposit accounts and investment property of the Credit Parties.

SECTION 8.14 Sanctions; Anti-Corruption Laws.

(a) No Credit Party shall (or shall permit any Subsidiary to) directly or indirectly, use any Loan or the proceeds of any Loan, or lend, contribute or otherwise make available such Loan or the proceeds of any Loan to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender, Agent, Arranger or otherwise) of Sanctions.

(b) No Credit Party shall (or shall permit any Subsidiary to) directly or indirectly, use any Loan or the proceeds of any Loan for any purpose which would breach any Anti-Corruption Law.

Regulatory Matters

. The Credit Parties shall ensure that all Material Regulatory Licenses remain in full force and effect in all material respects.

SECTION 8.16 Annual Lender Meeting. Borrowers will participate in a meeting of the Lenders as frequently as may be reasonably required by Administrative Agent or Required Lenders but at least once each year and no more than once each month unless an Event of Default has occurred and is continuing, to be held via teleconference or in person at a time selected by Administrative Agent and reasonably acceptable to the Lenders and Parent. The purpose of this meeting shall be to present the Credit Parties' previous fiscal years' financial results and to present the Budget for the current fiscal year.

SECTION 8.17 Licensing Contracts. The Credit Parties will (a) preserve and maintain in full force and effect each of the Licensing Contracts, (b) comply in all material respects with each of their respective rights, duties and obligations under each of the Licensing Contracts, in each case, so that the business carried on by the parties to such Licensing Contracts may be properly conducted in accordance with Applicable Law at all times and (c) cause any Affiliate thereof which becomes a Licensing Entity to execute and deliver to Collateral Agent a Collateral Assignment of Licensing Contract with such Credit Party.

SECTION 8.18 Lien Releases. Prior to the commencement of any construction, improvement or related activity on any Real Property after the date the Mortgage on such Real Property has been recorded, the Credit Parties shall obtain a Lien release or subordination of Lien, in form and substance satisfactory to Collateral Agent, from each contractor, mechanic, materialman, laborer or other Person involved with the construction, build-out and equipping of any Real Property that also provided work, supplies or services, or has an Affiliate that provided work, supplies or services, on such Real Property prior to the date the Mortgage on such Real Property was recorded.

SECTION 8.19 Sales-Tracking Software. Upon the occurrence and during the continuance of an Event of Default, the Credit Parties shall grant to Administrative Agent view access with respect to their Sales Tracking Software.

SECTION 8.20 Canadian Securities Law Matters. Prior to the consummation of the TerrAscend Transaction, Parent shall (a) maintain the listing and posting for trading of its subordinate voting shares on the CSE unless such Capital Stock is listed and posting for trading on the New York Stock Exchange or Nasdaq, in which case it shall maintain such listing and posting on such exchange, and (b) maintain its status as a "reporting issuer", or, if Parent's Capital Stock is listed and posting for trading on the New York Stock Exchange or Nasdaq, the equivalent thereof in the United States, and, in each case not in default (beyond any notice and cure period) of the requirements of the Applicable Securities Legislation in the Reporting Jurisdictions.

SECTION 8.21 TerrAscend Transaction. In connection with the TerrAscend Transaction and subject to the consummation of the sale of at least 68.74% of the Capital Stock of the Cookies Subsidiaries as contemplated by the TerrAscend Transaction Documents: (a) at Borrowers' expense, Collateral Agent shall (i) release (A) the Cookies Subsidiaries as Borrowers and Guarantors hereunder and under the other Credit Documents and (B) its security interests, for the benefit of the Secured Parties, in the Collateral granted to it by the Cookies Subsidiaries under the Security Documents, and (C) its security interests, for the benefit of the Secured Parties, in that portion of the Capital Stock of the Cookies Subsidiaries being divested by Cookies in connection with the TerrAscend Transaction, as granted to Collateral Agent by Cookies under the Security Documents, and (ii) execute and deliver to the applicable Credit Party such documents as such Credit Party may reasonably request to evidence the releases described in clause (i) above, in each case in accordance with the terms of the Credit Documents; (b) at Borrowers' expense, Borrowers shall deliver to Collateral Agent an amendment to the Canadian Security Agreement, or another Security Document in form and substance reasonably satisfactory to Collateral Agent, ensuring that Collateral Agent shall retain a pledge of all Capital Stock and all related assets of the Cookies Subsidiaries owned by a Credit Party; and (c) Borrowers shall cause each Cookies Subsidiary, or any successor thereto or any TerrAscend Affiliate which, in each case, becomes a Licensing Entity, to execute and deliver to

Collateral Agent a Collateral Assignment of Licensing Contract with the applicable Credit Party. Before or concurrently with the consummation of with the TerrAscend Transaction, Parent shall cause each of the Debentures to be repaid in full and all of Parent's obligations thereunder to be terminated to the extent not previously repaid and terminated.

SECTION 8.22 Post-Closing Matters.

(a) On or before January 18, 2022 (or such later date to which Administrative Agent agrees in its discretion), the Credit Parties shall deliver the following to Agents, in form and substance satisfactory to Agents:

(i) a duly-executed Control Agreement for each of the deposit accounts and securities accounts of the Credit Parties (other than Excluded Accounts);

(ii) insurance endorsements naming Collateral Agent as lender loss payee or additional insured, as the case may be, with respect to each Credit Party's insurance policies;

(iii) the results of a search of the UCC filings, PPSA registrations or equivalent filings, as applicable, made with respect to each counterparty to a transaction disclosed in Section 1(g) of the Information Certificate dated as of the Closing Date, together with copies of the financing statements, PPSA registrations and other filings (or similar documents) disclosed by such searches, and accompanied by evidence satisfactory to Collateral Agent that the Liens indicated in any such financing statements, PPSA registrations and other filings (or similar documents) are Permitted Liens;

(iv) duly executed and delivered counterparts of Collateral Access Agreements from each lessor, mortgagee, warehouse operator, bailee, processor or other third party (excluding the Koach Landlords and the landlord for the U.S. Credit Parties' chief executive office located at 888 W. Big Beaver Rd., Suite 870, Troy, Michigan 48048) that may have a Lien upon any Collateral that is in such third party's possession or is located or leased by such party to a Credit Party, to the extent required by Administrative Agent; and

(v) duly executed and delivered counterparts of Collateral Assignments of Lease with respect to each leased location of the Credit Parties where Collateral valued in excess of $500,000 is stored or held (other than the locations leased from the Koach Landlords and the U.S. Credit Parties' chief executive office located at 888 W. Big Beaver Rd., Suite 870, Troy, Michigan 48048), to the extent required by Administrative Agent.

(b) On or before January 18, 2022 (or such later date to which Administrative Agent agrees in its discretion), the Credit Parties shall deliver the following to Agents, in form and substance satisfactory to Agents, with respect to each parcel of the Michigan Real Property:

(i) a mortgagee's title insurance policy with respect to each Mortgage and Assignment of Leases and Rents, in form and substance satisfactory to Agents;

(ii) an ALTA survey prepared by a surveyor reasonably acceptable to Collateral Agent and certified to Collateral Agent and the issuer of the title insurance policy in a manner reasonably satisfactory to Collateral Agent; and

(iii) a zoning report and environmental site assessment reflecting such Michigan Real Property's compliance with Applicable Law.

(c) On or before December 20, 2021 (or such later date to which Administrative Agent agrees in its discretion), the Credit Parties shall deliver to Agents, in form and substance satisfactory to Agents, evidence of the closure of all credit cards issued by Alterna to the Credit Parties and the discharge of all UCC financing statement filings or PPSA registrations with respect thereto, including, without limitation, the discharge of the following PPSA registration against Parent (formerly known as Wolverine Partners Corp.):

Secured Party	**Debtor**	**Jurisdiction**	**Registration No**
Alterna Savings and Credit Union Ltd.	Wolverine Partners Corp.	Ontario	753855426 20190729 1649 1626 8056

ARTICLE IX
Negative Covenants

The Credit Parties hereby covenant and agree that until the Loans, together with interest, fees and all other Obligations incurred hereunder (other than Unasserted Contingent Obligations) are paid in full in accordance with the terms of this Agreement, subject to Section 13.01:

Limitation on Indebtedness

. Each Credit Party will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee, suffer to exist or otherwise become directly or indirectly liable, contingently or otherwise with respect to any Indebtedness, except for:

(a) Indebtedness in respect of the Obligations;

(b) Indebtedness existing as of the Closing Date which is identified on Schedule 7.24 and which is not otherwise permitted by this Section 9.01, and any Refinancing Indebtedness in respect of such Indebtedness;

(c) unsecured Indebtedness (i) incurred in the ordinary course of business of such Credit Party and its Subsidiaries in respect of open accounts extended by suppliers on normal trade terms in connection with purchases of goods and services which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with Applicable Accounting Standards have been established on the books of such Credit Party and (ii) in respect of performance, surety or appeal bonds provided in the ordinary course of business and consistent with past practice, but excluding (in each case) Indebtedness incurred through the borrowing of money or Contingent Liabilities in respect thereof;

(d) [intentionally omitted];

(e) Indebtedness (i) evidencing the deferred purchase price of newly acquired property or incurred to finance the acquisition of equipment of such Credit Party and its Subsidiaries (pursuant to purchase money mortgages or otherwise, whether owed to the seller or a third party) used in the ordinary course of business of such Credit Party and its Subsidiaries (provided that such Indebtedness is incurred within 60 days of the acquisition of such property), and (ii) constituting Capitalized Lease Obligations; provided that the principal amount of such Indebtedness under clauses (i) and (ii) shall not exceed the aggregate principal amount permitted in the definition of Permitted Capital Lease Debt;

(f) Contingent Liabilities of any Credit Party in respect of Indebtedness otherwise permitted hereunder of any Credit Party (other than Indebtedness described in clause (l)(ii) below);

(g) non-recourse Indebtedness incurred by any Borrower or any Subsidiary to finance the payment of insurance premiums;

(h) intercompany Indebtedness (i) between any Credit Parties, so long as such Indebtedness is evidenced by a note which is pledged to Collateral Agent and is subject to a subordination agreement (or evidenced by a note which includes subordination terms) in form and substance satisfactory to Collateral Agent, (ii) by any Credit Party owing to any Subsidiary that is not a Credit Party, so long as such Indebtedness is subject to a subordination agreement (or evidenced by a note which includes subordination terms) in form and substance satisfactory to Collateral Agent, (iii) between any Subsidiaries that are not Credit Parties, and (iv) by any Subsidiary that is not a Credit Party owing to any Credit Party in an aggregate amount not to exceed, when combined with the aggregate amount of Investments made pursuant to Section 9.05(d), $100,000;

(i) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(j) Indebtedness in respect of netting services, overdraft protection and otherwise in connection with deposit accounts or similar accounts incurred in the ordinary course of business;

(k) Indebtedness owed to any Person providing worker's compensation, health, disability or other employee benefits or property, casualty or liability insurance to any Borrower or any Subsidiary incurred in connection with such Person providing such benefits or insurance pursuant to customary reimbursement or indemnification obligations to such Person, in each case, in the ordinary course of business;

(l) Indebtedness in respect of surety bonds, performance bonds and similar instruments issued in the ordinary course of business in an aggregate amount not to exceed (i) $100,000 in respect of each such surety bond, performance bond and similar instrument or (ii) $250,000 in respect of all such surety bonds, performance bonds and similar instruments in the aggregate;

(m) Indebtedness of any Credit Party to the extent constituting an Investment permitted by Section 9.05(g);

(n) Indebtedness relating to judgments, including appeal bonds, or awards not constituting an Event of Default under Section 10.01(g); and

(o) Indebtedness incurred in connection with a Permitted Acquisition consisting of seller notes, seller land contracts, or other deferred purchase price for the property acquired or to-be-acquired in such Permitted Acquisition in an amount not to exceed (i) with respect to a Permitted Acquisition permitted pursuant to clause (II) of the definition of "Permitted Acquisitions", $28,600,000 in the aggregate, and (ii) for all other Permitted Acquisitions, $500,000 in the aggregate.

Limitation on Liens

. Each Credit Party will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien upon any property or assets of any kind (real or personal, tangible or intangible) of any such Person (including its Capital Stock), whether now owned or hereafter acquired, except for the following (collectively, the "***Permitted Liens***"):

(a) Liens securing payment of the Obligations;

(b) Liens existing as of the Closing Date and disclosed in Schedule 9.02 securing Indebtedness permitted under Section 9.01(b) and replacement Liens securing Refinancing Indebtedness

permitted under Section 9.01(b); provided that no such Lien shall encumber any additional property and the amount of Indebtedness secured by such Lien shall not be increased or its term extended from that existing on the Closing Date (as such Indebtedness may be permanently reduced subsequent to the Closing Date) except to the extent permitted by Section 9.01(b);

(c) Liens securing Indebtedness of the type permitted under Section 9.01(e); provided that (i) such Lien is granted within 60 days after such Indebtedness is incurred, (ii) the Indebtedness secured thereby does not exceed the lesser of the cost and the fair market value of the applicable property, improvements or equipment at the time of such acquisition (or construction) and (iii) such Lien secures only the assets that are the subject of the Indebtedness referred to in Section 9.01(e) and the proceeds thereof;

(d) Liens arising by operation of law in favor of carriers, warehousemen, mechanics, materialmen and landlords incurred in the ordinary course of business for amounts not yet overdue or being diligently contested in good faith by appropriate proceedings that stay execution of such Lien and for which adequate reserves in accordance with Applicable Accounting Standards shall have been established on its books;

(e) Liens incurred or pledges or deposits made in the ordinary course of business in connection with worker's compensation, employment insurance, unemployment insurance, workplace safety insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, leases or other similar obligations (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety, appeal or performance bonds;

(f) judgment Liens in existence for less than 60 days after the entry thereof, or with respect to which execution has been bonded, stayed or the payment of which is covered in full by insurance, and which judgment Liens do not otherwise result in an Event of Default under Section 10.01(g);

(g) easements, rights-of-way, servitudes, zoning restrictions, minor defects or irregularities in title and other similar encumbrances not, in each case, interfering in any material respect with the value or use of the property to which such Lien is attached;

(h) Liens for Taxes, assessments or other governmental charges or levies (excluding any Lien imposed pursuant to the provisions of ERISA) not yet due and payable, or that are being diligently contested in good faith by appropriate proceedings that stays execution and for which adequate reserves in accordance with Applicable Accounting Standards shall have been established on its books;

(i) Liens arising in the ordinary course of business by virtue of any contractual, statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies covering deposit accounts or securities accounts (including funds or other assets credited thereto) or other funds maintained with a depository institution or securities intermediary, so long as the applicable provisions of Section 8.13 have been complied with in respect of such deposit accounts and securities accounts;

(j) any interest or title of a lessor, licensor or sublessor under any lease, license or sublease (and precautionary UCC filings or PPSA registrations with respect thereto) entered into by any such Credit Party or Subsidiary in the ordinary course of its business and covering only the assets so leased, licensed or subleased;

(k) Liens solely on any cash earnest money deposits made by such Person in connection with any letter of intent or purchase agreement permitted hereunder;

(l) Liens of sellers of goods to such Person arising under Article II of the Uniform Commercial Code or similar provisions of Applicable Law in the ordinary course of business, covering only the goods sold or securing only the unpaid purchase price of such goods and related expenses to the extent such Indebtedness is permitted hereunder;

(m) Liens on insurance policies and the proceeds thereof securing the financing of premiums with respect thereto to the extent such financing is permitted under Section 9.01(g);

(n) Liens (including the right of set-off) in favor of a bank or other depository institution arising as a matter of law encumbering deposits so long as the applicable provisions of Section 8.13 have been complied with;

(o) Canadian Statutory Liens;

(p) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds, letters of credit and other obligations of a like nature, in each case in the ordinary course of business; and

(q) (i) Liens on Real Property acquired in a Permitted Acquisition securing Indebtedness of the type permitted under Section 9.01(o)(i) incurred in connection with such Permitted Acquisition; provided that (v) such Lien is granted at the time such Indebtedness is incurred, (w) the Indebtedness secured thereby does not exceed the lesser of the cost and the fair market value of the applicable Real Property at the time of such acquisition, (x) such Lien secures only the Real Property so acquired in such Permitted Acquisition that is the subject of the Indebtedness referred to in Section 9.01(o) and the proceeds thereof, (y) notwithstanding the existence of such Lien and unless the Administrative Agent otherwise consents in writing, the applicable Credit Party provides a second-lien Mortgage and the other items described in Section 8.11 with respect to such Real Property, and (z) unless the Administrative Agent otherwise consents in writing, the applicable Credit Party shall cause the transaction documents governing such Permitted Acquisition to provide Agents and Lenders with the option to purchase the Indebtedness secured thereby at par value, plus any accrued interest if an event of default has occurred under such applicable transaction documents; and (ii) Liens on Real Property acquired in a Permitted Acquisition securing Indebtedness of the type permitted under Section 9.01(o)(ii) incurred in connection with such Permitted Acquisition if consented to by the Administrative Agent in writing.

Notwithstanding anything to the contrary set forth in this Section 9.02, in no event shall any Credit Party create, incur, assume or suffer to exist any Lien (other than Canadian Statutory Liens and Liens in favor of Collateral Agent pursuant to the Credit Documents) upon the rights of any Credit Party or Subsidiary under any Material Contract or any accounts receivable, Collections or proceeds arising thereunder or with respect thereto.

Consolidation, Merger, Etc

. Each Credit Party will not, and will not permit any of its Subsidiaries to, liquidate or dissolve, consolidate with, amalgamate with or into, or merge into or with, any other Person or purchase or otherwise acquire all or substantially all of the assets of any Person (or any division thereof); provided that (a) any Credit Party or Subsidiary of any Credit Party may liquidate or dissolve voluntarily into, and may merge or amalgamate with and into, any Borrower (so long as such Borrower is the surviving entity), (b) any Guarantor may liquidate or dissolve voluntarily into, and may merge or amalgamate with and into any other Guarantor organized under the laws of the same jurisdiction, (c) the assets or Capital Stock of any Credit Party (other than Parent) may be purchased or otherwise acquired by any Borrower, (d) the Capital Stock of Parent and the Cookies Subsidiaries may be purchased or otherwise acquired pursuant to the TerrAscend Transaction, (e) Parent may enter into the amalgamation

with a TerrAscend Affiliate as contemplated in the TerrAscend Transaction Documents and (f) the assets or Capital Stock of any Guarantor may be purchased or otherwise acquired by any other Credit Party.

Permitted Dispositions

. Each Credit Party will not, and will not permit any of its Subsidiaries to, make a Disposition, or enter into any agreement to make a Disposition, of such Credit Party's or such other Person's assets (including accounts receivable and Capital Stock of Subsidiaries) to any Person in one transaction or a series of related transactions unless such Disposition:

(a) is in the ordinary course of its business and is of obsolete, surplus or worn out property or property no longer used in its business;

(b) is made as a consequence of any loss, damage, distribution or other casualty or any condemnation or taking of such assets by eminent domain proceedings, provided that the Net Cash Proceeds thereof are applied in accordance with this Agreement;

(c) is for fair market value and the following conditions are met:

(i) the aggregate amount of Dispositions during any fiscal year shall not exceed $500,000 and the amount of any single Disposition shall not exceed $500,000;

(ii) immediately prior to and immediately after giving effect to such Disposition, no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(iii) Borrowers apply any Net Cash Proceeds arising therefrom pursuant to Section 4.02(a)(ii); and

(iv) no less than 80.00% of the consideration received for such sale, transfer, lease, contribution or conveyance is received in cash;

(d) is a sale of Inventory (as defined in the UCC) in the ordinary course of business;

(e) is a sale or disposition of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment, or the proceeds of such Dispositions are reasonably promptly applied to the purchase price of similar replacement equipment, all in the ordinary course of business in accordance with Section 4.02(a)(ii);

(f) is an abandonment, failure to renew, or other disposition in the ordinary course of business of any intellectual property that is not material to the conduct of the business of any Credit Party or any Subsidiary of such Credit Party;

(g) is otherwise permitted by Section 9.03, 9.05(d) or 9.05(h);

(h) is by (i) any Credit Party or Subsidiary thereof to Parent, (ii) any Subsidiary of a Credit Party (other than a Borrower) to any Credit Party or (iii) any Credit Party to another Credit Party;

(i) consists of the granting of Permitted Liens;

(j) consists of a Disposition of cash or Cash Equivalents;

(k) is a sale or discount of accounts receivable arising in the ordinary course of business in connection with the collection thereof;

(l) consists of the leasing or licensing (pursuant to leases or licenses entered into in the ordinary course of business) of real or personal property in the ordinary course of business;

(m) [intentionally omitted];

(n) is a disposition of Real Property to a Governmental Authority that results from a condemnation, provided that the proceeds thereof are applied in accordance with this Agreement; or

(o) consists of the issuance of Capital Stock of Parent in connection with an Excluded Issuance.

Notwithstanding anything to the contrary set forth in this Section 9.04, in no event shall any Credit Party sell, transfer, assign or otherwise dispose of (other than in connection with the grant of a Lien in favor of Collateral Agent pursuant to the Credit Documents) any of its rights under or in respect of any Material Contract or any accounts receivable, Collections or proceeds arising thereunder or with respect thereto.

Investments

. Each Credit Party will not, and will not permit any of its Subsidiaries to, purchase, make, incur, assume or permit to exist any Investment in any other Person, including the formation, creation or acquisition of any Subsidiary, except:

(a) Investments existing on the Closing Date and identified in Schedule 9.05;

(b) Investments in cash and Cash Equivalents;

(c) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(d) Investments by way of contributions to capital or purchases of Capital Stock by any Credit Party in any Subsidiary thereof that is a Credit Party (or will become a Credit Party in connection with such Investment); provided that such Credit Party or such Subsidiary shall be required to comply with (i) Section 9.01 in the event such Investment constitutes Indebtedness of the party making such Investment and (ii) Sections 8.09 and 8.11;

(e) Investments constituting (i) accounts receivable arising, (ii) trade debt granted, or (iii) deposits made in connection with the purchase price of goods or services, in each case in the ordinary course of business;

(f) Investments consisting of any deferred portion of the sales price received by any Credit Party in connection with any Disposition permitted under Section 9.04;

(g) other Investments in an aggregate principal amount at any time not to exceed $150,000;

(h) intercompany Indebtedness permitted pursuant to Section 9.01(h), so long as the applicable Persons have complied with the requirements set forth in such Section;

(i) the maintenance of deposit accounts in the ordinary course of business so long as the applicable provisions of Section 8.13 have been complied with in respect of such deposit accounts;

(j) Guarantee Obligations to the extent permitted by Section 9.01(f);

(k) loans and advances to officers, directors and employees of any Credit Party for reasonable and customary business related travel expenses, entertainment expenses, moving expenses and similar expenses, in each case incurred in the ordinary course of business, in an aggregate outstanding principal amount at any time not to exceed $50,000;

(l) Investments consisting of loans made in lieu of Restricted Payments which are otherwise permitted under Section 9.07;

(m) deposits, prepayments and other credits to suppliers and deposits in connection with lease obligations, taxes, insurance and similar items, in each case made in the ordinary course of business and securing Contractual Obligations of a Credit Party, in each case to the extent constituting a Permitted Lien;

(n) Permitted Acquisitions; and

(o) the Real Estate Settlement;

provided that no Investment otherwise permitted under clauses (d)(ii), (f), (g) or (k) shall be permitted to be made if, at the time of making any such Investment, any Default or Event of Default has occurred and is continuing or would result therefrom.

ERISA

.

(a) No Credit Party will (a) fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as each term is defined in ERISA, to occur or (b) withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of a Credit Party or any of its Subsidiaries, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

(b) None of the Credit Parties shall maintain, administer, contribute or have any liability in respect of any Canadian Pension Plan or acquire an interest in any Person if such Person sponsors, maintains, administers or contributes to, or has any liability in respect of any Canadian Pension Plan.

Restricted Payments

. Each Credit Party will not, and will not permit any of its Subsidiaries to, make any Restricted Payment, or make any deposit for any Restricted Payment, other than:

(a) Restricted Payments by any Subsidiary of a Credit Party to (i) its direct parent, so long as such parent is a Credit Party or (ii) Parent;

(b) Restricted Payments by any Credit Party or any its Subsidiaries to pay dividends with respect to its Capital Stock payable solely in additional shares of such Capital Stock (other than Disqualified Capital Stock);

(c) [intentionally omitted]; and

(d) the repurchase, redemption, or other acquisition for value by the Parent of any of its Capital Stock to the extent reasonably necessary to remove a holder of such Capital Stock to maintain compliance with U.S. State Cannabis Laws.

Payments and Modification of Certain Agreements.

Each Credit Party will not, and will not permit any of its Subsidiaries to:

(a) Make any payment on account of (i) Indebtedness that has been contractually subordinated in right of payment to the Obligations if such payment is not permitted at such time under the subordination terms and conditions applicable thereto or (ii) any other Restricted Debt unless, with respect to this clause (ii), no Default or Event of Default has occurred and is continuing or would result therefrom.

(b) Consent to any amendment, supplement, waiver or other modification of, or enter into any forbearance from exercising any rights with respect to the terms or provisions contained in (i) any Organization Documents, in each case, other than any amendment, supplement, waiver, termination, modification or forbearance (A) that is not materially adverse to the Secured Parties and (B) notice of which was received by Administrative Agent at least five Business Days (or such shorter period as Administrative Agent may permit in its discretion) prior to its effectiveness, (ii) any document, agreement or instrument evidencing or governing any Indebtedness that has been subordinated to the Obligations in right of payment or any Liens that have been subordinated in priority to the Liens of Administrative Agent unless such amendment, supplement, waiver or other modification is permitted under the terms of the subordination agreement applicable thereto, or (iii) any Material Contract, in each case, other than any amendment, supplement, waiver or modification (A) that is not materially adverse to the Secured Parties and (B) notice of which was received by Administrative Agent at least five Business Days (or such shorter period as Administrative Agent may permit in its discretion) prior to its effectiveness.

Sale and Leaseback

. Each Credit Party will not, and will not permit any of its Subsidiaries to, directly or indirectly, engage in any sale-leaseback, synthetic lease or similar transaction after the Closing Date with respect to any property of any Credit Party or any Subsidiary thereof.

Transactions with Affiliates

. Except as set forth on Schedule 7.30, each Credit Party will not, and will not permit any of its Subsidiaries to, enter into or cause or permit to exist any arrangement, transaction or contract (including for the purchase, lease or exchange of property or the rendering of services) with any Affiliate (other than arrangements, transactions or contracts solely among the Credit Parties) except (a) on fair and reasonable terms no less favorable to such Credit Party or such Subsidiary than it could obtain in an arm's-length transaction with a Person that is not an Affiliate, (b) any transaction expressly permitted under Section 9.01(h), 9.03, 9.05(d), 9.05(h), 9.05(j), 9.05(k) or 9.07, (c) so long as it has been approved by Parent's or its applicable Subsidiary's Board of Directors in accordance with Applicable Law, (i) customary fees to, and indemnifications of, non-officer directors of the Credit Parties and their respective Subsidiaries or (ii) the payment of reasonable and customary compensation and indemnification arrangements and benefit plans for officers and employees of the Credit Parties and their respective Subsidiaries in the ordinary course of business, (d) transactions among Subsidiaries that are not Credit Parties in the ordinary course of business, and (e) transactions otherwise disclosed in writing to, and approved by, Administrative Agent in its reasonable discretion (such approval not to be unreasonably withheld, conditioned or delayed).

Restrictive Agreements, Etc

. Each Credit Party will not, and will not permit any of its Subsidiaries to, enter into any agreement (other than a Credit Document) prohibiting:

(a) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired;

(b) the ability of such Person to amend or otherwise modify any Credit Document or waive, consent to or otherwise deviate from any provision under any Credit Document; or

(c) the ability of such Person to make any payments, directly or indirectly, to any Borrower, including by way of dividends, advances, repayments of loans, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments.

The foregoing prohibitions shall not apply to customary restrictions of the type described in clause (a) above (which do not prohibit the Credit Parties from complying with or performing the terms of this Agreement and the other Credit Documents) which are contained in any agreement, (i) governing any Indebtedness permitted by Section 9.01(c) as to the transfer of assets financed with the proceeds of such Indebtedness, (ii) for the creation or assumption of any Lien on the sublet or assignment of any leasehold interest of any Credit Party or any of its Subsidiaries entered into in the ordinary course of business, (iii) for the assignment of any contract or licensed intellectual property entered into by any Credit Party or any of its Subsidiaries in the ordinary course of business or (iv) for the transfer of any asset pending the close of the sale of such asset pursuant to a Disposition permitted under this Agreement.

Hedging Agreements

. Each Credit Party will not, and will not permit any of its Subsidiaries to, enter into any Hedging Agreement.

Changes in Business and Fiscal Year

.

(a) No Credit Party shall (or shall permit any Subsidiaries to) (i) engage in any business activity directly other than any Support Business, (ii) engage in any business activity indirectly other than any Cannabis Business, and then only through a Licensing Entity, or (iii) modify or change its fiscal year or its method of accounting (other than (A) following the consummation of the TerrAscend Transaction, to migrate from IFRS to GAAP so long as the Credit Parties give the Administrative Agent written notice of the effective date of such migration, (B) as may be required to conform to Applicable Accounting Standards or (C) to the extent consented to by Administrative Agent (such consent not to be unreasonably withheld, conditioned or delayed).

(b) None of the Primary Officers shall engage in the Business in Michigan except through a Credit Party or a Licensing Entity.

Financial Performance Covenants

.

(a) Liquidity. The Credit Parties will not permit the average daily balance of Liquidity of the Credit Parties, measured on the last day of each fiscal month for such month, to be less than $5,200,000.

(b) Revenue. Commencing on December 31, 2021, the Credit Parties will not allow the revenue of the Consolidated Companies, as determined in accordance with Applicable Accounting Standards for the Applicable Fiscal Period ending on the last day of each fiscal quarter, to be less than $75,000,000.

Operations of Parent

. Parent will not hold any assets or engage in any business other than as set forth in Section 7.29.

SECTION 9.16 Holding Company. Parent shall not engage in any business or activity other than (a) the ownership of the Capital Stock in Cookies, Spartan, and Gage Innovations and activities reasonably incidental thereto, (b) the corporate actions required to maintain its existence and (c) the execution and delivery of the Credit Documents to which it is a party and the performance of its obligations thereunder. Parent does not directly own any assets other than Capital Stock of Cookies, Spartan, and Gage Innovations.

ARTICLE X
Events of Default

Listing of Events of Default

. Each of the following events or occurrences described in this Section 10.01 shall constitute an "***Event of Default***":

(a) Non-Payment of Obligations. (i) Any Borrower shall default in the payment of any principal of, or interest on, any Loan when such amount is due or (ii) any Credit Party shall default in the payment of any other monetary Obligation and, in each case of this clause (ii), such default shall continue unremedied for a period of five days.

(b) Breach of Representations or Warranties. Any representation or warranty by any Credit Party made or deemed to be made in any Credit Document (including any certificates delivered pursuant to Article V), is or shall be incorrect in any material respect when made or deemed to have been made.

(c) Non-Performance of Certain Covenants and Obligations. Any Credit Party shall default in the due performance or observance of any of its obligations under Section 8.01, 8.02, 8.03, 8.04, 8.05 (solely with respect to such Credit Party's existence in its jurisdiction of organization), 8.07 (solely with respect to timely payments on Land Contracts), 8.09, 8.10, 8.11, 8.12, 8.13, 8.14, 8.15, 8.16, 8.17, 8.18, 8.19, 8.20, 8.21 or 8.22 or Article IX.

(d) Non-Performance of Other Covenants and Obligations. Any Credit Party shall default in the due performance or observance of any of its obligations under Section 8.05 (solely with respect to such Credit Party's maintenance of good standing in its jurisdiction of organization), 8.06 or 8.07 (other than with respect to timely payments on Land Contracts), or any Credit Party shall default in the due performance or observance of its obligations under any covenant applicable to it under any Security Document, and such default shall continue unremedied for a period of 10 days after the occurrence thereof.

(e) Non-Performance of Other Covenants and Obligations. Any Credit Party shall default in the due performance and observance of any obligation contained in any Credit Document executed by it (other than as specified in Sections 10.01(a), 10.01(b), 10.01(c), or 10.01(d)), and such default shall continue unremedied for a period of 30 days after the occurrence thereof.

(f) Default on Other Indebtedness. (i) A default shall occur in the payment of any amount when due (subject to any applicable grace, notice or cure period), whether by acceleration or otherwise, of any principal or stated amount of, or interest or fees on, any Land Contract or any other Indebtedness (other than the Obligations) of any Credit Party or Subsidiary of any Credit Party having a principal or stated amount, individually or in the aggregate, in excess of $500,000, or a default shall occur in the performance or observance of any obligation or condition with respect to any such Indebtedness if the effect of such default is to accelerate the maturity of such Indebtedness or to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause or declare such Indebtedness to become immediately due and payable, or (ii) any Indebtedness of any Credit Party or Subsidiary of any Credit Party having a principal or stated amount, individually or in the aggregate, in excess of $500,000 shall otherwise be required to be prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to be made, prior to its expressed maturity (other than in connection with the incurrence of Refinancing Indebtedness permitted by Section 9.01 to repay such Indebtedness).

(g) Judgments; Fines. Any judgment, order for the payment of money, fines, settlements (other than the Real Estate Settlement) or enforcement penalties, in an amount individually or in the aggregate in excess of $500,000 (exclusive of any amounts covered by insurance (less any applicable

deductible) and as to which the insurer has acknowledged its responsibility to cover such judgment or order) shall be rendered against any Credit Party or any of its Subsidiaries and such judgment, order, fine, settlement or penalty shall not have been vacated or discharged or stayed or bonded pending appeal within 60 days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order.

(h) Bankruptcy, Insolvency, Etc. Any Credit Party or any of its Subsidiaries shall:

(i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, its debts as they become due;

(ii) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, sequestrator, examiner or other custodian for any substantial part of the assets or other property of any such Person, or make a general assignment for the benefit of creditors;

(iii) in the absence of such application, consent or acquiesce to or permit or suffer to exist, the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian, liquidator, provisional liquidator, administrator, sequestrator or other like official for a substantial part of the property of any thereof, and such trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian, liquidator, provisional liquidator, administrator, sequestrator or other like official shall not be discharged within 60 days; provided that each Credit Party hereby expressly authorizes each Secured Party to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Credit Documents;

(iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law or other Insolvency Legislation or any dissolution, examinership, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by such Person, such case or proceeding shall be consented to or acquiesced in by such Person, or shall result in the entry of an order for relief or shall remain for 60 days undismissed; provided that each Credit Party hereby expressly authorizes each Secured Party to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Credit Documents; or

(v) take any action authorizing, or in furtherance of, any of the foregoing.

(i) Impairment of Security, Etc. Any Credit Document or any Lien granted thereunder shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Credit Party party thereto, or any Credit Party or any other Person shall, directly or indirectly, contest or limit in any manner such effectiveness, validity, binding nature or enforceability; or, except as permitted under any Credit Document, any Lien (subject only to Permitted Liens) securing any Obligation shall, in whole or in part, cease to be a perfected Lien with respect to Collateral with a value in an aggregate amount in excess of $500,000 (other than as a result of voluntary and intentional discharge of the Lien by Collateral Agent).

(j) Change of Control. Any Change of Control shall occur.

(k) Restraint of Operations; Loss of Assets. Any Credit Party or any Subsidiary of a Credit Party shall be enjoined, restrained, or in any way prevented by court order or other Governmental Authority from continuing to conduct all or any material part of its business affairs for more than 30 consecutive Business Days or if any material portion of any Credit Party's or any of its Subsidiary's assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession

of any third Person and the same is not discharged before the earlier of 60 days after the date it first arises or five days prior to the date on which such property or asset is subject to forfeiture by such Credit Party or such Subsidiary of a Credit Party.

(l) Material Adverse Effect. Any Material Adverse Effect shall occur.

(m) Regulatory Licenses. Any Material Regulatory License shall cease to be valid, subsisting and in good standing for a period of 30 days beyond any grace period provided for by the applicable Governmental Authority unless such status is being diligently contested in good faith by appropriate proceedings and the applicable Credit Party and the applicable Business are able to continue operations in accordance with Applicable Law while such status is being contested; or if any other Permit material to the business of the Credit Parties is withdrawn, cancelled, suspended or amended and such withdrawal, cancellation, suspension or amendment of such other Permit would reasonably be expected to result in a Material Adverse Effect if such other Permit was not ultimately reinstated, replaced, or beneficially amended, and such other Permit is not so reinstated, replaced, or beneficially amended within 30 days from the later of the date of such withdrawal, cancellation, suspension or amendment and the last day of any grace period provided for by the applicable Governmental Authority for such reinstatement, replacement, or beneficial amendment, unless such status is being diligently contested in good faith by appropriate proceedings and the applicable Credit Party and the applicable Business are able to continue operations in accordance with Applicable Law while such status is being contested.

(n) Other Proceedings. Any Credit Party, or any officer, director, member or, if such Credit Party is manager-managed, manager thereof shall have been found guilty of an act of fraud or violation of U.S. State Cannabis Law, and such guilty verdict or plea results in the loss of a Regulatory License or, if such Person is an individual, such Person is not replaced with another individual reasonably acceptable to Administrative Agent within 90 days of such guilty verdict or plea.

(o) Restricted Cannabis Activity. Any Credit Party shall engage in any Restricted Cannabis Activity.

(p) Land Contracts Reserve Amount. Any Credit Party or officer or representative thereof shall instruct, direct, demand or otherwise request any funds from the Land Contracts Reserve Amount or the Land Contracts Trust Account without express prior written authorization from Administrative Agent.

Remedies Upon Event of Default

. If any Event of Default under Section 10.01(h) shall occur for any reason, whether voluntary or involuntary, all of the outstanding principal amount of the Loans and other Obligations shall automatically be due and payable and any commitments shall be terminated, in each case, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Credit Party. If any Event of Default (other than any Event of Default under Section 10.01(h)) shall occur for any reason, whether voluntary or involuntary, and be continuing, Administrative Agent may, and upon the direction of Required Lenders, Administrative Agent shall, declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable and any commitment shall be terminated, whereupon the full unpaid amount of such Loans and other Obligations that shall be so declared due and payable shall be and become immediately due and payable, in each case, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Credit Party. In addition to the foregoing, Administrative Agent may, and upon the direction of Required Lenders, Administrative Agent shall, have the right to the appointment of a receiver for the property of the Credit Parties or a chief restructuring officer for the operation of any Credit Party, and the Credit Parties hereby consent to such rights and such appointment and hereby waive any objection the Credit Parties may have thereto or the right to have a bond or other

security posted by any Secured Party in connection therewith. The Lenders and Collateral Agent shall have all other rights and remedies available at law or in equity or pursuant to any Credit Documents.

ARTICLE XI
Agents

Appointment

. Each Lender (and, if applicable, each other Secured Party) hereby appoints Chicago Atlantic as its Collateral Agent under and for purposes of each Credit Document, and hereby authorizes Collateral Agent to act on behalf of such Lender (or if applicable, each other Secured Party) under each Credit Document, and, in the absence of other written instructions from the Lenders pursuant to the terms of the Credit Documents received from time to time by Collateral Agent, to exercise such powers hereunder and thereunder as are specifically delegated to or required of Collateral Agent by the terms hereof and thereof, together with such powers as may be incidental thereto. Each Lender (and, if applicable, each other Secured Party) hereby appoints Chicago Atlantic as its Administrative Agent under and for purposes of each Credit Document and hereby authorizes Administrative Agent to act on behalf of such Lender (or, if applicable, each other Secured Party) under each Credit Document and, in the absence of other written instructions from the Lenders pursuant to the terms of the Credit Documents received from time to time by Administrative Agent, to exercise such powers hereunder and thereunder as are specifically delegated to or required of Administrative Agent by the terms hereof and thereof, together with such powers as may be incidental thereto. Each Lender (and, if applicable, each other Secured Party) hereby designates and appoints each Agent as the agent of such Lender. Notwithstanding any provision to the contrary elsewhere in this Agreement, no Agent shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender or other Secured Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against any Agent. Anything contained in any of the Credit Documents to the contrary notwithstanding, each Credit Party, Administrative Agent, Collateral Agent and each Secured Party hereby agree that (i) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce either Security Agreement or any other Security Documents, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by Agents, on behalf of the Secured Parties in accordance with the terms hereof, and all powers, rights and remedies under the Security Documents may be exercised solely by Agents, and (ii) in the event of a foreclosure by any of Agents on any of the Collateral pursuant to a public or private sale or other disposition, any Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and each Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations (including Obligations owed to any other Secured Party) as a credit on account of the purchase price for any Collateral payable by such Agent at such sale or other disposition.

Delegation of Duties

. Each Agent may execute any of its duties under this Agreement and the other Credit Documents by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

Exculpatory Provisions

. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys in fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Credit Document (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person’s own gross negligence, bad faith or willful misconduct) or (b) responsible in any manner to any of the Lenders or any

other Secured Party for any recitals, statements, representations or warranties made by any Credit Party or any officer thereof contained in this Agreement or any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by Agents under or in connection with, this Agreement or any other Credit Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Credit Document or for any failure of any Credit Party or other Person to perform its obligations hereunder or thereunder. Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Credit Document, or to inspect the properties, books or records of any Credit Party.

Reliance by Agents

. Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Credit Parties), independent accountants and other experts selected by such Agent. Agents may deem and treat the payee of any note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with Agents. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of Required Lenders (or, if so specified by this Agreement, all or other requisite Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Agents shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Credit Documents in accordance with a request of Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans and all other Secured Parties.

Notice of Default

. Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder, except with respect to any Default or Event of Default in the payment of principal, interest and fees required to be paid to Administrative Agent for the account of the Lenders unless Administrative Agent has received notice from a Lender or a Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". Collateral Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless Collateral Agent has received notice from a Lender or a Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that an Agent receives such a notice, such Agent shall give notice thereof to the other Agent and the Lenders. Each Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by Required Lenders (or, if so specified by this Agreement, all Lenders or any other instructing group of Lenders specified by this Agreement); provided that unless and until each Agent shall have received such directions, Agents may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as such Agent shall deem advisable in the best interests of the Secured Parties.

Non-Reliance on Agents and other Lenders

. Each Lender (and, if applicable, each other Secured Party) expressly acknowledges that neither Agents, Arranger, nor any of their respective officers, directors, employees, agents, attorneys in fact or Affiliates have made any representations or warranties to it and that no act by any Agent or Arranger hereafter taken, including any review of the affairs of a Credit Party or any Affiliate of a Credit Party, shall be deemed to constitute any representation or warranty by any Agent or Arranger to any Lender or any other Secured Party. Each Lender (and, if applicable, each other Secured Party) represents to Agents and Arranger that it has, independently and without reliance upon any Agent, Arranger or any other Lender or any other Secured

Party, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Credit Parties and their Affiliates and made its own decision to make its Loans hereunder. Each Lender (and, if applicable, each other Secured Party) also represents that it will, independently and without reliance upon any Agent, Arranger or any other Lender or any other Secured Party, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Credit Parties and their Affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by any Agent or Arranger hereunder, Agents and Arranger shall not have any duty or responsibility to provide any Lender or any other Secured Party with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Credit Party or any Affiliate of a Credit Party that may come into the possession of such Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

Indemnification

. The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Credit Parties and without limiting the obligation of the Credit Parties to do so), ratably according to their respective Total Credit Exposure in effect on the date on which indemnification is sought under this Section 11.07 (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Total Credit Exposure immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Credit Documents, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence, bad faith or willful misconduct. The agreements in this Section 11.07 shall survive the payment of the Loans and all other amounts payable hereunder.

Agent in Its Individual Capacity

. Each Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Credit Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it, each Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender", "Lenders", "Secured Party" and "Secured Parties" shall include each Agent in its individual capacity.

Successor Agents

. Either Agent may resign as Agent upon 20 days' notice to the Lenders, such other Agent and Borrowers. If either Agent shall resign as such Agent in its applicable capacity under this Agreement and the other Credit Documents, then Required Lenders shall appoint a successor agent, which successor agent shall, unless an Event of Default shall have occurred and be continuing, be subject to approval by Parent (which approval shall not be unreasonably withheld, delayed or conditioned), whereupon such successor agent shall succeed to the rights, powers and duties of such Agent in its applicable capacity, and the term "Administrative Agent" or "Collateral Agent", as the case may be, shall mean such successor agent effective upon such appointment and approval, and the former Agent's rights, powers and duties as Agent in its applicable capacity shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders

of the Loans. If no applicable successor agent has accepted appointment as such Agent in its applicable capacity by the date that is 20 days following such retiring Agent's notice of resignation, such retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of such Agent hereunder until such time, if any, as Required Lenders appoint a successor agent as provided for above. After any retiring Agent's resignation as Administrative Agent or Collateral Agent, as applicable, the provisions of this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement and the other Credit Documents.

Agents Generally

. Except as expressly set forth herein, no Agent shall have any duties or responsibilities hereunder in its capacity as such. Arranger shall not have any obligations or duties whatsoever in such capacity under this Agreement or any other Credit Document and shall incur no liability hereunder or thereunder in such capacity, but Arranger and its Related Parties shall have the benefit of the indemnities provided for hereunder.

SECTION 11.11 Restrictions on Actions by Secured Parties; Sharing of Payments.

(a) Each of the Lenders agrees that it shall not, without the express written consent of Collateral Agent, and that it shall, to the extent it is lawfully entitled to do so, upon the written request of Collateral Agent, set off against the Obligations, any amounts owing by such Lender to any Credit Party or any of their respective Subsidiaries or any deposit accounts of any Credit Party or any of their respective Subsidiaries now or hereafter maintained with such Lender. Each of the Lenders further agrees that it shall not, unless specifically requested to do so in writing by Collateral Agent, take or cause to be taken any action, including, the commencement of any legal or equitable proceedings to enforce any Credit Document against any Credit Party or to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) Subject to Section 12.08(a), if, at any time or times any Lender shall receive (i) by payment, foreclosure, setoff, or otherwise, any proceeds of Collateral or any payments with respect to the Obligations, except for any such proceeds or payments received by such Lender from Agents pursuant to the terms of this Agreement, or (ii) payments from Agents in excess of such Lender's pro rata share of all such distributions by Agents, such Lender promptly shall (A) turn the same over to Collateral Agent, in kind, and with such endorsements as may be required to negotiate the same to Collateral Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (B) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their pro rata shares; provided that to the extent that such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

(c) The benefit of the provisions of the Credit Documents directly relating to the Collateral or any Lien granted thereunder shall extend to and be available to any Secured Party that is not an Agent or a Lender as long as, by accepting such benefits, such Secured Party agrees, as among Agents and all other Secured Parties, that such Secured Party is bound by (and, if requested by any Agent, shall confirm such agreement in a writing in form and substance acceptable to the such Agent) this Article XI, including Sections 11.11(a) and (b), and the decisions and actions of Agents and Required Lenders (or, where expressly required by the terms of this Agreement, a greater proportion of the Lenders) to the same extent a Lender is bound; provided that, notwithstanding the foregoing, (i) except as set forth specifically

herein, each Agent and each Lender shall be entitled to act in its discretion, without regard to the interest of such Secured Party, regardless of whether any Obligation to such Secured Party thereafter remains outstanding, is deprived of the benefit of the Collateral, becomes unsecured or is otherwise affected or put in jeopardy thereby, and without any duty or liability to such Secured Party or any such Obligation and (ii) except as specifically set forth herein, such Secured Party shall not have any right to be notified of, consent to, direct, require or be heard with respect to, any action taken or omitted in respect of the Collateral or under any Credit Document.

Agency for Perfection

. Collateral Agent hereby appoints each other Secured Party as its agent and as sub-agent for the other Secured Parties (and each Secured Party hereby accepts such appointment) for the purpose of perfecting all Liens with respect to the Collateral, including with respect to assets which, in accordance with Article VIII or Article IX, as applicable, of the Uniform Commercial Code of any applicable state can be perfected only by possession or control. Should any Secured Party obtain possession or control of any such Collateral, such Secured Party shall notify Collateral Agent thereof, and, promptly upon Collateral Agent's request therefor shall deliver possession or control of such Collateral to Collateral Agent and take such other actions as agent or sub-agent in accordance with Collateral Agent's instructions to the extent, and only to the extent, so authorized or directed by Collateral Agent.

Enforcement by Agents

. All rights of action under this Agreement, the Notes and the other Credit Documents shall be instituted, maintained, pursued or enforced by Agents. Any suit or proceeding instituted by any Agent in furtherance of such enforcement shall be brought in such Agent's name without the necessity of joining any of the other Lenders. In any event, the recovery of any judgment by any Agent shall be for the ratable benefit of all Secured Parties, subject to the reimbursement of expenses and costs of such Agent.

Credit Parties Not Beneficiaries

. The provisions of this Article XI are solely for the benefit of Agents and Lenders, may not be enforced by any Credit Party, and may be modified or waived without the approval or consent of the Credit parties.

Intercreditor and Subordination Agreements

. Lenders hereby (a) authorize each Agent to execute and deliver any intercreditor agreement or subordination agreement on behalf of Agents and Lenders and to perform its obligations thereunder and (b) agree to be bound by the provisions of such documents.

ARTICLE XII
Miscellaneous

Amendments and Waivers

. Neither this Agreement nor any other Credit Document, nor any terms hereof or thereof, may be amended, supplemented, modified or waived except in accordance with the provisions of this Section 12.01. Required Lenders may, or, with the prior written consent of Required Lenders, Administrative Agent may, from time to time, enter into with the relevant Credit Party or Credit Parties written amendments, supplements or modifications hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or the Credit Parties hereunder or thereunder, waive, on such terms and conditions as Required Lenders or Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences or consent to any acts or omissions of the Credit Parties hereunder or under any other Credit Document that, but for such consent, would constitute a Default or Event of Default hereunder or thereunder; provided that no such waiver, amendment, supplement, modification, consent or waiver shall directly or indirectly:

(a) (i) reduce or forgive any portion of any Loan or extend the final scheduled maturity date of any Loan or reduce the stated interest rate (provided that only the consent of Required Lenders shall be necessary to waive any obligation of Borrowers to pay interest at the Default Rate or amend Section 2.06(c)), or (ii) reduce or forgive any portion or extend the date for the payment, of any interest or fee payable hereunder (other than as a result of waiving the applicability of any post-default increase in interest rates and other than as a result of a waiver or amendment of any mandatory prepayment of Loans (which shall not constitute an extension, forgiveness or postponement of any date for payment of principal, interest or fees)), or (iii) amend or modify any provisions of Section 4.02(d) or any other provision that provides for the *pro rata* nature of disbursements by or payments to the Lenders, in each case without the written consent of each Lender directly and adversely affected thereby;

(b) amend, modify or waive any provision of this Section 12.01 or reduce the percentages specified in the definitions of the term "Required Lenders" or consent to the assignment or transfer by any Credit Party of its rights and obligations under any Credit Document to which it is a party (except as permitted pursuant to Section 9.03), in each case without the written consent of each Lender directly and adversely affected thereby;

(c) increase the aggregate amount of any Commitment of any Lender without the consent of such Lender;

(d) allow any Credit Party or any Subsidiary thereto to incur any Indebtedness other than as permitted under Section 9.01 on the Closing Date, in each case without the written consent of each Lender;

(e) amend, modify or waive any provision of Article XI without the written consent of the then-current Collateral Agent and Administrative Agent; or

(f) release (i) any Borrower, (ii) all or substantially all Guarantors, or (iii) any Liens in favor of Collateral Agent or the Lenders on all or substantially all of the Collateral under the Security Documents (except as expressly permitted thereby and in Section 12.18 or as expressly permitted in Section 8.21), in each case without the prior written consent of each Lender.

SECTION 12.02 Notices and Other Communications.

(a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder or under any other Credit Document shall be in writing (including by facsimile or other electronic transmission). All such written notices shall be mailed, faxed or delivered to the applicable address or electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Credit Parties or Agents, to the address, electronic mail address or telephone number specified for such Person on Schedule 12.02 or to such other address, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any Lender, to the address, electronic mail address or telephone number specified (A) on Schedule 12.02 or (B) by such Lender in a notice to Parent and Agents.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, three Business Days after deposit in the mails, postage prepaid; and (C) if delivered by electronic mail (which form of delivery

is subject to the provisions of Section 12.02(c)), when delivered if prior to 5:00 p.m. on a Business Day, and if after 5:00 p.m. on a Business Day, on the next following Business Day; provided that notices and other communications to Agents pursuant to Article II shall not be effective until actually received by such Person. In addition to the foregoing, to be effective, electronic mail notice must originate from an electronic mail address approved by all parties with at least 10 days' advance written notice to allow parties to allow their systems to properly recognize and allow for delivery of such messages.

(b) Effectiveness of Facsimile Documents and Signatures. Credit Documents may be transmitted or signed by facsimile or other electronic communication. The effectiveness of any such documents and signatures shall have the same force and effect as manually signed originals and shall be binding on all Credit Parties, Agents and the Lenders.

(c) Reliance by Agents and Lenders. Agents and the Lenders shall be entitled to rely and act upon any notices purportedly given by or on behalf of any Credit Party even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof, unless Parent shall have notified Administrative Agent, on behalf of Lenders, in writing that the Person providing such notice is not authorized to provide such notice. All telephonic communications with either Agent may be recorded by such Agent, and each of the parties hereto hereby consents to such recording.

No Waiver; Cumulative Remedies

. No failure to exercise and no delay in exercising, on the part of any Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Credit Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Survival of Representations and Warranties

. All representations and warranties made hereunder and in the other Credit Documents shall survive the execution and delivery of this Agreement and the making of the Loans hereunder.

Payment of Expenses and Taxes; Indemnification

. Each Borrower agrees (a) to pay or reimburse Agents and Arranger for all their reasonable, out-of-pocket and documented costs and expenses incurred in connection with due diligence in respect of the transactions contemplated by this Agreement, the development, preparation and execution of, and any amendment, supplement, or modification to, this Agreement and the other Credit Documents, including in connection with an initial syndication, and any other documents prepared in connection herewith or therewith, and the consummation, monitoring, oversight and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges of counsel retained by, or for the benefit of, Agents, (b) to pay or reimburse each Lender and Agents for all their costs and expenses incurred in connection with the exercise, enforcement or preservation of any rights under this Agreement, the other Credit Documents and any such other documents, or in connection with the Loans made hereunder, including all such costs and expenses incurred during any workout, restructuring or negotiations in respect of such Loans, and including the reasonable fees, disbursements and other charges of counsel to each Lender and of counsel retained by or for the benefit of Agents, (c) to pay, indemnify, and hold harmless each Lender, Arranger and Agents from any and all Other Taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Credit Documents and any such other documents, (d) to pay or reimburse Administrative Agent and the Lenders for all reasonable fees, costs and expenses incurred in

exercising its rights under Section 8.16 and (e) to pay, indemnify and hold harmless each Lender, Arranger and Agents and their respective Related Parties from and against any and all other liabilities, obligations, losses, damages, fines, fees, penalties, actions, judgments, suits, and reasonable costs, expenses or disbursements of any kind or nature whatsoever, including reasonable fees, disbursements and other charges of counsel, with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Credit Documents and any such other documents, including any of the foregoing relating to a breach by any Credit Party of any representation or warranty in any Credit Document or the violation of, noncompliance with or liability under, any Environmental Law or any actual or alleged presence of Hazardous Materials applicable to the operations of each Credit Party, any of their respective Subsidiaries or any of their Real Property (all the foregoing in this clause (e), collectively, the *"**Indemnified Liabilities**"*); provided that the Credit Parties shall not have any obligation hereunder to Agents, Arranger or any Lender nor any of their Related Parties with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of the party to be indemnified as determined by a final and non-appealable decision of a court of competent jurisdiction. The agreements in this Section 12.05 shall survive repayment of the Loans and all other amounts payable hereunder and termination of this Agreement. To the fullest extent permitted by Applicable Law, no Credit Party shall assert, and each Credit Party hereby waives, any claim against any Lender, any Agent and their respective Related Parties, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Loans or the use of the proceeds thereof. None of the Lenders, Agents, Arranger or any of their respective Related Parties shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby other than solely to the extent such liability results from such Lender, Agent, Arranger or Related Party's violation of Section 12.16.

SECTION 12.06 Successors and Assigns; Participations and Assignments; Replacement of Lender.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) except as set forth in Section 9.03, no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Agent and each Lender (and any attempted assignment or transfer by any Credit Party without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 12.06. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in Section 12.06(c)) and, to the extent expressly contemplated hereby, the Related Parties of each of Agents and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement. Notwithstanding anything to the contrary herein, (x) any Lender shall be permitted to pledge or grant a security interest in all or any portion of such Lender's rights hereunder including any Loans (without the consent of, or notice to or any other action by, any other party hereto) to secure the obligations of such Lender or any of its Affiliates to any Person providing any loan, letter of credit or other extension of credit to or for the account of such Lender or any of its Affiliates and any agent, trustee or representative of such Person and (y) Agents shall be permitted to pledge or grant a security interest in all or any portion of their respective rights hereunder or under the other Credit Documents, including rights to payment (without the consent of, or notice to or any other action by, any other party hereto), to secure the obligations of such Agent or any of its Affiliates to any Person providing any loan, letter of credit or other extension of credit to or for the account of such Agent or any of its Affiliates and any agent, trustee or representative of such Person.

(b) Subject to the conditions set forth in Section 12.06(b)(ii), any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments or the Loans at the time owing to it) with the prior written consent (which consent, in each case, shall not be unreasonably withheld, conditioned or delayed) of Administrative Agent; provided that no consent of Administrative Agent shall be required for an assignment to a Lender, an Affiliate of a Lender or an Approved Fund and the withholding of consent by Administrative Agent to an assignment to any Affiliate of any Credit Party shall be deemed to be not unreasonable;

(i) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, the amount of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to Administrative Agent) shall not be less than $1,000,000, unless Administrative Agent otherwise consents, which consent, in each case, shall not be unreasonably withheld or delayed; provided, however, that contemporaneous assignments to a single assignee made by Affiliates or related Approved Funds and contemporaneous assignments by a single assignor to Affiliates or related Approved Funds shall be aggregated for purposes of meeting the minimum assignment amount requirement stated above;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement as to the Loans so assigned; provided that this paragraph shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect its Loans;

(C) the parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500; provided that only one such fee shall be payable in connection with simultaneous assignments to two or more Approved Funds;

(D) the assignee, if it shall not be a Lender, shall deliver to Administrative Agent an Administrative Questionnaire;

(E) unless consented to by Required Lenders, no assignment may be made to a Credit Party or an Affiliate of a Credit Party; and

(F) unless an Event of Default has occurred and is continuing, no assignment may be made to a Disqualified Lender.

(ii) Subject to acceptance and recording thereof pursuant to Section 12.06(b)(iv), from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.06, 2.07, 4.03(b) and 12.05). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 12.06 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.06(c).

(iii) Administrative Agent, acting for this purpose on behalf of Borrowers (but not as an agent, fiduciary or for any other purposes), shall maintain a copy of each Assignment and Acceptance delivered to it and a register in the United States for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "***Register***"). Further, the Register shall contain the name and address of Administrative Agent and the lending office through which each such Person acts under this Agreement. The entries in the Register shall be conclusive absent manifest error, and the Credit Parties, Agents and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register, as in effect at the close of business on the preceding Business Day, shall be available for inspection by any Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(iv) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder) and any written consent to such assignment required by Section 12.06(b)(i), Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless and until it has been recorded in the Register as provided in this Section 12.06(b).

(c) Any Lender may, without the consent of Borrowers or Agents, sell participations to one or more banks or other entities (each, a "***Participant***") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrowers, Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (iv) no such Participant may be a Credit Party or an Affiliate of a Credit Party; and provided, further, that no Participant shall be a Disqualified Lender unless an Event of Default has occurred and is continuing. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and, as between such Lender, the Credit Parties, Agents and the other Lenders, to approve any amendment, modification, consent or waiver of any provision of this Agreement or any other Credit Document; provided that, notwithstanding the foregoing, such agreement or instrument may provide that (x) if such Participant is an Affiliate of such Lender, the Participant may, as between itself and such Lender (but not as between such Lender, Agents, the Credit Parties and the other Lenders), approve any amendment, modification, consent or waiver of any provision of this Agreement or any other Credit Document and (y) such Lender will not, without the consent of the Participant agree to any amendment, modification, consent or waiver described in clause (i) of the first proviso to Section 12.01. Subject to Section 12.06(c)(ii), each Borrower agrees that each Participant shall be entitled to the benefits of Section 2.06, 2.07 and 4.04(a) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.06(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 12.08(a) as though it were a Lender; provided that such Participant agrees to be subject to Section 12.08(a) as though it were a Lender.

(i) A Participant shall not be entitled to receive any greater payment under Section 2.06, 2.07 or 4.04(a) than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, (A) unless the sale of the participation to such Participant is made with Borrowers' prior written consent, and (B) except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 4.03(b) that are greater than the applicable Lender unless Borrowers are notified of the participation

sold to such Participant and such Participant agrees, for the benefit of Borrowers, to comply with Sections 4.04(a) and 4.04(c) as though it were a Lender.

(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrowers, maintain at one of its offices in the United States a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Credit Documents (the "***Participant Register***"). The entries in the Participant Register shall be conclusive absent manifest error, and the Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement. No Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. For the avoidance of doubt, Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Nothing herein is intended to prevent, impair, limit or otherwise restrict the ability of a Lender to collaterally assign or pledge all or any portion of its interests in the Loans and the other rights and benefits under the Credit Documents to an unaffiliated third party lender of such Lender (each such Person, a "***Collateral Assignee***"); provided that unless and until Parent receives notification from a Collateral Assignee of such assignment directing payments to be made to such Collateral Assignee, any payment made by Borrowers for the benefit of such Lender in accordance with the terms of the Credit Documents shall satisfy Borrowers' obligations thereunder to the extent of such payment. Any such Collateral Assignee, upon foreclosure of its security interests in the Loans pursuant to the terms of such assignment and in accordance with Applicable Law, shall succeed to all the interests of or shall be deemed to be a Lender, with all the rights and benefits afforded thereby, and such transfer shall not be deemed to be a transfer for purposes of and otherwise subject to the provisions of this Section 12.06. Notwithstanding the foregoing, Lender shall remain responsible for all obligations and liabilities arising hereunder or under any other Credit Document, and, except as otherwise expressly set forth in any applicable pledge or assignment, nothing herein is intended or shall be construed to impose any obligations upon or constitute an assumption by a Collateral Assignee thereof.

Pledge of Loans

. The Credit Parties hereby acknowledge that the Lenders and their Affiliates may pledge the Loans as collateral security for loans to the Lenders or their Affiliates. The Credit Parties shall, to the extent commercially reasonable, cooperate with the Lenders and their Affiliates to effect such pledges at the sole cost and expense of such Lender. Notwithstanding the foregoing or anything herein or in any other Credit Documents to the contrary, (i) no pledge shall release the Lender party thereto from any of its obligations hereunder, and (ii) unless an Event of Default has occurred and is continuing, no pledge shall be made in favor of a Disqualified Lender.

Adjustments; Set-off

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(a) If any Lender (a "***Benefited Lender***") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 10.01(h), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans or interest thereon, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loans, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or

proceeds ratably with each of the Lenders; provided that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The foregoing provisions of this Section 12.08 shall not apply to payments made and applied in accordance with the terms of this Agreement and the other Credit Documents.

(b) After the occurrence and during the continuance of an Event of Default, to the extent consented to by Administrative Agent, in addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to any Borrower or any other Credit Party, any such notice being expressly waived by the Credit Parties to the extent permitted by Applicable Law, upon any amount becoming due and payable by any Credit Party hereunder (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final, but excluding the Excluded Accounts or deposit accounts that consist of cash collateral subject to Permitted Liens), and any other credits, indebtedness or claims, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of any Credit Party, as the case may be. Each Lender agrees promptly to notify Parent and Agents after any such set-off and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

Counterparts

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(a) This Agreement and each other Credit Document may be executed in any number of counterpart signature pages, and by the different parties on different counterparts, each of which when executed shall be deemed an original but all such counterparts taken together shall constitute one and the same instrument. This Agreement will be deemed executed by the parties hereto when each has signed it and delivered its executed signature page to Agents and Lenders by facsimile transmission, electronic transmission or physical delivery. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) The words “execution,” “signed,” “signature,” and words of like import in any Credit Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the Illinois State Electronic Commerce Security Act, any other similar state laws based on the Uniform Electronic Transactions Act, Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act, 2000* (Ontario), or any other similar federal or provincial laws based on the *Uniform Electronic Commerce Act* of the Uniform Law Conference of Canada or its *Uniform Electronic Evidence Act*, as the case may be.

Severability

. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Integration

. This Agreement and the other Credit Documents represent the agreement of the Credit Parties, Agents and the Lenders with respect to the subject matter hereof, and

there are no promises, undertakings, representations or warranties by any party hereto or thereto relative to the subject matter hereof not expressly set forth or referred to herein or in the other Credit Documents.

GOVERNING LAW

. THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS (UNLESS EXPRESSLY PROVIDED OTHERWISE THEREIN) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF ILLINOIS, WITHOUT REFERENCE TO CONFLICTS OF LAW PROVISIONS WHICH WOULD RESULT IN THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

Submission to Jurisdiction; Waivers

. Each party hereto hereby irrevocably and unconditionally:

(a) submits, for itself and its property, to the exclusive jurisdiction of any state court of the state of Illinois sitting in Cook County and of the United States District Court of the Northern District of Illinois, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Credit Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such Illinois State court or, to the extent permitted by Applicable Laws, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Laws. Nothing in this Agreement or any other Credit Document or otherwise shall affect any right that Administrative Agent, Collateral Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against any Credit Party or its properties in the courts of any jurisdiction in connection with the exercise of any rights under any Security Document or the enforcement of any judgment;

(b) consents that any such action or proceeding shall be brought in such courts, and agrees not to plead or claim and waives, to the fullest extent permitted by Applicable Laws, any objection that it may now or hereafter have to the venue of any such action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in Section 12.13(a). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the applicable party at its respective address set forth in Schedule 12.02 or at such other address of which Agents shall have been notified pursuant to Section 12.02. Nothing in this Agreement or any other Credit Document will affect the right of any party to this Agreement to serve process in any other manner permitted by Applicable Law;

(d) waives, to the maximum extent not prohibited by law, all rights of rescission, setoff, counterclaims, and other defenses in connection with the repayment of the Obligations; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 12.13 any special, exemplary, punitive or consequential damages.

Acknowledgments

. Each Credit Party hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) neither Agents, Arranger, nor any Lender has any fiduciary relationship with or duty to the Credit Parties arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between any Agent, Arranger and the Lenders, on one hand, and the Credit Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Credit Parties and the Lenders.

WAIVERS OF JURY TRIAL

. THE CREDIT PARTIES, AGENTS AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

Confidentiality

. Each Agent and Lender shall hold all non-public information relating to any Credit Party or any Subsidiary of any Credit Party obtained pursuant to the requirements of this Agreement or in connection with such Lender's evaluation of whether to become a Lender hereunder ("***Confidential Information***") confidential in accordance with its customary procedure for handling confidential information of this nature and (in the case of a Lender that is a bank) in accordance with safe and sound banking practices; provided that Confidential Information may be disclosed by any Agent or Lender:

(a) as required by any Governmental Authority pursuant to any subpoena or other legal process;

(b) as required by any Applicable Law;

(c) in connection with the enforcement of any rights or exercise of any remedies by such Agent or Lender under this Agreement or any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document;

(d) to such Agent's or Lender's attorneys, professional advisors, accountants, independent auditors, consultants, employees, directors and officers on a "need to know" basis in connection with this Agreement and the transactions contemplated hereby and on a confidential basis,

(e) in connection with:

(i) the establishment of any special purpose funding vehicle with respect to the Loans,

(ii) any pledge permitted under Section 12.08;

(iii) any prospective assignment of, or participation in, its rights and obligations pursuant to Section 12.06, to prospective assignees or Participants, as the case may be (it being understood that each such Persons will be informed of the confidential nature of such information and instructed to keep such information confidential on the same terms as this Section 12.16); and

(iv) any actual or proposed credit facility for loans, letters of credit or other extensions of credit to or for the account of such Agent or Lender or any of its Affiliates, to any Person providing or proposing to provide such loan, letter of credit or other extension of credit or any agent, trustee or representative of such Person (it being understood that each such Persons will be informed of the confidential nature of such information and instructed to keep such information confidential on the same terms as this Section 12.16);

(f) on a confidential basis, credit information to any rating agency;

(g) with the written consent of Parent;

(h) on a confidential basis, to any of its investors or prospective investors;

(i) if required by a regulator (for example, information is provided pursuant to a schedule of investments for a business development company); or

(j) in connection with the Promotional Rights (as defined below);

provided that in the case of clauses (e) or (h) hereof, the Person to whom Confidential Information is so disclosed is advised of and has been directed to comply with the provisions of this Section 12.16.

Notwithstanding the foregoing, each Agent and each Lender shall have the right to publicize, for general marketing and related promotional purposes, the general terms of the Loan (the "***Promotional Rights***") but not their relationship to the Credit Parties or the fact that they have extended the Loans to the Credit Parties.

Notwithstanding the foregoing, no Agent or Lender shall have any obligation to keep information confidential if such information: (i) is or becomes public from a source other than an Agent or a Lender, or one of an Agent's or a Lender's Affiliates, consultants or legal or financial advisors in breach of this Agreement, (ii) is, was or becomes known on a non-confidential basis (to the best of such Agent's or Lender's knowledge after reasonable inquiry) to or discovered by an Agent, any Lender or any of their Affiliates, consultants or legal or financial advisors independently from communications by or on behalf of any Credit Party, or (iii) is independently developed by an Agent without use of Confidential Information, provided that, the source of such information was not known to be bound by a confidentiality agreement with (or subject to any other contractual, legal or fiduciary obligation of confidentiality to) the relevant Credit Party.

EACH AGENT AND EACH LENDER ACKNOWLEDGES THAT CONFIDENTIAL INFORMATION (AS DEFINED IN THIS SECTION 12.16) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING ANY CREDIT PARTY AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING WAIVERS AND AMENDMENTS, FURNISHED BY THE CREDIT PARTIES OR ANY AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE CREDIT PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER

REPRESENTS TO THE CREDIT PARTIES AND AGENTS THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

Press Releases, Etc

. Each Credit Party will not, and will not permit any of its respective Subsidiaries, directly or indirectly, to publish any press release or other similar public disclosure or announcements (including any marketing materials) regarding this Agreement, the other Credit Documents, or any of the Transactions, without the consent of Administrative Agent; provided, however, that Parent shall be permitted to publicly disclose the foregoing if required to do so under Applicable Securities Legislation in the applicable Reporting Jurisdiction.

Releases of Guarantees and Liens

. Notwithstanding anything to the contrary contained herein or in any other Credit Document, Collateral Agent is hereby irrevocably authorized by each Secured Party (without requirement of notice to or consent of any Secured Party) to take any action requested by Borrowers having the effect of releasing any Liens on Collateral or guarantee obligations (i) to the extent necessary to permit consummation of any transaction not prohibited by any Credit Document or that has been consented to in accordance with Section 12.01 or (ii) under the circumstances described in Section 12.18(b).

(a) At such time as (i) the Loans and the other Obligations (other than Unasserted Contingent Obligations) shall have been paid in full and (ii) the Commitments have been terminated, the Collateral shall be released from the Liens created by the Security Documents, and the Security Documents and all obligations (other than those expressly stated to survive such termination) of Collateral Agent and each Credit Party under the Security Documents shall terminate, all without delivery of any instrument or performance of any act by any Person.

(b) Upon request by Collateral Agent at any time, Required Lenders will confirm in writing Collateral Agent's authority to release its interest in particular types or items of property, or to release any guarantee obligations pursuant to this Section 12.18. In each case as specified in this Section 12.18, Collateral Agent will (and each Lender irrevocably authorizes Collateral Agent to), at Borrowers' expense, execute and deliver to the applicable Credit Party such documents as such Credit Party may reasonably request to evidence the release of such item of Collateral or guarantee obligation from the assignment and security interest granted under the Security Documents, in each case in accordance with the terms of the Credit Documents and this Section 12.18.

USA Patriot Act

; Canadian Anti-Money Laundering & Anti-Terrorism Legislation.

(a) Each Lender hereby notifies each Credit Party that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Credit Parties, which information includes the name and address of each Credit Party and other information that will allow such Lender to identify each Credit Party in accordance with the Patriot Act. Each Credit Party agrees to provide all such information to the Lenders upon request by any Agent at any time, whether with respect to any Person who is a Credit Party on the Closing Date or who becomes a Credit Party thereafter.

(b) Without limiting the foregoing, the Credit Parties further acknowledge that, pursuant to the Canadian Anti-Money Laundering & Anti-Terrorism Legislation and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws (collectively, including any guidelines or orders thereunder, "***AML Legislation***"), the Lenders may be required to obtain, verify and record information regarding the Credit Parties and their respective directors, authorized signing

officers, direct or indirect shareholders or other Persons in control of the Credit Parties, and the transactions contemplated hereby. Each Borrower shall (and shall cause each other Credit Party to) promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or any prospective assignee or Participant of any Lender, in order to comply with any applicable AML Legislation, whether now or hereafter in existence. If any Agent has ascertained the identity of any Credit Party or any authorized signatories of any Credit Party for the purposes of applicable AML Legislation, then Agent, (i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and Agent within the meaning of the applicable AML Legislation; and (ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

No Fiduciary Duty

. Each Credit Party, on behalf of itself and its Subsidiaries, agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Credit Parties, their respective Subsidiaries and Affiliates, on the one hand, and Agents, Arranger, the Lenders and their respective Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of Agents, Arranger, the Lenders or their respective Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

Authorized Officers

. The execution of any certificate requirement hereunder by an Authorized Officer shall be considered to have been done solely in such Authorized Officer's capacity as an officer of the applicable Credit Party (and not individually). Notwithstanding anything to the contrary set forth herein, each of the Secured Parties shall (a) be entitled to rely and act on any certificate, notice or other document delivered by or on behalf of any Person purporting to be an Authorized Officer of a Credit Party unless Administrative Agent, on behalf of Lenders, shall have received prior written notice to the contrary from Parent and (b) have no duty to inquire as to the actual incumbency or authority of such Person.

Subordination of Intercompany Indebtedness

. The Credit Parties hereby agree that all present and future Indebtedness of any Credit Party to any other Credit Party ("***Intercompany Indebtedness***") shall be subordinate and junior in right of payment and priority to the Obligations, and each Credit Party agrees not to make, demand, accept or receive any payment in respect of any present or future Intercompany Indebtedness, including any payment received through the exercise of any right of setoff, counterclaim or cross claim, or any collateral therefor, unless and until such time as the Obligations shall have been indefeasibly paid in full; provided that, so long as no Default or Event of Default shall have occurred and be continuing and no Default or Event of Default shall be caused thereby and such Indebtedness is expressly permitted hereunder, the Credit Parties may make and receive such payments in respect of Intercompany Indebtedness as shall be customary in the ordinary course of the Credit Parties' business. Without in any way limiting the foregoing, in any Insolvency Event, or any receivership, liquidation, reorganization, dissolution or other similar proceedings relative to any Credit Party or to its businesses, properties or assets, the Lenders shall be entitled to receive payment in full of all of the Obligations before any Credit Party shall be entitled to receive any payment in respect of any present or future Intercompany Indebtedness.

Public Lenders

. Each Credit Party agrees that Administrative Agent may, but shall not be obligated to, make the Communications available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system (the "***Platform***"). The Platform is provided "as is" and "as available." Each Credit Party hereby acknowledges that (a) Administrative Agent may, but shall not be obligated to, make available to the Lenders materials or information provided by or on behalf of such Credit Party hereunder (collectively, the

"***Credit Party Materials***") by posting Credit Party Materials on the Platform and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to any Credit Party or its securities) (each, a "***Public Lender***"). Each Credit Party hereby agrees that (w) all Credit Party Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Credit Party Materials "PUBLIC," each Credit Party shall be deemed to have authorized Administrative Agent and the Lenders to treat such Credit Party Materials as not containing any material non-public information with respect to such Credit Party or its securities for purposes of United States federal and state securities laws and Canadian securities laws (provided, however, that to the extent such Credit Party Materials constitute Confidential Information, they shall be treated as set forth in Section 12.16); (y) all Credit Party Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated as "Public Investor;" and (z) Administrative Agent shall be entitled to treat any Credit Party Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not marked as "Public Investor." Notwithstanding the foregoing, the following Credit Party Materials shall be deemed to have been marked "PUBLIC", unless Parent notifies Administrative Agent promptly that any such document contains material non-public information: (1) the Credit Documents, (2) notification of changes in the terms of the credit facility hereunder and (3) any financial statements and compliance certificates delivered by any Credit Party pursuant to Section 8.01(a), 8.01(b) or 8.01(c).

Original Issue Discount

. The Credit Parties, Administrative Agent and the Lenders, as applicable, agree (i) that the Notes are debt for federal income Tax purposes, (ii) that the Notes issued to the Lenders constitute a single debt instrument for purposes of Sections 1271 through 1275 of the Code and the Treasury Regulations thereunder (pursuant to Treasury Regulations Section 1.1275-2(c)), that such debt instrument may be issued with original issue discount ("***OID***"), and that such debt instrument is described in Treasury Regulations Section 1.1272-1(c)(2) and therefore is governed by the rules set out in Treasury Regulations Section 1.1272-1(c), including Section 1.1272-1(c)(5), and is not governed by the rules set out in Treasury Regulations Section 1.1275-4, (iii) that the Lenders shall have 30 days to review and approve any calculation by the Credit Parties regarding the amount of OID for any accrual period on the Notes, such approval not to be unreasonably withheld, (iv) not to file any Tax return, report or declaration inconsistent with the foregoing, unless otherwise required by applicable law and (v) any such OID shall constitute principal for all purposes under this Agreement.

Tax Treatment

. Borrowers and the Lenders agree that the Loans are indebtedness of Borrowers for U.S. federal income Tax purposes. Each party to this Agreement agrees not to take any Tax position inconsistent with such Tax characterization and shall not report the transactions arising under this Agreement in any manner other than the issuance of debt obligations on all applicable Tax returns unless otherwise required by a final determination within the meaning of Section 1313(a) of the Code (or a similar final determination under Applicable Law).

SECTION 12.26 Joint and Several (Canada). Notwithstanding the provisions of Section 2.08, Article VI or any other provision contained herein or in any other Credit Document, if a "secured creditor" (as that term is defined under the BIA) is determined by a court of competent jurisdiction not to include a Person to whom obligations are owed on a joint and several basis, then such Person's Obligations (and the Obligations of each other Canadian Credit Party), to the extent such Obligations are secured, shall be several obligations and not joint and several obligations.

SECTION 12.27 Judgement Currency. If for the purpose of obtaining judgment in any court it is necessary to convert an amount due hereunder in the currency in which it is due (the "***Original Currency***") into another currency (the "***Second Currency***"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Lenders could purchase in the New York foreign

exchange market, the Original Currency with the Second Currency on the date two (2) Business Days preceding that on which judgment is given. Each Borrower agrees that its obligation in respect of any Original Currency due from it hereunder shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following the date the Lenders receives payment of any sum so adjudged to be due hereunder in the Second Currency, Lenders may, in accordance with normal banking procedures, purchase, in the New York foreign exchange market, the Original Currency with the amount of the Second Currency so paid; and if the amount of the Original Currency so purchased or could have been so purchased is less than the amount originally due in the Original Currency, each Borrower agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify Lender against such loss. The term "rate of exchange" in this Section 12.27 means the spot rate at which a Lender, in accordance with normal practices, is able on the relevant date to purchase the Original Currency with the Second Currency, and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE XIII
Additional Covenants and Agreements.

Cannabis Laws

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(a) Agents, Lenders and the Credit Parties acknowledge that, although U.S. State Cannabis Laws and Canadian Cannabis Laws have legalized certain cultivation, distribution, sale and possession of cannabis and related products and other activities related to a Cannabis Business, the nature and scope of U.S. Federal Cannabis Laws may result in circumstances where activities permitted under U.S. State Cannabis Laws or Canadian Cannabis Laws may contravene U.S. Federal Cannabis Laws. It is acknowledged that, as of the Closing Date, U.S. State Cannabis Laws contravene U.S. Federal Cannabis Laws. Accordingly, for the purposes of this Agreement and the other Credit Documents, each representation, warranty, covenant and other provision in this Agreement or any other Credit Document will be subject to the following: (i) no representation, warranty, covenant or other agreement is made, or deemed to be made, with respect to compliance with, or application of, any U.S. Federal Cannabis Law to the extent such U.S. Federal Cannabis Law relates, directly or indirectly, to the unlawful nature of other activities related to a Cannabis Business; and (ii) engagement in any activity that is permitted by U.S. State Cannabis Laws or Canadian Cannabis Laws but contravenes U.S. Federal Cannabis Laws will not, in and of itself, be deemed to be non-compliance with Applicable Law. Nothing contained in this Agreement shall require the Credit Parties to violate any provision of U.S. State Cannabis Laws or Canadian Cannabis Laws or attending regulations, as applicable.

(b) If a Change in Cannabis Law occurs:

(i) Agents, Lenders, and Borrowers shall talk for a period of 10 Business Days (the "***Discussion Period***"); and

(ii) To the extent no such mutual agreement is achieved during the Discussion Period, Borrowers shall have until the later of (A) the date that is 90 days after the end of the Discussion Period, or such later date as is necessary to complete the refinancing of the Loans in a reasonable amount of time, so long as (1) the Credit Parties have executed, or are in the process of negotiating in good faith, a bona fide and enforceable term sheet with respect to the refinancing of the Loans, and (2) such later date could not reasonably be expected to result in adverse consequences determined by the applicable Agent or Lender to be material in relation to the Governmental Authority implementing such Change in Cannabis Law, and (B) such other date as allowed by such Governmental Authority for the parties to become

compliant with the U.S. State Cannabis Law or U.S. Federal Cannabis Law so changed, to repay the Obligations in full and in cash; and

(iii) Notwithstanding anything herein, in any other Credit Document to the contrary, no Change in Cannabis Law or any Event of Default resulting solely from such Change in Cannabis Law shall be deemed to be an Event of Default; provided that the failure to repay the Obligations in full and in cash as set forth in clause (ii) above shall constitute an immediate Event of Default under Section 10.01(a).

(c) No party shall have any right of rescission or amendment arising out of or relating to any non-compliance of this Agreement or any other Credit Document with U.S. Federal Cannabis Laws that exist on the Closing Date.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

BORROWERS AND GUARANTORS:

GAGE GROWTH CORP., a Canadian federal corporation

By: /s/ Fabian Monaco
Name: Fabian Monaco
Its: Chief Executive Officer

GAGE INNOVATIONS CORP., a Canadian federal corporation

By: /s/ Fabian Monaco
Name: Fabian Monaco
Its: President

COOKIES RETAIL CANADA CORP., a Canadian federal corporation

By: /s/ Hilton Silberg
Name: Hilton Silberg
Its: Secretary and Treasurer

2668420 ONTARIO INC., an Ontario corporation

By: /s/ Hilton Silberg
Name: Hilton Silberg
Its: President

2765533 ONTARIO INC., an Ontario corporation

By: /s/ Hilton Silberg
Name: Hilton Silberg
Its: Secretary and Treasurer

RIVERS INNOVATIONS, INC., a Delaware corporation

By: /s/ Fabian Monaco
Name: Fabian Monaco
Its: Authorized Signatory

RIVERS INNOVATIONS US SOUTH LLC, a Delaware limited liability company

By: /s/ Fabian Monaco
Name: Fabian Monaco
Its: Authorized Signatory

RI SPE 1 LLC, a Delaware limited liability company

By: /s/ Fabian Monaco
Name: Fabian Monaco
Its: Authorized Signatory

SPARTAN PARTNERS CORPORATION, a Michigan corporation

By: /s/ Adel Fakhouri
Name: Adel Fakhouri
Its: Secretary

SPARTAN PARTNERS HOLDINGS, LLC, a Michigan limited liability company

By: /s/ Adel Fakhouri
Name: Adel Fakhouri
Its: Authorized Signatory

SPARTAN PARTNERS SERVICES LLC, a Michigan limited liability company

By: /s/ Adel Fakhouri
Name: Adel Fakhouri
Its: Authorized Signatory

SPARTAN PARTNERS PROPERTIES LLC, a Michigan limited liability company

By: /s/ Adel Fakhouri
Name: Adel Fakhouri
Its: Authorized Signatory

SPARTAN PARTNERS LICENSING LLC, a Michigan limited liability company

By: /s/ Adel Fakhouri
Name: Adel Fakhouri
Its: Authorized Signatory

ADMINISTRATIVE AGENT AND COLLATERAL AGENT:

CHICAGO ATLANTIC ADMIN, LLC

By: /s/ Peter Sack
Name: Peter Sack
Title: Authorized Signatory

LENDERS:

CHICAGO ATLANTIC REAL ESTATE FINANCE, INC.

By: /s/ Peter Sack
Name: Peter Sack
Title: Authorized Signatory

CHICAGO ATLANTIC CREDIT OPPORTUNITIES, LLC

By: /s/ Peter Sack
Name: Peter Sack
Title: Authorized Signatory

IA CLARINGTON FLOATING RATE INCOME FUND, by its subadvisor, Wellington Square Capital Partners Inc.

By: /s/ Jeff Sujitno
Name: Jeff Sujitno
Title: President

IA CLARINGTON CORE PLUS BOND FUND, by its subadvisor, Wellington Square Capital Partners Inc.

By: /s/ Jeff Sujitno
Name: Jeff Sujitno
Title: President

IA CLARINGTON U.S. DOLLAR FLOATING RATE INCOME FUND, by its subadvisor, Wellington Square Capital Partners Inc.

By: /s/ Jeff Sujitno
Name: Jeff Sujitno
Title: President

KJH SENIOR LOAN FUND, by its subadvisor, Wellington Square Capital Partners Inc.

By: /s/ Jeff Sujitno
Name: Jeff Sujitno
Title: President

BLACK MAPLE CAPITAL PARTNERS LP

By: /s/ Robert Barnard
Name: Robert Barnard
Title: CEO/CIO

EXODUS ACQUISITION LLC

By: /s/ Robert Barnard
Name: Robert Barnard
Title: Member

WHITEHAWK FINANCE LLC

By: /s/ Robert Louzan
Name: Robert Louzan
Title: Managing Partner

INTREPID INCOME FUND

By: /s/ Mark F. Travis
Name: Mark F. Travis
Title: CEO

INTREPID CAPITAL FUND

By: /s/ Mark F. Travis
Name: Mark F. Travis
Title: CEO

EXHIBIT A

[FORM OF] ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of November 22, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Credit Agreement***"), among **GAGE GROWTH CORP.**, a Canadian corporation ("***Parent***"), as a Borrower, the other Borrowers party thereto on the Closing Date, any other Subsidiaries of Parent that become Borrowers or Guarantors thereunder pursuant to Section 8.09 of the Credit Agreement, the lenders from time to time party thereto (each, a "***Lender***" and, collectively, the "***Lenders***"), **CHICAGO ATLANTIC ADMIN, LLC**, a Delaware limited liability company ("***Chicago Atlantic***"), as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "***Administrative Agent***") and Chicago Atlantic, as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, "***Collateral Agent***", and together with Administrative Agent, each, an "***Agent***" and collectively, "***Agents***").

Unless otherwise defined herein, capitalized terms used herein and defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement.

The Assignor identified on Schedule l hereto (the "***Assignor***") and the Assignee identified on Schedule l hereto (the "***Assignee***") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest described in Schedule 1 hereto (the "***Assigned Interest***") in and to the Assignor's rights and obligations under the Credit Agreement with respect to the Loans made pursuant to the Credit Agreement as set forth on Schedule 1 hereto (the "***Assigned Loans***"), in a principal amount as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Credit Document or any other instrument or document furnished pursuant thereto, other than that the Assignor has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrowers, any of their Subsidiaries or any other Credit Party or the performance or observance by the Borrowers, any of their Subsidiaries or any other Credit Party of any of their respective obligations under the Credit Agreement or any other Credit Document or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches any promissory notes held by it evidencing the Assigned Loans ("***Notes***") and (i) requests that Administrative Agent, upon request by the Assignee, exchange the attached Note(s) for a new Note or Notes payable to the Assignee and (ii) if the Assignor has retained any interest in the Loans under the Credit Agreement, requests that Administrative Agent exchange the attached Note(s) for a new Note or Notes payable to the Assignor, in each case in amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements delivered pursuant to Section 8.01 thereof or referred to in Section 7.09 thereof and such other documents and information as it has deemed appropriate to make its own credit

analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, any Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, the other Credit Documents or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement, the other Credit Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to such Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 4.04 of the Credit Agreement.

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the "***Effective Date***"). Following the execution of this Assignment and Acceptance, it will be delivered to Administrative Agent for acceptance by it and recording by Administrative Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by Administrative Agent, be earlier than five (5) Business Days after the date of such acceptance and recording by Administrative Agent).

5. Upon such acceptance and recording, from and after the Effective Date, Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued on and prior to the Effective Date and to the Assignee for amounts which have accrued subsequent to the Effective Date.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other Credit Documents and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of Illinois, without reference to conflicts of law provisions which would result in the application of the laws of any other jurisdiction.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers.

[Name of Assignor]	[Name of Assignee]
By:	By:
Name: Title:	Name: Title:

Schedule 1

to Assignment and Acceptance

Name of Assignor:

Name of Assignee:

Effective Date of Assignment:

Credit Facility Assigned	Principal Amount Assigned
Loans	$

[Acknowledged][Accepted and Consented to][1]:

CHICAGO ATLANTIC ADMIN, LLC,

as Administrative Agent

By:
Name:
Title:

[1] To the extent required under Section 12.06 of the Credit Agreement.

EXHIBIT B

[FORM OF] COMPLIANCE CERTIFICATE

, 20

Reference is made to the Credit Agreement dated as of November 22, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Credit Agreement***"), among **GAGE GROWTH CORP.**, a Canadian corporation ("***Parent***"), as a Borrower, the other Borrowers party thereto on the Closing Date, any other Subsidiaries of Parent that become Borrowers or Guarantors thereunder pursuant to Section 8.09 of the Credit Agreement, the lenders from time to time party thereto (each, a "***Lender***" and, collectively, the "***Lenders***"), **CHICAGO ATLANTIC ADMIN, LLC**, a Delaware limited liability company ("***Chicago Atlantic***"), as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "***Administrative Agent***") and Chicago Atlantic, as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, "***Collateral Agent***", and together with Administrative Agent, each, an "***Agent***" and collectively, "***Agents***"). Unless otherwise defined herein, capitalized terms used herein and in the Attachments hereto shall have the meanings provided in the Credit Agreement.

The undersigned, in [his/her] capacity as an Authorized Officer of Parent, and not in any individual capacity, hereby certifies, on behalf of Parent and the other Credit Parties, that (i) the financial information delivered with this Certificate in accordance with Section 8.01(a) and Section 8.01(b) of the Credit Agreement presents fairly in all material respects the financial condition, results of operations and cash flows of Parent and its Subsidiaries in accordance with GAAP at the respective dates of such information and for the respective periods covered thereby, subject in the case of unaudited financial information, to changes resulting from normal year-end audit adjustments and to the absence of footnotes, and (ii) as of the date hereof [no Default or Event of Default has occurred and is continuing] [a Default/an Event of Default has occurred and set forth on Attachment 5 are the details specifying such Default or Event of Default and the action taken or to be taken with respect thereto]. Parent hereby further certifies, on behalf of the Credit Parties, that as of , 20 (the "***Computation Date***"):

(1) The average dialing balance of Liquidity of the Credit Parties on the Computation Date was $, as computed on Attachment 1 hereto. Liquidity on the Computation Date is [not] greater than or equal to the amount required pursuant to Section 9.14(a) of the Credit Agreement.

(2) Revenue of the Consolidated Companies, as determined in accordance with Applicable Accounting Standards for the Applicable Fiscal Period ending on the Computation Date, was $, as computed on Attachment 2 hereto.

(3) Attachment 3 hereto contains the changes as of the Computation Date, if any, in the identity of the Subsidiaries from those provided to the Lenders as of the Closing Date or the prior fiscal period, as the case may be.[1]

(4) Attachment 4 hereto contains (i) an updated Schedule 7.15 and Schedule 7.25 of the Credit Agreement (if applicable) and (ii) a written supplement substantially in the form of Schedules 1 through 3, as applicable, to the Security Agreement, in each case, with respect to any additional assets and property acquired by any Credit Party after the Closing Date or the previous

Computation Date (as the case may be), all in reasonable detail.[2]

[Signature page follows]

[2] To be delivered only with annual financial reports.

The foregoing information is true, complete and correct as of the date first stated above.

[Name], [Title]

Attachment 1 (to
_/_/_ Compliance Certificate)

LIQUIDITY

As of the Computation Date

Unrestricted cash and Cash Equivalents of the Credit Parties held in a deposit account set forth on Schedule 7.25 of the Credit Agreement and subject a Control Agreement (other than Excluded Accounts): $

minus

All un-processed outstanding checks written by Borrowers: $

Equals

Minimum Required Liquidity: $

In compliance? Yes/No

Attachment 2 (to
_/_/_ Compliance Certificate)

REVENUE OF THE CONSOLIDATED COMPANIES

As of the Computation Date:

[Borrowers' calculations to be included.]

Attachment 3 (to
_/_/_ Compliance Certificate)

CHANGES IN IDENTITY OF THE SUBSIDIARIES

US2008 19185482 3

[Attachment 4

(to _/_/_ Compliance Certificate)]

UPDATES/SUPPLEMENTS TO CERTAIN SCHEDULES

(i) An updated Schedule 7.15 and Schedule 7.25 of the Credit Agreement (if applicable); and

(ii) A written supplement substantially in the form of Schedules 1-3, as applicable, to the Security Agreement with respect to any additional assets and property acquired by any Credit Party after the Closing Date on the previous Computation Date (as the case may be), all in reasonable detail.

[Attachment 5 (to
_/_/_ Compliance Certificate)]

DETAILS SPECIFYING DEFAULT OF EVENT OF DEFAULT

US2008 19185482 3

EXHIBIT C

[FORM OF] JOINDER AGREEMENT

, 20

THIS JOINDER AGREEMENT (this "***Agreement***") dated as of [__], 20[__] is by and between [ ], a [_] ("***New Subsidiary***"), and Chicago Atlantic Admin, LLC ("***Chicago Atlantic***"), in its capacity as Administrative Agent under that certain Credit Agreement dated as of November 22, 2021 (as amended, restated, amended and restated, modified, supplemented, increased or otherwise modified in writing from time to time, the "***Credit Agreement***") among Gage Growth Corp., a Canadian corporation ("***Parent***"), as a Borrower, the other Borrowers party thereto on the Closing Date, any other Subsidiaries of Parent that become Borrowers or Guarantors thereunder pursuant to Section 8.09 of the Credit Agreement, the lenders from time to time party thereto (each, a "***Lender***" and, collectively, the "***Lenders***"), Administrative Agent and Chicago Atlantic, as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, "***Collateral Agent***", and together with Administrative Agent, each, an "***Agent***" and collectively, "***Agents***"). Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Loan Parties are required to cause New Subsidiary to become a Borrower or a Guarantor pursuant to Section 8.09 of the Credit Agreement. Accordingly, New Subsidiary hereby agrees with Administrative Agent as follows:

1. New Subsidiary hereby joins the Credit Agreement as a [Borrower/Guarantor] thereunder and agrees to be bound by all of the terms thereof, and shall be as fully a party thereto as if New Subsidiary were an original signatory thereto. New Subsidiary hereby assumes all of the obligations of a [Borrower/Guarantor] under the Credit Agreement and ratifies and affirms as of the date hereof each and every term, representation, warranty, covenant and condition set forth in the Credit Agreement (including without limitation the cross-guaranty provisions of [BORROWER: Section 2.08/GUARANTOR: Article VI] thereof) and agrees to be bound by all of the terms, provisions and conditions contained in the Credit Agreement applicable to a [Borrower/Guarantor]. Each reference to a "[Borrower/Guarantor]" in the Credit Agreement or any other Credit Document shall be deemed to include New Subsidiary.

2. New Subsidiary hereby represents and warrants to each Agent and each Lender that: this Agreement has been duly authorized, executed and delivered by New Subsidiary; (b) after giving effect to this Agreement, no Default or Event of Default has occurred and is continuing as of this date; and (c) all of the representations and warranties applicable to New Subsidiary in the Credit Agreement are true and correct in all material respects (other than such representations and warranties that are already qualified by materiality, Material Adverse Effect or similar language, in which case such representations and warranties shall be true and correct in all respects) on and as of the date of this Agreement and will be true and correct in all material respects as of the date hereof, in each case after giving effect to this Agreement (except to the extent that any such representation or warranty expressly refers to a specific prior date)

3. All notices and other communications to New Subsidiary shall be sent to the address of Parent.

4. This Agreement shall be deemed a Credit Document for all purposes under the Credit Agreement.

New Subsidiary hereby acknowledges and confirms that it has received a copy of the Credit Agreement (and the schedules and exhibits thereto) and each of the other Credit Documents.

5. This Agreement may be executed in any number of counterpart signature pages, and by the different parties on different counterparts, each of which when executed shall be deemed an original but all such counterparts taken together shall constitute one and the same instrument. This Agreement will be deemed executed by the parties hereto when each has signed it and delivered its executed signature page to Agents and Lenders by facsimile transmission, electronic transmission or physical delivery. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic format shall be effective as delivery of a manually executed counterpart of this Agreement.

6. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF ILLINOIS, WITHOUT REFERENCE TO CONFLICTS OF LAW PROVISIONS WHICH WOULD RESULT I N THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, New Subsidiary has caused this Agreement to be duly executed by its authorized officer, and Administrative Agent, for the benefit of the Lenders, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

[NEW SUBSIDIARY]

By:
Name:

Title:

Acknowledged and accepted:

CHICAGO ATLANTIC ADMIN, LLC, as

Administrative Agent

By:
Name:

Title:

THE LOANS EVIDENCED BY THIS NOTE HAVE BEEN ISSUED WITH AN ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF SUCH ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THESE LOANS MAY BE OBTAINED BY WRITING TO BORROWERS.

[FORM OF] TERM NOTE

$[_] [DATE]

FOR VALUE RECEIVED, the undersigned (collectively, "***Borrowers***"), hereby, jointly and severally, promise to pay to [ ] (together with its successors and assigns, "***Lender***") at the office of Administrative Agent (as defined below), on the Maturity Date (as defined in that certain Credit Agreement dated as of November 22, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Credit Agreement***"), among Borrowers, the other Credit Parties from time to time party thereto, the Lender and the other lenders party thereto from time to time and CHICAGO ATLANTIC ADMIN, LLC, as administrative agent for the lenders (in such capacity, "***Administrative Agent***") and as collateral agent for the Secured Parties, the maximum principal sum of [_] DOLLARS AND 00/100 CENTS ($[_].00) or, if less, aggregate unpaid principal amount of the Loans made by the Lender to Borrowers pursuant to the Credit Agreement, in lawful money of the United States of America in immediately available funds, and to pay interest from the date hereof on the principal amount thereof from time to time outstanding, in like funds, at said office, at the rate or rates per annum and payable on such dates as provided in the Credit Agreement. Capitalized terms defined in the Credit Agreement and not otherwise defined herein, when used in this Term Note (this "***Note***") shall have the respective meanings provided for in the Credit Agreement.

Borrowers hereby, jointly and severally, promise to pay interest, on demand, on any overdue principal and, to the extent permitted by law, overdue interest from their due dates at a rate or rates provided in the Credit Agreement.

All borrowings evidenced by this Note and all payments and prepayments of the principal hereof and the date thereof may be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal records; provided, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of Borrowers to make the payments of principal and interest in accordance with the terms of this Note and the Credit Agreement.

Borrowers hereby, jointly and severally, promise to pay all costs of collection, including

attorneys' fees, should this Note be collected by or through an attorney-at-law or under advice therefrom.

Time is of the essence in this Note.

This Note evidences Lender's portion of the Loans under, and is entitled to the benefits and subject to the terms of, the Credit Agreement, which contains provisions with respect to the acceleration of the maturity of this Note upon the happening of certain stated events, and provisions for prepayment and repayment and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified. This Note is secured by and is also entitled to the benefits of the Credit Documents to the extent provided therein and any other agreement or instrument providing collateral for the Loans, whether now or hereafter in existence, and any filings, instruments, agreements and documents relating thereto and providing collateral for the Loans. All notices, requests or other communications required or permitted to be delivered hereunder shall be delivered as set forth in the Credit Agreement.

The liabilities of Borrowers and of any endorser of this Note are joint and several, provided, however, the release by any Agent, Lender or any of the other Lenders (as defined in the Credit Agreement) of any one or more such Persons shall not release any other Person obligated on account of this Note. Each reference in this Note to Borrowers and any endorser is to such Person individually and also to all such Persons jointly. No Person obligated on account of this Note may seek contribution from any other Person also obligated unless and until all of the Obligations have been paid in full in cash.

THIS NOTE AND THE RIGHTS AND OBLIGATIONS OF BORROWERS AND LENDER HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF ILLINOIS, WITHOUT REFERENCE TO CONFLICTS OF LAW PROVISIONS WHICH WOULD RESULT IN THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

This Note shall be binding upon Borrowers, and each endorser and guarantor hereof, and upon their respective successors and assigns, and shall inure to the benefit of Lender and its successors, endorsees, and assigns.

This Note may be executed in any number of counterpart signature pages, and by the different parties on different counterparts, each of which when executed shall be deemed an original but all such counterparts taken together shall constitute one and the same instrument. This Note will be deemed executed by the parties hereto when each has signed it and delivered its executed signature page to Agents and Lenders by facsimile transmission, electronic transmission or physical delivery. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic format shall be effective as delivery of a manually executed counterpart of this Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, this Term Note is executed under seal as of the date first set forth above.

BORROWERS:

GAGE GROWTH CORP., a Canadian federal corporation

By:

Name: Fabian Monaco
Its: Chief Executive Officer

GAGE INNOVATIONS CORP., a Canadian federal corporation

By:

Name: Fabian Monaco
Its: President

COOKIES RETAIL CANADA CORP., a Canadian federal corporation

By:

Name: Hilton Silberg
Its: Secretary and Treasurer

2668420 ONTARIO INC., an Ontario corporation

By:

Name: Hilton Silberg Its: President

2765533 ONTARIO INC., an Ontario corporation

By:

Name: Hilton Silberg
Its: Secretary and Treasurer

RIVERS INNOVATIONS, INC., a Delaware corporation

By:

Name: Fabian Monaco Its: Authorized Signatory

RIVERS INNOVATIONS US SOUTH LLC, a

Delaware limited liability company

By:

Name: Fabian Monaco Its:
Authorized Signatory

RI SPE 1 LLC, a Delaware limited liability company

By:

Name: Fabian Monaco Its:
Authorized Signatory

SPARTAN PARTNERS CORPORATION, a

Michigan corporation

By:

Name: Adel Fakhouri Its:
Secretary

SPARTAN PARTNERS HOLDINGS, LLC, a

Michigan limited liability company

By:

Name: Adel Fakhouri Its:
Authorized Signatory

SPARTAN PARTNERS SERVICES LLC, a

Michigan limited liability company

By:

Name: Adel Fakhouri Its:
Authorized Signatory

SPARTAN PARTNERS PROPERTIES LLC, a

Michigan limited liability company

By:

Name: Adel Fakhouri Its: Authorized Signatory

SPARTAN PARTNERS LICENSING LLC, a

Michigan limited liability company

By:

Name: Adel Fakhouri Its: Authorized Signatory

Loan Schedule

Date	Amount of Loan	Amount of Principal Paid or Prepaid	Balance of Principal Unpaid	Notation Made By:

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, Jason Wild, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2021 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)) 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. [Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942];

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 17, 2022

/s/ Jason Wild
Jason Wild
Executive Chairman
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Keith Stauffer, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2021 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)) 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. [Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942];

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 17, 2022

/s/ Keith Stauffer
Keith Stauffer
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Jason Wild, Executive Chairman of TerrAscend Corp. (the "Company"), hereby certify, that, to my knowledge:

1. the Annual Report on Form 10-K for the year ended December 31, 2021 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 17, 2022

/s/ Jason Wild
Jason Wild
Executive Chairman
(Principal Executive Officer)

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 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Keith Stauffer, Chief Financial Officer of TerrAscend Corp. (the "Company"), hereby certify, that, to my knowledge:

1. the Annual Report on Form 10-K for the year ended December 31, 2021 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 17, 2022

/s/ Keith Stauffer
Keith Stauffer
Chief Financial Officer
(Principal Financial Officer)