

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2023**

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

(State or other jurisdiction of
incorporation or organization)

**77 City Centre Drive
Suite 501 - East Tower
Mississauga, Ontario**

(Address of principal executive offices)

N/A

(I.R.S. Employer
Identification No.)

L5B 1M5

(Zip Code)

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

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

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

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 9, 2023, the registrant had 286,961,175 common shares, \$0.01 par value per share, outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains statements that TerrAscend Corp. ("TerrAscend" or the "Company") believes are, or may be considered to be, "forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q regarding the prospects of TerrAscend's industry or TerrAscend's prospects, plans, financial position or business strategy may constitute forward-looking statements. Such statements can be identified by the use of forward-looking terminology such as "can", "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, statements with respect to:

- the performance of TerrAscend's business and operations;
 - TerrAscend's expectations regarding revenues, expenses and anticipated cash needs;
 - TerrAscend'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;
 - TerrAscend's ability to complete future strategic alliances and the expected impact thereof;
 - TerrAscend's ability to source investment opportunities and complete future acquisitions, including in respect of entities in the United States, the ability to finance such acquisitions, and the expected impact thereof, including potential issuances of TerrAscend's common shares;
 - TerrAscend's ability to continue as a going concern;
 - TerrAscend may be subject to certain restrictions of the Toronto Stock Exchange, which may constrain our ability to expand our business in the United States;
 - certain restrictions or limitations on TerrAscend's ability to distribute and expend capital due to the Company's corporate restructure;
 - the expected growth in the number of customers and patients using TerrAscend's recreational and medical cannabis, respectively;
 - the expected growth in TerrAscend's cultivation and production capacities;
 - expectations with respect to future production costs;
 - the expected methods to be used by TerrAscend to distribute cannabis;
 - the expected growth in the TerrAscend's number of dispensaries;
 - the competitive conditions of the industry;
 - federal, state, provincial, territorial, local and foreign government laws, rules and regulations, including federal and state laws in the U.S. relating to cannabis operations in the U.S.;
 - the legalization of the use of cannabis for medical and/or recreational use in the U.S. and the related timing and impact thereof;
 - laws and regulations and any amendments thereto applicable to the business and the impact thereof;
 - the possibility of actions by individuals, or U.S. federal government enforcement actions, against TerrAscend and the potential impact on TerrAscend;
 - the competitive advantages and business strategies of TerrAscend;
 - 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;
 - TerrAscend's future product offerings;
 - the anticipated future gross margins of TerrAscend's operations;
-

- TerrAscend's ability to source and operate facilities in the United States;
- TerrAscend's ability to integrate and operate the assets acquired from previous acquisitions;
- Michigan'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 growth of the Michigan wholesale and retail business;
- the potential impact of a public health emergency or pandemic, such as the COVID-19 pandemic;
- TerrAscend's ability to protect its intellectual property;
- the possibility that TerrAscend's products may be subject to product recalls and returns; and
- other risks and uncertainties, including those listed under the section titled "Risk Factors" in this Quarterly Report

Certain of the forward-looking statements contained herein concerning the cannabis industry and the general expectations of TerrAscend concerning the cannabis industry are based on estimates prepared by TerrAscend 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 Quarterly Report on Form 10-Q, TerrAscend 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 TerrAscend operates; (iii) the output from TerrAscend's operations; (iv) consumer interest in TerrAscend's products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of TerrAscend's activities and products and in the areas of taxation and environmental protection; (viii) the timely receipt of any required regulatory approvals; (ix) TerrAscend's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) TerrAscend'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 TerrAscend, could cause actual results to differ materially from the forward-looking statements in this Quarterly Report on Form 10-Q. Such risks and uncertainties include, but are not limited to, current and future market conditions; risks related to federal, state, provincial, territorial, local and foreign government laws, rules and regulations, including federal and state laws in the United States ("U.S.") relating to cannabis operations in the U.S.; and those discussed under Item 1A – "*Risk Factors*" in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission (the "SEC") on March 16, 2023 and this Quarterly Report on Form 10-Q. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Quarterly Report on Form 10-Q. TerrAscend can give no assurance that such expectations will prove to have been correct. Forward-looking statements contained herein are made as of the date of this Quarterly Report on Form 10-Q and are based on the beliefs, estimates, expectations and opinions of management on the date such forward-looking statements are made. TerrAscend undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking statements, except as required by applicable law.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

TerrAscend Corp.

Unaudited Interim Condensed Consolidated Balance Sheets

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

	At June 30, 2023	At December 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 28,915	\$ 26,158
Restricted cash	3,106	605
Accounts receivable, net	9,478	22,443
Investments	1,932	3,595
Inventory	54,015	46,335
Assets held for sale	—	17,349
Prepaid expenses and other current assets	8,674	4,937
Current assets from discontinued operations	509	571
	<u>106,629</u>	<u>121,993</u>
Non-Current Assets		
Restricted cash - Non-current	2,500	—
Property and equipment, net	208,995	215,812
Deposits	406	837
Operating lease right of use assets	32,824	29,451
Intangible assets, net	269,594	239,704
Goodwill	99,952	90,328
Other non-current assets	848	3,462
	<u>615,119</u>	<u>579,594</u>
Total Assets	\$ 721,748	\$ 701,587
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 50,841	\$ 44,286
Deferred revenue	3,092	2,935
Loans payable, current	23,928	48,335
Contingent consideration payable, current	4,434	5,184
Operating lease liability, current	1,911	1,857
Lease obligations under finance leases, current	275	521
Corporate income tax payable	45,934	23,077
Other current liabilities	1,608	2,599
Current liabilities from discontinued operations	1,466	9,111
	<u>133,489</u>	<u>137,905</u>
Non-Current Liabilities		
Loans payable, non-current	180,400	145,852
Operating lease liability, non-current	35,207	31,545
Lease obligations under finance leases, non-current	2,139	6,713
Derivative liability	5,750	711
Convertible debt	6,447	—
Deferred income tax liability	35,596	30,700
Financing obligations	10,754	11,198
Other long term liabilities	16,367	15,792
	<u>292,660</u>	<u>242,511</u>
Total Liabilities	426,149	380,416
Commitments and Contingencies		
Shareholders' Equity		
Share Capital		
Series A, convertible preferred stock, no par value, unlimited shares authorized; 12,350 and 12,608 shares outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Series B, convertible preferred stock, no par value, unlimited shares authorized; 600 and 600 shares outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Series C, convertible preferred stock, no par value, unlimited shares authorized; nil and nil shares outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Series D, convertible preferred stock, no par value, unlimited shares authorized; nil and nil shares outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Proportionate voting shares, no par value, unlimited shares authorized; nil and nil shares outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Exchangeable shares, no par value, unlimited shares authorized; 63,492,038 and 76,996,538 shares outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Common shares, no par value, unlimited shares authorized; 286,807,780 and 259,624,531 shares outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Additional paid in capital	945,926	934,972
Accumulated other comprehensive income	1,330	2,085
Accumulated deficit	(653,623)	(618,260)
Non-controlling interest	1,966	2,374
Total Shareholders' Equity	295,599	321,171
Total Liabilities and Shareholders' Equity	\$ 721,748	\$ 701,587

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

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

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenue	\$ 72,437	\$ 64,221	\$ 142,157	\$ 113,281
Excise and cultivation tax	(313)	(261)	(635)	(736)
Revenue, net	72,124	63,960	141,522	112,545
Cost of Sales	35,898	40,009	71,396	72,970
Gross profit	36,226	23,951	70,126	39,575
Operating expenses:				
General and administrative	30,476	32,925	58,206	54,349
Amortization and depreciation	2,242	2,581	4,271	4,756
Impairment of property and equipment	10	—	345	—
Total operating expenses	32,728	35,506	62,822	59,105
Income (loss) from operations	3,498	(11,555)	7,304	(19,530)
Other (income) expense				
Loss from revaluation of contingent consideration	—	34	—	153
Gain on fair value of warrants and purchase option derivative asset	(215)	(47,345)	(653)	(53,058)
Finance and other expenses	8,171	13,663	18,258	20,318
Transaction and restructuring costs	389	627	392	1,242
Unrealized and realized foreign exchange (gain) loss	(101)	(315)	(132)	41
Unrealized and realized loss on investments	1,661	234	2,360	234
(Loss) Income from continuing operations before provision from income taxes	(6,407)	21,547	(12,921)	11,540
Provision for income taxes	6,448	4,688	19,112	8,431
Net (loss) income from continuing operations	\$ (12,855)	\$ 16,859	\$ (32,033)	\$ 3,109
Discontinued operations:				
Loss from discontinued operations, net of tax	\$ (621)	\$ (2,697)	\$ (4,212)	\$ (4,953)
Net (loss) income	\$ (13,476)	\$ 14,162	\$ (36,245)	\$ (1,844)
Foreign currency translation	408	280	755	3,887
Comprehensive (loss) income	\$ (13,884)	\$ 13,882	\$ (37,000)	\$ (5,731)
Net (loss) income from continuing operations attributable to:				
Common and proportionate Shareholders of the Company	\$ (14,998)	\$ 15,914	\$ (36,362)	\$ 1,813
Non-controlling interests	\$ 2,143	\$ 945	\$ 4,329	\$ 1,296
Comprehensive (loss) income from continuing operations attributable to:				
Common and proportionate Shareholders of the Company	\$ (16,027)	\$ 12,937	\$ (41,329)	\$ (7,027)
Non-controlling interests	\$ 2,143	\$ 945	\$ 4,329	\$ 1,296
Net (loss) income per share				
Net (loss) income per share - basic:				
Continuing operations	\$ (0.05)	\$ 0.06	\$ (0.13)	\$ 0.01
Discontinued operations	\$ —	\$ (0.01)	\$ (0.02)	\$ (0.02)
Net (loss) income per share - basic	\$ (0.05)	\$ 0.05	\$ (0.15)	\$ (0.01)
Weighted average number of outstanding common and proportionate voting shares	275,186,279	252,305,425	271,223,233	231,829,926
Net (loss) income per share - diluted:				
Continuing operations	\$ (0.05)	\$ 0.06	\$ (0.13)	\$ 0.01
Discontinued operations	\$ —	\$ (0.01)	\$ (0.02)	\$ (0.02)
Net (loss) income per share - diluted	\$ (0.05)	\$ 0.05	\$ (0.15)	\$ (0.01)
Weighted average number of outstanding common and proportionate voting shares, assuming dilution	275,186,279	257,883,711	271,223,233	231,829,926

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

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

	Number of Shares				Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Non-controlling interest	Total
	Convertible Preferred Stock									
	Common Shares	Exchangeable Shares	Series A	Series B						
Balance at March 31, 2023	274,653,743	63,492,038	12,350	600	351,095,985	\$ 936,404	\$ 1,738	\$ (641,517)	\$ 2,676	\$ 299,301
Shares issued - stock options, warrant and RSU exercises	1,078	—	—	—	1,078	—	—	—	—	—
Shares, options and warrants issued - acquisitions	5,442,282	—	—	—	5,442,282	9,524	—	—	—	9,524
Shares, options and warrants issued - legal settlement	130,000	—	—	—	130,000	201	—	—	—	201
Shares issued - conversion	—	—	—	—	—	—	—	—	—	—
Private placement net of share issuance costs	6,580,677	—	—	—	6,580,677	7,507	—	—	—	7,507
Share-based compensation expense	—	—	—	—	—	1,981	—	—	—	1,981
Options and warrants expired/forfeited	—	—	—	—	—	(3,514)	—	3,514	—	—
Capital distributions	—	—	—	—	—	—	—	—	(1,531)	(1,531)
Acquisition of non-controlling interest	—	—	—	—	—	(6,177)	—	—	(1,323)	(7,500)
Net (loss) income for the period	—	—	—	—	—	—	—	(15,620)	2,144	(13,476)
Foreign currency translation	—	—	—	—	—	—	(408)	—	—	(408)
Balance at June 30, 2023	286,807,780	63,492,038	12,350	600	363,250,022	945,926	1,330	(653,623)	1,966	295,599

	Number of Shares				Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Non-controlling interest	Total
	Convertible Preferred Stock									
	Common Shares	Exchangeable Shares	Series A	Series B						
Balance at March 31, 2022	251,971,226	52,395,071	13,358	610	318,334,501	\$ 850,386	\$ (783)	(329,855)	5,491	\$ 525,239
Shares issued - stock option, warrant and RSU exercises	36,099	—	—	—	36,099	1,041	—	—	—	1,041
Shares issued - conversion	700,000	—	(700)	—	—	—	—	—	—	—
Shares issued - liability settlement	—	—	—	—	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	4,463	—	—	—	4,463
Options expired/forfeited	—	—	—	—	—	(1,506)	—	1,506	—	—
Capital contribution	—	—	—	—	—	564	—	—	(221)	343
Net income for the period	—	—	—	—	—	—	—	13,217	945	14,162
Foreign currency translation	—	—	—	—	—	—	(280)	—	—	(280)
Balance at June 30, 2022	252,707,325	52,395,071	12,658	610	318,370,600	\$ 854,948	\$ (1,063)	(315,132)	\$ 6,215	\$ 544,968

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Continued)*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

	Number of Shares				Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Non-controlling interest	Total
	Common Shares	Exchangeable Shares	Convertible Preferred Stock							
			Series A	Series B						
Balance at December 31, 2022	259,624,531	76,996,538	12,608	600	349,829,273	\$ 934,972	\$ 2,085	\$ (618,260)	\$ 2,374	\$ 321,171
Shares issued - stock options, warrant and RSU exercises	393,924	—	—	—	393,924	81	—	—	—	81
Shares, options and warrants issued - acquisitions	5,913,963	—	—	—	5,913,963	10,267	—	—	—	10,267
Shares, options and warrants issued - legal settlement	532,185	—	—	—	532,185	794	—	—	—	794
Shares issued - conversion	13,762,500	(13,504,500)	(258)	—	—	—	—	—	—	—
Private placement net of share issuance costs	6,580,677	—	—	—	6,580,677	7,507	—	—	—	7,507
Share-based compensation expense	—	—	—	—	—	3,694	—	—	—	3,694
Options and warrants expired/forfeited	—	—	—	—	—	(5,212)	—	5,212	—	—
Capital distributions	—	—	—	—	—	—	—	—	(3,415)	(3,415)
Acquisition of non-controlling interest	—	—	—	—	—	(6,177)	—	—	(1,323)	(7,500)
Net (loss) income for the period	—	—	—	—	—	—	—	(40,575)	4,330	(36,245)
Foreign currency translation	—	—	—	—	—	—	(755)	—	—	(755)
Balance at June 30, 2023	286,807,780	63,492,038	12,350	600	363,250,022	\$ 945,926	\$ 1,330	\$ (653,623)	\$ 1,966	\$ 295,599

	Number of Shares				Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Non-controlling interest	Total
	Common Shares	Exchangeable Shares	Convertible Preferred Stock							
			Series A	Series B						
Balance at December 31, 2021	190,930,800	38,890,571	13,708	610	244,175,394	\$ 535,418	\$ 2,823	\$ (314,654)	\$ 5,367	\$ 228,954
Shares issued - stock option, warrant and RSU exercises	9,336,728	—	—	—	9,336,728	25,743	—	—	—	25,743
Shares issued - acquisitions	51,349,978	13,504,500	—	—	64,854,478	288,044	—	—	—	288,044
Shares issued - liability settlement	4,000	—	—	—	4,000	22	—	—	—	22
Shares issued - conversion	1,085,819	—	(1,050)	—	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	7,819	—	—	—	7,819
Options expired/forfeited	—	—	—	—	—	(2,662)	—	2,662	—	—
Conversion of convertible debt	—	—	—	—	—	564	—	—	—	564
Capital contribution	—	—	—	—	—	—	—	—	(448)	(448)
Net (loss) income for the period	—	—	—	—	—	—	—	(3,140)	1,296	(1,844)
Foreign currency translation	—	—	—	—	—	—	(3,886)	—	—	(3,886)
Balance at June 30, 2022	252,707,325	52,395,071	12,658	610	318,370,600	\$ 854,948	\$ (1,063)	\$ (315,132)	\$ 6,215	\$ 544,968

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

Unaudited Interim Condensed Consolidated Statements of Cash Flows

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

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Operating activities		
Net (loss) income from continuing operations	\$ (32,033)	\$ 3,109
Adjustments to reconcile net (loss) income to net cash used in operating activities		
Non-cash write downs of inventory	1,081	8,495
Accretion expense	5,673	1,708
Depreciation of property and equipment and amortization of intangible assets	9,761	11,253
Amortization of operating right-of-use assets	932	1,074
Share-based compensation	3,694	7,819
Deferred income tax expense	815	(787)
Gain on fair value of warrants and purchase option derivative	(653)	(53,058)
Loss on disposal of fixed assets	345	—
Revaluation of contingent consideration	—	153
Loss on disposal of fixed assets	—	929
Release of indemnification asset	—	3,973
Unrealized and realized foreign exchange (gain) loss	(132)	41
Unrealized and realized loss on investments / derivatives	2,410	234
Changes in operating assets and liabilities		
Receivables	295	(445)
Inventory	(7,851)	208
Prepaid expense and other current assets	(319)	1,434
Deposits	431	206
Other assets	714	461
Accounts payable and accrued liabilities and other payables	4,089	(7,840)
Operating lease liability	(337)	(614)
Other liability	1,085	(10,353)
Contingent consideration payable	—	(410)
Corporate income tax payable	22,127	5
Deferred revenue	157	766
Net cash provided by (used in) operating activities- continuing operations	12,284	(31,639)
Net cash (used in) operating activities- discontinued operations	(3,164)	(3,337)
Net cash provided by (used in) operating activities	9,120	(34,976)
Investing activities		
Investment in property and equipment	(4,504)	(12,500)
Investment in intangible assets	(262)	(1,330)
Principal payments received on lease receivable	104	392
Receipt of convertible debenture payment	738	—
Deposits for property and equipment	—	(10,036)
Deposits for business acquisition	—	(852)
Payment for land contracts	(769)	(429)
Cash portion of consideration paid in acquisitions, net of cash of acquired	(14,469)	24,716
Net cash (used in) investing activities- continuing operations	(19,162)	(39)
Net cash provided by investing activities- discontinued operations	14,285	—
Net cash (used in) investing activities	(4,877)	(39)
Financing activities		
Transfer of Employee Retention Credit	12,677	—
Proceeds from loan payable, net of transaction costs	23,872	—
Proceeds from options and warrants exercised	81	24,158
Loan principal paid	(40,359)	(4,968)
Loan amendment fee paid and prepayment premium paid	(1,178)	(1,200)
Cash distributions to partners	(3,415)	(1,436)
Capital contributions paid to non-controlling interests	—	(448)
Payments of contingent consideration	—	(6,630)
Proceeds from private placement, net of share issuance costs	19,218	—
Payments made for financing obligations and finance lease	(941)	(460)
Net cash provided by financing activities- continuing operations	9,955	9,016
Net cash (used in) financing activities- discontinued operations	(5,539)	(235)
Net cash provided by financing activities	4,416	8,781
Net increase in cash and cash equivalents and restricted cash during the period	8,659	(26,234)
Net effects of foreign exchange	(901)	(4,377)
Cash and cash equivalents and restricted cash, beginning of the period	26,763	79,642
Cash and cash equivalents and restricted cash, end of the period	\$ 34,521	\$ 49,031
Supplemental disclosure with respect to cash flows		
Income taxes (refund received) paid	\$ (4,582)	\$ 9,213
Interest paid	\$ 9,259	\$ 14,641
Lease termination fee paid	\$ -	\$ 3,300
Non-cash transactions		
Equity and warrant liability issued as consideration for acquisition	\$ 10,267	\$ 294,800
Shares issued for legal and liability settlement	\$ 794	\$ 22
Accrued capital purchases	\$ 529	\$ 9,776

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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

1. Nature of operations

TerrAscend Corp. ("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 ("U.S.") and Canadian cannabinoid markets where cannabis production or consumption has been legalized for therapeutic or adult use. TerrAscend operates a number of synergistic businesses, including Gage Growth ("Gage"), a cultivator, processor and retailer in Michigan; KISA Enterprises MI, LLC and KISA Holdings LLC (collectively "Pinnacle"); The Apothecarium ("The Apothecarium"), a cannabis dispensary with several retail locations in California, Pennsylvania and New Jersey; TerrAscend NJ, LLC ("TerrAscend NJ"), a cultivator, processor and retailer with operations in New Jersey; Ilera Healthcare ("Ilera"), Pennsylvania's medical cannabis cultivator, processor and dispenser; vertically integrated operations in Maryland which include HMS Health, LLC and HMS Processing, LLC (collectively "HMS"), a cannabis cultivator and processor, Allegany Medical Marijuana Dispensary ("AMMD"), Peninsula Alternative Health ("Peninsula"), Blue Ridge Wellness ("Blue Ridge"), and Herbiculture Inc. ("Herbiculture"); Valhalla Confections, a cannabis-infused edibles brand; and State Flower, a California-based cannabis producer operating a licensed cultivation facility in San Francisco. Notwithstanding various states in the U.S. which have implemented medical marijuana laws, or which have otherwise legalized the use of cannabis, the use of cannabis remains illegal under U.S. federal law for any purpose, by way of the Controlled Substances Act of 1970.

Effective July 4, 2023, the Company commenced trading of its common shares on the Toronto Stock Exchange ("TSX"), under the ticker symbol "TSND". Previously from May 3, 2017 to June 30, 2023, common shares of the Company were traded on the Canadian Securities Exchange under ticker symbol "TER". The common shares of the Company began trading on OTCQX on October 22, 2018 under the ticker symbol "TRSSF" and changed its ticker symbol to "TSNDF" effective July 6, 2023. The Company's registered office is located at 77 City Centre Drive, Suite 501, Mississauga, Ontario, L5B 1M5.

2. Summary of significant accounting policies

(a) Basis of presentation

These unaudited interim condensed consolidated financial statements included herein (the "Consolidated Financial Statements") of the Company and its subsidiaries were prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

The accompanying condensed consolidated financial statements contained in this report are unaudited. In the opinion of management, these unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and notes thereto of the Company and include all adjustments, consisting only of normal recurring adjustments, considered necessary for the fair presentation of the Company's financial position and operating results. The results for the three and six months ended June 30, 2023 are not necessarily indicative of the operating results for the year ended December 31, 2023, or any other interim or future periods.

The accompanying unaudited interim condensed 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. At June 30, 2023, TerrAscend had an accumulated deficit of \$653,623. During the three and six months ended June 30, 2023, TerrAscend incurred a net loss from continuing operations of \$12,855 and \$32,033, respectively. Additionally, as of June 30, 2023 the Company's current liabilities exceed its current assets. Therefore, the Company expects that it will need additional capital to continue to fund its operations.

The aforementioned indicators raise substantial doubt about TerrAscend's ability to continue as a going concern for at least one year from the issuance of these financial statements. The Company believes this concern is mitigated by steps to improve its operations and cash position, including: (i) identifying access to future capital required to meet the Company's on-going obligations, (ii) improved cashflow growth from the Company's consolidated operations, particularly in New Jersey and most recently Maryland with conversion to adult use sales, and (iii) various cost and efficiency improvements.

The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the year ended December 31, 2022 contained in the Company's 2022 Form 10-K. There were no significant changes to the policies disclosed in Note 2 of the summary of significant accounting policies of the Company's audited consolidated financial statements for the year ended December 31, 2022 in the Company's 2022 Form 10-K other than the new estimate disclosed in Note 3 of the financial statements.

3. Consolidation

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

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

As a part of the TSX listing, the Company reorganized its ownership in subsidiaries to segregate the Company's Canadian cannabis operations from its operations in the United States (the "Reorganization"). After the Reorganization, the Company owns 95% of its Canadian business. The Company continues to consolidate both its Canadian and its U.S. cannabis operation under two different consolidation models.

Voting Interest Entities

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

Variable Interest Entities

A VIE is an entity that lacks one or more characteristics of a controlling financial interest defined under the voting interest model. The Company consolidates VIE when it has a variable interest that provide it with (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance (power) and (2) the obligation to absorb losses of the VIE that potentially could be significant to the VIE or the right to receive benefits from the VIE that potentially could be significant to the VIE (benefits).

As a result of the Company's TSX listing effort, TerrAscend Growth Corp., a wholly owned subsidiary of the Company, has issued \$1 million of Class A shares to an investor. See Note 10 for accounting treatment of Class A shares. The Company's ownership in Class B shares, representing 100% of the issued and outstanding shares of TerrAscend Growth Corp., were exchanged for non-voting, non-participating exchangeable shares of TerrAscend Growth Corp. Simultaneously, the Company entered into a protection agreement with TerrAscend Growth Corp. that contains certain negative covenants that are designed to preserve the value of the non-voting shares until such time as they are converted into common shares. The Company determined TerrAscend Growth Corp. is a VIE as all the Company's US activities continue to be conducted on behalf of the Company which has disproportionately few voting rights. After conducting an analysis of the following VIE factors; purpose and design of the VIE, the protection agreement in place, the board structure of TerrAscend Growth Corp., and substantive kick-out rights of the Class A shareholders, it was determined that the Company has the power to direct the activities of TerrAscend Growth Corp. In addition, given the structure of the Class A shares where all of the losses and substantially all of the benefits of TerrAscend Growth Corp. are absorbed by the Company, the Company consolidates as the primary beneficiary in accordance with ASC 810 *Consolidation*. Management has applied significant judgment on the decision to consolidate its VIE's based on the facts and circumstances noted above.

The Company's U.S. operations are consolidated through the VIE model. Therefore, substantially all of the Company's current assets, non-current assets, current liabilities and non-current liabilities are consolidated through the VIE model. The Company's assets and liabilities that are not consolidated through the VIE model include convertible debt, derivative liability and assets and liabilities from discontinued operations. The Company also consolidates a minimal amount of assets and liabilities within Canada, see Note 21 for more information.

4. Accounts receivable, net

	June 30, 2023	December 31, 2022
Trade receivables	\$ 19,213	\$ 14,786
Sales tax receivable	120	277
Other receivables	994	17,936
Expected credit losses	(10,849)	(10,556)
Total receivables, net	\$ 9,478	\$ 22,443

For the year ended December 31, 2022, the Company has an Employee Retention Credit ("ERC") for qualified wages of \$14,903 which was included in other receivables in the table above at December 31, 2022. During January 2023, the Company received \$12,667, pursuant to a financing agreement with a third-party lender. In exchange, the Company assigned to the lender its interests in the \$14,903 ERC claim that was submitted during December 2022. The difference between the amount of the claim and the amount received from the lender is the employee retention credits transfer fee which is equal to 15% of the total claim amount. The framework prescribed in

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

ASC 860 *Transfers and Servicing* was reviewed and management has concluded that this should be accounted for as an asset transfer with recourse. This fee is included in finance and other expenses. If the Company does not receive the ERC claim, in whole or in part, the Company is required to repay the related portion of the funds received plus interest of 10% accrued from the date of the financing agreement through the repayment date. The Company's obligation under the financing agreement will be satisfied upon receipt of the ERC claim or other full repayment. As of June 30, 2023, the lender has received refunds in the amount of \$10,059 and is awaiting receipt of the remaining refunds. Management has concluded that collection remains probable and no additional recourse obligation was recorded for the six months ended June 30, 2023.

	June 30, 2023	December 31, 2022
Trade receivables	\$ 19,213	\$ 14,786
Less: provision for sales returns and expected credit losses	(10,849)	(10,556)
Total trade receivables, net	\$ 8,364	\$ 4,230
Of which		
Current	7,393	4,045
31-90 days	1,108	614
Over 90 days	10,712	10,127
Less: provision for sales returns and expected credit losses	(10,849)	(10,556)
Total trade receivables, net	\$ 8,364	\$ 4,230

The over 90 days aged balance relates mainly to one customer which was deemed uncollectible.

5. AcquisitionsAMMD

On January 27, 2023, TerrAscend closed the acquisition of AMMD, a dispensary in Cumberland, Maryland. Under the terms of the agreement, TerrAscend acquired a 100% equity interest in AMMD for total consideration of \$10,000 in cash, in addition to entering into a long-term lease with the option to purchase the real estate. The cash consideration paid included repayments of indebtedness and transaction expenses on behalf of AMMD of \$160 and \$29, respectively.

The following table presents the fair value of assets acquired and liabilities assumed as of the January 27, 2023 acquisition date and allocation of the consideration to net assets acquired:

Cash and cash equivalents	\$ 20
Inventory	303
Prepaid expense	4
Operating right of use asset	781
Fixed assets	416
Intangible asset	5,330
Goodwill	6,005
Accounts payable and accrued liabilities	(135)
Deferred tax liability	(2,021)
Corporate income taxes payable	(291)
Operating lease liability	(781)
Net assets acquired	\$ 9,631
Cash	10,000
Working capital adjustment	(369)
Total consideration	\$ 9,631

The acquired intangible assets include a medical license, which is treated as a definite-lived intangible asset and amortized over a 30-year period.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

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

The accounting for this acquisition has been provisionally determined at June 30, 2023. The fair value of net assets acquired, specifically with respect to inventory, intangible assets, property and equipment, operating right of use assets, lease liabilities, corporate income taxes payable, deferred tax liability, and goodwill have been determined provisionally and are subject to adjustment. Upon completion of a comprehensive valuation and finalization of the purchase price allocation, the amounts above may be adjusted retrospectively to the acquisition date in future reporting periods. During the 3 months ended June 30, 2023, an adjustment was made to decrease intangible assets by \$620 due to new information regarding the fair value at January 27, 2023. This resulted in an increase to goodwill of the same amount.

Costs related to this transaction were \$191, including legal, accounting, due diligence, and other transaction-related expenses. Of the total amount of transaction costs, \$36 and \$99 were recorded during the six months ended June 30, 2023 and June 30, 2022, respectively.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been \$3,736 for the six months ended June 30, 2023 and net income estimates would have been \$1,141. Actual sales and net income for the six months ended June 30, 2023 since the date of acquisition are \$3,057 and \$897, respectively.

Peninsula

On June 28, 2023, the Company closed the acquisition of Peninsula, a dispensary located in Salisbury, Maryland. Under the terms of the agreement, the Company acquired 100% of the equity interest in Peninsula for total consideration of \$14,362 exclusive of assumed financing obligations of \$7,698. The consideration was comprised of 5,442,282 common shares of the Company ("Common Shares"), valued at \$9,524, a \$3,927 secured promissory note at an interest rate of 7.25% maturing on June 28, 2026, and \$1,500 in cash, less a working capital adjustment of \$589. The cash consideration paid included transaction expenses and repayments of indebtedness on behalf of Peninsula of \$290 and \$33, respectively. As part of the stock consideration, the Company guaranteed the value of the stock consideration as of the transaction date for a period up to 24 months from the transaction date. This guarantee in value is accounted for as a derivative in accordance with ASC 815, *Derivatives and Hedging*.

The following table presents the fair value of assets acquired and liabilities assumed as of the June 28, 2023 acquisition date and allocation of the consideration to net assets acquired:

Inventory	\$	370
Prepaid expense		371
Operating right of use asset		1,168
Fixed assets		68
Intangible asset		21,800
Goodwill		683
Accounts payable and accrued liabilities		(1,123)
Loans payable		(7,807)
Operating lease liability		(1,168)
Net assets acquired	\$	14,362
Cash		1,500
Common shares of TerrAscend		9,524
Loans payable		3,927
Working capital adjustment		(589)
Total consideration	\$	14,362

The acquired intangible assets include a medical license, which is treated as a definite-lived intangible asset and amortized over a 30-year period.

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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

The accounting for this acquisition has been provisionally determined at June 30, 2023. The fair value of net assets acquired, specifically with respect to inventory, intangible assets, property and equipment, operating right of use assets, lease liabilities, deferred tax liability, and goodwill have been determined provisionally and are subject to adjustment. Upon completion of a comprehensive valuation and finalization of the purchase price allocation, the amounts above may be adjusted retrospectively to the acquisition date in future reporting periods.

Costs related to this transaction were \$445, including legal, accounting, due diligence, and other transaction-related expenses and were recorded during the six months ended June 30, 2023.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been \$6,987 for the six months ended June 30, 2023 and net income estimates would have been \$1,168. Actual sales and net loss for the six months ended June 30, 2023 since the date of acquisition are \$200 and \$129, respectively.

Blue Ridge

On June 30, 2023, the Company closed the acquisition of Blue Ridge, a dispensary located in Parkville, Maryland. The Company has plans to relocate Blue Ridge in the next six months to a new, high-traffic retail center. Under the terms of the agreement, the Company acquired a 100% equity interest in Blue Ridge for total consideration of \$6,188, comprised of a promissory note of \$3,750 at an interest rate of 7.0% maturing on June 30, 2027 and \$3,000 in cash, less a working capital adjustment of \$562. The cash consideration paid included repayments of indebtedness and transaction expenses on behalf of Blue Ridge of \$707 and \$281, respectively.

The following table presents the fair value of assets acquired and liabilities assumed as of the June 30, 2023 acquisition date and allocation of the consideration to net assets acquired:

Inventory	\$	234
Prepaid expense		192
Operating right of use asset		2,325
Intangible asset		6,410
Goodwill		2,936
Deferred tax liability		(2,653)
Accounts payable and accrued liabilities		(931)
Operating lease liability		(2,325)
Net assets acquired	\$	6,188
Cash		3,000
Loans payable		3,750
Working capital adjustment		(562)
Total consideration	\$	6,188

The acquired intangible assets include a medical license, which is treated as a definite-lived intangible asset and amortized over a 30-year period.

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

The accounting for this acquisition has been provisionally determined at June 30, 2023. The fair value of net assets acquired, specifically with respect to inventory, intangible assets, operating right of use assets, lease liabilities, deferred tax liability, and goodwill have been determined provisionally and are subject to adjustment. Upon completion of a comprehensive valuation and finalization of the purchase price allocation, the amounts above may be adjusted retrospectively to the acquisition date in future reporting periods.

Costs related to this transaction were \$163, including legal, accounting, due diligence, and other transaction-related expenses and were recorded during the six months ended June 30, 2023.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been \$2,018 for the six months ended June 30, 2023 and net income estimates would have been \$383. Actual sales and net loss for the six months ended June 30, 2023 since the date of acquisition are \$21 and \$84, respectively.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share 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 balance of contingent consideration is as follows:

	State Flower	Apothecarium	Pinnacle	Total
Carrying amount, December 31, 2022	\$ 1,406	\$ 3,028	\$ 750	\$ 5,184
Payments of contingent consideration	—	—	(750)	(750)
Carrying amount, June 30, 2023	\$ 1,406	\$ 3,028	—	\$ 4,434
Less: current portion	(1,406)	(3,028)	—	(4,434)
Non-current contingent consideration	—	—	—	—

During the six months ended June 30, 2023, the Company issued 471,681 shares of common stock to the sellers of its previously acquired Pinnacle business. The issuance of shares fully settles the \$750 earn out consideration provision in the stock purchase agreement.

6. Inventory

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

	June 30, 2023	December 31, 2022
Raw materials	\$ 1,406	\$ 1,181
Finished goods	20,691	15,280
Work in process	26,891	26,406
Accessories, supplies and consumables	5,027	3,468
	\$ 54,015	\$ 46,335

The Company wrote down \$1,081 of packaging inventory due primarily to defective cartridges during the six months ended June 30, 2023.

On February 4, 2022, more than 500 vape products were recalled by the Pennsylvania's Department of Health, including several of the Company's SKUs. As a result of the recall, the Company wrote off \$1,071 and \$1,925 of inventory during the three and six months ended June 30, 2022, respectively.

In addition, management wrote down its inventory by \$6,351 and \$6,570 for the three and six months ended June 30, 2022, respectively. The inventory write-downs in the prior year period were mainly due to the write down of inventory to lower of cost or market which was related to the Company's operations reconfiguration of its cultivation facility in Pennsylvania, as well as inventory in Canada that the Company deemed unsaleable.

7. Discontinued operations

The Company determined to make available for sale the asset groups related to TerrAscend Canada's Licensed Producer business. Therefore, the results of operations have been reclassified as discontinued operations on a retrospective basis for all periods presented.

The major classes of assets and liabilities from discontinued operations included the following:

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

	June 30, 2023		December 31, 2022	
Land	—	\$	734	
Buildings & improvements	—		16,529	
Office furniture & equipment	—		86	
Total assets held for sale	—	\$	17,349	
Prepaid expenses and other current assets	509		571	
Current assets from discontinued operations	\$ 509	\$	571	
Accounts payable and accrued liabilities	\$ 1,466	\$	3,747	
Loans payable	—		5,364	
Current liabilities from discontinued operations	\$ 1,466	\$	9,111	

The results of operations for the discontinued operations includes revenues and expenses directly attributable to the operations disposed. Corporate and administrative expenses, including interest expense, not directly attributable to the operations were not allocated to TerrAscend Canada's Licensed Producer business. The results of discontinued operations were as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenue	—	\$ 1,146	—	\$ 2,531
Excise and cultivation tax	—	(302)	—	(613)
Revenue, net	—	844	—	1,918
Cost of Sales	—	1,802	—	3,360
Gross profit	—	(958)	—	(1,442)
Operating expenses:				
General and administrative	455	1,056	756	2,184
Amortization and depreciation	—	435	48	878
Impairment of property and equipment	—	—	3,064	—
Total operating expenses	455	1,491	3,868	3,062
Loss from discontinued operations	(455)	(2,449)	(3,868)	(4,504)
Other expense				
Finance and other expenses	166	248	344	449
Net loss from discontinued operations	\$ (621)	\$ (2,697)	\$ (4,212)	\$ (4,953)

Asset Specific Impairment

Certain assets of TerrAscend Canada were determined to be held for sale as they met the criteria under ASC 360 *Property, Plant and Equipment*. TerrAscend Canada operated out of a 67,300 square foot facility located in Mississauga, Ontario. Assets held for sale are reported at the lower of its carrying value or fair value less cost to sell. On May 23, 2023, the Mississauga, Ontario facility was sold for CAD \$19,700 (U.S. \$14,285). Net proceeds have been applied to pay down existing Company debt.

8. Property and equipment

Property and equipment consisted of:

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

	June 30, 2023	December 31, 2022
Land	\$ 6,713	\$ 6,512
Assets in process	26,181	28,416
Buildings & improvements	159,356	154,742
Machinery & equipment	33,337	30,973
Office furniture & equipment	8,727	7,576
Assets under finance leases	2,530	7,277
Total cost	236,844	235,496
Less: accumulated depreciation	(27,849)	(19,684)
Property and equipment, net	\$ 208,995	\$ 215,812

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

As of June 30, 2023 and December 31, 2022, borrowing costs were not capitalized because the assets in process did not meet the criteria of a qualifying asset.

Depreciation expense was \$3,395 and \$6,652 for the three and six months ended June 30, 2023, respectively (\$2,023 and \$4,040 included in cost of sales) and \$3,027 and \$4,684 for the three and six months ended June 30, 2022, respectively (\$1,670 and \$3,171 included in cost of sales).

9. Intangible assets and goodwill

Intangible assets consisted of the following:

At June 30, 2023	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Finite lived intangible assets</i>			
Software	\$ 1,286	\$ (817)	\$ 469
Licenses	208,384	(22,016)	186,368
Brand intangibles	1,144	(1,144)	-
Non-compete agreements	280	(280)	-
Total finite lived intangible assets	211,094	(24,257)	186,837
<i>Indefinite lived intangible assets</i>			
Brand intangibles	82,757	—	82,757
Total indefinite lived intangible assets	82,757	—	82,757
Intangible assets, net	\$ 293,851	\$ (24,257)	\$ 269,594
<hr/>			
At December 31, 2022	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Finite lived intangible assets</i>			
Software	\$ 1,169	\$ (569)	\$ 600
Licenses	178,929	(22,590)	156,339
Brand intangibles	1,144	(1,144)	-
Non-compete agreements	280	(272)	8
Total finite lived intangible assets	181,522	(24,575)	156,947
<i>Indefinite lived intangible assets</i>			
Brand intangibles	82,757	—	82,757
Total indefinite lived intangible assets	82,757	—	82,757
Intangible assets, net	\$ 264,279	\$ (24,575)	\$ 239,704

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

Amortization expense was \$1,595 and \$3,109 for the three and six months ended June 30, 2023, respectively (\$725 and \$1,450 included in cost of sales) and \$3,871 and \$6,333 for the three and six months ended June 30, 2022, respectively (\$2,345 and \$3,076 included in cost of sales).

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

Remainder of 2023	\$	4,501
2024		8,662
2025		8,396
2026		8,381
2027		8,301

The Company's goodwill is allocated to one reportable segment. The following table summarizes the activity in the Company's goodwill balance:

Balance at December 31, 2022	\$	90,328
Acquisitions (see Note 5)		9,004
Measurement period adjustment		620
Balance at June 30, 2023	\$	99,952

10. Loans payable

	Ilera Term Loan	Stearns Loan	Gage Loans	Pinnacle Loans	Pelorus Term Loan	Marylan d Acquisiti on Loans	Class A Share Gage Growth Corp	IHC Note Payable	Total
Balance at December 31, 2022	\$ 110,850	\$ -	\$ 29,976	\$ 9,333	\$ 44,028	\$ -	\$ -	\$ -	\$ 194,187
Loan principal, net of transaction costs		23,872	—	—	—	15,485	1,000	7,500	47,857
Loan amendment fee / Prepayment penalty	(2,328)	—	—	—	—	—	—	—	(2,328)
Interest and accretion	8,405	38	2,189	266	3,332	—	—	—	14,230
Principal and interest paid	(40,469)	—	(3,132)	(1,266)	(3,251)	—	—	(1,500)	(49,618)
Effects of movements in foreign exchange	—	—	—	—	—	—	—	—	-
Ending carrying amount at June 30, 2023	76,458	23,910	29,033	8,333	44,109	15,485	1,000	6,000	204,328
Less: current portion	(3,461)	(405)	(3,214)	(8,333)	(551)	(1,964)	—	(6,000)	(23,928)
Non-current loans payable	\$ 72,997	\$ 23,505	\$ 25,819	—	\$ 43,558	\$ 13,521	\$ 1,000	\$ -	\$ 180,400

Total interest paid on all loan payables was \$6,803 and \$9,259 for the three and six months ended June 30, 2023, respectively, and \$6,370 and \$14,406 for the three and six months ended June 30, 2022, respectively.

Ilera Term Loan

On April 14, 2023, WDB Holding PA agreed to an amendment to the Ilera Term Loan among other things, to (i) permit changes necessary for the TSX Transaction (as defined therein), and (ii) to waive certain tax provisions. On June 22, 2023, WDB Holding PA further agreed to an amendment among other things, to (i) extend the next test date for the interest coverage ratio from June 30, 2023 until September 30, 2023, and (ii) amend the terms for which WDB Holding PA may incur certain indebtedness and liens.

In accordance with ASC 470, *Debt*, the amendments above were not considered extinguishment of debt.

Stearns Loan

On June 26, 2023, the Company closed on a \$25,000 commercial loan with Stearns Bank, secured by the Company's cultivation facility in Pennsylvania and its AMMD dispensary in Cumberland, Maryland ("Stearns Loan"). The loan carries an interest rate of prime plus 2.25% and matures on December 26, 2024. The Company is required to hold \$2,500 on deposit in a restricted account.

Gage Loans

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

On June 9, 2023, TerrAscend Growth Corp. agreed to an amendment among other things, to (i) permit changes necessary for the TSX Transaction (as defined therein) and (ii) to permit certain indebtedness and waive certain tax provisions.

Pinnacle Loan

The Pinnacle Acquisition purchase price included two promissory notes in an aggregate amount of \$10,000 to pay down all Pinnacle liabilities and encumbrances. The promissory notes carry an interest rate of 6%. On June 27, 2023, Spartan Partners Properties, LLC agreed to an amendment among other things, to extend the obligation date of the loan until December 1, 2023.

In accordance with ASC 470, *Debt*, the amendments above were not considered extinguishment of debt.

Pelorus Term Loan

On April 17, 2023, TerrAscend NJ, LLC agreed to an amendment among other things, to (i) permit changes necessary for the TSX Transaction (as defined therein), and (ii) to waive certain tax provisions. On June 22, 2023, TerrAscend NJ, LLC further agreed to an amendment to permit certain indebtedness.

In accordance with ASC 470, *Debt*, the amendments above were not considered extinguishment of debt.

Maryland Acquisition Loans

On June 28, 2023, related to the acquisition of Peninsula, the Company assumed financing obligations in the amount of \$7,698, which matures on June 28, 2025. The promissory note carries an interest rate of 8.25%. The Company will make monthly payments of principal and interest totaling \$157 beginning on July 28, 2023. The Company is required to make a mandatory prepayment of 50% of the outstanding principal balance on January 28, 2025. The consideration also included a promissory note in the amount of \$3,927. The promissory note carries an interest of 7.25% and is payable in twelve quarterly installments, maturing on June 28, 2026.

One June 30, 2023, related to the acquisition of Blue Ridge, the Company agreed to a promissory note in the amount of \$3,750 payable in four quarterly installments of accrued interest commencing on September 30, 2023 and twelve equal quarterly installments of principal and accrued interest commencing on September 30, 2024. The remaining amount of the principal and accrued interest is due on June 30, 2027, the maturity date. The promissory note carries an interest rate of 7.0%.

Class A Share of TerrAscend Growth

As a part of the Reorganization (See Note 3), TerrAscend Growth Corp. issued \$1,000 of Class A shares with a 20% guaranteed annual dividend. Under the Subscription Agreement, TerrAscend Growth Corp holds a call right to repurchase all of the Class A Shares, at any point in time, issuable to the holder of Class A Shares and the holder of Class A shares is granted a put right that is exercisable at any time following the five-year anniversary of the closing of the investment. The instrument is considered as a debt due to the economic characteristics and risks. The repurchase / put price is defined as the sum of: (a) the Repurchase/Put Price; plus (b) the amount equal to 40% of the Subscription Amount less the aggregate Dividend Amounts paid to the Subscriber as of the date of the Exercise Notice.

IHC Real Estate LP Loan

On June 26, 2023, the Company bought out the minority interest in IHC Real Estate LP and entered into a promissory note of \$7,500. The promissory note carries an interest rate of 15% and matures on January 15, 2024. On June 28, 2023, the Company made a payment of \$1,500.

Maturities of loans payable

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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

	June 30, 2023	
Remainder of 2023	\$	13,845
2024		137,216
2025		8,466
2026		3,649
2027		43,219
Thereafter		2,264
Total principal payments	\$	208,659

11. 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 two and three finance leases at June 30, 2023 and December 31, 2022, respectively.

Amounts recognized in the consolidated balance sheet were as follows:

	June 30, 2023		December 31, 2022	
Operating leases:				
Operating lease right-of-use assets	\$	32,824	\$	29,451
Operating lease liability classified as current		1,911		1,857
Operating lease liability classified as non-current		35,207		31,545
Total operating lease liabilities	\$	37,118	\$	33,402
Finance leases:				
Property and equipment, net	\$	2,374	\$	6,673
Lease obligations under finance leases classified as current		275		521
Lease obligations under finance leases classified as non-current		2,139		6,713
Total finance lease obligations	\$	2,414	\$	7,234

The Company recognized operating lease expense of \$1,254 and \$2,451 for the three and six months ended June 30, 2023, respectively, and 2022, respectively and \$1,173 and \$2,355 for the three and six months ended June 30, 2022.

Other information related to operating leases at June 30, 2023 and December 31, 2022 consisted of the following:

	June 30, 2023		December 31, 2022	
Weighted-average remaining lease term (years)				
Operating leases		12.9		12.8
Finance leases		0.7		6.8
Weighted-average discount rate				
Operating leases		11.04%		10.69%
Finance leases		9.47%		9.89%

Supplemental cash flow information related to leases are as follows:

	June 30, 2023		December 31, 2022	
Cash paid for amounts included in measurement of operating lease liabilities	\$	2,451	\$	5,053
Right-of-use assets obtained in exchange for operating lease obligations		3,764		3,097
Cash paid for amounts included in measurement of finance lease liabilities		254		220
Assets under finance leases obtained in exchange for finance lease obligations		-		6,913

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

Undiscounted lease obligations are as follows:

	Operating	Finance	Total
Remainder of 2023	4,326	96	\$ 4,422
2024	6,054	2,130	8,184
2025	6,045	132	6,177
2026	5,570	134	5,704
2027	5,080	136	5,216
Thereafter	48,419	81	48,500
Total lease payments	75,494	2,709	78,203
Less: interest	(38,376)	(295)	(38,671)
Total lease liabilities	\$ 37,118	\$ 2,414	\$ 39,532

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

Remainder of 2023	\$ 313
2024	551
2025	445
2026	262
2027	—
Thereafter	—
Total rental payments	\$ 1,571

A sale-leaseback transaction occurs when an entity sells an asset it owns and then immediately leases the asset back from the buyer. The seller then becomes the lessee and the buyer becomes the lessor. Under ASC 842, *Leases*, both parties must assess whether the buyer-lessor has obtained control of the asset and a sale has occurred. Through the Gage Acquisition, the Company entered into leaseback transactions on six properties of owned real estate. The Company has determined that these transactions do not qualify as a sale because control was not transferred to the buyer-lessor. Therefore, the Company has classified the lease portion of the transaction as a finance lease and continues to depreciate the asset. The Gage acquisition included financing obligations. The balance at June 30, 2023 was \$11,614. Of this amount, \$860 is included in other current liabilities and \$10,754 is included in financing obligations in the unaudited consolidated balance sheets. The financing obligations had a weighted average term and weighted average discount rate of 7.2 years and 9.6%, respectively, at June 30, 2023.

Undiscounted financing obligations as of June 30, 2023 are as follows:

Remainder of 2023	974
2024	1,940
2025	1,986
2026	2,032
2027	2,079
Thereafter	5,680
Total payments	14,691
Less: interest	(3,077)
Total financing obligations	\$ 11,614

12. Convertible Debt

On June 23, 28, and 30, 2023, the Company closed the private placements of 10,105 senior unsecured convertible debentures at a price of \$1,000 per debenture for total gross proceeds of \$10,105. Unless repaid or converted earlier, the outstanding principal and accrued and unpaid interest on the debentures will be due and payable 36 months following the closing of the debenture Offering (the "Maturity Date"). Each debenture will bear interest at a rate of 9.9% per annum from the date of issuance, calculated and compounded semi-annually, and payable on the Maturity Date. Each holder may, at the option of the holder upon signing of the subscription agreement, elect to receive up to 4.95% per annum of such interest payable in cash on a semi-annual basis. Each debenture will be convertible into

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

common shares, at the option of the holder, at any time or times prior to the close of business on the last business day immediately preceding the Maturity Date, at a conversion price of \$2.01. Holders converting their debentures will receive accrued and unpaid interest for the period from and including the date of the last interest payment date, to and including, the date of conversion.

In accordance with ASC 815 *Derivatives and Hedging*, the conversion option was bifurcated from the host instrument as the instrument's strike price is denominated in a currency other than the functional currency of the issuer. It was recorded at fair value, using the Black-Scholes option model (Note 23). The proceeds are allocated first to the conversion option based on its fair value of \$3,533, and the residual was allocated to the host instrument and recorded as convertible debt at a fair value of \$6,572.

13. Shareholders' equityWarrants

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, 2022	23,240,330	728,715	\$ 4.49	9.72
Expired	(320,000)	(320,000)	3.50	—
Outstanding, June 30, 2023	22,920,330	408,715	\$ 4.61	9.35

The Gage Acquisition also included warrant liabilities that are exchangeable into common shares.

	Number of Common Share Warrants Outstanding	Number of Common Share Warrants Exercisable	Weighted Average Exercise Price \$	Weighted Average Remaining Life (years)
Outstanding, December 31, 2022	7,129,517	7,129,517	\$ 8.66	0.99
Granted	3,590,334	—	\$ 1.95	1.98
Exercised	—	—	—	—
Outstanding, June 30, 2023	10,719,851	7,129,517	\$ 6.41	0.99

The following is a summary of the outstanding preferred share warrants at June 30, 2023. 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, 2022	15,106	15,106	\$ 3,000	0.39
Expired	(15,106)	(15,106)	3,000	—
Outstanding, June 30, 2023	-	-	\$ -	-

Private Placement Financing

Concurrently with convertible debenture placements (Note 12), on June 23, 2023, June 28, 2023, and June 30, 2023, the Company closed three tranches of private placements of equity securities at a price of \$1.50 per unit for aggregate gross proceeds of \$9,871. Each unit is comprised of one common share of the Company and one-half warrant to purchase one common share. Each warrant entitles the holder to acquire one common share at a price of \$1.95 per common share for a period of 24 months following the date of issuance.

Detachable warrants issued in a bundled transaction are accounted for separately. Under ASC 815 *Derivatives and Hedging*, the detachable warrants meet the definition of derivative because the exercise price is denominated in a currency that is different from the

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

functional currency of the Company. It was recorded at a fair value of \$2,216, using the Black-Scholes option model. The proceeds are allocated first to the warrants based on their fair value, and the residual of \$7,655 was allocated to the equity (Note 23).

14. Share-based compensation plansShare-based payments expense

Total share-based payments expense was as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Stock options	\$ 1,437	\$ 3,500	\$ 2,697	\$ 6,090
Restricted share units	\$ 544	\$ 963	\$ 997	\$ 1,729
Total share-based payments	\$ 1,981	\$ 4,463	\$ 3,694	\$ 7,819

Stock Options

The following table summarizes the stock option activity for the six months ended June 30, 2023:

	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, 2022	20,111,246	4.86	\$ 3.63	\$ 320	N/A
Granted	706,627	—	1.75	—	—
Exercised	(405,134)	—	0.19	—	—
Forfeited	(1,386,353)	—	5.38	—	—
Expired	(1,507,019)	—	4.20	—	—
Outstanding, June 30, 2023	17,519,367	4.73	\$ 3.65	1,047	—
Exercisable, June 30, 2023	11,633,165	2.98	\$ 3.58	202	—
Nonvested, June 30, 2023	5,886,199	8.22	\$ 3.81	\$ 845	—

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Company's closing stock price on June 30, 2023 and December 31, 2022, respectively, and the exercise price, multiplied by the number of the in-the-money options) that would have been received by the option holders had they exercised their in-the-money options on June 30, 2023 and December 31, 2022, respectively.

The total pre-tax intrinsic value (the difference between the market price of the Company's common shares on the exercise date and the price paid by the option holder to exercise the option) related to stock options exercised is presented below:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Exercised	—	\$ 79	\$ 551	\$ 140

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

The fair value of the various stock options granted were estimated using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2023	December 31, 2022
Volatility	80.04% - 80.16%	77.55% - 77.89%
Risk-free interest rate	2.85% - 3.21%	1.63% - 3.51%
Expected life (years)	10.01	9.62 - 10.01
Dividend yield	0.00%	0.00%
Forfeiture rate	26.11%	26.11%

Volatility was estimated by using the historical volatility of the Company's stock price. The expected life in years represents the period of time that the options issued are expected to be outstanding. The risk-free rate is based on U.S. treasury bond issues with a remaining term approximately equal to the expected life of the options. Dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay cash dividends in the foreseeable future.

The total estimated fair value of stock options that vested during the six months ended June 30, 2023 and 2022 was \$5,563 and \$9,140, respectively. As of June 30, 2023, there was \$23,572 of total unrecognized compensation cost related to unvested options.

Restricted Share Units

The following table summarizes the activities for the RSUs for the three and six months ended June 30, 2023:

	Number of RSUs	Number of RSUs vested	Weighted average remaining contractual life (in years)
Outstanding, December 31, 2022	415,640	13,050	N/A
Granted	1,785,092	—	—
Vested	(113,640)	—	—
Forfeited	(78,634)	—	—
Outstanding, June 30, 2023	2,008,458	14,564	N/A

As of June 30, 2023, there was \$3,129 of total unrecognized compensation cost related to unvested RSUs.

15. Non-controlling interest

Non-controlling interest consists mainly of the Company's ownership minority interest in its New Jersey operations.

On June 26, 2023, the Company reduced its non-controlling interest through a buy out of the minority interest in IHC Real Estate LP (Note 10).

The following table summarizes the non-controlling interest activity for the six months ended June 30, 2023:

	June 30, 2023		December 31, 2022	
Opening carrying amount	\$	2,374	\$	5,367
Capital distributions		(3,415)		(7,550)
Transfer of minority interest		(1,323)		-
Net income attributable to non-controlling interest		4,330		4,557
Ending carrying amount	\$	1,966	\$	2,374

This transaction was accounted for as an equity transaction. The carrying amount of the non-controlling interest was adjusted by \$1,323 to reflect the change in the net book value ownership interest. The difference from the consideration paid of \$7,500 is recognized in additional paid in capital and attributed to the parent's equity holders.

16. Related parties

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

Parties are related if one party has the ability to control or exercise significant influence over the other party in making financing and operating decisions. At June 30, 2023 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 9), which makes up \$163 of the total loan principal balance at June 30, 2023 and December 31, 2022.
- (b) *Private Placement:* The Private Placement constitutes a related party transaction because related persons, which consisted of key management and directors of the Company participated in the transaction. The Company's Executive Chairman, participated, directly and indirectly, in the equity offering and acquired 800,002 Units for gross proceeds of \$1,200. In total, the related persons acquired, in the aggregate, 2,000 Debentures and 825,734 Units in connection with the Private Placements for aggregate gross proceeds of \$3,239.

17. Income taxes

The Company's effective tax rate was (101%) and (148%) for the three and six months ended June 30, 2023, respectively and 25% and 128% for the three and six months ended June 30, 2022, respectively. The effective tax rate for the three and six months ended June 30, 2023 differed from the federal statutory tax rate primarily due to the disallowed tax deductions for business expenses pursuant to Section 280E of the Internal Revenue Code of 1986, as amended (the "Code"), and a return to provision adjustment primarily related to the Company's New Jersey tax return filings. The effective tax rate for the three and six months ended June 30, 2022 differed from the federal statutory tax rate primarily due to the disallowed tax deductions for business expenses pursuant to Section 280E of the Code.

The Company's effective tax rate can vary each reporting period depending on, among other factors, the geographic and business mix of the Company's earnings, changes to the valuation allowance, and permanently non-deductible expenses. Certain of these and other factors, including the Company's history and projections of pre-tax earnings, are considered in assessing the Company's ability to realize any deferred tax assets including net operating losses.

18. General and administrative expenses

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

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Office and general	\$ 3,801	\$ 5,821	7,805	9,101
Professional fees	5,103	3,373	8,476	6,093
Lease expense	1,294	1,099	2,538	2,345
Facility and maintenance	1,364	813	2,608	1,450
Salaries and wages	14,334	13,147	27,830	21,945
Share-based compensation	1,981	4,463	3,694	7,819
Sales and marketing	2,599	4,209	5,255	5,596
Total	\$ 30,476	\$ 32,925	\$ 58,206	\$ 54,349

19. Revenue, net

The Company's disaggregated net revenue by source, primarily due to the Company's contracts with its external customers was as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Retail	\$ 58,254	\$ 47,979	\$ 113,676	\$ 73,697
Wholesale	13,870	15,981	27,846	38,848
Total	\$ 72,124	\$ 63,960	\$ 141,522	\$ 112,545

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

For the six months ended June 30, 2023 and 2022, the Company did not have any single customer that accounted for 10% or more of the Company's revenue.

As a result of the vape recall in Pennsylvania (refer to Note 5), the Company recorded sales returns of \$1,040 during the six months ended June 30, 2022.

20. Finance and other expenses

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

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest and accretion	\$ 7,965	\$ 8,515	\$ 15,840	\$ 15,412
Indemnification asset release	—	3,998	—	3,973
Employee retention credits transfer with recourse	—	—	2,235	—
Other (income) expense	206	1,150	183	933
Total	\$ 8,171	\$ 13,663	\$ 18,258	\$ 20,318

Refer to Note 4, for further explanation about employee retention credits transfer with recourse.

21. Segment informationOperating 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 has subsidiaries located in Canada and the United States. For each of the six months ended June 30, 2023 and 2022, net revenue was primarily generated from sales in the United States. As a result of the Reorganization (Note 3) the Company consolidates its retail location in Canada and generated net revenue of \$290 for the three months and six months ended June 30, 2023.

The Company had non-current assets by geography of:

	June 30, 2023	December 31, 2022
United States	\$ 614,277	\$ 577,750
Canada	842	1,844
Total	\$ 615,119	\$ 579,594

22. Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to achieve this objective, the Company prepares a capital budget to manage its capital structure. The Company defines capital as borrowings, equity comprised of issued share capital, share-based payments, accumulated deficit, as well as funds borrowed from related parties.

Since inception, the Company has primarily financed its liquidity needs through the issuance of share capital and debt. The equity issuances are outlined in Note 13, debt modification are outlined in Note 10, and debt financing are outline in Note 12.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

The 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 June 30, 2023.

As a result of the Reorganization, the Company has agreed to implement certain equity and capital management restrictions to comply with the rules and policies of the TSX. As such, the Company has agreed to limitations on the utilization of any proceeds raised through the sale of Company equity, including restrictions on funding of its US operations with such proceeds.

Additionally, the Company is prohibited from converting the exchangeable shares of TerrAscend Growth Corp. into common shares so long as the common shares are listed on the TSX or until the exchange of shares is permitted by TSX rules and policies. Until such time that the Company is permitted to convert its exchangeable shares for common shares, TerrAscend Growth Corp. may not issue dividends to the Company.

23. Financial instruments and risk managementAssets and liabilities measured at fair value

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 represents the fair value amounts of financial assets and financial liabilities measured at estimated fair value on a recurring basis:

	At June 30, 2023			At December 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	\$ 28,915	—	—	\$ 26,158	—	—
Restricted cash	5,606	—	—	605	—	—
Purchase option derivative asset	—	—	—	—	—	50
Total Assets	\$ 34,521	—	—	\$ 26,763	—	\$ 50
Liabilities						
Contingent consideration payable	—	\$ 4,434	—	—	\$ 5,184	—
Derivative liability	—	5,750	—	—	711	—
Total Liabilities	—	\$ 10,184	—	—	\$ 5,895	—

There were no transfers between the levels of fair value hierarchy during the three and six months ended June 30, 2023.

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

Level 1

Cash, cash equivalents, and restricted cash, 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

The following table summarizes the changes in the derivative liability for the three and six months ended June 30, 2023:

Balance at December 31, 2022	\$ 711
Included in gain on fair value of warrants	(703)
Conversion Option issued in 2023 private placement	3,533
Detachable warrants issued in 2023 private placement	2,216
Effects of movements in foreign exchange	(7)
Balance at June 30, 2023	\$ 5,750

Warrant liability and conversion option

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

The Company's warrant liability consists of the warrant liability acquired through its Gage Acquisition ("Gage Warrant Liability"), a detachable warrant liability issued through the private placement (Note 13), and a conversion option related to the convertible debenture offering (Note 12). Series A, B, C, and D convertible preferred stock issued through its 2020 private placements have expired during the three and six months ended June 30, 2023.

The Gage Warrant Liability has been remeasured to fair value. Key inputs and assumptions used in the Black-Scholes model were as follows:

	June 30, 2023		December 31, 2022	
Common Stock Price of TerrAscend Corp.	\$	1.52	\$	1.13
Warrant exercise price	\$	8.66	\$	8.66
Annual volatility		56.3%		97.1%-98.4%
Annual risk-free rate		5.5%		4.8%
Expected term (in years)		0.5		1.0

Detachable Warrants

The fair value of the detachable warrants as a part of June 2023 private placement (Note 13) was estimated using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2023	
Common Stock Price of TerrAscend Corp.	\$1.65-\$1.81	
Option exercise price	\$ 1.95	
Annual volatility	71.0%-71.1%	
Annual risk-free rate	4.58%-4.66%	
Expected term (in years)	1.98-2.00	

Bifurcated conversion options

The conversion option issued as a part of the June 2023 private placement (Note 12) has been measured at fair value as of June 30, 2023. Key inputs and assumptions used in the Black-Scholes valuation were as follows:

	June 30, 2023	
Common Stock Price of TerrAscend Corp.	\$1.65-\$1.81	
Option exercise price	\$ 2.01	
Annual volatility	68.2%-68.3%	
Annual risk-free rate	4.13%-4.25%	
Expected term (in years)	2.98-3.00	

24. Commitments and contingencies

In the ordinary course of business, the Company is involved in a number of lawsuits incidental to its business, including litigation related to intellectual property, employment, and commercial matters. Although it is difficult to predict the ultimate outcome of these cases, management believes that any ultimate liability would not have a material adverse effect on the Company's consolidated balance sheets or results of operations. At June 30, 2023, there were no pending lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated financial statements.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

25. Subsequent events

On July 4, 2023, the Company commenced trading of its common shares on TSX under the new ticker symbol “TSND”. Subsequently, the ticker symbol on the OTC market was also changed to “TSNDF” effective July 6, 2023.

On July 10, 2023, the Company acquired Herbiculture Inc. (“Herbiculture”) a dispensary in Maryland.

On July 28, 2023, subsequent to closing of the Stearns Loan, the Company met the criteria for \$2,500 of \$5,000 of restricted cash to be released.

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

The following discussion and analysis of TerrAscend's financial condition and results of operations should be read in conjunction with TerrAscend's unaudited interim condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial information and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the Securities and Exchange Commission, or SEC, on March 16, 2023, or the Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q including information with respect to TerrAscend's plans and strategy for its business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth under "Risk Factors" in our Annual Report, its actual results could differ materially from the results described in or implied by the "Cautionary Note Regarding Forward-Looking Statements" contained in this Quarterly Report on Form 10-Q and in the following discussion and analysis.

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

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of TerrAscend is for the three and six months ended June 30, 2023 and 2022 and the accompanying notes for each respective period.

Overview

TerrAscend is a leading North American cannabis operator with vertically integrated licensed operations in Pennsylvania, New Jersey, Michigan, Maryland and California, and is a cannabis retailer in Ontario, Canada with a majority-owned dispensary in Toronto, Ontario, Canada. TerrAscend's cultivation and manufacturing practices yield consistent and high-quality cannabis, providing industry-leading product selection to both the medical and legal adult-use markets. Notwithstanding the fact that various states in the U.S. have implemented medical marijuana laws or that have otherwise legalized the use of cannabis, the use of cannabis remains illegal under U.S. federal law for any purpose, by way of the Controlled Substances Act of 1970.

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

TerrAscend owns a portfolio of operating businesses and several synergistic brands including:

- Allegany Medical Marijuana Dispensary ("AMMD"), a dispensary in Cumberland, Maryland;
- Blue Ridge Wellness ("Blue Ridge"), a dispensary located in Parkville, Maryland;
- Gage Growth ("Gage"), a vertically integrated cannabis cultivator, processor and dispensary operator in Michigan;
- Herbiculture Inc ("Herbiculture"), a dispensary located in Burtonsville, Maryland;
- HMS Health, LLC ("HMS Health") and HMS Processing, LLC ("HMS Processing" and together with HMS Health, "HMS"), a producer and seller of dried flower and oil products for the wholesale cannabis market in Maryland;
- Ilera Healthcare ("Ilera"), a vertically integrated cannabis cultivator, processor and dispensary operator in Pennsylvania;
- KISA Enterprises MI, LLC and KISA Holdings, LLC (collectively "Pinnacle"), a dispensary operator in Michigan;
- Peninsula Alternative Health ("Peninsula"), a dispensary located in Salisbury, Maryland;
- State Flower, a California-based cannabis producer operating a licensed cultivation facility in San Francisco, California;
- TerrAscend Canada ("TerrAscend Canada" or "TCI") is a cannabis retailer in Ontario, Canada with a majority-owned dispensary in Toronto, Ontario, Canada ("Cookies Canada"). TerrAscend Canada was previously a Licensed Producer (as such term is defined in the Cannabis Act) of cannabis until TerrAscend commenced an optimization of its operations in Canada, whereby TerrAscend reduced its manufacturing footprint in order to focus on its Cookies Canada retail business, as well as monetize its intellectual property portfolio in Canada. TerrAscend ceased operations at its manufacturing facility during the three months ended December 31, 2022 and increased its ownership interest in Cookies Retail Canada Corp. to 95% of the issued and outstanding shares effective April 14, 2023;
- TerrAscend NJ, LLC ("TerrAscend NJ"), a majority owned subsidiary that operates three dispensaries 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 provider of premium edible products.

TerrAscend's head office and registered office is located at 77 City Centre Drive, Suite 501 – East Tower, Mississauga, Ontario, Canada, L5B 1M5.

TerrAscend's telephone number is 1.717.610.4165 and its website is www.terrascend.com. Information contained on or accessible through TerrAscend's website is not a part of this Quarterly Report, and the inclusion of TerrAscend's website address in this Quarterly Report on Form 10-Q is an inactive textual reference only.

Recent Developments

- On May 23, 2023, the Company completed the sale of its facility located in Mississauga, Canada for CAD \$19,700 with net proceeds used to pay down existing Company debt.
- On June 23, 28, and 30, 2023, the Company closed the private placements of 10,105 senior unsecured convertible debenture at a price of \$1,000 per debenture for total gross proceeds of approximately \$10,105. Unless repaid or converted earlier, the outstanding principal and accrued and unpaid interest on the debentures will be due and payable on the Maturity Date. Each debenture will bear interest at a rate of 9.9% per annum from the date of issuance, calculated and compounded semi-annually, and payable on the Maturity Date. Each holder may, at the option of the holder upon signing of the subscription agreement, elect to receive up to 4.95% per annum of such interest payable in cash on a semi-annual basis. Each debenture will be convertible into Common Shares, at the option of the holder, at any time or times prior to the close of business on the last business day immediately preceding the Maturity Date, at a conversion price of \$2.01. Holders converting their debentures will receive accrued and unpaid interest for the period from and including the date of the last interest payment date, to and including, the date of conversion.
- On June 26, 2023, the Company closed on the Stearns Loan, a \$25,000 million commercial loan with Stearns Bank, secured by the Company's cultivation facility in Pennsylvania and its AMMD dispensary in Cumberland, Maryland. The loan carries an interest rate of prime plus 2.25% and matures on December 26, 2024. The Company is required to hold \$2,500 on deposit in a restricted account. The proceeds from the loan were used to pay down the Company's higher interest rate Ilera Term Loan, thereby lowering its overall interest expense.
- On June 28, 2023, the Company completed the acquisition of Derby 1, LLC (d/b/a "Peninsula Alternative Health"), a dispensary in Maryland.
- On June 29, 2023, the Company announced that its common shares would commence trading on the TSX on July 4, 2023 under the new ticker symbol "TSND".
- On June 30, 2023, WDB Holding PA, Inc., a subsidiary of the Company, completed the paydown of \$37,000 of its senior secured term loan in Pennsylvania.
- On June 30, 2023, the Company completed the acquisition of Hempaid, LLC (d/b/a "Blue Ridge Wellness"), a dispensary in Maryland.

Subsequent Transactions

- On July 4, 2023, the Company commenced trading of its common shares on the TSX under the new ticker symbol "TSND". Subsequently, the ticker symbol on the OTC market was also changed to "TSNDF" effective July 6, 2023.
- On July 10, 2023, the Company completed the acquisition of Herbiculture Inc. ("Herbiculture") a dispensary in Maryland.
- On July 28, 2023, subsequent to closing of the Stearns Loan, the Company met the criteria for \$2,500 of restricted cash to be released.

Components of Results of Operations

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

Revenue

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

Cost of sales

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

General and administrative

General and administrative ("G&A") consists primarily of personnel costs related to finance, human resources, legal, and other administrative functions. Additionally G&A expense includes professional fees to third parties, as well as marketing expenses. In addition, G&A expense includes share-based compensation on options, restricted stock units and warrants. TerrAscend expects that G&A expense will increase in absolute dollars as the business grows.

Amortization and depreciation

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

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

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

Buildings and improvements	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

Impairment of intangible assets and goodwill

Goodwill and indefinite lived intangible assets are reviewed for impairment annually and whenever there are events or changes in circumstances that indicate that the carrying amount has been impaired. TerrAscend first performs a qualitative assessment. If based on the results of a qualitative assessment it has been determined that it is more likely than not that the fair value of a reporting unit exceeds

its carrying value, additional quantitative impairment test is performed which compares the carrying value of the reporting unit to its estimated fair value. If the carrying value exceeds the estimated fair value, an impairment is recorded.

Definite lived intangible assets are tested for impairment when there are indications that an asset may be impaired. When indicators of impairment exist, TerrAscend performs a quantitative impairment test which compares the carrying value of the assets for intangible assets to their estimated fair values. If the carrying value exceeds the estimated fair value, an impairment is recorded.

(Gain) loss from revaluation of contingent consideration

As a result of some of its acquisitions, TerrAscend recognizes a contingent consideration payable, which is an obligation to transfer additional assets to the seller if future events occur. The liability is revalued at the end of each reporting period to determine its fair value. A gain or loss is recognized in the other (income) expense in the Consolidated Statements of Operations and Comprehensive Loss as a result of the revaluation.

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

The Company's warrant liability consists of the warrant liability acquired through its Gage Acquisition, a detachable warrant liability issued through the private placement (Note 13), and a conversion option related to the convertible debenture offering (Note 12). These warrants were recorded as a warrant liability and are remeasured to fair value at the end of each reporting unit using the Black-Scholes model. A gain or loss is recognized in the other (income) expense in the Consolidated Statements of Operations and Comprehensive Loss as a result of the revaluation.

Finance and other expenses

Finance and other expenses consists primarily of interest expense on TerrAscend's outstanding debt obligations.

Transaction and restructuring costs

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

Impairment of property and equipment

TerrAscend evaluates the recoverability of property and equipment whenever events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable. When TerrAscend determines that the carrying value of the long-lived asset may not be recoverable based upon the existence of one or more indicators, the assets are assessed for impairment based on the estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the 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.

Unrealized and realized foreign exchange loss

Unrealized and realized foreign exchange loss represents the loss recognized on the remeasurement of USD denominated cash and other assets recorded in the Canadian dollars functional currency at TerrAscend's Canadian operations.

Unrealized and realized gain on investments

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

Provision for income taxes

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

Results from Operations- Three Months Ended June 30, 2023 and June 30, 2022

The following tables represent the Company's results from operations for the six months ended June 30, 2023 and 2022.

Revenue, net

	For the Three Months Ended	
	June 30, 2023	June 30, 2022
Revenue	\$ 72,437	\$ 64,221
Excise and cultivation taxes	(313)	(261)
Revenue, net	\$ 72,124	\$ 63,960
\$ change	\$ 8,164	
% change	13%	

Revenue increased from \$63,960 to \$72,124 driven by growth in retail offset by a decline in wholesale. Retail revenue increased from \$47,979 during the three months ended June 30, 2022 to \$58,254 during the three months ended June 30, 2023. The increase is primarily a result of adult use coming online in New Jersey in April 2022 and the acquisition of AMMD in Maryland in January 2023. The increase in retail revenue is partially offset by a \$2,111 decrease in wholesale revenue related to declines in wholesale in the Pennsylvania market offset by growth in the wholesale market in New Jersey related to adult use sales in the state.

Cost of Sales

	For the Three Months Ended	
	June 30, 2023	June 30, 2022
Cost of sales	\$ 34,817	\$ 32,587
Impairment and write downs of inventory	1,081	7,422
Total cost of sales	\$ 35,898	\$ 40,009
\$ change	\$ (4,111)	
% change	-10%	
Cost of sales as a % of revenue	50%	63%

The reduction of \$4,111 in cost of sales for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 is mainly a result of impairments and write-downs of inventory in Pennsylvania of \$7,422 in the prior period.

General and Administrative Expense

	For the Three Months Ended	
	June 30, 2023	June 30, 2022
General and administrative expense	\$ 30,476	\$ 32,925
\$ change	\$ (2,449)	
% change	-7%	

The decline in G&A expense of \$2,449 for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 was primarily a result of actions the Company undertook in the latter part of 2022 to reduce expenses and reduce its workforce in order to strengthen the position for the Company to generate positive cashflow from operations.

Amortization and Depreciation Expense

	For the Three Months Ended	
	June 30, 2023	June 30, 2022
Amortization and depreciation	\$ 2,242	\$ 2,581
\$ change	\$ (339)	
% change	-13%	

The decrease of \$339 in amortization and depreciation expense for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 is primarily due to a brand intangible asset that was fully amortized during 2022.

Gain on fair value of warrants and purchase option derivative asset

	For the Three Months Ended	
	June 30, 2023	June 30, 2022
Gain on fair value of warrants and purchase option derivative asset	\$ (215)	\$ (47,345)
\$ change	\$ 47,130	
% change	-100%	

The Preferred Share warrant liability was remeasured to fair value at June 30, 2022 using the Black-Scholes model. The Company recognized a gain during the three months ended June 30, 2022 as a result of the reduction of the Company's share price from March 31, 2022 as compared to June 30, 2022, as well as from warrants exercised during the three months ended June 30, 2022. The combined impact resulted in a gain on fair value of warrants of \$47,345.

The Preferred Share warrant liability expired during the three months ended June 30, 2023.

For the three months ended June 30, 2022, the purchase option derivative asset related to the option to purchase an additional 6.25% ownership of the Company's New Jersey partnership, was remeasured using the Monte Carlo simulation model and resulted in a loss of \$500.

Finance and other expenses

	For the Three Months Ended	
	June 30, 2023	June 30, 2022
Finance and other expenses	\$ 8,171	\$ 13,663
\$ change	\$ (5,492)	
% change	-40%	

The decrease of \$5,492 in finance and other expenses for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 is primarily due to the indemnification of asset release as a result of the expiration of escrow agreement related to the acquisition of Apothecarium during the three months ended June 30, 2022.

Transaction and restructuring costs

	For the Three Months Ended	
	June 30, 2023	June 30, 2022
Transaction and restructuring costs	\$ 389	\$ 627
\$ change	\$ (238)	
% change	-38%	

The decrease of \$238 in transaction and restructuring costs for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 relates primarily to work done for Sarbanes Oxley implementation during the three months ended June 30, 2022.

Unrealized and realized foreign exchange (gain) loss

	For the Three Months Ended	
	June 30, 2023	June 30, 2022
Unrealized and realized foreign exchange (gain) loss	\$ (101)	\$ (315)
\$ change	\$ 214	
% change	-68%	

The increase of \$214 in unrealized foreign exchange gain for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 is a result of the remeasurement of U.S. dollar denominated cash and other assets recorded in Canadian dollar functional currency at the Company's Canadian operations.

Provision for income taxes

	For the Three Months Ended	
	June 30, 2023	June 30, 2022
Provision for income taxes	\$ 6,448	\$ 4,688
\$ change	\$ 1,760	
% change	38%	

The increase in provision for income taxes for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 was primarily driven by the increase in gross profit as a result of growth in new jurisdictions.

Results from Operations- Six Months Ended June 30, 2023 and June 30, 2022

The following tables represent the Company's results from operations for the six months ended June 30, 2023 and 2022.

Revenue, net

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Revenue	\$ 142,157	\$ 113,281
Excise and cultivation taxes	(635)	(736)
Revenue, net	\$ 141,522	\$ 112,545
\$ change	\$ 28,977	
% change	26%	

Revenue increased from \$112,281 to \$141,522 during the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 driven by growth in retail offset by a decline in wholesale. The growth in retail was driven by the conversion to adult use in New Jersey, the acquisition of Gage in March 2022, and the acquisition of AMMD in January 2023. The decline in wholesale was driven by market dynamics in Pennsylvania and the decision the Company made to discontinue bulk wholesale in Michigan, partially offset by an increase in New Jersey driven by adult use implementation.

Cost of Sales

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Cost of sales	\$ 70,315	\$ 65,663
Impairment and write downs of inventory	1,081	7,307
Total cost of sales	\$ 71,396	\$ 72,970
\$ change	\$ (1,574)	
% change	-2%	
Cost of sales as a % of revenue	50%	65%

The reduction of \$1,574 in cost of sales for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 is mainly a result of impairments and write downs of inventory in Pennsylvania of \$7,422 in the prior year.

General and Administrative Expense

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
General and administrative expense	\$ 58,206	\$ 54,349
\$ change	\$ 3,857	
% change	7%	

The increase in G&A expense of \$3,857 for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 was primarily a result of expenses related to implementation of adult use in New Jersey in April 2022 and the acquisition of Gage in March 2022, partially offset by expense reductions the Company undertook during the second half of 2022 across all areas of the Company as part of its plan to streamline operations and drive positive cashflow.

Amortization and Depreciation Expense

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Amortization and depreciation	\$ 4,271	\$ 4,756
\$ change	\$ (485)	
% change	-10%	

The decrease of \$485 in amortization and depreciation expense for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 is primarily due to a brand intangible asset that was fully amortized during 2022.

Gain on fair value of warrants and purchase option derivative asset

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Gain on fair value of warrants and purchase option derivative asset	\$ (653)	\$ (53,058)
\$ change	\$ 52,405	
% change	-99%	

The Preferred Share warrant liability was remeasured to fair value at June 30, 2022 using the Black-Scholes model. The Company recognized a loss during the six months ended June 30, 2022 as a result of the reduction of the Company's share price from June 30, 2022 as compared to June 30, 2022.

The Preferred Share warrant liability expired during the six months ended June 30, 2023.

For the six months ended June 30, 2022, the purchase option derivative asset related to the option to purchase an additional 6.25% ownership of the Company's New Jersey partnership, was remeasured using the Monte Carlo simulation model and resulted in a loss of \$818.

Finance and other expenses

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Finance and other expenses	\$ 18,258	\$ 20,318
\$ change	\$ (2,060)	
% change	-10%	

The decrease of \$2,060 in finance and other expenses for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 is primarily due to interest expense recognized on the loans as part of the Gage acquisition which closed on March 10, 2022.

Transaction and restructuring costs

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Transaction and restructuring costs	\$ 392	\$ 1,242
\$ change	\$ (850)	
% change	-68%	

The decrease of \$850 in transaction and restructuring costs for the three months ended June 30, 2023 as compared to the six months ended June 30, 2022 relates primarily to the Gage Acquisition, which closed on March 10, 2022.

Unrealized and realized foreign exchange loss

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Unrealized and realized foreign exchange loss (gain)	\$ (132)	\$ 41
\$ change	\$ (173)	
% change	-422%	

The decrease of \$173 in unrealized foreign exchange loss for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 is a result of the remeasurement of U.S. dollar denominated cash and other assets recorded in Canadian dollar functional currency at the Company's Canadian operations.

Provision for income taxes

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Provision for income taxes	\$ 19,112	\$ 8,431
\$ change	\$ 10,681	
% change	127%	

The increase in provision for the income taxes for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 was primarily driven by the increase in gross profit as a result of growth in new jurisdictions.

Liquidity and Capital Resources

	June 30, 2023	December 31, 2022
	\$	\$
Cash and cash equivalents	28,915	26,158
Restricted Cash	3,106	605
Current assets	106,629	121,993
Non-current assets	615,119	579,594
Current liabilities	133,489	137,905
Non-current liabilities	292,660	242,511
Working capital	(26,860)	(15,912)
Total shareholders' equity	295,599	321,171

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

Liquidity and going concern

At June 30, 2023, TerrAscend had an accumulated deficit of \$653,623. During the three and six months ended June 30, 2023, TerrAscend incurred a net loss from continuing operations of \$12,855 and \$32,033, respectively. Additionally, as of June 30, 2023 the Company's current liabilities exceed its current assets. Therefore, it is possible that the Company may need additional capital to continue to fund its operations.

The aforementioned indicators raise substantial doubt about TerrAscend's ability to continue as a going concern for at least one year from the issuance of these financial statements. The Company believes this concern is mitigated by steps to improve its operations and cash position, including: (i) identifying access to future capital required to meet the Company's on-going obligations, (ii) improved cashflow growth from TerrAscend's consolidated operations, particularly in New Jersey and most recently Maryland with conversion to adult use sales, and (iii) various cost and efficiency improvements.

Since its inception, TerrAscend's primary sources of capital have been through the issuance of equity securities or debt facilities, and TerrAscend has received aggregate net proceeds from such transactions totaling \$654,000 as of June 30, 2023.

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

- cash from ongoing operations.
- market offerings.
- additional debt from additional creditors.
- sale of real property.
- sale leaseback transactions.
- exercise of options and warrants.

Capital requirements

The Company has \$208,659 in principal amounts of loans payable at June 30, 2023. Of this amount, \$22,336 are due within the next twelve months.

TerrAscend has entered into leases for certain premises and offices for which it owes monthly lease payments. TerrAscend has \$78,204 in lease obligations. Of this amount, \$6,151 are due in the next twelve months. Additionally, TerrAscend makes monthly payments on financing obligations on six of its real estate properties with \$14,691 payable, \$1,944 of which is due in the next twelve months.

TerrAscend's undiscounted contingent consideration payable is \$4,434 at June 30, 2023. The contingent consideration payable relates to TerrAscend's business acquisitions of the Apothecarium and State Flower and is due in the next twelve months.

During the year ended December 31, 2020, TerrAscend 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. The final payment of \$3,750 was made in July 2023.

At June 30, 2023, the Company had accounts payable and accrued liabilities of \$50,841 and corporate income taxes payable of \$45,934.

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

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

Debt facilities

Ilera Term Loan

On December 18, 2020, WDB Holding PA, a subsidiary of TerrAscend, entered into a senior secured term loan with a syndicate of lenders in the amount of \$120,000 ("Ilera Term Loan"). The term loan bears interest at 12.875% per annum and matures on December 17, 2024. TerrAscend has the ability to increase the facility by up to \$30,000. WDB Holding PA's obligation under the Ilera Term Loan and related transaction documents are guaranteed by TerrAscend, TerrAscend USA, Inc., and certain subsidiaries of WDB Holding PA, and secured by TerrAscend USA Inc.'s equity interest in WDB Holding PA and substantially all of the assets of WDB Holding PA and the subsidiary guarantors party thereto. 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.

On April 28, 2022, the Ilera Term Loan was amended to provide WDB Holding PA with greater flexibility by resetting the minimum consolidated interest coverage ratio levels that must be satisfied at the end of each measurement period and extending the date in which WDB Holding PA is required to deliver its budget for the fiscal year ending December 31, 2021. In addition, the no-call period was extended from 18 months to 30 months, subject to a premium payment. This modification was not considered extinguishment of debt under ASC 470 *Debt*.

On November 11, 2022, WDB Holding PA, TerrAscend, TerrAscend USA Inc. and the subsidiary guarantors party to the Ilera Term Loan and the PA Agent (on behalf of the required lenders) entered into an amendment to the PA Credit Agreement, pursuant to which PA Agent and the required lenders agreed that WDB Holding PA's obligation to maintain the consolidated interest coverage ratio as set forth in the PA Credit Agreement for the period ended September 30, 2022, shall not apply, subject to certain conditions, including (but not limited to) an obligation to enter into a subsequent amendment agreement on or before December 15, 2022, documenting certain enhancements and amendments to the PA Credit Agreement to be agreed. In addition, WDB Holding PA offered a prepayment of \$5,000 pro rata to all lenders holding outstanding loans thereunder at a price equal to 103.22% of the principal amount prepaid, plus accrued and unpaid interest.

On December 21, 2022, WDB Holding PA completed an amendment to reduce TerrAscend's principal debt by \$35,000 and annual interest expense by \$5,000. TerrAscend agreed to make a \$35,000 payment at the original prepayment price of 103.22% to par, and agreed to use commercially reasonable efforts to add certain collateral to Ilera Term Loan, collectively by March 15, 2023. The amendment further provided that should WDB Holding PA not maintain the prescribed interest coverage ratio, the Company shall be required to deposit funds, as outlined in the amendment, into a restricted account, and no event of default shall occur. This amendment was not considered extinguishment of debt under ASC 470 *Debt*.

On March 15, 2023, WDB Holding PA, in exchange for a fee in the amount of 1% of the then outstanding principal loan balance, agreed to an amendment among other things, to (i) extend the obligation date to prepay TerrAscend's debt from March 15, 2023 to June 30, 2023 in which WDB Holding PA must use commercially reasonable efforts to add additional collateral to the Ilera Term Loan, (ii) increase the amount of debt to be reduced by up to \$37,000, subject to certain reductions in amount based on meeting certain time based milestones, at a prepayment price of 103.22% to par, and (iii) extend the next test date in respect of the interest coverage ratio until June 30, 2023. This amendment was not considered extinguishment of debt under ASC 470 *Debt*. There is \$115,000 of principal amounts outstanding at March 31, 2023.

On April 14, 2023, WDB Holding PA agreed to an amendment to the Ilera Term Loan to, among other things, to (i) permit changes necessary for the TSX Transaction (as defined therein), and (ii) to waive certain tax provisions.

On June 22, 2023, WDB Holding PA further agreed to an amendment among other things, to (i) extend the next test date for the interest coverage ratio from June 30, 2023 to September 30, 2023, and (ii) amend the terms for which WDB Holding PA may incur certain indebtedness and liens.

Gage Loans

The Gage Acquisition included a senior secured term loan (the "Original Gage Term Loan") with an acquisition date fair value of \$53,857. The credit agreement bears interest at a rate equal to the greater of (i) the Prime Rate plus 7% or (ii) 10.25%. The term loan is payable monthly and matures on November 30, 2022. The term loan is secured by a first lien on all Gage assets.

On August 10, 2022, the Original Gage Term Loan was amended as a result of the corporate restructure in conjunction with the Gage Acquisition. The amendment to the Original Gage Term Loan includes the addition of a borrower and guarantor under the term loan and a right of first offer in favor of the administrative agent for a refinancing of the term loan. This amendment was not considered extinguishment of debt under ASC 470 *Debt*.

On November 29, 2022, TerrAscend repaid \$30,000 outstanding principal amount on the Original Gage Term Loan. On November 30, 2022, the remaining loan principal amount of \$25,000 on the Original Gage Term Loan was amended (the "Amended Gage Term Loan"). The Amended Gage Term Loan bears interest on \$25,000 at a per annum rate equal to the greater of (i) the U.S. "prime rate" plus 6.00%, and (ii) 13.0% and matures on November 1, 2024. Commencing on May 31, 2023, TerrAscend will make monthly principal repayments of 0.40% of the aggregate principal amount outstanding. Additionally, the unpaid principal amount of the loan shall bear paid in kind interest at a rate of 1.50% per annum. No prepayment fees are owed if TerrAscend voluntarily prepays the loan after 18 months. If such prepayment occurs prior to 18 months, a prepayment fee equal to all of the interest on the loans that would be due after the date of such prepayment, is owed. Under the Amended Gage Term Loan, TerrAscend has the ability to borrow incremental term loans of \$30,000 at the option of TerrAscend and subject to consents from the required lenders. The additional \$30,000 incremental term loans available under the amendment have not been drawn as of December 31, 2022. This loan represents a loan syndication, and therefore TerrAscend assessed each of the lenders separately under ASC 470 *Debt* to determine if this represents a modification, or an extinguishment of debt. For three of the four remaining lenders, it was determined that this was a modification. For the remaining lender, it was determined that this represented an extinguishment of debt and therefore the fees paid to the lenders on modification were expensed. As a result of this transaction, TerrAscend expensed \$1,907 of fees paid to the lenders and third parties as they did not meet the criteria for capitalization under ASC 470 *Debt*.

Additionally, the Gage Acquisition included a loan payable to a former owner of a licensed entity with an acquisition date fair value of \$2,683, and a promissory note with an acquisition date fair value of \$4,065. The loan payable to the former owner bears interest at a rate of 0.2%. The promissory note bears interest at a rate of 6%. There is \$4,583 of principal amounts outstanding at June 30, 2023 on the loan payable and promissory note.

On June 9, 2023, TerrAscend Growth Corp. agreed to an amendment among other things, to (i) permit changes necessary for the TSX Transaction (as defined therein) and (ii) to permit certain indebtedness and waive certain tax provisions.

This amendment was not considered extinguishment of debt under ASC 470 Debt.

Pinnacle Loans

The Pinnacle Acquisition purchase price included two promissory notes in an aggregate amount of \$10,000 to pay down all Pinnacle liabilities and encumbrances. The promissory note matures on June 30, 2023 and bears interest rates of 6%. On June 27, 2023, Spartan Partners Properties, LLC, agreed to an amendment among other things, to extend the obligation date of the loan until December 1, 2023. There is \$8,833 of principal amounts outstanding at March 31, 2023 on the two promissory notes.

Pelorus Term Loan

On October 11, 2022, subsidiaries of TerrAscend, among others, entered into a loan agreement with Pelorus Fund REIT, LLC ("Pelorus") for a single-draw senior secured term loan ("Pelorus Term Loan") in an aggregate principal amount of \$45,478. The Pelorus Term Loan bears interest at a variable rate tied to the one month secured overnight financing rate (SOFR), subject to a base rate, plus 9.5%, with interest-only payments for the first 36 months. The base rate is defined as, on any day, the greatest of (i) 2.5%, (b) the effective federal funds rate in effect on such day plus 0.5%, and (c) one month SOFR in effect on such day. The obligations of the borrowers under the Pelorus Term Loan are guaranteed by TerrAscend, TerrAscend USA Inc. and certain other subsidiaries of TerrAscend and secured by all of the assets of TerrAscend's Maryland and New Jersey businesses, including certain real estate in Maryland and New Jersey, but excludes all MD dispensaries. The Pelorus Term Loan matures on October 11, 2027. There is \$45,478 of principal amounts outstanding at June 30, 2023.

On April 17, 2023, TerrAscend NJ, LLC agreed to an amendment among other things, to (i) permit changes necessary for the TSX Transaction (as defined therein), and (ii) to waive certain tax provisions. On June 22, 2023, TerrAscend NJ, LLC further agreed to an amendment to permit certain indebtedness.

This amendment was not considered extinguishment of debt under ASC 470 Debt.

Stearns Loan

On June 26, 2023, the Company closed on a \$25,000 commercial loan with Stearns Bank, secured by the Company's cultivation facility in Pennsylvania and its AMMD dispensary in Cumberland, Maryland. The Company is required to hold \$2,500 on deposit in a restricted account. The loan carries an interest rate of prime plus 2.25% and matures in December 2024. The proceeds from the loan were used to pay down the Company's higher interest rate debt, thereby lowering the Company's overall interest expense.

Class A Share of TerrAscend Growth

As a part of the Reorganization (Note 3), TerrAscend Growth Corp. issued \$ 1 million of Class A shares with a 20% guaranteed annual dividend. Under the Subscription Agreement, TerrAscend Growth Corp holds a call right to repurchase all of the Class A Shares, at any point in time, issuable to the holder of Class A shares and the holder of Class A shares is granted a put right that is exercisable at any time following the five-year anniversary of the closing of the investment. The instrument is considered as a debt due to the economic characteristics and risks.

IHC Real Estate LP Loan

On June 26, 2023, the Company bought out the minority interest in IHC Real Estate LP and entered into a promissory note of \$7,500. The promissory note carries an interest rate of 15% and matures on January 15, 2024. On June 28, 2023, the Company made a payment of \$1,500.

Cash Flows

Cash flows (used in) / provided by operating activities

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Net cash (used in) / provided by operating activities	\$ 9,120	\$ (34,976)

The increase of \$44,096 in net cash provided by operating activities for the six months ended June 30, 2023 as compared to June 30, 2022 is due primarily to lower interest of \$5,832, reduced taxes of \$22,127, and an increase in accounts payable and accrued liabilities and other payables of \$11,929 due to timing of those payments, offset by an increase in inventory of \$8,059.

Cash flows used in investing activities

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Net cash (used in) investing activities	\$ (4,877)	\$ (39)

The net cash used in investing activities for the six months ended June 30, 2023 primarily relates to the cash paid for the acquisition of three dispensaries in Maryland. Additionally, TerrAscend increased the investment in property and equipment by \$5,426 during the six months ended June 30, 2023.

In comparison, the net cash used in investing activities for the six months ended June 30, 2022 primarily relates to investments in property and equipment of \$12,500 and deposits for property and equipment of \$10,036, primarily related to the buildout of a cultivation site in Maryland, continuing renovations at the Company's Pennsylvania cultivation site, as well as the continued buildout of the Company's Lodi alternative treatment center in New Jersey. Additionally, the Company had investments in intangible assets of \$1,330, primarily related to adult use licenses in New Jersey. The cash used in investing activities is offset by cash inflows of \$24,716 related to the cash acquired through the Gage Acquisition.

Cash flows provided by financing activities

	For the Six Months Ended	
	June 30, 2023	June 30, 2022
Net cash provided by financing activities	\$ 4,416	\$ 8,781

Net cash provided by financing activities for the six months ended June 30, 2023 was primarily due to cash inflow as a result of transfer with recourse of Employee Retention Credit of \$12,677, net proceeds from the commercial loan with Stearns bank of \$23,872, and net proceeds from private placements of \$19,218, offset by loan principal paid of \$40,359 and distributions to minority partners of \$3,415.

During the six months ended June 30, 2022, 7,989,436 Common Share warrants were exercised for total proceeds of \$23,797 and 88,015 stock options were exercised for total gross proceeds of \$361. The cash provided by financing activities was offset by payments of contingent consideration related to the acquisition of State Flower of \$6,630, loan principal payments of \$5,203, loan amendment fee paid on the modification of the Ilera term loan of \$1,200, and tax distributions paid on behalf of the partners of the New Jersey operations of \$1,436.

Reconciliation of Non-GAAP Measures

In addition to reporting the financial results in accordance with GAAP, TerrAscend 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. TerrAscend believes that certain investors and analysts use these metrics to measure a company's ability to meet other payment obligations or as a common measurement to value companies in the cannabis industry, and TerrAscend calculates (i) Adjusted gross profit as gross profit from continuing operations adjusted for certain material non-cash items, and (ii) Adjusted EBITDA from continuing operations as EBITDA from continuing operations adjusted for certain material non-cash items and certain other adjustments which 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.

TerrAscend believes Adjusted EBITDA from continuing operations is a useful performance measure to assess the performance of TerrAscend as it provides more meaningful ongoing operating results by excluding the effects of expenses that are not reflective of TerrAscend's underlying business performance and other one-time or non-recurring expenses. The table below reconciles net loss to EBITDA from continuing operations and Adjusted EBITDA from continuing operations for the three and six months ended June 30, 2023 and 2022:

		For the Three Months Ended		For the Six Months Ended	
	Notes	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net loss		\$ (13,476)	\$ 14,162	\$ (36,245)	\$ (1,844)
Loss from discontinued operations		621	2,697	4,212	4,953
Loss from continuing operations		(12,855)	16,859	(32,033)	3,109
<i>Add (deduct) the impact of:</i>					
Provision for income taxes		6,448	4,688	19,112	8,431
Finance expenses		7,963	10,315	15,838	16,920
Amortization and depreciation		4,991	6,493	9,762	11,018
EBITDA from continuing operations	(a)	6,547	38,355	12,679	39,478
<i>Add (deduct) the impact of:</i>					
Relief of fair value upon acquisition	(b)	—	549	—	2,355
Non-cash write downs of inventory	(c)	—	5,894	—	5,894
Vape recall	(d)	—	1,071	—	2,965
Share-based compensation	(e)	1,981	4,463	3,694	7,819
Loss from revaluation of contingent consideration	(f)	—	34	0	153
Other one-time items	(g)	2,932	924	4,290	2,898
Employee Retention Credits Transfer Fee	(h)	—	—	2,235	—
Loss on lease termination and derecognition of ROU asset	(i)	—	—	205	—
Gain on fair value of warrants and purchase option derivative asset	(j)	(215)	(47,345)	(653)	(53,058)
Indemnification asset release	(k)	—	3,998	—	3,973
Impairment of property and equipment and loss on disposal of fixed assets	(l)	10	929	345	929
Unrealized and realized loss on investments	(m)	1,661	234	2,360	234
Unrealized and realized foreign exchange loss	(n)	(101)	(315)	(132)	41
Adjusted EBITDA from continuing operations		\$ 12,815	\$ 8,791	\$ 25,023	\$ 13,681

TerrAscend calculates adjusted gross profit by adjusting gross profit for the one-time relief of fair value of inventory upon acquisition, non-cash write downs of inventory, vape recall, and other one time adjustments to gross profit as TerrAscend does not believe that these impacts are reflective of ongoing operations. The table below reconciles gross profit to adjusted gross profit for the three and six months ended June 30, 2023 and 2022:

	Notes	For the Three Months Ended		For the Six Months Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Gross profit		\$ 36,226	\$ 23,951	\$ 70,126	\$ 39,575
<i>Add (deduct) the impact of:</i>					
Relief of fair value upon acquisition	(b)	—	549	—	2,355
Non-cash write downs of inventory	(c)	—	5,894	—	5,894
Vape recall	(d)	—	1,071	—	2,965
Other one time adjustments to gross profit	(g)	—	—	94	238
Adjusted gross profit		<u>\$ 36,226</u>	<u>\$ 31,465</u>	<u>\$ 70,220</u>	<u>\$ 51,027</u>

- a) EBITDA from continuing operations is a non-GAAP measure and is calculated as earnings from continuing operations before interest, tax, depreciation and amortization.
- b) In connection with TerrAscend'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 TerrAscend would have recognized if the inventory was sold through at cost. The write-up or down of acquired inventory represents the incremental cost of sales that were recorded during purchase accounting.
- c) Represents inventory write downs outside of the normal course of operations. These inventory write-downs were related to the the write down of aged inventory to lower of cost or market which was related to the Company's operational reconfiguration of its cultivation facility in Pennsylvania.
- d) On February 4, 2022, more than 500 vape products were recalled by the Pennsylvania's Department of Health, including several of the TerrAscend's SKUs. As a result of the recall TerrAscend recorded sales returns of \$1,040 and write-downs of inventory of \$854 for the three months ended March 31, 2022.
- e) Represents non-cash share-based compensation expense.
- f) Represents the revaluation of TerrAscend's contingent consideration liabilities.
- g) Includes one-time fees incurred in connection with TerrAscend's acquisitions, such as expenses related to professional fees, consulting, legal, settlements, and accounting, that would otherwise not have been incurred. In addition, includes one-time charges for Sarbanes Oxley Act of 2002 implementation. These fees are not indicative of TerrAscend's ongoing costs.
- h) Represents expenses associated with ERC transfer of assets with recourse.
- i) Represents loss taken as a result on the derecognition of right of use assets.
- j) Represents the (gain) loss on fair value of warrants, including effects of the foreign exchange of the U.S. denominated preferred share warrants, as well as the revaluation of the fair value of the purchase option derivative asset.
- k) Represents the reduction to the indemnification asset related to the Apothecarium tax audit settlement and statute expirations for tax years ended September 30, 2014 and September 30, 2015.
- l) Represents impairment charges taken on TerrAscend's property and equipment, as well as write-downs of property and equipment.
- m) Represents unrealized and realized gain on fair value changes on strategic investments.
- n) Represents the remeasurement of USD denominated cash and other assets recorded in C\$ functional currency.

The increase in Adjusted EBITDA from continuing operations for the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022 was primarily due to implementation of adult use sales in New Jersey.

Critical Accounting Policies and Estimates

The condensed consolidated financial statements have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. The Company bases its estimates on historical experience and assumptions on an ongoing

basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and actual results, the Company's future financial statements will be affected.

There have been no significant changes to the critical accounting estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operation," other than the significant judgment relating to variable interest entities.

Variable interest entities

Management has applied significant judgment on the decision to consolidate its variable interest entity ("VIE"), TerrAscend Growth Corp.. The Company consolidates VIE when it has a variable interest that provide it with (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance (power) and (2) the obligation to absorb losses of the VIE that potentially could be significant to the VIE or the right to receive benefits from the VIE that potentially could be significant to the VIE (benefits). Key areas of judgment related to the assessment of the purpose and design of the VIE, the protection agreement in place, the board structure of TerrAscend Growth Corp., and substantive kick-out rights of the Class A shareholders.

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 opt out of the extended transition period provided in the JOBS Act. As a result, the condensed 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 completion of its initial public offering, (b) in which we have total annual gross revenue of \$1.235 billion or more, or (c) in which the Company is deemed to be a large accelerated filer, which means the market value of our Common Stock that is held by non-affiliates exceeds \$700,000 as of the prior June 30th; and (ii) the date on which the Company has issued more than \$1,000,000 in non-convertible debt during the prior three-year period.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the Company's primary risk exposures or management of market risks from those disclosed in its Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer 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 Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2023 our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

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

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

In the ordinary course of business, TerrAscend is involved in a number of lawsuits incidental to its business, including litigation related to intellectual property, employment, and commercial matters. Although it is difficult to predict the ultimate outcome of these cases, management believes that any ultimate liability would not have a material adverse effect on TerrAscend's consolidated balance sheets or results of operations. At June 30, 2023, there were no pending lawsuits that could reasonably be expected to have a material effect on the results of TerrAscend's consolidated financial statements.

Item 1A. Risk Factors.

Investing in our common shares involves a high degree of risk. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors described in Part I, Item 1.A. "Risk Factors" in our Annual Report. We may disclose changes to risk factors or disclose additional factors from time to time in our future filings with the SEC. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may impair our business operations.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits.

Exhibit Number	Description	Description of Exhibit Incorporated Herein by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Articles of TerrAscend Corp., dated March 7, 2017.	10-12G	000-56363	3.1	11/2/2021	
3.2	Articles of Amendment to the Articles of TerrAscend Corp., dated November 30, 2018.	10-12G/A	000-56363	3.2	12/22/2021	
3.3	Articles of Amendment to the Articles of TerrAscend Corp., dated May 22, 2020.	10-12G/A	000-56363	3.3	12/22/2021	

3.4	By-laws of TerrAscend Corp., dated March 7, 2017.	10-12G	000-56363	3.3	11/2/2021	
4.1	Warrant Indenture.	8-K	000-56363	4.1	6/29/2023	
10.1#	Subscription Agreement, dated April 20, 2023, by and between TerrAscend Growth Corp. and TerInvest LLC.	8-K/A	000-56363	10.1	4/26/2023	
10.2#	Protection Agreement, dated April 20, 2023, by and between TerrAscend Growth Corp. and TerrAscend Corp.	8-K/A	000-56363	10.2	4/26/2023	
10.3	Form of Subscription Agreement for Equity Offering.	8-K	000-56363	10.1	6/29/2023	
10.4	Form of Subscription Agreement for Equity Offering with Registered Broker-Dealer.	8-K	000-56363	10.2	6/29/2023	
10.5	Form of Subscription Agreement for Debenture Offering.	8-K	000-56363	10.3	6/29/2023	
10.6	Form of Convertible Debenture.	8-K	000-56363	10.4	6/29/2023	
10.7	Fifth Amendment to Credit Agreement, dated April 14, 2023 by and among WDB Holding PA, Inc., the lenders party thereto and Acquiom Agency Services LLC as Administrative Agent.					X
10.8	Sixth Amendment to Credit Agreement, dated June 22, 2023 by and among WDB Holding PA, Inc., the lenders party thereto and Acquiom Agency Services LLC as Administrative Agent.					X
10.9	Joinder, Third Amendment to Credit Agreement and Security Agreements and Consent, dated as of June 9, 2023, among WDB Holding MI, Inc., Gage Growth Corp., Gage Innovations Corp., Cookies Retail Canada Corp., other borrower and lender parties thereto, and Chicago Atlantic Admin, LLC, as administrative agent for the lenders and Chicago Atlantic, as collateral agent for the secured parties thereto.					X
10.10	First Amendment, dated April 17, 2023, by and among subsidiaries of TerrAscend Corp., TerrAscend NJ LLC, HMS Processing LLC, HMS Hagerstown, LLC, HMS Health, LLC, as Borrowers, and Pelorus Fund REIT, LLC, as Lender.					X
10.11	Second Amendment, dated June 22, 2023, by and among subsidiaries of TerrAscend Corp., TerrAscend NJ LLC, HMS Processing LLC, HMS Hagerstown, LLC, HMS Health, LLC, as Borrowers, and Pelorus Fund REIT, LLC, as Lender.					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X

32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	X

* This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of TerrAscend Corp. under the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Certain portions of this exhibit have been omitted because they are both (i) not material and (ii) the type of information the Company treats as private or confidential.

SIGNATURES

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

TerrAscend Corp.

Date: August 10, 2023

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

Date: August 10, 2023

By: _____
/s/ Keith Stauffer
Keith Stauffer
Chief Financial Officer
(Principal Financial Officer)

AMENDMENT NO. 5 TO CREDIT AGREEMENT

AMENDMENT NO. 5 TO CREDIT AGREEMENT, dated April 14, 2023 (this “Fifth Amendment”), is made by and among WDB Holding PA, Inc., a Pennsylvania corporation (the “Borrower”), the Loan Parties party hereto and Acquiom Agency Services LLC, as administrative agent (in such capacity, the “Administrative Agent”) and as collateral agent (in such capacity, the “Collateral Agent”).

RECITALS:

WHEREAS, reference is hereby made to the Credit Agreement, dated as of December 18, 2020, as amended by Amendment No. 1, dated as of April 28, 2022, Amendment No. 2, dated as of November 11, 2022, Amendment No. 3, dated as of December 15, 2022 and Amendment No.4 dated March 15, 2023 (as further amended, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the “Existing Credit Agreement”, and as amended by this Fifth Amendment, the “Amended Credit Agreement”), by and among the Borrower, the Lenders from time to time party thereto, the Administrative Agent and the Collateral Agent (capitalized terms used but not defined herein having the meaning provided in the Amended Credit Agreement);

WHEREAS, the Borrower has requested that the Lenders consent to certain amendments to the Credit Agreement on the terms set forth herein, which amendments are permitted with the consent of the Lenders as required by Section 9.02(b) of the Existing Credit Agreement;

WHEREAS, the Administrative Agent has received consent to the amendments contemplated hereby from such Lenders and, accordingly, on behalf of such Lenders, consents, on the terms and subject to the conditions set forth below, to this Fifth Amendment; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties signatory hereto agree as follows:

SECTION 1. Defined Terms. Capitalized terms used in this Fifth Amendment, including in the preamble and the recitals hereto, and not otherwise defined herein, shall have the meanings assigned to such terms in the Amended Credit Agreement.

SECTION 2. Amendments to Existing Credit Agreement. Subject to the satisfaction of the conditions set forth in Section 3 and in reliance upon the representations and warranties of the Loan Parties set forth in Section 4, the Existing Credit Agreement is hereby amended in its entirety to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as follows:

- (a) amend the definition of “Change of Control” in Section 1.01 of the Existing Credit Agreement as follows:

“Change of Control” means an event or series of events by which (a) any person or group of persons acting jointly or in concert (as such expression is defined in National Instrument 62-104 –Take-Over Bids and Issuer Bids adopted by the Canadian Securities Regulatory Authorities (as such Instrument may be amended from time to time))

beneficially owns, directly or indirectly, more than 50% or more of the Equity Interests of the Canadian Parent entitled to vote for members of the board of directors or equivalent governing body of the Canadian Parent on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right), (b) any person or group of persons, acting jointly or in concert (as such expression is defined in National Instrument 62-104 – *Take-Over Bids and Issuer Bids* adopted by the Canadian Securities Regulatory Authorities (as such Instrument may be amended from time to time)) acquires the power to direct, or cause the direction of, management, business or policies of the Canadian Parent, whether through the ability to exercise voting power, by contract or otherwise, (c) the American Parent ceases to directly own 100% of the Equity Interests of the Borrower (except pursuant to a transfer of Equity Interests of the Borrower to another wholly-owned Subsidiary of the Canadian Parent in connection with which all such Equity Interests of the Borrower are pledged to the Agent for the benefit of the Lenders by such acquiring Subsidiary), (d) the Canadian Parent ceases to indirectly own ~~100%~~ greater than 99.0% of the Equity Interests of the Borrower, or (e) any person or group of persons acting jointly or in concert (as such expression is defined in National Instrument 62-104 – *Take-Over Bids and Issuer Bids* adopted by the Canadian Securities Regulatory Authorities (as such Instrument may be amended from time to time)) succeed in having a sufficient number of nominees elected to the board of directors of the Canadian Parent that such nominees, when added to any existing director remaining on the board of directors of the Canadian Parent, will constitute a majority of the board of directors of the Canadian Parent.

(b) in Section 1.01 of the Existing Credit Agreement, insert a new definition of “2023 IRS Payment Plan” in alphabetical order as follows:

“2023 IRS Payment Plan” shall mean the partial pay installment plan that Borrower and American Parent intend to enter into with the Internal Revenue Services in respect of state and federal taxes payable in respect of the fiscal year ending December 31, 2022 by Borrower and American Parent over an extended timeframe.

(c) amend Section 3.09 (Taxes) of the Existing Credit Agreement as follows:

SECTION 3.09 Taxes. The Borrower and its Subsidiaries have filed all federal, state, provincial, territorial and other tax returns and reports required to be filed, and have paid all federal, state, provincial, territorial and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with IFRS, ~~(b) Taxes that are being paid in accordance with the 2023 IRS Payment Plan,~~ or ~~(b)~~(c) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(d) amend Section 5.08 (Payment of Obligations) of the Existing Credit Agreement as follows:

SECTION 5.08 Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities, including Tax liabilities, ~~except unless~~ (a) obligations and liabilities, including Tax liabilities that the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary, (b) Tax liabilities that are being paid in accordance with the 2023 IRS Payment Plan, or ~~except~~ (c) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(e) amend paragraph (l) of Section 6.01 (Indebtedness) of the Existing Credit Agreement as follows:

(l) ~~unsecured~~ Indebtedness representing (i) any Taxes to the extent such Taxes are being contested by any Loan Party in good faith by appropriate proceedings and adequate reserves are being maintained by such Loan Party in accordance with Applicable Accounting Principles, and (ii) any Taxes payable pursuant to the 2023 IRS Payment Plan;

(f) amend paragraph (c) of Section 6.02 (Liens) of the Existing Credit Agreement as follows:

(c) Liens for (i) Taxes or other governmental charges not yet due or that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with Applicable Accounting Principles, or for property Taxes on property that any Loan Party has determined to abandon if the sole recourse for such Tax, assessment, charge, levy or claim is to such property and (ii) Taxes payable pursuant to the 2023 IRS Payment Plan;

SECTION 3. Conditions to Effectiveness. This Fifth Amendment shall not become effective until each of the following conditions precedent have been satisfied (such date referred to herein as the “Fifth Amendment Effective Date”):

(a) *Fifth Amendment*. The Administrative Agent shall have received this Fifth Amendment duly executed by the Loan Parties.

(b) *Authorization*. All necessary corporate, limited liability, or other company action has been taken by each of the Loan Parties to enter into and perform its obligations under this Fifth Amendment and all other instruments and agreements required to be executed and delivered by any Loan Party hereunder.

(c) *Certificates*. The Administrative Agent shall have received a certificate of a Responsible Officer of each Loan Party (or other person duly authorized by the constituent documents of such Loan Party) dated the Fifth Amendment Effective Date and certifying that (i) attached thereto is a true and complete copy of the Organizational Documents of such Loan Party as in effect on the Fifth Amendment Effective Date (or certifying that there have been no changes to such Loan party’s Organizational Documents since last delivered to the

Administrative Agent), (ii) that attached thereto is a true and complete copy of resolutions (or

equivalent authorizing actions) duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member), authorizing the execution, delivery and performance of the Fifth Amendment, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Fifth Amendment Effective Date; and (iii) as to the incumbency and specimen signature of each officer or other duly authorized person executing the Fifth Amendment or any other document delivered in connection herewith on behalf of such Loan Party.

(d) *Good Standing Certificates.* The Administrative Agent shall have received a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of the relevant jurisdiction) of each Loan Party as of a recent date from the applicable Governmental Authority (or other similar official or registry).

(e) *Costs and Expenses.* The Borrower shall reimburse the Administrative Agent, the Collateral Agent and the Lenders for all reasonable and documented legal fees and other reasonable out-of-pocket expenses incurred in connection with the amendment to the Credit Agreement described herein.

Upon the occurrence of the Fifth Amendment Effective Date, the Administrative Agent shall provide a notice to the Parent, the Borrower, the Guarantors and the Lenders confirming that the Fifth Amendment Effective Date has occurred.

SECTION 4. Representations and Warranties. The Borrower and each other Loan Party represents and warrants to the Administrative Agent, the Collateral Agent and the Lenders on the date hereof that:

(a) the execution, delivery and performance of this Fifth Amendment is within its corporate or other organizational powers and has been duly authorized by all necessary corporate or other organizational action of it;

(b) this Fifth Amendment has been duly executed and delivered by it and is a legal, valid and binding obligation of it, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing; and

(c) the representations and warranties of the Borrower contained in Article III of the Credit Agreement are true and correct in all material respects on and as of the date hereof (except in those cases where such representation or warranty expressly relates to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such date).

SECTION 5. Reaffirmation. Each Loan Party consents to the amendment of the Credit Agreement effected hereby and confirms and agrees that, notwithstanding the effectiveness of this Fifth Amendment, each Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Credit Agreement, this Fifth Amendment or in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case, as amended by this Fifth Amendment. For greater certainty and without limiting the foregoing, each Loan Party hereby reaffirms (i) its grant to the Collateral Agent,

for the benefit of the Lenders, of a continuing security interest in and Lien upon the Collateral of such Loan Party, whether now owned or hereafter acquired or arising, and wherever located, all as provided in the Loan Documents, and further acknowledges and agrees that the Loan Documents continue to secure the Obligations, as modified pursuant to this Fifth Amendment, to the same extent as prior to giving effect to this Fifth Amendment, and (ii) its obligations under the Guaranty Agreement shall remain in full force and effect after giving effect to this Fifth Amendment and the obligations under this this Fifth Amendment constitute “Obligations” for purposes of the Guarantee in accordance with the terms therein.

SECTION 6. Amendment, Modification and Waiver. This Fifth Amendment may not be amended, modified or waived except as permitted by Section 9.02 of the Credit Agreement.

SECTION 7. Entire Agreement. This Fifth Amendment and the other Loan Documents constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. On and after the Fifth Amendment Effective Date, each reference in the Credit Agreement to “this Fifth Amendment”, “hereunder,” “hereof” or words of like import referring the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement,” “thereunder,” “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Amended Credit Agreement.

SECTION 8. Governing Law and Waiver of Right to Trial by Jury. THIS FIFTH AMENDMENT AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF, OR RELATING TO THIS FIFTH AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. The jurisdiction, waiver of venue, waiver of defense of illegality, service of process and waiver of right to trial by jury provisions in Section 9.09(b) through (e) and Section 9.10 of the Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

SECTION 9. Severability. To the extent permitted by law, any provision of this Fifth Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10. Counterparts; Electronic Signature. This Fifth Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Delivery of an executed counterpart of a signature page of this Fifth Amendment by facsimile or by email as a “.pdf” or “.tif” attachment shall be effective as delivery of an original executed counterpart of this Fifth Amendment.

SECTION 11. Loan Document; No Novation. On and after the Fifth Amendment Effective Date, this Fifth Amendment shall constitute a “Loan Document” for all purposes of the Amended Credit Agreement and the other Loan Documents (it being understood that for the avoidance of doubt this Fifth Amendment may be amended or waived solely by the parties hereto as set forth in 7 above). This Fifth Amendment shall not constitute a novation of the Credit Agreement or any of the Loan Documents.

SECTION 12. Lender Direction. The Administrative Agent is authorized and directed to execute and deliver this Fifth Amendment on the date hereof on behalf of the Lenders required to provide their consent pursuant to Section 9.02(b) of the Existing Credit Agreement.

SECTION 13. No Course of Dealing. This Fifth Amendment shall not establish a course of dealing or be construed as evidence of any willingness on any Lender’s part to grant other or future amendments, extensions or modifications, should any be requested.

[signature pages to follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Fourth Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

WDB HOLDING PA, INC., as Borrower

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

TERRASCEND CORP., as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

TERRASCEND USA, INC., as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

IHC MANAGEMENT LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA HEALTHCARE LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA DISPENSING LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

IHC REAL ESTATE GP, LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

IHC REAL ESTATE LP, as a Loan Party

By: IHC Real Estate GP, LLC, its General Partner

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA SECURITY LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

235 MAIN STATE MERCERSBURG LLC, as a
Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA INVESTCO I, LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA DISPENSING 2 LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA DISPENSING 3 LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer GUADCO LLC, as
a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

KCR HOLDINGS LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

PA STORE 299 LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ACQUIOM AGENCY SERVICES LLC, as
Administrative Agent and as Collateral Agent

By: /s/ Shon McCraw-Davis Name: Shon McCraw-Davis
Title: Director

[Signature Page – WDB - Amendment No. 5]

AMENDMENT NO. 6 TO CREDIT AGREEMENT

AMENDMENT NO. 6 TO CREDIT AGREEMENT, dated June 22, 2023 (this “Sixth Amendment”), is made by and among WDB Holding PA, Inc., a Pennsylvania corporation (the “Borrower”), the Loan Parties party hereto and Acquiom Agency Services LLC, as administrative agent (in such capacity, the “Administrative Agent”) and as collateral agent (in such capacity, the “Collateral Agent”).

RECITALS:

WHEREAS, reference is hereby made to the Credit Agreement, dated as of December 18, 2020, as amended by Amendment No. 1, dated as of April 28, 2022, Amendment No. 2, dated as of November 11, 2022, Amendment No. 3, dated as of December 15, 2022, Amendment No. 4 dated March 15, 2023, and Amendment No. 5, dated as of April 17, 2023 (as further amended, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the “Existing Credit Agreement”, and as amended by this Sixth Amendment, the “Amended Credit Agreement”), by and among the Borrower, the Lenders from time to time party thereto, the Administrative Agent and the Collateral Agent (capitalized terms used but not defined herein having the meaning provided in the Amended Credit Agreement);

WHEREAS, the Borrower has requested that the Lenders consent to certain amendments to the Existing Credit Agreement on the terms set forth herein, which amendments are permitted with the consent of the Lenders as required by Section 9.02(b) of the Existing Credit Agreement;

WHEREAS, the Administrative Agent has received consent to the amendments contemplated hereby from such Lenders and, accordingly, on behalf of such Lenders, consents, on the terms and subject to the conditions set forth below, to this Sixth Amendment; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties signatory hereto agree as follows:

SECTION 1. Defined Terms. Capitalized terms used in this Sixth Amendment, including in the preamble and the recitals hereto, and not otherwise defined herein, shall have the meanings assigned to such terms in the Amended Credit Agreement.

SECTION 2. Amendments to Existing Credit Agreement. Subject to the satisfaction of the conditions set forth in Section 3 and in reliance upon the representations and warranties of the Loan Parties set forth in Section 5, the Existing Credit Agreement is hereby amended in its entirety to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as follows:

(a) The following definitions set forth in Section 1.01 of the Existing Credit Agreement are hereby amended as follows:

“Consolidated Interest Coverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated EBITDA for the most recently ended two fiscal quarter

period (multiplied by two) to (b) Consolidated Interest Expense for the most recently ended two fiscal quarter period (multiplied by two); provided that, for the period ending ~~September~~^{June} 30, 2023 and for any subsequent date of determination, the Consolidated Interest Coverage Ratio shall be calculated giving pro forma effect to the Lodi and Maplewood Transaction as if such transaction occurred on the first day of the period ended on or before the occurrence of such event.

“ICR Period” means, commencing with the fiscal quarter ending on ~~September~~^{June} 30, 2023, any period during which the Consolidated Interest Coverage Ratio has declined below 2.00:1.00 as demonstrated by the Compliance Certificate delivered together with financial statements pursuant to Sections 5.01(a) and (b). An ICR Period shall end (i) upon the Consolidated Interest Coverage Ratio being greater than or equal to 2.00:1.00 as of the last day for each of two (2) consecutive fiscal quarters as demonstrated by the Compliance Certificate delivered together with the financial statements pursuant to Section 5.02(a), or (ii) upon the prepayment of outstanding Loans on a pro rata basis by Borrower causing the Consolidated Interest Coverage Ratio as of the last day of each two (2) consecutive fiscal quarters, calculated on a pro forma basis for each such fiscal quarter after giving effect to such prepayment, to be greater than or equal to 2.00:1.00. For the avoidance of doubt, the Borrower may elect to apply the funds on deposit in the Blocked Account (and the Agent shall authorize the release the funds from the Blocked Account for such purpose) to prepay outstanding Loans in accordance with the foregoing.

(b) in Section 1.01 of the Existing Credit Agreement, insert the following new definitions in appropriate alphabetical order as follows:

“Fulton Property Financing” shall mean that certain Indebtedness owed to Stearns Bank in an aggregate principal amount not exceeding \$25,000,000 at any time outstanding secured by the Fulton Property Financing Collateral.

“Fulton Property Financing Collateral” shall mean the following, each granted by Ilera Healthcare LLC in favor of Stearns Bank, which secures the Fulton Property Financing: (a) the Real Property, Rents, and Personal Property each defined or otherwise referenced in that certain Mortgage with respect to the Fulton Property, (b) the Collateral as defined in that certain Commercial Security Agreement by and between Ilera Healthcare LLC and Stearns Bank, (c) all equipment located at or used in the operations of the Fulton Property, (d) that certain cannabis license as to the operations of the Fulton Property, and (e) all products and proceeds of the foregoing.

“Fulton Property Financing Documents” shall mean the following, each with respect to the Fulton Property and the Fulton Property Financing, (a) that certain Mortgage by Ilera Healthcare LLC in favor of Stearns Bank, (b) that certain Business Loan Agreement, between Ilera Healthcare LLC and Stearns Bank, (c) that certain Assignment of Rents by Ilera Healthcare LLC in favor of Stearns Bank, (d) that certain Commercial Security Agreement by Ilera Healthcare LLC in favor of Stearns Bank and (e) all agreements, instruments, reports, and other documentation entered into in connection with the foregoing.

“Sixth Amendment Effective Date” means June 22, 2023.

(c) amend Section 2.05(b) (Mandatory Prepayments) of the Existing Credit Agreement to add a new subclause (vii) at the end of such Section to read as follows:

(vii) to the extent CRC Approval has not been obtained on or prior to July 31, 2023, then no later than September 30, 2023, the Borrower shall prepay an aggregate principal amount of Loans equal to the sum of (x)(i) to the extent CRC Approval has not been obtained on or prior to July 31, 2023, \$500,000, *plus* (ii) to the extent CRC Approval has not been obtained on or prior to August 31, 2023, \$500,000, *plus* (iii) to the extent CRC Approval has not been obtained on or prior to September 30, 2023, \$500,000, *less* (y) the aggregate principal amount of any prepayments of Loans made after June 30, 2023 pursuant to Section 2.05(a) (the “September 2023 Scheduled Prepayment Amount”), such September 2023 Scheduled Prepayment Amount to be paid on a pro rata basis at a price equal to 103.22% of the principal amount prepaid, plus accrued and unpaid interest to, but excluding, the date of such prepayment. For the avoidance of doubt, the prepayment premiums required pursuant to Sections 2.05(d)(i) and 2.05(d)(iii) below shall not apply with respect to the prepayment of Loans pursuant to this Section 2.05(b)(vii).

(d) Amend Section 2.05(f) (Lender Opt-Out) of the Existing Credit Agreement as follows:

(f) Lender Opt-Out. With respect to any prepayment of Loans pursuant to Section 2.05(b)(ii), (iii), (v) and (vi), any Lender at its option, may elect to decline such prepayment by notifying the Borrower at any time on or after the day on which such Lender received notice of such prepayment pursuant to Section 2.05(c) and on or before the day that is ~~five~~^{two} Business Days prior to the day on which such prepayment is to be made. Any amounts declined by a Lender pursuant to this Section 2.05(f) shall be retained by the Borrower or applicable subsidiary.

(e) amend Section 5.15(a) (Additional Guarantors and Collateral Matters) of the Existing Credit Agreement as follows:

(a) The Borrower shall cause each Subsidiary of the Borrower organized or acquired after the Closing Date to become a Loan Party within sixty (60) days (or such later time as the Agent may agree) following the date of acquisition or organization, by

(i) executing and delivering a supplement to the Guaranty Agreement, a supplement to the Pledge and Security Agreement, a supplement to the Perfection Certificate and each schedule thereto and such other documents as the Agent may reasonably request and (ii) taking such other actions as are necessary to deliver certificates, documents, opinions and statements substantially consistent with those certificates, instruments, documents, opinions and statements delivered on or before the Closing Date pursuant to Section 4.01(b) through (f); provided that, with respect to Newco and notwithstanding anything in this Section 5.15(a) or anything in the Loan Documents to the contrary, upon obtaining CRC Approval, the Borrower shall use its commercially reasonable efforts to

(i) cause Newco to become a Loan Party and (ii) to take the actions prescribed in the

foregoing by no later than ~~September~~^{June} 30, 2023 (or such later date as the Agent may agree [at the direction of Required Lenders](#)).

(f) amend Section 6.01(p) (Indebtedness) of the Existing Credit Agreement as follows:

(p) without any duplication of any Permitted Sale Leaseback Transaction, Indebtedness [incurred pursuant to the Fulton Property Financing](#) ~~in the form of a mortgage financing in respect of the Fulton Property~~; and

(g) amend Section 6.02(y) (Liens) of the Existing Credit Agreement as follows:

(y) [Liens in favor of Stearns Bank with respect to the Fulton Property Financing Collateral pursuant to the Fulton Property Financing Documents](#) ~~in respect of the Fulton Property, which secure the securing~~ Indebtedness permitted by Section 6.01(p).

SECTION 3. Conditions to Effectiveness. This Sixth Amendment shall not become effective until each of the following conditions precedent have been satisfied (such date referred to herein as the “Sixth Amendment Effective Date”):

(a) *Sixth Amendment*. The Administrative Agent shall have received this Sixth Amendment duly executed by the Loan Parties.

(b) *Authorization*. All necessary corporate, limited liability, or other company action has been taken by each of the Loan Parties to enter into and perform its obligations under this Sixth Amendment and all other instruments and agreements required to be executed and delivered by any Loan Party hereunder.

(c) *Certificates*. The Administrative Agent shall have received a certificate of a Responsible Officer of each Loan Party (or other person duly authorized by the constituent documents of such Loan Party) dated the Sixth Amendment Effective Date and certifying that (i) attached thereto is a true and complete copy of the Organizational Documents of such Loan Party as in effect on the Sixth Amendment Effective Date (or certifying that there have been no changes to such Loan party’s Organizational Documents since last delivered to the Administrative Agent), (ii) that attached thereto is a true and complete copy of resolutions (or equivalent authorizing actions) duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member), authorizing the execution, delivery and performance of the Sixth Amendment, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Sixth Amendment Effective Date; and (iii) as to the incumbency and specimen signature of each officer or other duly authorized person executing the Sixth Amendment or any other document delivered in connection herewith on behalf of such Loan Party.

(d) *Good Standing Certificates*. The Administrative Agent shall have received a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of the relevant jurisdiction) of each Loan Party as of a recent date from the applicable Governmental Authority (or other similar official or registry).

(e) *Costs and Expenses.* The Borrower shall reimburse the Administrative Agent, the Collateral Agent and the Lenders for all reasonable and documented legal fees and other reasonable out-of-pocket expenses incurred in connection with this Sixth Amendment.

Upon the occurrence of the Sixth Amendment Effective Date, the Administrative Agent shall provide a notice to the Parent, the Borrower, the Guarantors and the Lenders confirming that the Sixth Amendment Effective Date has occurred.

SECTION 4. Post-Closing Covenant. On or before thirty (30) days following the Sixth Amendment Effective Date (or such later day as Administrative Agent shall agree at the direction of Required Lenders), Borrower shall use commercially reasonable efforts to cause to deliver to Collateral Agent the documents set forth on Schedule I hereto relating to the Fulton Property Financing Collateral, which shall in each case be subordinated to the Liens in favor Stearns Bank pursuant to the Fulton Property Financing Documents with respect to the Fulton Property Financing Collateral.

SECTION 5. Representations and Warranties. The Borrower and each other Loan Party represents and warrants to the Administrative Agent, the Collateral Agent and the Lenders on the date hereof that:

(a) the execution, delivery and performance of this Sixth Amendment is within its corporate or other organizational powers and has been duly authorized by all necessary corporate or other organizational action of it;

(b) this Sixth Amendment has been duly executed and delivered by it and is a legal, valid and binding obligation of it, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing; and

(c) the representations and warranties of the Borrower contained in Article III of the Existing Credit Agreement are true and correct in all material respects on and as of the date hereof (except in those cases where such representation or warranty expressly relates to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such date).

SECTION 6. Reaffirmation. Each Loan Party consents to the amendment of the Existing Credit Agreement effected hereby and confirms and agrees that, notwithstanding the effectiveness of this Sixth Amendment, each Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Existing Credit Agreement, this Sixth Amendment or in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case, as amended by this Sixth Amendment. For greater certainty and without limiting the foregoing, each Loan Party hereby reaffirms (i) its grant to the Collateral Agent, for the benefit of the Lenders, of a continuing security interest in and Lien upon the Collateral of such Loan Party, whether now owned or hereafter acquired or arising, and wherever located, all as provided in the Loan Documents, and further acknowledges and agrees that the Loan Documents continue to secure the Obligations, as modified pursuant to this Sixth Amendment, to the same extent as prior to giving effect to this Sixth Amendment, and (ii) its obligations under the Guaranty Agreement shall remain in full force and effect after giving effect to

this Sixth Amendment and the obligations under this this Sixth Amendment constitute “Obligations” for purposes of the Guarantee in accordance with the terms therein.

SECTION 7. Amendment, Modification and Waiver. This Sixth Amendment may not be amended, modified or waived except as permitted by Section 9.02 of the Existing Credit Agreement.

SECTION 8. Entire Agreement. This Sixth Amendment and the other Loan Documents constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. On and after the Sixth Amendment Effective Date, each reference in the Existing Credit Agreement to “this Sixth Amendment”, “hereunder,” “hereof” or words of like import referring the Existing Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement,” “thereunder,” “thereof” or words of like import referring to the Existing Credit Agreement, shall mean and be a reference to the Amended Credit Agreement.

SECTION 9. Governing Law and Waiver of Right to Trial by Jury. THIS SIXTH AMENDMENT AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF, OR RELATING TO THIS SIXTH AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. The jurisdiction, waiver of venue, waiver of defense of illegality, service of process and waiver of right to trial by jury provisions in Section 9.09(b) through (e) and Section 9.10 of the Existing Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

SECTION 10. Severability. To the extent permitted by law, any provision of this Sixth Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 11. Counterparts; Electronic Signature. This Sixth Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Delivery of an executed counterpart of a signature page of this Sixth Amendment by facsimile or by email as a “.pdf” or “.tif” attachment shall be effective as delivery of an original executed counterpart of this Sixth Amendment.

SECTION 12. Loan Document; No Novation. On and after the Sixth Amendment Effective Date, this Sixth Amendment shall constitute a “Loan Document” for all purposes of the Amended Credit Agreement and the other Loan Documents (it being understood that for the avoidance of doubt this Sixth Amendment may be amended or waived solely by the parties hereto as set forth in

7 above). This Sixth Amendment shall not constitute a novation of the Existing Credit Agreement or any of the Loan Documents.

SECTION 13. Lender Direction. The Administrative Agent is authorized and directed to execute and deliver this Sixth Amendment on the date hereof on behalf of the Lenders required to provide their consent pursuant to Section 9.02(b) of the Existing Credit Agreement.

SECTION 14. No Course of Dealing. This Sixth Amendment shall not establish a course of dealing or be construed as evidence of any willingness on any Lender's part to grant other or future amendments, extensions or modifications, should any be requested.

[signature pages to follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Sixth Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

WDB HOLDING PA, INC., as Borrower

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

TERRASCEND CORP., as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

TERRASCEND USA, INC., as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

IHC MANAGEMENT LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA HEALTHCARE LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA DISPENSING LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

IHC REAL ESTATE GP, LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

IHC REAL ESTATE LP, as a Loan Party

By: IHC Real Estate GP, LLC, its General Partner

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA SECURITY LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

235 MAIN STATE MERCERSBURG LLC, as a
Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA INVESTCO I, LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA DISPENSING 2 LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ILERA DISPENSING 3 LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer
GUADCO LLC, as a Loan Party
By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

KCR HOLDINGS LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

PA STORE 299 LLC, as a Loan Party

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

ACQUIOM AGENCY SERVICES LLC, as
Administrative Agent and as Collateral Agent

By: /s/ Shon McCraw-Davis Name: Shon McCraw-Davis
Title: Director

[Signature Page – WDB - Amendment No. 6]

SCHEDULE I

Post-Closing Fulton Property Documents

1. Mortgage by Ilera Healthcare in favor of Collateral Agent
2. Assignment of Rents by Ilera Healthcare in favor of Collateral Agent
3. Hazardous Substances Agreement by Ilera Healthcare LLC in favor of Collateral Agent

[Signature Page – WDB - Amendment No. 6]
287431802 v6

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT AND SECURITY AGREEMENTS (this "*Amendment*") is dated as of June 9, 2023, among **TERRASCEND GROWTH CORP., f/k/a 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*"), **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*"), **WDB HOLDING MI, INC.**, a Delaware corporation ("*WDB Holding*"), **AEY HOLDINGS, LLC**, a Michigan limited liability company ("*AEY Holdings*"), **KISA ENTERPRISES MI INC.**, a Michigan corporation ("*KISA*"), **STADIUM VENTURES INC.**, a Michigan corporation ("*Stadium*"), **THRIVE ENTERPRISES LLC**, a Michigan limited liability company ("*Thrive*"); together with Parent, Gage Innovations, Cookies, Rivers, Rivers South, RI SPE, Spartan, Spartan Holdings, Spartan Services, Spartan Properties, Spartan Licensing, WDB Holding, Aey Holdings, KISA and Stadium, each a "*Borrower*" and collectively, jointly and severally, "*Borrowers*"), the lenders 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*"), 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, reference is made to that certain Credit Agreement dated as of November 22, 2021, as amended by that certain Joinder, First Amendment to Credit Agreement and Security Agreements and Consent dated as of August 10, 2022, as further amended by that certain Joinder and Second Amendment to Credit Agreement and Security Agreements dated as of November 29, 2022 (collectively, the "*Existing Credit Agreement*"), and as amended by this Amendment (the Existing Credit Agreement, as amended by this Amendment, and as further amended, restated, supplemented, or otherwise modified from time to time, the "*Credit Agreement*"; capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Credit Agreement), among Borrowers, the other Credit Parties from time to time party thereto, the Lenders from time to time party thereto and Agents;

WHEREAS, the Credit Parties have requested that Agents and Required Lenders agree to amend certain provisions of the Existing Credit Agreement, and, subject to the terms and conditions set forth herein, Agents and the Lenders party hereto have agreed to such requests;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Amendments to Credit Agreement.** Subject to the terms and conditions set forth herein (including, but not limited to, the conditions contained in Section 4 hereof), the Existing Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the

following example: double-underlined text) as set forth in this Section 1. For the avoidance of doubt, all other Exhibits to the Existing Credit Agreement shall not be modified or otherwise affected by this Amendment.

(a) Section 1.01 of the Existing Credit Agreement, Defined Terms, is hereby modified and amended by amending and restating the definition of "Change of Control" in its entirety as follows:

“*Change of Control*” shall mean an event or series of events by which (a) other than in connection with the TSX Transaction, 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 50.1% 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 (x) (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, and (y) the TSX 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) other than in connection with the TSX Transaction, 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 Second Amendment Date and (ii) 100.00% of the Capital Stock of each of its Subsidiaries formed or acquired after the Second Amendment Date; and (f) TerrAscend USA 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) 100% of

Transaction shall not constitute a Change of Control and the TSX Transaction shall not constitute a Change of Control.”

(b) Section 1.01 of the Existing Credit Agreement, Defined Terms, is hereby further modified and amended by adding the following defined terms in the appropriate alphabetical locations:

“Contested 2021 Michigan Taxes” means the income Taxes assessed against AEY Capital, AEY Holdings and Thrive Enterprises by the Michigan Department of Treasury in an aggregate amount equal to approximately \$3,374,930 for the fiscal year ending December 31, 2021, which are being contested in good faith and by proper proceedings and as to which the Credit Parties are maintaining adequate reserves with respect thereto in accordance with Applicable Accounting Standards.

“TSX Transaction” means, collectively, the implementation of the following, with the intention of enabling TerrAscend to list its common shares on the Toronto Stock Exchange: (a) the amendment to the articles of Parent in order to create multiple classes of shares, including, a class of non-voting and non-participating shares (the “Non-Voting Shares”) that are exchangeable into Class A common shares (“Class A Shares”) of Parent, as evidenced by the Certificate of Amendment dated as of April 14, 2023; (b) an investment from a third-party investor, TERINVEST LLC, a Delaware limited liability company, “TerInvest”), for Class A Shares which will result in all of the shares of Parent held by TerrAscend immediately prior to the closing of such investment being exchanged for Non-Voting Shares such that TerrAscend no longer has voting control of Parent, but TerrAscend will retain an ownership interest in Parent through its Non-Voting Shares of approximately 99.5% on a pro forma, as-converted basis; (c) Parent and TerrAscend entering into that certain Protection Agreement dated as of April 20, 2023; (d) Parent, TerrAscend and TerInvest entering into that certain Side Letter Agreement dated as of April 20, 2023; (e) the restructuring of the board of directors of Parent such that Ari Unterman, Keith Stauffer and Ziad Ghanem will resign as directors and Jason Wild and Michael Fedida will be appointed as the only members of the board of directors of Parent; and (f) the conversion of Parent from a Canadian federal corporation to an Ontario corporation.”

(c) Section 7.10 of the Existing Credit Agreement, Tax Returns and Payments, is hereby modified and amended by amending and restating such Section in its entirety as follows:

“SECTION 7.10 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 (a) 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, and (b) Contested 2021 Michigan Taxes. There are no proposed or pending tax assessments, deficiencies, audits or other proceedings with respect to any material amount of Taxes other than with respect to the Contested 2021 Michigan 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.”

(d) Section 8.04 of the Existing Credit Agreement, Payment of Taxes, is hereby modified and amended by amending and restating such Section in its entirety as follows:

“SECTION 8.04 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 (a) 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, or (b) the Contested 2021 Michigan Taxes.”

(e) Section 9.01 of the Credit Agreement, Limitation on Indebtedness, is hereby modified and amended by (i) deleting “and” after clause (n) thereof, (ii) deleting “.” after clause (o) thereof and in place thereof inserting “; and” and (iii) adding the following clause (p) immediately after clause (o):

“(p) to the extent constituting Indebtedness, the Contested 2021 Michigan Taxes.”

(f) Section 9.02 of the Credit Agreement, Limitation on Liens, is hereby modified and amended by amending and restating clause (h) in its entirety as follows:

“(h) Liens for Taxes, assessments or other governmental charges or levies (excluding any Lien imposed pursuant to the provisions of ERISA) (i) that are not yet due and payable, (ii) relate to the Contested 2021 Michigan Taxes, or (iii) 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;”

2. Representations, Warranties and Acknowledgments of Borrowers. In order to induce the Lenders and Agents to enter into this Amendment and to induce the Lenders to make the Loans under the Credit Agreement, each Borrower hereby represents and warrants to the Lenders and Agents on and as of the date hereof that, subject to Section 13.01 of the Credit Agreement:

(a) Each such Person (i) 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 (ii) is 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 (ii), where the failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

(b) Each such Person has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of this Amendment and the other 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 this Amendment and the other Credit Documents to which it is a

party. Each such Person has duly executed and delivered this Amendment and the other Credit Documents to which it is a party and such Credit Documents constitute the legal, valid and binding obligation of such Person enforceable against each such Person 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).

(c) None of (i) the execution, delivery and performance by any such Person of this Amendment or the other Credit Documents to which it is a party and compliance with the terms and provisions thereof, and (ii) the consummation of the Transactions or the other Credit Documents will (A) contravene any applicable provision of any material Applicable Law of any Governmental Authority, (B) 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 such Person (other than Liens created under the Credit Documents) pursuant to,

(1) the terms of any material indenture, loan agreement, lease agreement, mortgage or deed of trust, or (2) any other Material Contract, in the case of any of clauses (1) and (2) to which any such Person is a party or by which it or any of its property or assets is bound or (C) violate any provision of the Organization Documents or Permit of any such Person, except with respect to any conflict, breach or contravention or default (but not creation of Liens) referred to in clause (B), to the extent that such conflict, breach, contravention or default could not reasonably be expected to have a Material Adverse Effect.

(d) 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 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) is required for the consummation of the Transactions or the due execution, delivery or performance by any such Person of this Amendment or any other Credit Document to which it is a party, or for the due execution, delivery or performance of this Amendment or the other 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 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 of their Obligations under this Amendment and the other Credit Documents.

(e) The representations and warranties of each such Person set forth in the Credit Agreement and in any other Credit Document are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date hereof (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date).

(f) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

3. Reaffirmation of Obligations. Each of the Existing Borrowers hereby (a) reaffirms and confirms (i) the execution and delivery of, and all of its obligations under, the Credit Documents to which it is a party, including, without limitation, the Credit Agreement, and agrees that this Amendment does not operate to reduce or discharge any Borrower's obligations under such Credit Documents or constitute a novation of any indebtedness or other obligations under any Credit Documents, and (ii) its guarantees, pledges, grants and other undertakings under the Credit Agreement and the other Credit Documents to which it is a party, (b) agrees that (i) each Credit Document to which it is a party shall continue to be in full force and effect and (ii) all guarantees, pledges, grants and other undertakings thereunder shall continue to be in full force and effect and shall accrue to the benefit of the Secured Parties, and (c) reaffirms and

confirms the continuing security interests in its respective assets granted in favor of the Collateral Agent pursuant to each of the Security Documents. Each Borrower hereby acknowledges and consents to the transactions contemplated by, and the execution and delivery of, this Amendment and the other Credit Documents.

4. Conditions Precedent to Effectiveness. This Amendment shall become effective as of the date of this Amendment when, and only when, Administrative Agent shall have received the following, in form and substance satisfactory to Administrative Agent:

(a) counterparts of this Amendment, duly executed each Borrower, Agents and the Lenders;

(b) the Ratification and Reaffirmation of Guaranty and Pledge Agreement, duly executed by TerrAscend Guarantors;

(c) a certificate for each Borrower and each TerrAscend Guarantor, duly executed and delivered by an Authorized Officer of each such Person, 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, members, managers or general partner, as applicable, authorized to act with respect to each Credit Document to be executed by such Person; (iii) each such Person's Organization Documents, as amended, modified or supplemented as of the date hereof, certified by the appropriate officer or official body of the jurisdiction of organization of such Person, or, for each of clauses (i), (ii) and (iii) above, a confirmation that such documents have not changed since the most recent certification to Administrative Agent and (iv) certificates of good standing or letter of status (or the local equivalent thereof, if applicable) with respect to such Person, each dated within a recent date prior to the date hereof, such certificates to be issued by the appropriate officer or official body of the jurisdiction of organization of such Person, which certificate shall indicate that such Person is in good standing in such jurisdiction;

(d) payment in cash by Borrowers of (i) an amendment fee in an amount equal to \$175,000, (ii) all costs and expenses incurred by Agents in connection with the preparation, execution, and delivery of this Amendment and each other Credit Documents executed in connection herewith or relating hereto and (iii) all other costs and expenses due and payable to any Agent pursuant to Section 12.05 of the Credit Agreement (including the fees, disbursements and other charges of counsel to Agents as provided therein), in each case, as set forth in that certain Disbursement Letter duly executed by Borrowers; and

(e) such other documents and opinions to be executed or delivered by the Credit Parties as may be reasonably requested by the Administrative Agent.

5. Incorporation by Reference. Sections 12.05, 12.13 and 12.15 of the Credit Agreement are hereby incorporated by reference, mutatis mutandis, as if such Sections were set forth in full herein.

6. Miscellaneous.

(a) Amendment, Modification and Waiver. This Amendment may not be amended and no provision hereof may be waived except pursuant to a writing signed by each of the parties hereto.

(b) Governing Law. This Amendment and any claims controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Amendment and the transactions contemplated hereby 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.

(c) Severability. Any term or provision of this Amendment that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Amendment or affecting the validity or enforceability of any of the terms or provisions of this Amendment in any other jurisdiction. If any provision of this Amendment is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.

(d) Counterparts; Integration; Effectiveness. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment, the Credit Agreement (as amended hereby) and the other Credit Documents constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 8 hereof, this Amendment shall become effective when it shall have been executed by Agents and when Agents shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Amendment.

(e) Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(f) Reference to and Effect on the Credit Agreement and the Other Credit Documents. On and after the date hereof, each reference in the Credit Agreement to "this Agreement", "hereunder", "herein" or words of like import referring to the Credit Agreement, and each reference in the other Credit Documents to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Existing Credit Agreement as amended by this Amendment. On and after the date hereof, each reference in either Security Agreement to "this Agreement", "hereunder", "herein" or words of like import referring to such Security Agreement, and each reference in the other Credit Documents to the "U.S. Security Agreement", the "Canadian Security Agreement", "Security Agreements", "thereunder", "thereof" or words of like import referring to either or both of the Security Agreements shall mean and be a reference to the applicable Security Agreement as amended by this Amendment. Except as specifically amended by this Amendment, the Existing Credit Agreement, the Security Agreements and the other Credit Documents shall remain in full force and effect and are hereby ratified and confirmed and this Amendment shall not be considered a novation. The execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of any Agent or any Lender under, the Credit Agreement, either Security Agreement or any of the other Credit Documents. This Amendment shall be deemed to be a Credit Document as defined in the Credit Agreement.

7. **Construction.** This Amendment has been prepared through the joint efforts of all of the parties hereto. Neither the provisions of this Amendment, nor any alleged ambiguity herein, shall be interpreted or resolved against any party on the grounds that such party or its counsel drafted this Amendment, or based on any other rule of strict construction. Each of the parties represents that such party has carefully read this Amendment and that such party knows the contents hereof and has signed the same freely and voluntarily.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered effective as of the date hereof.

BORROWERS AND GUARANTORS:

TERRASCEND GROWTH CORP., a Canadian federal corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Chief Financial Officer

GAGE INNOVATIONS CORP., a Canadian federal corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Chief Financial Officer

COOKIES RETAIL CANADA CORP., a Canadian federal corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Chief Financial Officer

RIVERS INNOVATIONS, INC., a Delaware corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

RIVERS INNOVATIONS US SOUTH LLC, a Delaware limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

RI SPE 1 LLC, a Delaware limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

SPARTAN PARTNERS CORPORATION, a
Michigan corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

SPARTAN PARTNERS HOLDINGS, LLC, a
Michigan limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

SPARTAN PARTNERS SERVICES LLC, a
Michigan limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

SPARTAN PARTNERS PROPERTIES LLC, a
Michigan limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

SPARTAN PARTNERS LICENSING LLC, a
Michigan limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

WDB HOLDING MI, INC., a Delaware corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

AEY HOLDINGS, LLC, a Michigan limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

KISA ENTERPRISES MI INC., a Michigan corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

STADIUM VENTURES INC., a Michigan corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

THRIVE ENTERPRISES LLC, a Michigan limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Its: Authorized Signatory

ADMINISTRATIVE AGENT AND COLLATERAL AGENT:

CHICAGO ATLANTIC ADMIN, LLC

By: Name: Peter Sack
Title: Authorized Person

LENDERS:

CHICAGO ATLANTIC LINCOLN, LLC, as
successor to Chicago Atlantic Real Estate Finance, Inc.

By: Name: Peter Sack
Title: Authorized Person

CHICAGO ATLANTIC CREDIT OPPORTUNITIES, LLC

By: Name: Peter Sack
Title: Authorized Signatory

LENDERS:

INTREPID INCOME FUND

By: Name:
Title:

INTREPID CAPITAL FUND

By: Name:
Title

THIS FIRST AMENDMENT AND THE OTHER LOAN DOCUMENTS ARE SUBJECT TO STRICT REQUIREMENTS FOR ONGOING REGULATORY COMPLIANCE BY THE PARTIES HERETO, INCLUDING, WITHOUT LIMITATION, REQUIREMENTS THAT THE PARTIES TAKE NO ACTION IN VIOLATION OF EITHER ANY STATE CANNABIS LAWS OR THE GUIDANCE OR INSTRUCTION OF THE REGULATOR. SECTION 12.27(b) OF THE LOAN AGREEMENT CONTAINS SPECIFIC REQUIREMENTS AND COMMITMENTS BY THE PARTIES TO MAINTAIN FULLY THEIR RESPECTIVE COMPLIANCE WITH STATE CANNABIS LAWS AND THE REGULATOR. THE PARTIES UNDERSTAND THE REQUIREMENTS OF SECTION 12.27(b) OF THE LOAN AGREEMENT.

AMENDMENT NO. 1 TO LOAN AGREEMENT

AMENDMENT NO. 1 TO LOAN AGREEMENT, dated April 17, 2023 (this “First Amendment”), is made by and among **TERRASCEND NJ LLC**, a New Jersey limited liability company (“**TerrAscend NJ**”), **HMS HAGERSTOWN, LLC**, a Delaware limited liability company (“**MD Propco**”), **HMS PROCESSING LLC**, a Maryland limited liability company (“**MD Opco 1**”), **HMS HEALTH, LLC**, a Maryland limited liability company (“**MD Opco 2**” and, together with MD Opco 1, individually and collectively, as the context may require, “**MD Opco**”; each of TerrAscend NJ, MD Propco and MD Opco are referred to herein individually and collectively, as the context may require, as “**Borrower**”), **TERRASCEND CORP.**, an Ontario corporation (“**Canadian Parent**”), **TERRASCEND USA, INC.**, a Delaware corporation (“**American Parent**” and, together with Canadian Parent, individually and collectively, as the context may require, “**Parent**”), **WELL AND GOOD, INC.**, a Delaware corporation, and **WDB HOLDING MD, INC.**, a Maryland corporation (Well and Good, Inc., Parent and WDB Holding MD, Inc. are referred to herein individually and collectively, as the context may require, as “**Guarantor**”), and **PELORUS FUND REIT, LLC**, a Delaware limited liability company (“**Lender**”).

RECITALS:

WHEREAS, reference is hereby made to the Loan Agreement, dated as of October 11, 2022 (the “Existing Loan Agreement”, and as amended by this First Amendment, the “Amended Loan Agreement”), by and among the Borrower, Guarantor, and Lender (capitalized terms used but not defined herein having the meaning provided in the Amended Loan Agreement);

WHEREAS, the Loan Parties have requested that Lender consent to certain amendments to the Loan Agreement on the terms set forth herein;

WHEREAS, Lender consents, on the terms and subject to the conditions set forth below, to this First Amendment; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties signatory hereto agree as follows:

SECTION 1. Defined Terms. Capitalized terms used in this First Amendment, including in the preamble and the recitals hereto, and not otherwise defined herein, shall have the meanings assigned to such terms in the Amended Loan Agreement.

SECTION 2. Amendments to Existing Loan Agreement. Subject to the satisfaction of the conditions set forth in Section 3 and in reliance upon the representations and warranties of the Loan Parties set forth in Section 5, the Existing Loan Agreement is hereby amended in its entirety to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as follows:

(a) amend the definition of “Change in Control” in Section 1.1 of the Existing Loan Agreement as follows:

“Change in Control” means (a) with respect to Canadian Parent, (i) any person or group of persons acting jointly or in concert (as such expression is defined in National Instrument 62-104 *Take-Over Bids and Issuer Bids* adopted by the Canadian Securities Regulatory Authorities (as such Instrument may be amended from time to time)) beneficially owns, directly or indirectly, more than 50% or more of the Equity Interests of the Canadian Parent entitled to vote for members of the board of directors or equivalent governing body of the Canadian Parent on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right), (ii) any person or group of persons, acting jointly or in concert (as such expression is defined in National Instrument 62-104 *Take-Over Bids and Issuer Bids* adopted by the Canadian Securities Regulatory Authorities (as such Instrument may be amended from time to time)) acquires the power to direct, or cause the direction of, management, business or policies of the Canadian Parent, whether through the ability to exercise voting power, by contract or otherwise, or (iii) any person or group of persons acting jointly or in concert (as such expression is defined in National Instrument 62-104 – *Take-Over Bids and Issuer Bids* adopted by the Canadian Securities Regulatory Authorities (as such Instrument may be amended from time to time)) succeed in having a sufficient number of nominees elected to the board of directors of the Canadian Parent that such nominees, when added to any existing director remaining on the board of directors of the Canadian Parent, will constitute a majority of the board of directors of the Canadian Parent; (b) with respect to any Loan Party other than Canadian Parent or TerrAscend NJ, Canadian Parent shall cease to own, directly or indirectly, free and clear of all Liens or other encumbrances, ~~40~~99.0% of the outstanding voting Equity Interests of such Loan Party on a fully diluted basis; and (c) with respect to TerrAscend NJ, Canadian Parent shall cease to indirectly own, free and clear of all Liens or other encumbrances, at least ~~87.586.625~~% of the outstanding voting Equity Interests of TerrAscend NJ on a fully diluted basis.

(b) in Section 1.1 of the Existing Loan Agreement, insert a new definition of “2023 IRS Payment Plan” in alphabetical order as follows:

“2023 IRS Payment Plan” shall mean the partial pay installment plan that Borrower and American Parent intend to enter into with the IRS in form and substance as approved by Lender in writing in respect of state and federal taxes payable in respect of the fiscal

(c) amend the definition of “Permitted Encumbrances” in Section 1.1 of the Existing Loan Agreement as follows:

“Permitted Encumbrances” means, with respect to the Collateral, collectively, (a) the Liens created by the Loan Documents, (b) all Liens and other matters disclosed in the Title Policy, (c) Liens, if any, for Taxes imposed by any Governmental Authority not yet delinquent or which are contested pursuant to a Permitted Contest or [Taxes that are being paid in accordance with the 2023 IRS Payment Plan](#), (d) Liens which are carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s, constructions or other like liens (or claims of such liens) or stop notices (or claims of stop notices) which are contested or discharged pursuant to a Permitted Contest, (e) Liens or claims of Lien (which are not mechanic’s liens or stop notices) which are contested or discharged pursuant to a Permitted Contest, (df) such governmental, public utility and private restrictions, covenants, reservations, easements, licenses or other agreements or similar encumbrances affecting real property that, in the aggregate, do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of business of the applicable Person, and any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of real property that does not materially interfere with the ordinary conduct of the business of Borrower and its Subsidiaries, (eg) Liens securing the Existing Parent Indebtedness as described on Schedule 6.7 and any renewals or extensions thereof, provided that (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by clause (b) of the definition of Permitted Indebtedness, (iii) the direct or contingent obligor with respect thereto has not changed, and (iv) any renewal or extension of the obligations secured or benefited thereby is permitted by clause (b) of the definition of Permitted Indebtedness, (fh) intentionally omitted, (gi) Liens securing judgments for the payment of money, or orders, attachments, decrees or awards, in each case not constituting an Event of Default, (hj) Liens (i) of a collecting bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection and (ii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of setoff) that are customary in the banking industry, (ik) any interest or title of a lessor, sublessor, licensor or sublicensor under leases or non-exclusive licenses permitted by this Agreement that are entered into in the ordinary course of business; (jl) intentionally omitted, (km) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business; (ln) Liens incurred in the ordinary course of business in connection with the purchase or shipping of goods or assets (or the related assets and proceeds thereof), which Liens are in favor of the seller or shipper of such goods or assets and only attach to such goods or assets, (mo) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by any Loan Party in the ordinary course of business in accordance with the past practices of such Loan Party, (np) bankers’ Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by any Loan Party, in each case granted in the ordinary course of business

in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts, sweep accounts and netting arrangements and similar arrangements of the Loan Parties consisting of the right to apply the funds held therein to satisfy overdraft or similar obligations incurred in the ordinary course of business of such person; provided that, in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness, and Liens granted in the ordinary course of business by Borrower or any of its Subsidiaries to any bank with whom it maintains accounts to the extent required by the relevant bank's (or custodian's or trustee's, as applicable) standard terms and conditions, in each case, which are within the general parameters customary in the banking industry, (e~~q~~) Liens of a collecting bank arising in the ordinary course of business under Section 4-208 of the UCC in effect in the relevant jurisdiction covering only the items being collected upon; (e~~r~~) (i) deposits of cash with the owner or lessor of premises leased or operated by Borrower or any of its Subsidiaries and (ii) cash collateral on deposit with banks or other financial institutions issuing letters of credit (or backstopping such letters of credit) or other equivalent bank guarantees issued naming as beneficiaries the owners or lessors of premises leased or operated by Borrower or any of its Subsidiaries, in each case, in the ordinary course of business of Borrower and such Subsidiaries to secure the performance of Borrower's or such Subsidiary's obligations under the terms of the lease for such premises, (e~~s~~) statutory Liens incurred or pledges or deposits made in favor of a Governmental Authority to secure the performance of obligations of any Loan Party under Environmental Laws to which any assets of such Loan Party are subject, (e~~t~~) Liens on the equipment that is the subject of Indebtedness permitted under clause (b) of the definition of Permitted Indebtedness to secure such Permitted Indebtedness and (e~~u~~) the second priority mortgage Lien on the NJ Real Property in connection with the Permitted NJ Indebtedness.

(d) amend the definition of "Permitted Indebtedness" in Section 1.1 of the Existing Loan Agreement as follows:

"Permitted Indebtedness" means, in respect of the Local Loan Parties, (a) the Debt, (b) Indebtedness consisting of capitalized equipment lease obligations and purchase money Indebtedness, in each case incurred by any Loan Party or any of Subsidiary of a Loan Party to finance the expansion and construction of the Harmony Assets, provided that such Indebtedness does not exceed Eight Million and 00/100 Dollars in the aggregate and does not include any Lien on any Collateral; (c) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business, (d) Indebtedness resulting from a bank or other financial institution honoring a check, draft or similar instrument in the ordinary course of business; (i) Indebtedness consisting of (i) the financing of insurance premiums not in excess of twelve (12) months in advance or (ii) take or pay obligations contained in supply arrangements, in each case, in the ordinary course of business, (e) intercompany loans owed by a Local Loan Party to any member of the TerrAscend Group, provided that each such intercompany loan is (i) unsecured, (ii) fully subordinate to the Loan, with no payments there under permitted while any portion of

the Loan remains outstanding, and with the holder of such loan acknowledging such subordination in writing for the benefit of Lender, and (iii) is subject to the terms of Section 9.6, with the holder of such loan acknowledging the same in writing for the benefit of Lender, ~~(g)~~ Indebtedness arising as a direct result of judgments, orders, awards or decrees against any Local Loan Party, in each case not constituting an Event of Default, ~~(f)~~ Indebtedness representing any Taxes to the extent such Taxes are being contested by any Loan Party pursuant to a Permitted Contest or any Taxes that are being paid in accordance with the 2023 IRS Payment Plan, ~~(g)~~ unsecured Indebtedness to trade creditors incurred in the ordinary course of business not to exceed 2% of the Loan Amount in the aggregate and which are paid within ninety (90) days after the date incurred, provided that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money, ~~(h)~~ extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (b) through ~~(g)~~ above, provided that (i) the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon the applicable Loan Party and (ii) such Indebtedness continues to satisfy the conditions to qualify as Permitted Indebtedness as described in clauses (b) through ~~(g)~~ above, ~~(i)~~ Indebtedness pursuant to the Success Fee Agreement, and ~~(j)~~ the Permitted NJ Subordinate Debt.

(e) amend Section 4.9 (Payment of Taxes) of the Existing Loan Agreement as follows:

4.9 Payment of Taxes. All income and other material tax returns and reports to be filed by each Loan Party have been timely filed, and all taxes, assessments, fees and other governmental charges shown on such returns or otherwise payable by any Loan Party have been paid when due and payable, except such taxes, assessments, fees and other governmental charges if any, as (a) are being contested pursuant to a Permitted Contest, ~~(b)~~ Taxes that are being paid in accordance with the 2023 IRS Payment Plan, or ~~(b)~~~~(c)~~ to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, and, as applicable, subject to such valid extensions of the filing and/or due date thereof as such Loan Party shall have obtained. No Liens have been filed and no claims are being asserted with respect to any such Taxes and no Loan Party has any knowledge of any proposed tax assessment against any Loan Party that could have a Material Adverse Effect.

(f) amend Section 6.3 (Payment of Property Taxes, Assessments and Charges) of the Existing Loan Agreement as follows:

6.3 Payment of Property Taxes, Assessments and Charges. Each Loan Party will timely pay, discharge and otherwise satisfy all income and other material Taxes, assessments and governmental charges or levies imposed upon it or upon its 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 Lender's Liens (other than Permitted Encumbrances) or an otherwise material Lien on any of the Collateral; provided that none of the Loan Parties shall be required to ~~(a)~~ pay any such

Tax, assessment, charge, levy or claim that is being contested pursuant to a Permitted Contest, [or \(b\) timely pay, discharge, or otherwise satisfy any Taxes that are required to be paid pursuant to the 2023 IRS Payment Plan so long as the same are being paid in accordance with the 2023 IRS Payment Plan](#). The Loan Parties shall pay all Property Taxes and Insurance Premiums with respect to itself and the Property prior to delinquency thereof.

SECTION 3. Conditions to Effectiveness. This First Amendment shall not become effective until each of the following conditions precedent have been satisfied (such date referred to herein as the “First Amendment Effective Date”):

- (a) *First Amendment*. Lender shall have received this First Amendment duly executed by the Loan Parties.
- (b) *Authorization*. All necessary corporate, limited liability, or other company action has been taken by each of the Loan Parties to enter into and perform its obligations under this First Amendment and all other instruments and agreements required to be executed and delivered by any Loan Party hereunder.
- (c) *Certificates*. Lender shall have received a certificate of an authorized officer of each Loan Party (or other person duly authorized by the constituent documents of such Loan Party) dated the First Amendment Effective Date and certifying that (i) attached thereto is a true and complete copy of the organizational documents of such Loan Party as in effect on the First Amendment Effective Date (or certifying that there have been no changes to such Loan party’s organizational documents since last delivered to Lender), (ii) that attached thereto is a true and complete copy of resolutions (or equivalent authorizing actions) duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member), authorizing the execution, delivery and performance of the First Amendment, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the First Amendment Effective Date; and (iii) as to the incumbency and specimen signature of each officer or other duly authorized person executing the First Amendment or any other document delivered in connection herewith on behalf of such Loan Party.
- (d) *Good Standing Certificates*. Lender shall have received a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of the relevant jurisdiction) of each Loan Party as of a recent date from the applicable Governmental Authority (or other similar official or registry).
- (e) *Costs and Expenses*. The Borrower shall pay Lender for all reasonable and documented legal fees and other reasonable out-of-pocket expenses incurred in connection with the amendment to the Loan Agreement described herein.

Upon the occurrence of the First Amendment Effective Date, Lender shall provide a notice to the Loan Parties confirming that the First Amendment Effective Date has occurred.

SECTION 4. RELEASE. EACH LOAN PARTY HEREBY ACKNOWLEDGES THAT IT HAS NO DEFENSE, COUNTERCLAIMS, OFFSET, CROSS-COMPLAINT, CLAIM OR

REDUCE OR ELIMINATE ALL OR ANY PART OF ITS LIABILITY TO REPAY THE "OBLIGATIONS" OR TO SEEK AFFIRMATIVE RELIEF OR DAMAGES OF ANY KIND OR NATURE FROM LENDER. EACH LOAN PARTY HEREBY VOLUNTARILY AND KNOWINGLY RELEASES AND FOREVER DISCHARGES LENDER, ITS PREDECESSORS, OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AGENTS, SUCCESSORS AND ASSIGNS (COLLECTIVELY, A "RELEASED PARTY"), FROM ALL POSSIBLE CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES, AND LIABILITIES WHATSOEVER, KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT, OR CONDITIONAL, AT LAW OR IN EQUITY, ORIGINATING IN WHOLE OR IN PART ON OR BEFORE THE DATE THIS AMENDMENT IS EXECUTED, WHICH SUCH LOAN PARTY MAY NOW OR HEREAFTER HAVE AGAINST LENDER OR ANY LENDER RELATED PARTY AND IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE, AND ARISING FROM ANY "LOAN", INCLUDING, WITHOUT LIMITATION, ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE, THE EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THE LOAN AGREEMENT OR LOAN DOCUMENTS, AND NEGOTIATION FOR AND EXECUTION OF THIS CONSENT. Further, each Loan Party represents, warrants, acknowledges, and confirms that, as of the date hereof, it has no knowledge of any action, cause of action, claim, demand, damage, or liability of whatever kind or nature, in law or in equity, against any Released Party arising from any action by such Persons, or failure of such Persons to act, under or in connection with any of the Loan Documents, in each case on or prior to the Effective Date.

SECTION 5. Representations and Warranties. The Borrower and each other Loan Party represents and warrants to Lender on the date hereof that:

- (a) the execution, delivery and performance of this First Amendment is within its corporate or other organizational powers and has been duly authorized by all necessary corporate or other organizational action of it;
- (b) this First Amendment has been duly executed and delivered by it and is a legal, valid and binding obligation of it, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing; and
- (c) the representations and warranties of the Borrower contained in Article IV of the Loan Agreement are true and correct in all material respects on and as of the date hereof (except in those cases where such representation or warranty expressly relates to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such date).

SECTION 6. Reaffirmation. Each Loan Party consents to the amendment of the Loan Agreement effected hereby and confirms and agrees that, notwithstanding the effectiveness of this First Amendment, each Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Loan Agreement, this First Amendment or in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case, as amended by this First Amendment. For greater certainty and

without limiting the foregoing, each Loan Party hereby reaffirms (i) its grant to Lender of a continuing security interest in and Lien upon the Collateral of such Loan Party, whether now owned or hereafter acquired or arising, and wherever located, all as provided in the Loan Documents, and further acknowledges and agrees that the Loan Documents continue to secure the Obligations, as modified pursuant to this First Amendment, to the same extent as prior to giving effect to this First Amendment, and (ii) its Guaranteed Obligations under the Loan Agreement shall remain in full force and effect after giving effect to this First Amendment and the obligations under this this First Amendment constitute “Guaranteed Obligations” for purposes of the Loan Agreement in accordance with the terms therein.

SECTION 7. Amendment, Modification and Waiver. This First Amendment may not be amended, modified or waived except as permitted by Section 12.9 of the Loan Agreement.

SECTION 8. Entire Agreement. This First Amendment and the other Loan Documents constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. On and after the First Amendment Effective Date, each reference in the Loan Agreement to “this First Amendment”, “hereunder,” “hereof” or words of like import referring the Loan Agreement, and each reference in the other Loan Documents to “the Loan Agreement,” “thereunder,” “thereof” or words of like import referring to the Loan Agreement, shall mean and be a reference to the Amended Loan Agreement.

SECTION 9. Governing Law and Waiver of Right to Trial by Jury. THIS FIRST AMENDMENT AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF, OR RELATING TO THIS FIRST AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA. The waiver of marshalling of assets defense, arbitration, submission to jurisdiction, and waiver of right to trial by jury provisions in Sections 12.25 and 12.26 of the Loan Agreement are incorporated herein by reference, *mutatis mutandis*.

SECTION 10. Severability. To the extent permitted by law, any provision of this First Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 11. Counterparts; Electronic Signature. This First Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Delivery of an executed counterpart of a signature page of this First Amendment by facsimile or by email as a “.pdf” or “.tif” attachment shall be effective as delivery of an original executed counterpart of this First Amendment.

SECTION 12. Loan Document; No Novation. On and after the First Amendment Effective Date, this First Amendment shall constitute a "Loan Document" for all purposes of the Amended Loan Agreement and the other Loan Documents (it being understood that for the avoidance of doubt this First Amendment may be amended or waived solely by the parties hereto as set forth in 7 above). This First Amendment shall not constitute a novation of the Loan Agreement or any of the Loan Documents.

SECTION 13. No Course of Dealing. This First Amendment shall not establish a course of dealing or be construed as evidence of any willingness on any Lender's part to grant other or future amendments, extensions or modifications, should any be requested.

[signature pages to follow]

IN WITNESS WHEREOF, each of the undersigned has caused this First Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER:

TERRASCEND NJ LLC,
a New Jersey limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Authorized Officer

HMS HAGERSTOWN, LLC,
a Delaware limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer/Manager

HMS PROCESSING LLC,
a Maryland limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer/Manager

HMS HEALTH, LLC,
a Maryland limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer/Manager

GUARANTORS:

TERRASCEND CORP., an Ontario corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

TERRASCEND USA, INC., a Delaware corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer/Secretary

WELL AND GOOD, INC.,
a Delaware corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer

WDB HOLDING MD, INC.,
a Maryland corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer/Secretary

LENDER:

PELORUS FUND REIT, LLC,
a Delaware limited liability company

By: /s/ Dan Leimel Name: Dan Leimel
Title: Managing Member

[Signature Page – Amendment No. 1]
315122883.5

THIS SECOND AMENDMENT AND THE OTHER LOAN DOCUMENTS ARE SUBJECT TO STRICT REQUIREMENTS FOR ONGOING REGULATORY COMPLIANCE BY THE PARTIES HERETO, INCLUDING, WITHOUT LIMITATION, REQUIREMENTS THAT THE PARTIES TAKE NO ACTION IN VIOLATION OF EITHER ANY STATE CANNABIS LAWS OR THE GUIDANCE OR INSTRUCTION OF THE REGULATOR. SECTION 12.27(b) OF THE LOAN AGREEMENT CONTAINS SPECIFIC REQUIREMENTS AND COMMITMENTS BY THE PARTIES TO MAINTAIN FULLY THEIR RESPECTIVE COMPLIANCE WITH STATE CANNABIS LAWS AND THE REGULATOR. THE PARTIES UNDERSTAND THE REQUIREMENTS OF SECTION 12.27(b) OF THE LOAN AGREEMENT.

AMENDMENT NO. 2 TO LOAN AGREEMENT

AMENDMENT NO. 2 TO LOAN AGREEMENT, dated June 22, 2023 (this “Second Amendment”), is made by and among **TERRASCEND NJ LLC**, a New Jersey limited liability company (“**TerrAscend NJ**”), **HMS HAGERSTOWN, LLC**, a Delaware limited liability company (“**MD Propco**”), **HMS PROCESSING LLC**, a Maryland limited liability company (“**MD Opco 1**”), **HMS HEALTH, LLC**, a Maryland limited liability company (“**MD Opco 2**” and, together with MD Opco 1, individually and collectively, as the context may require, “**MD Opco**”; each of TerrAscend NJ, MD Propco and MD Opco are referred to herein individually and collectively, as the context may require, as “**Borrower**”), **TERRASCEND CORP.**, an Ontario corporation (“**Canadian Parent**”), **TERRASCEND USA, INC.**, a Delaware corporation (“**American Parent**” and, together with Canadian Parent, individually and collectively, as the context may require, “**Parent**”), **WELL AND GOOD, INC.**, a Delaware corporation, and **WDB HOLDING MD, INC.**, a Maryland corporation (Well and Good, Inc., Parent and WDB Holding MD, Inc. are referred to herein individually and collectively, as the context may require, as “**Guarantor**”), and **PELORUS FUND REIT, LLC**, a Delaware limited liability company (“**Lender**”).

RECITALS:

WHEREAS, reference is hereby made to the Loan Agreement, dated as of October 11, 2022 (as amended by that certain Amendment No. 1 to Loan Agreement, dated April 17, 2023, the “Existing Loan Agreement”, and as amended by this Second Amendment, the “Amended Loan Agreement”), by and among the Borrower, Guarantor, and Lender (capitalized terms used but not defined herein having the meaning provided in the Amended Loan Agreement);

WHEREAS, the Loan Parties have requested that Lender consent to certain amendments to the Loan Agreement on the terms set forth herein;

WHEREAS, Lender consents, on the terms and subject to the conditions set forth below, to this Second Amendment; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties signatory hereto agree as follows:

SECTION 1. Defined Terms. Capitalized terms used in this Second Amendment, including in the preamble and the recitals hereto, and not otherwise defined herein, shall have the meanings assigned to such terms in the Amended Loan Agreement.

SECTION 2. Amendments to Existing Loan Agreement. Subject to the satisfaction of the conditions set forth in Section 3 and in reliance upon the representations and warranties of the Loan Parties set forth in Section 5, the Existing Loan Agreement is hereby amended in its entirety to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as follows:

(a) amend the definition of “Permitted Indebtedness” in Section 1.1 of the Existing Loan Agreement as follows:

“**Permitted Indebtedness**” means, in respect of the Local Loan Parties, (a) the Debt, (b) Indebtedness consisting of capitalized equipment lease obligations and purchase money Indebtedness, in each case incurred by any Loan Party or any of Subsidiary of a Loan Party to finance the expansion and construction of Harmony Assets, provided that such Indebtedness does not exceed Eight Million and 00/100 Dollars in the aggregate and does not include any Lien on any Collateral; (c) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business, (d) Indebtedness resulting from a bank or other financial institution honoring a check, draft or similar instrument in the ordinary course of business; (i) Indebtedness consisting of (i) the financing of insurance premiums not in excess of twelve (12) months in advance or (ii) take or pay obligations contained in supply arrangements, in each case, in the ordinary course of business, (e) intercompany loans owed by a Local Loan Party to any member of the TerrAscend Group, provided that each such intercompany loan is (i) unsecured, (ii) fully subordinate to the Loan, with no payments there under permitted while any portion of the Loan remains outstanding, and with the holder of such loan acknowledging such subordination in writing for the benefit of Lender, and (iii) is subject to the terms of Section 9.6, with the holder of such loan acknowledging the same in writing for the benefit of Lender, (f) Indebtedness arising as a direct result of judgments, orders, awards or decrees against any Local Loan Party, in each case not constituting an Event of Default, (g) Indebtedness representing any Taxes to the extent such Taxes are being contested by any Loan Party pursuant to a Permitted Contest or any Taxes that are being paid in accordance with the 2023 IRS Payment Plan, (h) unsecured Indebtedness to trade creditors incurred in the ordinary course of business not to exceed 2% of the Loan Amount in the aggregate and which are paid within ninety (90) days after the date incurred, provided that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money, (i) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (b) through (h) above, provided that (i) the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon the applicable Loan Party and (ii) such Indebtedness continues to satisfy the conditions to qualify as Permitted Indebtedness as described in clauses

(b)through (h) above, (j) Indebtedness pursuant to the Success Fee Agreement, and (k) the Permitted NJ Subordinate Indebtedness ~~Debt~~.

(b) amend the definition of “Permitted Parent Indebtedness” in Section 1.1 of the Existing Loan Agreement as follows:

“**Permitted Parent Indebtedness**” means, in respect of Canadian Parent and American Parent, (a) the Debt, (b) the Existing Parent Indebtedness, provided that (i) Canadian Parent’s or American Parent’s, as applicable, guaranteed obligations in respect of such Indebtedness is not increased except by an amount equal to any commitments existing as of the Effective Date and unutilized thereunder and (ii) to the extent such Indebtedness is secured, such Indebtedness shall not be secured by any assets other than those assets now securing such Indebtedness as described on **Schedule 6.7**, (c) guarantees in respect of any Indebtedness incurred by any Subsidiary of a Parent formed or acquired after the Effective Date provided that (i) the debt service coverage ratio of such Indebtedness, as determined with respect to the Adjusted EBITDA of the Subsidiaries that are the primary borrowers of such Indebtedness, is not less than 1.75:1.00, such guarantees are unsecured and the lender thereunder is given no greater priority in payment than Lender has with respect to the Loan, and (ii) Lender is given prior written notice of such Indebtedness, (d) guarantees of Indebtedness secured solely by the Maplewood Assets and/or the Lodi Assets following a Permitted Disposal, provided that (i) the amount of such Indebtedness that is guaranteed by Parent does not exceed the aggregate amount of any reduction of the principal amount of the Existing Parent Indebtedness after the Effective Date, (ii) such guarantees are unsecured and the lender thereunder is given no greater priority in payment than Lender has with respect to the Loan, and (iii) Lender is given prior written notice of such Indebtedness, (e) obligations (contingent or otherwise) of Borrower or any Subsidiary existing or arising under any Swap Contract, provided that such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of mitigating risks associated with liabilities, commitments, investments, assets or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for speculative purposes, (f) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business, (g) Indebtedness resulting from a bank or other financial institution honoring a check, draft or similar instrument in the ordinary course of business; (h) Indebtedness consisting of the financing of insurance premiums not in excess of twelve (12) months in advance, (i) Indebtedness in the form of unsecured credit card facilities maintained in connection with the business of the TerrAscend Group not exceeding One Million Dollars (\$1,000,000), (j) intercompany loans owed by Canadian Parent or American Parent to any of their respective Subsidiaries (other than any Local Loan Party), provided that each such intercompany loan is (i) unsecured, (ii) fully subordinate to the Loan, with no payments there under permitted while any portion of the Loan remains outstanding, and with the holder of such loan acknowledging such subordination in writing for the benefit of Lender, and (iii) subject to the terms of **Section 9.6**, with the holder of such loan acknowledging the same in writing for the benefit of Lender, (k) Indebtedness arising

as a direct result of judgments, orders, awards or decrees against Canadian Parent or American Parent, as applicable, in each case not constituting an Event of Default, (l) unsecured Indebtedness representing any Taxes to the extent such Taxes are being contested by Canadian Parent or American Parent pursuant to a Permitted Contest, (m) Indebtedness constituting reimbursement obligations in respect of letters of credit and similar instruments issued for the account of Canadian Parent, American Parent or any of their respective Subsidiary, in an aggregate amount for all such Indebtedness not to exceed One Million and 00/100 Dollars (\$1,000,000.00) at any one time outstanding, ~~and~~ (n) unsecured Indebtedness in respect of those certain convertible debentures issued by Canadian Parent on or about June 22, 2023 pursuant to a private placement offering in an amount not to exceed \$20,000,000 in the aggregate (the "Subscription Agreement for Convertible Debentures"), which debentures are to be issued pursuant to the terms of that certain Indenture dated on or about June 22, 2023 and are to rank *pari passu* with the Loan Guaranty; ~~(o) unsecured guarantee in favor of Stearns Bank N.A. (and its successors and assigns) in respect of Indebtedness incurred by certain Subsidiaries of the Canadian Parent (other than the Loan Parties) not to exceed Twenty-Five Million and 0/100 Dollars (\$25,000,000) and to rank *pari passu* with the Loan Guaranty and~~ (np) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Parent Indebtedness (b) through ~~(mq)~~ above, provided that (i) the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon the applicable Parent, (ii) such Indebtedness continues to satisfy the conditions to qualify as Permitted Parent Indebtedness as described in clauses (b) through ~~(lq)~~ above and (iii) Lender is given prior written notice of same.

(c) Schedule 4.15 (Existing Leases) of the Existing Loan Agreement is hereby amended and replaced in its entirety with Schedule 4.15 attached hereto.

SECTION 3. Conditions to Effectiveness. This Second Amendment shall not become effective until each of the following conditions precedent have been satisfied (such date referred to herein as the "Second Amendment Effective Date"):

(a) *Second Amendment*. Lender shall have received this Second Amendment duly executed by the Loan Parties.

(b) *Authorization*. All necessary corporate, limited liability, or other company action has been taken by each of the Loan Parties to enter into and perform its obligations under this Second Amendment and all other instruments and agreements required to be executed and delivered by any Loan Party hereunder.

(c) *Certificates*. Lender shall have received a certificate of an authorized officer of each Loan Party (or other person duly authorized by the constituent documents of such Loan Party) dated the Second Amendment Effective Date and certifying that (i) that there have been no changes to such Loan Party's organizational documents since last delivered to Lender, (ii) that attached thereto is a true and complete copy of resolutions (or equivalent authorizing actions) duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member), authorizing the execution, delivery and performance of the Second Amendment, and that such resolutions have not been

modified, rescinded or amended and are in full force and effect on the Second Amendment Effective Date; and (iii) there have been no changes to the incumbency and specimen signatures of each officer or other duly authorized person executing the Second Amendment or any other document delivered in connection herewith on behalf of such Loan Party since last delivered to Lender.

(d) *Good Standing Certificates.* Lender shall have received a certificate as to the good standing of Canadian Parent (to the extent such concept or a similar concept exists under the laws of the relevant jurisdiction) and of each other Loan Party as of a recent date from the applicable Governmental Authority (or other similar official or registry).

(e) *Costs and Expenses.* The Borrower shall pay Lender for all reasonable and documented legal fees and other reasonable out-of-pocket expenses incurred in connection with the amendment to the Loan Agreement described herein.

SECTION 4. RELEASE. EACH LOAN PARTY HEREBY ACKNOWLEDGES THAT IT HAS NO DEFENSE, COUNTERCLAIMS, OFFSET, CROSS-COMPLAINT, CLAIM OR DEMAND OF ANY KIND OR NATURE WHATSOEVER THAT CAN BE ASSERTED TO REDUCE OR ELIMINATE ALL OR ANY PART OF ITS LIABILITY TO REPAY THE "OBLIGATIONS" OR TO SEEK AFFIRMATIVE RELIEF OR DAMAGES OF ANY KIND OR NATURE FROM LENDER. EACH LOAN PARTY HEREBY VOLUNTARILY AND KNOWINGLY RELEASES AND FOREVER DISCHARGES LENDER, ITS PREDECESSORS, OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AGENTS, SUCCESSORS AND ASSIGNS (COLLECTIVELY, A "RELEASED PARTY"), FROM ALL POSSIBLE CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES, AND LIABILITIES WHATSOEVER, KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT, OR CONDITIONAL, AT LAW OR IN EQUITY, ORIGINATING IN WHOLE OR IN PART ON OR BEFORE THE DATE THIS AMENDMENT IS EXECUTED, WHICH SUCH LOAN PARTY MAY NOW OR HEREAFTER HAVE AGAINST LENDER OR ANY LENDER RELATED PARTY AND IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE, AND ARISING FROM ANY "LOAN", INCLUDING, WITHOUT LIMITATION, ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE, THE EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THE LOAN AGREEMENT OR LOAN DOCUMENTS, AND NEGOTIATION FOR AND EXECUTION OF THIS CONSENT. Further, each Loan Party represents, warrants, acknowledges, and confirms that, as of the date hereof, it has no knowledge of any action, cause of action, claim, demand, damage, or liability of whatever kind or nature, in law or in equity, against any Released Party arising from any action by such Persons, or failure of such Persons to act, under or in connection with any of the Loan Documents, in each case on or prior to the Effective Date.

SECTION 5. Representations and Warranties. The Borrower and each other Loan Party represents and warrants to Lender on the date hereof that:

(a) the execution, delivery and performance of this Second Amendment is within its corporate or other organizational powers and has been duly authorized by all necessary corporate or other organizational action of it;

(b) this Second Amendment has been duly executed and delivered by it and is a legal, valid and binding obligation of it, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing; and

(c) the Subscription Agreement for Convertible Debentures and its corresponding Indenture to be executed by Canadian Parent will be executed in substantially the same form provided to Lender on May 24, 2023.

(d) the representations and warranties of the Borrower contained in Article IV of the Loan Agreement are true and correct in all material respects on and as of the date hereof (except in those cases where such representation or warranty expressly relates to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such date).

SECTION 6. Reaffirmation. Each Loan Party consents to the amendment of the Loan Agreement effected hereby and confirms and agrees that, notwithstanding the effectiveness of this Second Amendment, each Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Loan Agreement, this Second Amendment or in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case, as amended by this Second Amendment. For greater certainty and without limiting the foregoing, each Loan Party hereby reaffirms (i) its grant to Lender of a continuing security interest in and Lien upon the Collateral of such Loan Party, whether now owned or hereafter acquired or arising, and wherever located, all as provided in the Loan Documents, and further acknowledges and agrees that the Loan Documents continue to secure the Obligations, as modified pursuant to this Second Amendment, to the same extent as prior to giving effect to this Second Amendment, and (ii) its Guaranteed Obligations under the Loan Agreement shall remain in full force and effect after giving effect to this Second Amendment and the obligations under this this Second Amendment constitute "Guaranteed Obligations" for purposes of the Loan Agreement in accordance with the terms therein.

SECTION 7. Amendment, Modification and Waiver. This Second Amendment may not be amended, modified or waived except as permitted by Section 12.9 of the Loan Agreement.

SECTION 8. Entire Agreement. This Second Amendment and the other Loan Documents constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. On and after the Second Amendment Effective Date, each reference in the Loan Agreement to "this Second Amendment", "hereunder," "hereof" or words of like import referring the Loan Agreement, and each reference in the other Loan Documents to "the Loan Agreement," "thereunder," "thereof" or words of like import referring to the Loan Agreement, shall mean and be a reference to the Amended Loan Agreement.

SECTION 9. Governing Law and Waiver of Right to Trial by Jury. THIS SECOND AMENDMENT AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF, OR RELATING TO THIS SECOND AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN

ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA. The waiver of marshalling of assets defense, arbitration, submission to jurisdiction, and waiver of right to trial by jury provisions in Sections 12.25 and 12.26 of the Loan Agreement are incorporated herein by reference, *mutatis mutandis*.

SECTION 10. Severability. To the extent permitted by law, any provision of this Second Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 11. Counterparts; Electronic Signature. This Second Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Delivery of an executed counterpart of a signature page of this Second Amendment by facsimile or by email as a “.pdf” or “.tif” attachment shall be effective as delivery of an original executed counterpart of this Second Amendment.

SECTION 12. Loan Document; No Novation. On and after the Second Amendment Effective Date, this Second Amendment shall constitute a “Loan Document” for all purposes of the Amended Loan Agreement and the other Loan Documents (it being understood that for the avoidance of doubt this Second Amendment may be amended or waived solely by the parties hereto as set forth in 7 above). This Second Amendment shall not constitute a novation of the Loan Agreement or any of the Loan Documents.

SECTION 13. No Course of Dealing. This Second Amendment shall not establish a course of dealing or be construed as evidence of any willingness on any Lender’s part to grant other or future amendments, extensions or modifications, should any be requested.

[signature pages to follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Second Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER:

TERRASCEND NJ LLC,
a New Jersey limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Authorized Officer

HMS HAGERSTOWN, LLC,
a Delaware limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer/Manager

HMS PROCESSING LLC,
a Maryland limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer/Manager

HMS HEALTH, LLC,
a Maryland limited liability company

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer/Manager

GUARANTORS:

TERRASCEND CORP., an Ontario corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer

TERRASCEND USA, INC., a Delaware corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer/Secretary

WELL AND GOOD, INC.,
a Delaware corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer

WDB HOLDING MD, INC.,
a Maryland corporation

By: /s/ Keith Stauffer Name: Keith Stauffer
Title: Chief Financial Officer/Treasurer/Secretary

LENDER:

PELORUS FUND REIT, LLC,
a Delaware limited liability company

By: Dan Leimel Name: Dan Leimel

Title: Managing Member

[Signature Page – Amendment No. 2]

SCHEDULE 4.15

[see attached]

[Signature Page – Amendment No. 2]
285804544 v4

**SCHEDULE 4.15
EXISTING LEASES**

Borrower	Address	Owner/Landlord, as applicable
TerrAscend NJ LLC	1865 Springfield Avenue Maplewood, NJ 07040	5 Gould LLC
TerrAscend NJ LLC	200 Route 17 South Lodi, NJ 07644	17 RT 200 South Limited Liability Company

[Signature Page – Amendment No. 2]

285804544 v4

**Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Ziad Ghanem, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 of TerrAscend Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2023

/s/ Ziad Ghanem

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

**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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 of TerrAscend Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2023

/s/ Keith Stauffer

Keith Stauffer
Chief Financial Officer
(Principal Financial Officer)

**Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Ziad Ghanem, Chief Executive Officer of TerrAscend Corp. (the "Company"), hereby certify, that, to my knowledge:

1. the Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2023

/s/ Ziad Ghanem

Ziad Ghanem

President and Chief Executive Officer

(Principal Executive Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of TerrAscend Corp. under the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

**Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Keith Stauffer, Chief Financial Officer of TerrAscend Corp. (the "Company"), hereby certify, that, to my knowledge:

1. the Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2023

/s/ Keith Stauffer

Keith Stauffer
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of TerrAscend Corp. under the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.
