

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 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 November 8, 2023, the registrant had 287,270,514 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 is subject to certain restrictions of the Toronto Stock Exchange, which may constrain TerrAscend's ability to expand its business in the United States;
 - certain restrictions or limitations on TerrAscend's ability to distribute and expend capital due to the TerrAscend'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 referred to 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; (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; and (x) TerrAscend's ability to conduct operations in a safe, efficient and effective manner.

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 September 30, 2023	At December 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 25,410	\$ 26,158
Restricted cash	606	605
Accounts receivable, net	15,004	22,443
Investments	1,917	3,595
Inventory	57,403	46,335
Assets held for sale	—	17,349
Prepaid expenses and other current assets	6,443	4,937
Current assets from discontinued operations	431	571
	107,214	121,993
Non-Current Assets		
Restricted cash, non-current	2,500	—
Property and equipment, net	199,398	215,812
Deposits	426	837
Operating lease right of use assets	44,497	29,451
Intangible assets, net	274,172	239,704
Goodwill	105,615	90,328
Other non-current assets	844	3,462
	627,452	579,594
Total Assets	\$ 734,666	\$ 701,587
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 51,032	\$ 44,286
Deferred revenue	4,084	2,935
Loans payable, current	21,832	48,335
Contingent consideration payable, current	4,434	5,184
Operating lease liability, current	2,363	1,857
Lease obligations under finance leases, current	2,006	521
Corporate income tax payable	58,707	23,077
Other current liabilities	798	2,599
Current liabilities from discontinued operations	1,124	9,111
	146,380	137,905
Non-Current Liabilities		
Loans payable, non-current	181,822	145,852
Operating lease liability, non-current	46,437	31,545
Lease obligations under finance leases, non-current	571	6,713
Derivative liability	7,916	711
Convertible debt	7,062	—
Deferred income tax liability	38,253	30,700
Contingent consideration payable, non-current	2,012	—
Financing obligations	893	11,198
Other long term liabilities	18,538	15,792
	303,504	242,511
Total Liabilities	449,884	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 September 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 September 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 September 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 September 30, 2023 and December 31, 2022, respectively	—	—
Proportionate voting shares, no par value, unlimited shares authorized; nil and nil shares outstanding as of September 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 September 30, 2023 and December 31, 2022, respectively	—	—
Common shares, no par value, unlimited shares authorized; 287,270,514 and 259,624,531 shares outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Additional paid in capital	944,670	934,972
Accumulated other comprehensive income	1,610	2,085
Accumulated deficit	(662,075)	(618,260)
Non-controlling interest	577	2,374
Total Shareholders' Equity	284,782	321,171
Total Liabilities and Shareholders' Equity	\$ 734,666	\$ 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*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue	\$ 89,621	\$ 66,567	\$ 231,778	\$ 179,848
Excise and cultivation tax	(381)	(324)	(1,016)	(1,060)
Revenue, net	89,240	66,243	230,762	178,788
Cost of Sales	41,435	35,112	112,831	108,082
Gross profit	47,805	31,131	117,931	70,706
Operating expenses:				
General and administrative	29,299	27,404	87,505	81,753
Amortization and depreciation	2,664	2,600	6,935	7,356
Impairment of intangible assets	—	152,928	—	152,928
Impairment of goodwill	—	178,314	—	178,314
Impairment of property and equipment	—	—	345	—
Total operating expenses	31,963	361,246	94,785	420,351
Income (loss) from operations	15,842	(330,115)	23,146	(349,645)
Other (income) expense				
(Gain) loss from revaluation of contingent consideration	(645)	36	(645)	189
Loss (gain) on fair value of warrants and purchase option derivative assets	3,217	(5,497)	2,564	(58,555)
Gain on disposal of fixed assets	(1,879)	—	(1,879)	—
Finance and other expenses	10,083	9,245	28,341	29,563
Transaction and restructuring costs	—	343	392	1,585
Unrealized and realized foreign exchange (gain) loss	(43)	583	(175)	624
Unrealized and realized loss (gain) on investments	5	(231)	2,365	3
Income (loss) from continuing operations before provision for (benefit from) income taxes	5,104	(334,594)	(7,817)	(323,054)
Provision for (benefit from) income taxes	13,543	(34,033)	32,655	(25,602)
Net loss from continuing operations	\$ (8,439)	\$ (300,561)	\$ (40,472)	\$ (297,452)
Discontinued operations:				
Loss from discontinued operations, net of tax	\$ (232)	\$ (10,424)	\$ (4,444)	\$ (15,377)
Net loss	\$ (8,671)	\$ (310,985)	\$ (44,916)	\$ (312,829)
Foreign currency translation	(280)	(2,758)	475	1,129
Comprehensive loss	\$ (8,391)	\$ (308,227)	\$ (45,391)	\$ (313,958)
Net loss from continuing operations attributable to:				
Common and proportionate Shareholders of the Company	\$ (10,601)	\$ (302,788)	\$ (46,963)	\$ (300,975)
Non-controlling interests	\$ 2,162	\$ 2,227	\$ 6,491	\$ 3,523
Comprehensive loss from continuing operations attributable to:				
Common and proportionate Shareholders of the Company	\$ (10,553)	\$ (310,454)	\$ (51,882)	\$ (317,481)
Non-controlling interests	\$ 2,162	\$ 2,227	\$ 6,491	\$ 3,523
Net loss per share				
Net loss per share - basic:				
Continuing operations	\$ (0.04)	\$ (1.19)	\$ (0.17)	\$ (1.26)
Discontinued operations	—	(0.04)	(0.02)	(0.06)
Net loss per share - basic	\$ (0.04)	\$ (1.23)	\$ (0.19)	\$ (1.32)
Weighted average number of outstanding common and proportionate voting shares	287,072,972	254,355,792	276,562,869	239,567,866
Net loss per share - diluted:				
Continuing operations	\$ (0.04)	\$ (1.19)	\$ (0.17)	\$ (1.26)
Discontinued operations	—	(0.04)	(0.02)	(0.06)
Net loss per share - diluted	\$ (0.04)	\$ (1.23)	\$ (0.19)	\$ (1.32)
Weighted average number of outstanding common and proportionate voting shares, assuming dilution	287,072,972	254,355,792	276,562,869	239,567,866

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	Accumulated deficit	Non-controlling interest	Total
	Common Shares	Exchangeable Shares	Series A	Series B						
Balance at June 30, 2023	286,807,780	63,492,038	12,350	600	363,250,022	\$ 944,259	\$ 1,330	\$ (653,623)	\$ 1,966	\$ 293,932
Shares issued - stock options, warrant and RSU exercises	462,734	—	—	—	462,734	17	—	—	—	17
Warrants issued for services performed	—	—	—	—	—	1,000	—	—	—	1,000
Share-based compensation expense	—	—	—	—	—	1,775	—	—	—	1,775
Options and warrants expired/forfeited	—	—	—	—	—	(2,381)	—	2,381	—	—
Capital distributions	—	—	—	—	—	—	—	—	(3,551)	(3,551)
Net loss for the period	—	—	—	—	—	—	—	(10,833)	2,162	(8,671)
Foreign currency translation	—	—	—	—	—	—	280	—	—	280
Balance at September 30, 2023	287,270,514	63,492,038	12,350	600	363,712,756	\$ 944,670	\$ 1,610	\$ (662,075)	\$ 577	\$ 284,782

	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	Series A	Series B						
Balance at June 30, 2022	252,707,325	52,395,071	12,658	610	318,370,600	\$ 889,961	\$ (1,063)	\$ (315,132)	6,215	\$ 579,981
Shares issued - stock option, warrant and RSU exercises	253,140	—	—	—	253,140	36	—	—	—	36
Shares issued - acquisitions	4,803,184	—	—	—	4,803,184	7,926	—	—	—	7,926
Shares issued - liability settlement	97,203	—	—	—	97,203	242	—	—	—	242
Share-based compensation expense	—	—	—	—	—	2,705	—	—	—	2,705
Options expired/forfeited	—	—	—	—	—	(23,008)	—	23,008	—	—
Capital contribution	—	—	—	—	—	(564)	—	—	(3,276)	(3,840)
Net loss for the period	—	—	—	—	—	—	—	(313,212)	2,227	(310,985)
Foreign currency translation	—	—	—	—	—	—	2,757	—	—	2,757
Balance at September 30, 2022	257,860,852	52,395,071	12,658	610	323,524,127	\$ 877,298	\$ 1,694	\$ (605,336)	\$ 5,166	\$ 278,822

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 Convertible Preferred Stock				Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Non-controlling interest	Total
	Common Shares	Exchangeable Shares	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	856,658	—	—	—	856,658	98	—	—	—	98
Shares, options and warrants issued - acquisitions	5,913,963	—	—	—	5,913,963	8,600	—	—	—	8,600
Shares, options and warrants issued - legal settlement	532,185	—	—	—	532,185	794	—	—	—	794
Warrants issued for services performed	—	—	—	—	—	1,000	—	—	—	1,000
Shares issued - conversion	13,762,500	(13,504,500)	(258)	—	—	—	—	—	—	—
Private placement net of share issuance costs	6,580,677	—	—	—	6,580,677	7,507	—	—	—	7,507
Share-based compensation expense	—	—	—	—	—	5,469	—	—	—	5,469
Options and warrants expired/forfeited	—	—	—	—	—	(7,593)	—	7,593	—	—
Capital distributions	—	—	—	—	—	—	—	—	(6,966)	(6,966)
Acquisition of non-controlling interest	—	—	—	—	—	(6,177)	—	—	(1,323)	(7,500)
Net loss for the period	—	—	—	—	—	—	—	(51,408)	6,492	(44,916)
Foreign currency translation	—	—	—	—	—	—	(475)	—	—	(475)
Balance at September 30, 2023	287,270,514	63,492,038	12,350	600	363,712,756	\$ 944,670	\$ 1,610	\$ (662,075)	\$ 577	\$ 284,782

	Number of Shares Convertible Preferred Stock				Common Shares Equivalent	Additional paid in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Non-controlling interest	Total
	Common Shares	Exchangeable Shares	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	9,589,868	—	—	—	9,589,868	25,779	—	—	—	25,779
Shares issued - acquisitions	56,153,162	13,504,500	—	—	69,657,662	330,983	—	—	—	330,983
Shares issued - liability settlement	101,203	—	—	—	101,203	264	—	—	—	264
Shares issued - conversion	1,085,819	—	(1,050)	—	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	10,524	—	—	—	10,524
Options expired/forfeited	—	—	—	—	—	(25,670)	—	25,670	—	—
Conversion of convertible debt	—	—	—	—	—	—	—	—	—	—
Capital contribution	—	—	—	—	—	—	—	—	(3,724)	(3,724)
Net loss for the period	—	—	—	—	—	—	—	(316,352)	3,523	(312,829)
Foreign currency translation	—	—	—	—	—	—	(1,129)	—	—	(1,129)
Balance at September 30, 2022	257,860,852	52,395,071	12,658	610	323,524,127	\$ 877,298	\$ 1,694	\$ (605,336)	\$ 5,166	\$ 278,822

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

TerrAscend Corp.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

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

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Operating activities		
Net loss from continuing operations	\$ (40,472)	\$ (297,452)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Non-cash adjustments of inventory	728	8,401
Accretion expense	7,497	5,676
Depreciation of property and equipment and amortization of intangible assets	15,179	17,578
Amortization of operating right-of-use assets	1,630	1,513
Share-based compensation	5,469	10,524
Deferred income tax expense	1,099	(44,266)
Loss (gain) on fair value of warrants and purchase option derivative	2,564	(58,555)
(Gain) loss on disposal of fixed assets	(1,534)	848
(Gain) loss from revaluation of contingent consideration	(645)	189
Impairment of intangible assets	—	152,928
Impairment of goodwill	—	178,314
Release of indemnification asset	—	3,973
Unrealized and realized foreign exchange (gain) loss	(175)	624
Unrealized and realized loss on investments	2,365	3
Changes in operating assets and liabilities		
Receivables	(5,224)	2,769
Inventory	(10,750)	(1,104)
Prepaid expense and other current assets	(808)	611
Deposits	411	2,340
Other assets	718	(1,522)
Accounts payable and accrued liabilities and other payables	7,395	(11,706)
Operating lease liability	(1,566)	(889)
Other liability	1,542	(9,627)
Contingent consideration payable	—	(410)
Corporate income tax payable	35,140	9,451
Deferred revenue	1,149	427
Net cash provided by (used in) operating activities- continuing operations	21,712	(29,362)
Net cash used in operating activities- discontinued operations	(3,660)	(4,069)
Net cash provided by (used in) operating activities	18,052	(33,431)
Investing activities		
Investment in property and equipment	(6,224)	(24,280)
Investment in intangible assets	(262)	(1,330)
Principal payments received on lease receivable	—	394
Receipt of convertible debenture payment	738	—
Deposits for property and equipment	—	(1,455)
Deposits for business acquisition	—	(852)
Success fees related to Alternative Treatment Center license	(3,750)	—
Payment for land contracts	(1,047)	(888)
Cash portion of consideration (received) paid in acquisitions, net of cash of acquired	(17,032)	16,227
Net cash used in investing activities- continuing operations	(27,577)	(12,184)
Net cash provided by (used in) investing activities- discontinued operations	14,285	(398)
Net cash used in investing activities	(13,292)	(12,582)
Financing activities		
Transfer of Employee Retention Credit	12,677	—
Proceeds from loan payable, net of transaction costs	23,869	—
Proceeds from options and warrants exercised	81	24,158
Loan principal paid	(46,029)	(6,088)
Loan amendment fee paid and prepayment premium paid	(1,178)	(2,309)
Cash distributions to partners	(6,966)	(1,436)
Capital contributions paid to non-controlling interests	—	(1,237)
Payments of contingent consideration	—	(6,630)
Proceeds from private placement, net of share issuance costs	21,260	—
Payments made for financing obligations and finance lease	(1,158)	(921)
Net cash provided by financing activities- continuing operations	2,556	5,537
Net cash used in financing activities- discontinued operations	(5,539)	—
Net cash (used in) provided by financing activities	(2,983)	5,537
Net increase (decrease) in cash and cash equivalents and restricted cash during the period	1,777	(40,476)
Net effects of foreign exchange	(24)	(3,847)
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	\$ 28,516	\$ 35,319
Supplemental disclosure with respect to cash flows		
Income taxes (refund received) paid	\$ (4,582)	\$ 9,213
Interest paid	\$ 16,683	\$ 20,643
Lease termination fee paid	\$ 217	\$ 3,300
Non-cash transactions		
Equity and warrant liability issued as consideration for acquisition	\$ 8,600	\$ 337,739
Warrant issued as consideration for services	\$ 1,000	\$ —
Promissory note issued as consideration for acquisitions	\$ 11,689	\$ 10,000
Shares issued for legal and liability settlement	\$ 794	\$ 264
Accrued capital purchases	\$ 936	\$ 12,118

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 ("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". Beginning on May 3, 2017 until the Company's listing on the TSX, 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 nine months ended September 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 September 30, 2023, TerrAscend had an accumulated deficit of \$662,075. During the three and nine months ended September 30, 2023, TerrAscend incurred a net loss from continuing operations of \$8,439 and \$40,472, respectively. Additionally, as of September 30, 2023 the Company's current liabilities exceed its current assets. Therefore, the Company expects that it 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 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.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)***3.Consolidation**

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

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 and amended its share structure at TerraAscend (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.

Subsequent to the Reorganization, all operations in the United States have a functional currency of USD. Canadian operations continue to have a functional currency of CAD.

Voting Interest Entities

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

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, TerraAscend Growth Corp., a wholly owned subsidiary of the Company, 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 TerraAscend Growth Corp., were exchanged for non-voting, non-participating exchangeable shares of TerraAscend Growth Corp. Simultaneously, the Company entered into a protection agreement with TerraAscend 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 TerraAscend 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 TerraAscend 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 TerraAscend Growth Corp. In addition, given the structure of the Class A shares where all of the losses and substantially all of the benefits of TerraAscend Growth Corp. are absorbed by the Company, the Company consolidates as the primary beneficiary in accordance with Accounting Standards Codification ("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

	September 30, 2023	December 31, 2022
Trade receivables	\$ 24,888	\$ 14,786
Sales tax receivable	6	277
Other receivables	1,100	17,936
Expected credit losses	(10,990)	(10,556)
Total receivables, net	\$ 15,004	\$ 22,443

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 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 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 September 30, 2023, the lender has received refunds in the amount of \$11,527. Subsequent to quarter end, the lender has received a further \$1,739, and is awaiting receipt of the remaining refunds. Management has concluded that collection remains probable and no additional recourse obligation was recorded for the nine months ended September 30, 2023.

	September 30, 2023	December 31, 2022
Trade receivables	\$ 24,888	\$ 14,786
Less: provision for sales returns and expected credit losses	(10,990)	(10,556)
Total trade receivables, net	\$ 13,898	\$ 4,230
Of which		
Current	12,276	4,045
31-90 days	1,492	614
Over 90 days	11,120	10,127
Less: provision for sales returns and expected credit losses	(10,990)	(10,556)
Total trade receivables, net	\$ 13,898	\$ 4,230

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

5. AcquisitionsAMMD

On January 27, 2023, TerraAscend closed the acquisition of AMMD, a dispensary in Cumberland, Maryland. Under the terms of the agreement, TerraAscend 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		1,499
Fixed assets		416
Intangible asset		5,330
Goodwill		6,151
Accounts payable and accrued liabilities		(366)
Deferred tax liability		(1,936)
Corporate income taxes payable		(291)
Operating lease liability		(1,499)
Net assets acquired	\$	9,631
		10,000
Cash		10,000
Working capital adjustment		(369)
Total consideration	\$	9,631

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 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 September 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. An adjustment was made to decrease intangible assets of \$nil for the three months ended September 30, 2023 and of \$620 for the nine months ended September 30, 2023 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 nine months ended September 30, 2023 and 2022, respectively.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been \$7,956 for the nine months ended September 30, 2023 and net income estimates would have been \$2,716. Actual sales and net income for the nine months ended September 30, 2023 since the date of acquisition are \$7,277 and \$2,472, 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 \$15,394 exclusive of assumed financing obligations of \$7,226. The consideration was comprised of 5,442,282 common shares of the Company, valued at \$7,857 ("stock consideration"), a \$3,646 secured promissory note at an interest rate of 7.25% maturing on June 28, 2026, and \$1,234 in cash. The cash consideration paid included transaction expenses and repayments of indebtedness on behalf of Peninsula of \$290 and \$33, respectively.

The stock consideration was subject to a statutory lock-up restriction of 6 months, and, as such, a share restriction discount was considered in determining the fair value of the closing stock payment as at the transaction date. The Company guaranteed that if within 18 months from the transaction date of the stock consideration, the aggregate gross proceeds resulting from the sales of the common shares plus the aggregate value of the remaining common shares is less than \$9,000, the Company shall pay the difference ("Peninsula contingent consideration"). The fair value of the Peninsula contingent consideration was calculated using the Black-Scholes Option Pricing Model ("Black-Scholes model").

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	840
Accounts payable and accrued liabilities	(829)
Loans payable	(7,226)
Operating lease liability	(1,168)
Net assets acquired	\$ 15,394
Cash	1,234
Common shares of TerraAscend	7,857
Loans payable	3,646
Contingent consideration	2,657
Total consideration	\$ 15,394

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

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

The accounting for this acquisition has been provisionally determined at September 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. During the three months ended September 30, 2023, an adjustment was made to reflect the the fair market value of the contingent consideration which resulted in an increase to goodwill at June 28, 2023.

During the three months ended September 30, 2023, the following adjustments were made to the provisional amounts:

- An adjustment was made to decrease the fair value of common shares due to a share restriction in the amount of \$1,667. This resulted in a decrease to goodwill of the same amount.
- The Peninsula contingent consideration was recorded at the fair value of \$2,656. This resulted in an increase to goodwill of the same amount.
- An adjustment was made to decrease the fair value of the loans payable in the amount of \$862 due to new information regarding the fair value at June 28, 2023. This resulted in an decrease to goodwill of the same amount.

Costs related to this transaction were \$623, including legal, accounting, due diligence, and other transaction-related expenses and were recorded during the nine months ended September 30, 2023.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been \$12,587 for the nine months ended September 30, 2023 and net income estimates would have been \$2,574. Actual sales and net loss for the nine months ended September 30, 2023 since the date of acquisition are \$5,800 and \$1,512, 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 \$6,535, comprised of a promissory note of \$3,109 at an interest rate of 7.0% maturing on June 30, 2027 and \$3,426 in cash. 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	5,530
Goodwill	3,803
Deferred tax liability	(1,952)
Accounts payable and accrued liabilities	(679)
Operating lease liability	(2,325)
Other long term liabilities	(593)
Net assets acquired	\$ 6,535
Cash	3,426
Loans payable	3,109
Total consideration	\$ 6,535

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

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

The accounting for this acquisition has been provisionally determined at September 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, other long term liabilities, 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 three months ended September 30, 2023, the following adjustments were made to the provisional amounts:

- An adjustment was made to decrease intangible assets in the amount of \$880 due to new information regarding the fair value at June 30, 2023. This resulted in an increase to goodwill for the same amount.
- An adjustment was made to decrease the fair value of the loans payable in the amount of \$641 due to new information regarding the fair value at June 30, 2023. This resulted in an decrease to goodwill for the same amount.
- An adjustment was made to increase the cash consideration in the amount of \$426 primarily due to debt payoff and seller transaction costs. This resulted in an increase to goodwill for the same amount.

Costs related to this transaction were \$401, including legal, accounting, due diligence, and other transaction-related expenses and were recorded during the nine months ended September 30, 2023.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been \$3,813 for the nine months ended September 30, 2023 and net income estimates would have been \$778. Actual sales and net loss for the nine months ended September 30, 2023 since the date of acquisition are \$1,815 and \$406, respectively.

Herbiculture

On July 10, 2023, the Company closed the acquisition of Herbiculture Inc. (“Herbiculture”), a dispensary in Maryland. Under the terms of the agreement, the Company acquired 100% of the equity interest in Herbiculture for total consideration of \$7,695, comprised of \$2,761 in cash, and a promissory note of \$4,934 at an interest rate of 10.50% per annum maturing on June 30, 2026. The cash consideration paid included transaction expenses and repayments of indebtedness on behalf of Herbiculture which were \$616 and \$1,674, respectively.

The following table presents the fair value of assets acquired and liabilities assumed as of the July 10, 2023 acquisition date and allocation of the consideration to net assets acquired:

Inventory	\$	140
Prepaid expense		111
Accounts receivable		10
Fixed assets		231
Operating right of use asset		1,458
Intangible asset		7,580
Goodwill		4,603
Deferred tax liability		(2,676)
Accounts payable and accrued liabilities		(648)
Corporate income taxes payable		(199)
Operating lease liability		(1,458)
Other long term liabilities		(1,457) ¹
Net assets acquired	\$	7,695
Cash		2,761
Loans payable		4,934
Total consideration	\$	7,695

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

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

The accounting for this acquisition has been provisionally determined at September 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, other long term liabilities, 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 \$786, including legal, accounting, due diligence, and other transaction-related expenses and were recorded during the nine months ended September 30, 2023.

On a standalone basis, had the Company acquired the business on January 1, 2023, sales estimates would have been \$2,459 for the nine months ended September 30, 2023 and net income estimates would have been \$110. Actual sales and net loss for the nine months ended September 30, 2023 since the date of acquisition are \$603 and \$82, respectively.

Contingent consideration

Contingent consideration recorded relates to the Company's business acquisitions. Contingent consideration is based upon the potential earnout of the underlying business unit and is measured at fair value using a projection model for the business and the formulaic structure for determining the consideration under the terms of the agreement.

The balance of contingent consideration is as follows:

	State Flower	Apothecarium	Pinnacle	Peninsula	Total
Carrying amount, December 31, 2022	\$ 1,406	\$ 3,028	\$ 750	\$ —	\$ 5,184
Amount recognized on acquisition	—	—	—	2,657	2,657
Payments of contingent consideration	—	—	(750)	—	(750)
Gain on revaluation of contingent consideration	—	—	—	(645)	(645)
Carrying amount, September 30, 2023	\$ 1,406	\$ 3,028	\$ —	\$ 2,012	\$ 6,446
Less: current portion	(1,406)	(3,028)	—	—	(4,434)
Non-current contingent consideration	\$ —	\$ —	\$ —	\$ 2,012	\$ 2,012

During the nine months ended September 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 cannabis derived products includes both purchased and internally produced inventory. The Company's inventory is comprised of the following items:

	September 30, 2023	December 31, 2022
Raw materials	\$ 1,689	\$ 1,181
Finished goods	23,027	15,280
Work in process	29,211	26,406
Accessories, supplies and consumables	3,476	3,468
	\$ 57,403	\$ 46,335

The Company adjusted inventory by \$728 during the nine months ended September 30, 2023 primarily due to defective cartridges.

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 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 \$nil and \$1,925 of inventory during the three and nine months ended September 30, 2022, respectively.

In addition, management wrote down its inventory by \$nil and \$6,570 for the three and nine months ended September 30, 2022, respectively. The inventory write-downs in 2022 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.

7. Discontinued operations

The Company determined to make available for sale the asset groups related to TerraAscend 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:

	September 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	431	571
Current assets from discontinued operations	\$ 431	\$ 571
Accounts payable and accrued liabilities	\$ 1,124	\$ 3,747
Loans payable	—	5,364
Current liabilities from discontinued operations	\$ 1,124	\$ 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 TerraAscend Canada's Licensed Producer business. The results of discontinued operations were as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue	—	\$ 1,159	—	\$ 3,690
Excise and cultivation tax	—	(377)	—	(990)
Revenue, net	—	782	—	2,700
Cost of Sales	—	7,550	—	10,910
Gross profit	—	(6,768)	—	(8,210)
Operating expenses:				
General and administrative	144	1,981	900	4,165
Amortization and depreciation	—	432	48	1,310
Impairment of property and equipment	—	—	3,036	—
Total operating expenses	144	2,413	3,984	5,475
Loss from discontinued operations	(144)	(9,181)	(3,984)	(13,685)
Other expense				
Finance and other expenses	88	1,243	460	1,692
Net loss from discontinued operations	\$ (232)	\$ (10,424)	\$ (4,444)	\$ (15,377)

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

Certain assets of TerraAscend Canada were determined to be held for sale as they met the criteria under ASC 360 *Property, Plant and Equipment*. TerraAscend 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 (USD \$14,285). Net proceeds have been applied to pay down existing Company debt.

8. Property and equipment

Property and equipment consisted of:

	September 30, 2023	December 31, 2022
Land	\$ 6,072	\$ 6,512
Assets in process	27,117	28,416
Buildings & improvements	150,813	154,742
Machinery & equipment	33,877	30,973
Office furniture & equipment	9,011	7,576
Assets under finance leases	2,529	7,277
Total cost	229,419	235,496
Less: accumulated depreciation	(30,021)	(19,684)
Property and equipment, net	\$ 199,398	\$ 215,812

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

As of September 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 \$2,481 and \$9,133 for the three and nine months ended September 30, 2023, respectively (\$2,029 and \$6,069 included in cost of sales) and \$2,710 and \$7,630 for the three and nine months ended September 30, 2022, respectively (\$2,420 and \$5,591 included in cost of sales).

9. Intangible assets and goodwill

Intangible assets consisted of the following:

At September 30, 2023	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Finite lived intangible assets</i>			
Software	\$ 1,185	\$ (678)	\$ 507
Licenses	215,178	(24,270)	190,908
Brand intangibles	1,144	(1,144)	—
Non-compete agreements	280	(280)	—
Total finite lived intangible assets	217,787	(26,372)	191,415
<i>Indefinite lived intangible assets</i>			
Brand intangibles	82,757	—	82,757
Total indefinite lived intangible assets	82,757	—	82,757
Intangible assets, net	\$ 300,544	\$ (26,372)	\$ 274,172

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

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

Amortization expense was \$2,878 and \$5,987 for the three and nine months ended September 30, 2023, respectively (\$725 and \$2,175 included in cost of sales) and \$3,968 and \$10,301 for the three and nine months ended September 30, 2022, respectively (\$1,555 and \$4,631 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	\$ 2,220
2024	8,890
2025	8,624
2026	8,609
2027	8,529

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

Balance at December 31, 2022	\$ 90,328
Additions at acquisition date	13,607
Measurement period adjustment	1,680
Balance at September 30, 2023	\$ 105,615

10. Loans payable

	Hera Term Loan	Stearns Loan	Gage Loans	Pinnacle Loans	Pelorus Term Loan	Marylan d Acquisiti on Loans	IHC Note Payable	Class A Share Gage Growth Corp	Total
Balance at December 31, 2022	\$ 110,850	\$ —	\$ 29,976	\$ 9,333	\$ 44,028	\$ —	\$ —	\$ —	\$ 194,187
Loan principal, net of transaction costs		23,856	—	—	—	18,929	7,500	1,000	51,285
Loan amendment fee / Prepayment penalty	(2,328)	—	—	—	—	—	—	—	(2,328)
Interest and accretion	12,444	887	3,267	426	5,349	567	282	—	23,222
Principal and interest paid	(43,893)	(765)	(5,358)	(4,125)	(4,983)	(806)	(2,782)	—	(62,712)
Effects of movements in foreign exchange	—	—	—	—	—	—	—	—	—
Ending carrying amount at September 30, 2023	77,073	23,978	27,885	5,634	44,394	18,690	5,000	1,000	203,654
Less: current portion	(4,082)	(417)	(3,864)	(5,634)	(577)	(2,258)	(5,000)	—	(21,832)
Non-current loans payable	\$ 72,991	\$ 23,561	\$ 24,021	\$ —	\$ 43,817	\$ 16,432	\$ —	\$ 1,000	\$ 181,822

Total interest paid on all loan payables was \$7,424 and \$16,683 for the three and nine months ended September 30, 2023, respectively, and \$5,890 and \$20,294 for the three and nine months ended September 30, 2022, respectively. The current portion of loans payable included \$3,384 of interest payable as of September 30, 2023.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

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 was required to hold \$5,000 on deposit in a restricted account, of which \$2,500 of the restricted cash was released on July 28, 2023 upon meeting certain criteria pursuant to the terms of the Stearns Loan.

Gage Loans

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 that paid 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 and interest payable 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 makes 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.

On 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%.

On July 10, 2023, related to the acquisition of Herbiculture, the Company entered into a promissory note in the amount of \$5,250. The promissory note carries a fixed interest rate of 10.50%. Commencing on September 30, 2023, and thereafter until December 31, 2024, all accrued interest during each quarter will be added to the outstanding principal balance on the last day of each fiscal quarter. Beginning on March 31, 2025, and thereafter until March 31, 2026, only interest payments will be due on the last day of each fiscal quarter. The entire outstanding balance of the principal and accrued interest is due on June 30, 2026, the maturity date of the note.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements*(Amounts expressed in thousands of United States dollars, except for share and per share amounts)*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 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 and July 31, 2023, the Company made a payment of \$1,500 and \$1,000, respectively.

Maturities of loans payable

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

	September 30, 2023	
Remainder of 2023	\$	9,374
2024		134,993
2025		7,942
2026		11,082
2027		44,483
Thereafter		1,000
Total principal payments	\$	208,874

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 September 30, 2023 and December 31, 2022, respectively.

Amounts recognized in the consolidated balance sheet were as follows:

	September 30, 2023		December 31, 2022	
Operating leases:				
Operating lease right-of-use assets	\$	44,497	\$	29,451
Operating lease liability classified as current		2,363		1,857
Operating lease liability classified as non-current		46,437		31,545
Total operating lease liabilities	\$	48,800	\$	33,402
Finance leases:				
Property and equipment, net	\$	2,312	\$	6,673
Lease obligations under finance leases classified as current		2,006		521
Lease obligations under finance leases classified as non-current		571		6,713
Total finance lease obligations	\$	2,577	\$	7,234

The Company recognized operating lease expense of \$1,747 and \$4,198 for the three and nine months ended September 30, 2023, respectively, and \$1,305 and \$3,650 for the three and nine months ended September 30, 2022, 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)*

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

	September 30, 2023	December 31, 2022
Weighted-average remaining lease term (years)		
Operating leases	12.2	12.8
Finance leases	1.5	6.8
Weighted-average discount rate		
Operating leases	11.41 %	10.69 %
Finance leases	9.47 %	9.89 %

Supplemental cash flow information related to leases are as follows:

	September 30, 2023	December 31, 2022
Cash paid for amounts included in measurement of operating lease liabilities	\$ 4,364	\$ 5,053
Right-of-use assets obtained in exchange for operating lease obligations	16,955	3,097
Cash paid for amounts included in measurement of finance lease liabilities	120	220
Assets under finance leases obtained in exchange for finance lease obligations	—	6,913

Undiscounted lease obligations are as follows:

	Operating	Finance	Total
Remainder of 2023	1,922	32	\$ 1,954
2024	7,828	2,130	9,958
2025	7,863	132	7,995
2026	7,488	134	7,622
2027	7,043	136	7,179
Thereafter	64,214	81	64,295
Total lease payments	96,358	2,645	99,003
Less: interest	(47,558)	(68)	(47,626)
Total lease liabilities	\$ 48,800	\$ 2,577	\$ 51,377

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	\$ 104
2024	550
2025	445
2026	261
Total rental payments	\$ 1,360

A sale-leaseback transaction occurs when an entity sells an asset it owns and then immediately leases the asset back from the buyer. The seller then becomes the lessee and the buyer becomes the lessor. Under ASC 842 *Leases*, both parties must assess whether the buyer-lessor has obtained control of the asset and a sale has occurred. Through the Gage Acquisition, the Company entered into leaseback transactions on six properties of owned real estate. The Company has determined that these transactions do not qualify as a sale because control was not transferred to the buyer-lessor. Therefore, the Company has classified the lease portion of the transaction as a finance lease and continues to depreciate the asset. During 2023, five out of six agreements were amended to remove the purchase option which qualified the transactions as a sale. As a result, the Company derecognized underlying assets of \$8,725 and its related financial obligations in the amount of \$10,528, resulting in a gain of \$1,803 during the three months ended September 30, 2023. The Company concurrently recognized an operating right of use asset and operating lease liability of \$10,518 for the five dispensaries. The balance of the remaining financial obligation at September 30, 2023 was \$991. Of this amount, \$98 is included in other current liabilities and \$893

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

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 6.9 years and 8.5%, respectively, at September 30, 2023.

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

Remainder of 2023		45
2024		182
2025		186
2026		191
2027		195
Thereafter		525
Total payments	\$	1,324
Less: interest		(333)
Total financing obligations	\$	991

12.Convertible Debt

In June and August 2023, the Company closed the private placements of a total of 10,355 senior unsecured convertible debentures at a price of \$1,000 per debenture for total gross proceeds of \$10,355. Unless repaid or converted earlier, the outstanding principal and accrued and unpaid interest on the debentures will be due and payable 36 months following the closing of the debenture Offering (the "Maturity Date"). Each debenture bears interest at a rate of 9.9% per annum from the date of issuance, calculated and compounded semi-annually, and payable on the Maturity Date. Each holder had the option to elect to receive up to 4.95% per annum of such interest payable in cash on a semi-annual basis. Each debenture 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.

In accordance with ASC 815 *Derivatives and Hedging*, the conversion option was bifurcated from the host instrument as the instrument's strike price is denominated in a currency other than the functional currency of the issuer. It was recorded at fair value, using the Black-Scholes model (Note 23). The proceeds are allocated first to the conversion option based on its fair value of \$3,600, and the residual was allocated to the host instrument and recorded as convertible debt at a fair value of \$6,755.

The following table summarizes the convertible debt activity for the nine months ended September 30, 2023:

Balance at December 31, 2022	\$	-
Convertible debt proceeds, net of transaction costs		10,230
Allocation to conversion option		(3,600)
Interest and accretion		432
Ending carrying amount at September 30, 2023	\$	7,062

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
Granted	435,212	435,212	1.81	2.76
Expired	(345,000)	(345,000)	3.14	—
Outstanding, September 30, 2023	23,330,542	818,927	\$ 4.46	8.99

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

The following is a summary of the outstanding warrant liabilities that are exchangeable into common shares:

	Number of Common Share Warrants Outstanding	Number of Common Share Warrants Exercisable	Weighted Average Exercise Price \$	Weighted Average Remaining Life (years)
Outstanding, December 31, 2022	7,129,517	7,129,517	\$ 8.66	0.99
Granted	3,590,334	—	1.95	1.73
Outstanding, September 30, 2023	10,719,851	7,129,517	\$ 6.41	0.74

The following is a summary of the expired preferred share warrants at September 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, September 30, 2023	—	—	\$ —	—

Private Placement Financing

Concurrently with convertible debenture placements (Note 12), in June 2023, the Company closed three tranches of private placements of equity securities (together with the Convertible Debt (Note 12), the "Private Placements") 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 functional currency of the Company. It was recorded at a fair value of \$2,216, using the Black-Scholes model. The proceeds are allocated first to the warrants based on their fair value, and the residual of \$7,655 was allocated to the equity (Note 23). As of September 30, 2023, the warrants were revalued at \$3,020 and a loss was recorded in (Gain) loss on fair value of warrants and purchase option derivative asset on the Consolidated Statements of Operations and Comprehensive Loss.

14. Share-based compensation plansShare-based payments expense

Total share-based payments expense was as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Stock options	\$ 845	\$ 2,338	\$ 3,542	\$ 8,428
Restricted share units	930	367	1,927	2,096
Total share-based payments	\$ 1,775	\$ 2,705	\$ 5,469	\$ 10,524

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

The following table summarizes the stock option activity for the nine months ended September 30, 2023:

	Number of Stock Options	Weighted average remaining contractual life (in years)	Weighted Average Exercise Price (per share) \$	Aggregate intrinsic value
Outstanding, December 31, 2022	20,111,246	4.86	\$ 3.63	\$ 320
Granted	2,006,627	—	1.68	—
Exercised	(416,852)	—	0.23	—
Forfeited	(3,084,873)	—	4.68	—
Expired	(1,657,019)	—	3.67	—
Outstanding, September 30, 2023	16,959,129	4.75	\$ 3.32	\$ 3,119
Exercisable, September 30, 2023	11,516,297	3.01	\$ 3.32	1,290
Nonvested, September 30, 2023	5,442,832	8.43	\$ 3.30	\$ 1,829

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Company's closing stock price on September 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 September 30, 2023 and December 31, 2022, respectively.

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Exercised	\$ 7	\$ 188	\$ 558	\$ 328

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

	September 30, 2023	December 31, 2022
Volatility	78.61% - 80.16%	77.55% - 77.89%
Risk-free interest rate	2.85% - 3.40%	1.63% - 3.51%
Expected life (years)	9.78 - 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 nine months ended September 30, 2023 and 2022 was \$4,587 and \$6,378, respectively. As of September 30, 2023, there was \$8,190 of total unrecognized compensation cost related to unvested options.

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

The following table summarizes the activities for the RSUs for the nine months ended September 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	2,087,275	—	—
Vested	(113,640)	—	—
Forfeited	(78,634)	—	—
Outstanding, September 30, 2023	2,310,641	—	N/A

As of September 30, 2023, there was \$2,868 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).

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.

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

	September 30, 2023	December 31, 2022
Opening carrying amount	\$ 2,374	\$ 5,367
Capital distributions	(6,966)	(7,550)
Acquisition of non-controlling interest	(1,323)	—
Net income attributable to non-controlling interest	6,492	4,557
Ending carrying amount	\$ 577	\$ 2,374

16. Related parties

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 September 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 10), which makes up \$163 of the total loan principal balance at September 30, 2023 and December 31, 2022.

(b) Private Placements: The Private Placements constitute a related party transaction because related persons, which consisted of key management and directors of the Company participated in the transaction. The Company's Executive Chairman, participated, directly and indirectly, in the 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 (265%) and (418%) for the three and nine months ended September 30, 2023, respectively and 10% and 8% for the three and nine months ended September 30, 2022, respectively. The effective tax rate for the three and nine months ended September 30, 2023 differed from the federal statutory tax rate primarily due to the disallowed tax deductions for

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

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 nine months ended September 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 Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Office and general	\$ 4,935	\$ 4,431	\$ 12,740	\$ 13,532
Professional fees	1,923	3,210	10,399	9,303
Lease expense	1,916	1,270	4,454	3,615
Facility and maintenance	1,125	1,733	3,733	3,183
Salaries and wages	15,716	11,683	43,546	33,628
Share-based compensation	1,775	2,705	5,469	10,524
Sales and marketing	1,909	2,372	7,164	7,968
Total	\$ 29,299	\$ 27,404	\$ 87,505	\$ 81,753

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 Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Retail	\$ 66,142	\$ 53,446	\$ 179,817	\$ 127,143
Wholesale	23,098	12,797	50,945	51,645
Total	\$ 89,240	\$ 66,243	\$ 230,762	\$ 178,788

For each of the three and nine months ended September 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 6), the Company recorded sales returns of \$nil and \$1,040 during the three and nine months ended September 30, 2022, 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)***20. Finance and other expenses**

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Interest and accretion	\$ 10,203	\$ 10,347	\$ 26,041	\$ 25,759
Indemnification asset release	—	—	—	3,973
Employee retention credits transfer with recourse	—	—	2,235	—
Other (income) expense	(120)	(1,102)	65	(169)
Total	\$ 10,083	\$ 9,245	\$ 28,341	\$ 29,563

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 nine months ended September 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 consolidated its retail location in Canada and generated net revenue of \$347 and \$637 for the three and nine months ended September 30, 2023, respectively.

The Company had non-current assets by geography of:

	September 30, 2023	December 31, 2022
United States	\$ 626,677	\$ 577,750
Canada	775	1,844
Total	\$ 627,452	\$ 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 modifications are outlined in Note 10, and debt financing are outlined in Note 12.

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 September 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.

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

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 September 30, 2023			At December 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	\$ 25,410	—	—	\$ 26,158	—	—
Restricted cash	3,106	—	—	605	—	—
Purchase option derivative asset	—	—	—	—	—	50
Total Assets	\$ 28,516	—	—	\$ 26,763	—	\$ 50
Liabilities						
Contingent consideration payable	—	\$ 6,446	—	—	\$ 5,184	—
Derivative liability	—	7,916	—	—	711	—
Total Liabilities	—	\$ 14,362	—	—	\$ 5,895	—

There were no transfers between the levels of fair value hierarchy during the three and nine months ended September 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, 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 nine months ended September 30, 2023:

Balance at December 31, 2022	\$ 711
Conversion option issued in 2023 private placement	3,600
Detachable warrants issued in 2023 private placement	2,216
Fair value loss on revaluation of warrants and conversion option	1,514
Effects of movements in foreign exchange	(125)
Balance at September 30, 2023	\$ 7,916

Warrant liability and conversion option

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 expired during the second quarter of 2023.

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

	September 30, 2023		December 31, 2022	
Common Stock Price of TerrAscend Corp.	\$	2.05	\$	1.13
Warrant exercise price	\$	8.66	\$	8.66
Annual volatility		60.69%-65.96%		97.1%-98.4%
Annual risk-free rate		5.6 %		4.8 %
Expected term (in years)		0.21		1.00

Detachable Warrants

The detachable warrants issued as a part of the June 2023 private placement (Note 13) have been measured at fair value as of September 30, 2023. Key inputs and assumptions used in the Black-Scholes model were as follows:

	September 30, 2023		June 30, 2023	
Common Stock Price of TerrAscend Corp.	\$	2.05	\$	\$1.65 - \$1.81
Option exercise price	\$	1.95	\$	1.95
Annual volatility		72.5 %		71.0% - 71.1%
Annual risk-free rate		5.0 %		4.58% - 4.66%
Expected term (in years)		1.73		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 September 30, 2023. Key inputs and assumptions used in the Black-Scholes model were as follows:

	September 30, 2023		June 30, 2023	
Common Stock Price of TerrAscend Corp.	\$	2.05	\$	\$1.65 - \$1.81
Option exercise price	\$	2.01	\$	2.01
Annual volatility		69.2 %		68.2% - 68.3%
Annual risk-free rate		4.8 %		4.13% - 4.25%
Expected term (in years)		2.73		2.98 - 3.00

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

	September 30, 2023		August 2, 2023	
Common Stock Price of TerrAscend Corp.	\$	2.05	\$	1.41
Option exercise price	\$	2.01	\$	2.01
Annual volatility		69.2 %		68.1 %
Annual risk-free rate		4.8 %		4.4 %
Expected term (in years)		2.84		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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

or results of operations. At September 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 October 2, 2023, the Company completed a prepayment of the Ilera Term Loan of \$1,500 at the original prepayment price of 103.22% to par for a total of \$1,550.

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 the Company's Annual Report, its actual results could differ materially from the results described in or implied by the "Cautionary Note Regarding Forward-Looking Statements" contained in this Quarterly Report on Form 10-Q and in the following discussion and analysis.

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

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of TerrAscend is for the three and nine months ended September 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 ("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 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 changed to “TSNDF” effective July 6, 2023.
- On July 10, 2023, the Company completed the acquisition of Herbiculture, a dispensary in Maryland.
- On July 28, 2023, \$2,500 of the restricted cash was released from the required \$5,000 on deposit in a restricted account, upon meeting certain criteria pursuant to the terms of the Stearns Loan.
- On August 2, 2023, the Company closed a private placement of 250 senior unsecured convertible debentures at a price of \$1,000 per debenture for total gross proceeds of approximately \$250.

Subsequent Transactions

- On October 2, 2023, pursuant to the terms of its senior secured term loan with WDB Holding PA, a subsidiary of the TerrAscend (“Ilera Term Loan”), the Company completed a prepayment of the Ilera Term Loan of \$1,500 at the original prepayment price of 103.22% to par.

Components of Results of Operations

The following discussion sets forth certain components of the Company's 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, an additional quantitative impairment test is performed which compares the carrying value of the reporting unit to its estimated fair value. If the carrying value exceeds the estimated fair value, an impairment is recorded.

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.

Loss (gain) 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 (gain) loss

Unrealized and realized foreign exchange (gain) 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 loss (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 Statements of Operations and Comprehensive Loss.

Provision for (benefit from) 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 September 30, 2023 and September 30, 2022

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

Revenue, net

	For the Three Months Ended	
	September 30, 2023	September 30, 2022
Revenue	\$ 89,621	\$ 66,567
Excise and cultivation taxes	(381)	(324)
Revenue, net	\$ 89,240	\$ 66,243
\$ change	\$ 22,997	
% change	35 %	

Revenue increased from \$66,243 to \$89,240 for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 driven by the implementation of adult use sales in Maryland along with the acquisitions of Peninsula, Blue Ridge, and Herbiculture in the second quarter of 2023 combined with an increase in wholesale sales in New Jersey and an increase in both wholesale and retail sales in Pennsylvania.

Cost of sales

	For the Three Months Ended	
	September 30, 2023	September 30, 2022
Cost of sales	\$ 41,788	\$ 35,206
Non-cash adjustment of inventory	(353)	(94)
Total cost of sales	\$ 41,435	\$ 35,112
\$ change	\$ 6,323	
% change	18 %	
Cost of sales as a % of revenue	46 %	53 %

The increase of \$6,323 in cost of sales for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 was mainly due to an increase in sales. Cost of sales as a percentage of revenue improved to 46% from 53% for the three months ended September 30, 2023, as compared to the three months ended September 30, 2022, driven by increased yields in New Jersey, improved utilization in Maryland, lower costs in Pennsylvania as a result of scaling back the cultivation facility, and reduced discounting combined with improved verticalization in Michigan.

General and administrative expense

	For the Three Months Ended	
	September 30, 2023	September 30, 2022
General and administrative expense	\$ 29,299	\$ 27,404
\$ change	\$ 1,895	
% change	7 %	

The increase in general and administrative ("G&A") expense of \$1,895 for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 was primarily a result of an increase in salaries and wages due to Maryland acquisitions during the third quarter of 2023. The Company continues to advance its plan to reduce administrative expenses in order to strengthen its position to generate positive cashflow from operations.

Amortization and depreciation expense

	For the Three Months Ended	
	September 30, 2023	September 30, 2022
Amortization and depreciation	\$ 2,664	\$ 2,600
\$ change	\$ 64	
% change	2 %	

The increase of \$64 in amortization and depreciation expense for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 was primarily due to Maryland acquisitions during the third quarter of 2023.

(Gain) loss from revaluation of contingent consideration

	For the Three Months Ended	
	September 30, 2023	September 30, 2022
(Gain) loss from revaluation of contingent consideration	\$ (645)	\$ 36
\$ change	\$ (681)	
% change	-1892 %	

The decrease in the revaluation of contingent consideration for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 was due to a reduction in the contingent liability for Peninsula acquisition, which was a result of the increase in the Company's share price from June 30, 2023, as compared to September 30, 2023.

Loss (gain) on fair value of warrants and purchase option derivative asset

	For the Three Months Ended	
	September 30, 2023	September 30, 2022
Loss (gain) on fair value of warrants and purchase option derivative assets	\$ 3,217	\$ (5,497)
\$ change	\$ 8,714	
% change	-159 %	

The warrant liability was remeasured to fair value at September 30, 2023 using the Black-Scholes model. The Company recognized a loss of \$3,217 during the three months ended September 30, 2023 as a result of the rising share price from June 30, 2023, as compared to September 30, 2023.

During the three months ended September 30, 2022, the Company recognized a gain on fair value warrants of \$5,497 as a result of the reduction of the Company's share price from June 30, 2022, as compared to September 30, 2022.

Finance and other expenses

	For the Three Months Ended	
	September 30, 2023	September 30, 2022
Finance and other expenses	\$ 10,083	\$ 9,245
\$ change	\$ 838	
% change	9 %	

The increase of \$838 in finance and other expenses for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 is primarily due to sublease income received in 2022.

Transaction and restructuring costs

	For the Three Months Ended	
	September 30, 2023	September 30, 2022
Transaction and restructuring costs	\$ -	\$ 343
\$ change	\$ (343)	
% change	-100 %	

The transaction and restructuring costs for the three months ended September 30, 2022 were primarily due to personnel related reorganization and severance costs in Canada.

Unrealized and realized foreign exchange (gain) loss

	For the Three Months Ended	
	September 30, 2023	September 30, 2022
Unrealized and realized foreign exchange (gain) loss	\$ (43)	\$ 583
\$ change	\$ (626)	
% change	-107 %	

Unrealized foreign exchange (gain) loss changed from a loss of \$583 for the three months ended September 30, 2023 as compared to a gain of \$43 for the three months ended September 30, 2022 as a result of the Company's subsidiary TerrAscend Growth Corp changing its functional currency to U.S. dollars from Canadian dollars during the third quarter of 2023.

Provision for (benefit from) income taxes

	For the Three Months Ended	
	September 30, 2023	September 30, 2022
Provision for (benefit from) income taxes	\$ 13,543	\$ (34,033)
\$ change	\$ 47,576	
% change	-140 %	

The change in provision for (benefit from) income taxes from a \$34,033 benefit for the three months ended September 30, 2022 as compared to a provision for income taxes of \$13,543 for the three months ended September 30, 2023 was primarily driven by the increase in pre-tax book income as a result of the impairment of Gage Growth Corp in 2022.

Results from Operations - Nine Months Ended September 30, 2023 and September 30, 2022

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

Revenue, net

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Revenue	\$ 231,778	\$ 179,848
Excise and cultivation taxes	(1,016)	(1,060)
Revenue, net	\$ 230,762	\$ 178,788
\$ change	\$ 51,974	
% change	29 %	

Revenue increased from \$178,788 to \$230,762 during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 driven by growth in retail and wholesale market sales. The increase was primarily a result of the implementation of adult use sales in New Jersey in April 2022 and Maryland in July 2023 along with the acquisition of AMMD, Peninsula, Blue Ridge, and Herbiculture in the first and second quarters of 2023, and the acquisition of Gage in Michigan in March 2022. These increases were partially offset by a reduction in wholesale sales in Pennsylvania and retail sales in California.

Cost of sales

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Cost of sales	\$ 112,103	\$ 99,681
Non-cash adjustment of inventory	728	8,401
Total cost of sales	\$ 112,831	\$ 108,082
\$ change	\$ 4,749	
% change	4 %	
Cost of sales as a % of revenue	49 %	60 %

The increase of \$4,749 in cost of sales for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 is mainly a result of impairments and write-downs of inventory in Pennsylvania of \$7,422 for the nine months ended September 30, 2022 as well as increased yields in New Jersey, improved utilization in Maryland, lower costs in Pennsylvania as a result of scaling back the cultivation facility, and reduced discounting combined with improved verticalization in Michigan.

General and administrative expense

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
General and administrative expense	\$ 87,505	\$ 81,753
\$ change	\$ 5,752	
% change	7 %	

The increase in G&A expense of \$5,752 for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 was primarily a result of an increase in salaries and wages due to the addition of workforce in Maryland for the four retail acquisitions which occurred during the nine months ended September 30, 2023 combined with a full year of adult use sales in New Jersey. The Company continues to advance its plan to optimize administrative expenses to strengthen its position in order to generate positive cashflow from operations.

Amortization and depreciation expense

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Amortization and depreciation	\$ 6,935	\$ 7,356
\$ change	\$ (421)	
% change	-6 %	

The decrease of \$421 in amortization and depreciation expense for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 was primarily due to a brand intangible asset that was fully amortized during 2022.

(Gain) loss from revaluation of contingent consideration

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
(Gain) loss from revaluation of contingent consideration	\$ (645)	\$ 189
\$ change	\$ (834)	
% change	-441 %	

The decrease in the revaluation of contingent consideration for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 was a result of a reduction in the contingent liability for Peninsula acquisition due to increase in the Company's share price as of September 30, 2023.

Loss (gain) on fair value of warrants and purchase option derivative asset

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Loss (gain) on fair value of warrants and purchase option derivative assets	\$ 2,564	\$ (58,555)
\$ change	\$ 61,119	
% change	-104 %	

The warrant liability was remeasured to fair value at September 30, 2023 using the Black-Scholes model. The Company recognized a loss of \$2,564 during the nine months ended September 30, 2023 as a result of the rising share price from December 31, 2022, as compared to September 30, 2023.

The Preferred Share warrant liability expired during the nine months ended September 30, 2023. The purchase option derivative asset related to the option to purchase an additional 6.25% ownership of the Company's New Jersey partnership also expired during nine months ended September 30, 2023.

The warrant liability was remeasured to fair value at September 30, 2022 using the Black-Scholes model. The Company recognized a gain during the nine months ended September 30, 2022 as a result of the reduction of the Company's share price from December 31, 2021 as compared to September 30, 2022, as well as from warrants exercised during the nine months ended September 30, 2022. The combined impact resulted in a gain on fair value of warrants of \$59,373. For the nine months ended September 30, 2022, the purchase option derivative asset related to the option to purchase an additional 6.25% of ownership of the Company's New Jersey partnership, were remeasured using the Monte Carlo simulation model and resulted in a loss of \$818.

Finance and other expenses

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Finance and other expenses	\$ 28,341	\$ 29,563
\$ change	\$ (1,222)	
% change	-4 %	

The decrease of \$1,222 in finance and other expenses for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 is primarily due to a loss recorded from the indemnification asset release related to the acquisition of Apothecarium during nine months ended September 30, 2022.

Transaction and restructuring costs

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Transaction and restructuring costs	\$ 392	\$ 1,585
\$ change	\$ (1,193)	
% change	-75 %	

The decrease of \$1,193 in transaction and restructuring costs for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 relates primarily to the Gage Acquisition, which closed on March 10, 2022.

Unrealized and realized foreign exchange (gain) loss

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Unrealized and realized foreign exchange (gain) loss	\$ (175)	\$ 624
\$ change	\$ (799)	
% change	-128 %	

The change in unrealized foreign exchange (gain) loss from a loss of \$624 for the nine months ended September 30, 2022 to a gain of \$175 for the nine months ended September 30, 2023 was a result of the Company's subsidiary TerrAscend Growth Corp, changing its functional currency to U.S. dollars from Canadian dollars in July 2023.

Provision for (benefit from) income taxes

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Provision for (benefit from) income taxes	\$ 32,655	\$ (25,602)
\$ change	\$ 58,257	
% change	-228 %	

The change in provision for (benefit from) income taxes from a \$25,602 benefit for the nine months ended September 30, 2022 as compared to a provision for income taxes of \$32,655 for the nine months ended September 30, 2023 was primarily driven by the decrease in pre-tax loss for 2023 as a result of the impairment of Gage Growth Corp in 2022.

Liquidity and Capital Resources

	September 30, 2023	December 31, 2022
	\$	\$
Cash and cash equivalents	25,410	26,158
Restricted Cash	606	605
Current assets	107,214	121,993
Non-current assets	627,452	579,594
Current liabilities	146,380	137,905
Non-current liabilities	303,504	242,511
Working capital	(39,166)	(15,912)
Total shareholders' equity	284,782	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 September 30, 2023, TerrAscend had an accumulated deficit of \$662,075. During the three and nine months ended September 30, 2023, TerrAscend incurred a net loss from continuing operations of \$8,439 and \$40,472, respectively. Additionally, as of September 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 \$654,250 as of September 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 \$208,874 in principal amounts of loans payable at September 30, 2023. Of this amount, \$18,448 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 \$99,003 in lease obligations. Of this amount, \$9,948 are due in the next twelve months. Additionally, TerrAscend makes monthly payments on financing obligations on one of its real estate properties with \$971 payable, \$181 of which is due in the next twelve months.

TerrAscend's undiscounted contingent consideration payable is \$6,446 at September 30, 2023. The contingent consideration payable relates to TerrAscend's business acquisitions of the Apothecarium, State Flower, and Peninsula. Those payments are due in the next twelve months, with the exception of Peninsula.

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 September 30, 2023, the Company had accounts payable and accrued liabilities of \$51,032 and corporate income taxes payable of \$58,707.

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*.

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 8, June 15, and June 29, 2023, WDB Holding PA made repayments of principal in the amounts of \$7,896, \$442, and \$28,236, respectively.

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. There is \$78,427 of principal amounts outstanding at September 30, 2023.

On October 2, 2023, TerrAscend completed a prepayment of the Ilera Term Loan of \$1,500 at the original prepayment price of 103.22% to par.

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 Growth Corp. 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 Growth Corp 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 Growth Corp 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 \$2,979 of principal amounts outstanding at September 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 \$5,582 of principal amounts outstanding at September 30, 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 September 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 was required to hold \$5,000 on deposit in a restricted account, of which \$2,500 of the restricted cash was released on July 28, 2023 upon meeting certain criteria pursuant to the terms of the Stearns Loan. 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. There is \$24,913 of principal amounts outstanding at September 30, 2023.

Maryland Acquisition Loans

On June 28, 2023, related to the acquisition of Peninsula, the Company assumed existing indebtedness in the form of a promissory note 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 for the Peninsula acquisition 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.

On June 30, 2023, related to the acquisition of Blue Ridge, the Company entered into 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%.

On July 10, 2023, related to the acquisition of Herbiculture, the Company entered into a promissory note in the amount of \$5,250. The promissory note carries a fixed interest rate of 10.50%. Commencing on September 30, 2023, and thereafter until December 31, 2024, all accrued interest during such quarter will be added to the outstanding principal balance on the last day of each fiscal quarter. Beginning on March 31, 2025, and thereafter until March 31, 2026, only interest payments will be due on the last day of each fiscal quarter. The entire outstanding balance of the principal and accrued interest is due on June 30, 2026, the maturity date of the note.

There is \$20,991 of principal amounts outstanding at September 30, 2023 on the promissory notes.

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 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. There is \$1,000 of principal amounts outstanding at September 30, 2023.

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 and July 31, 2023, the Company made a payment of \$1,500 and \$1,000, respectively. There is \$5,000 of principal amounts outstanding at September 30, 2023.

Cash Flows

Cash flows provided by (used in) operating activities

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Net cash provided by (used in) operating activities	\$ 18,052	\$ (33,431)

The increase of \$51,483 in net cash provided by operating activities for the nine months ended September 30, 2023 as compared to nine months ended September 30, 2022 is due primarily to an increase in income from operations, lower interest, reduced tax payments, partially offset by an increase in working capital.

Cash flows used in investing activities

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Net cash used in investing activities	\$ (13,292)	\$ (12,582)

The net cash used in investing activities for the nine months ended September 30, 2023 primarily relates to the cash paid for the acquisition of four dispensaries in Maryland. Additionally, the Company increased the investment in property and equipment by \$6,224 during the nine months ended September 30, 2023. The Company also paid the success fee of \$3,750 related to Alternative Treatment Center licenses issued by the New Jersey Department of Health during nine months ended September 30, 2023. These investments were partially offset by proceeds from the sale of the Company's Canadian facility of \$14,285.

In comparison, the net cash used in investing activities for the nine months ended September 30, 2022 primarily relates to investments in property and equipment of \$24,678, 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 was offset by cash inflows of \$16,227 related to the cash acquired through the Gage Acquisition, offset by net cash paid for consideration for the Pinnacle Acquisition.

Cash flows (used in) provided by financing activities

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Net cash (used in) provided by financing activities	\$ (2,983)	\$ 5,537

Net cash used in financing activities for the nine months ended September 30, 2023 was primarily due to loan principal paid of \$46,029 and distributions to minority partners of \$6,966 and offset by the cash inflow of transfer with recourse of Employee Retention Credit of \$12,677, net proceeds from the commercial loan with Stearns bank of \$23,869, and net proceeds from private placements of \$21,260.

Net cash provided by financing activities for the nine months ended September 30, 2022, was primarily due to the exercise of warrants for total proceeds of \$23,797 and stock options for total gross proceeds of \$361. The cash provided by financing activities was partially offset by payments of contingent consideration related to the acquisition of State Flower of \$6,630, loan principal payments of \$6,088, loan amendment fees paid on the modification of the Ilera term loan and the Gage senior secured term loan of \$2,309, tax distributions paid on behalf of the partners of the New Jersey operations of \$1,436, and distributions to non-controlling interests of \$1,237.

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 nine months ended September 30, 2023 and 2022:

	Notes	For the Three Months Ended		For the Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net loss		\$ (8,671)	\$ (310,985)	\$ (44,916)	\$ (312,829)
Loss from discontinued operations		232	10,424	4,444	15,377
Loss from continuing operations		(8,439)	(300,561)	(40,472)	(297,452)
<i>Add (deduct) the impact of:</i>					
Provision for income taxes		13,543	(34,033)	32,655	(25,602)
Finance expenses		10,203	10,347	26,041	25,759
Amortization and depreciation		5,417	6,560	15,179	17,578
EBITDA from continuing operations	(a)	20,724	(317,687)	33,403	(279,717)
<i>Add (deduct) the impact of:</i>					
Relief of fair value upon acquisition	(b)	—	415	—	2,770
Non-cash write downs of inventory	(c)	—	—	—	5,894
Vape recall	(d)	—	—	—	2,965
Share-based compensation	(e)	1,775	2,705	5,469	10,524
Impairment of goodwill and intangible assets	(f)	—	331,242	—	331,242
(Gain) loss from revaluation of contingent consideration	(g)	(645)	36	(645)	189
Other one-time items	(h)	998	1,311	5,287	4,209
Employee Retention Credits Transfer Fee	(i)	—	—	2,236	—
Loss on lease termination and derecognition of ROU asset	(j)	—	—	205	—
Loss (gain) on fair value of warrants and purchase option derivative asset	(k)	3,217	(5,497)	2,564	(58,555)
Indemnification asset release	(l)	—	—	—	3,973
Impairment of property and equipment	(m)	—	(81)	345	848
Gain on disposal of fixed assets	(n)	(1,879)	—	(1,879)	—
Unrealized and realized loss (gain) on investments	(o)	5	(231)	2,365	3
Unrealized and realized foreign exchange (gain) loss	(p)	(43)	583	(175)	624
Adjusted EBITDA from continuing operations		\$ 24,152	\$ 12,796	\$ 49,175	\$ 24,969

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 nine months ended September 30, 2023 and 2022:

	Notes	For the Three Months Ended		For the Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Gross profit		\$ 47,805	\$ 31,131	\$ 117,931	\$ 70,706
<i>Add (deduct) the impact of:</i>					
Relief of fair value upon acquisition	(b)	—	415	—	2,770
Non-cash write downs of inventory	(c)	—	—	—	5,894
Vape recall	(d)	—	—	—	2,965
Other one time adjustments to gross profit	(q)	—	—	94	238
Adjusted gross profit		\$ 47,805	\$ 31,546	\$ 118,025	\$ 82,573

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 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 Company's SKUs. As a result of the recall the Company recorded sales returns of \$nil and \$1,040 and write-downs of inventory of \$nil and \$1,925 for the three and nine months ended September 30, 2022, respectively
- e) Represents non-cash share-based compensation expense.
- f) Represents impairment charges taken on the Company's intangible assets and goodwill.
- g) Represents the revaluation of TerrAscend's contingent consideration liabilities.
- h) 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.
- i) Represents expenses associated with ERC transfer of assets with recourse.
- j) Represents loss taken as a result on the derecognition of right of use assets.
- k) 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.
- l) 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.
- m) Represents impairment charges taken on TerrAscend's property and equipment, as well as write-downs of property and equipment.
- n) Represents (gain) loss taken on write-down of property and equipment.
- o) Represents unrealized and realized (gain) loss on fair value changes on strategic investments.
- p) Represents the remeasurement of USD denominated cash and other assets recorded in CAD functional currency.
- q) Represents other one-time adjustments to gross profit that are not indicative of ongoing costs.

The increase in Adjusted EBITDA from continuing operations for the three and nine months ended September 30, 2023 compared to the three months ended September 30, 2022 was primarily due to implementation of adult use sales in New Jersey and Maryland along with the reduction of general and administrative expenses.

Critical Accounting 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 the Company has total annual gross revenue of \$1,235,000 or more, or (c) in which the Company is deemed to be a large accelerated filer, which means the market value of the Company's Common Stock that is held by non-affiliates exceeds \$700,000 as of the last business day of the Company's most recent second fiscal quarter; and (ii) the date on which the Company has issued more than \$1,000,000 in non-convertible debt during the prior three-year period.

Item 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

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2023, the Company's 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 the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

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

Limitations on Effectiveness of Controls and Procedures

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

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

In the ordinary course of business, 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 September 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 the Company's 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 the Company's Annual Report. The Company may disclose changes to risk factors or disclose additional factors from time to time in its future filings with the SEC. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may impair its business operations.

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

On August 2, 2023, TerrAscend closed a private placement of approximately 250,000 senior unsecured convertible debentures at a price of \$1,000 per debenture for total gross proceeds of approximately \$250,000. 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 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 connection with the terms of this debenture offering, TerrAscend agreed to make certain cash commission payments equal to an average rate of approximately 1% of the gross proceeds received by it based on the source of funds.

The securities issued in the private placement described above were offered and sold in reliance upon (i) the exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), provided by Section 4(a)(2) thereof and (ii) exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of the Insider Participation as the fair market value (as determined under MI 61-101) of the Insider Participation in the private placement is below 25% of TerrAscend's market capitalization (as determined in accordance with MI 61-101).

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On November 9, 2023, the Company entered into an Amended and Restated Employment Agreement with Keith Stauffer (the "Stauffer A&R Agreement"), the Company's Chief Financial Officer, which among other things, provides for the issuance of 300,000 restricted share units ("RSUs") in exchange for the surrender of stock options to purchase 300,000 shares of the Company's common stock that were granted to Mr. Stauffer pursuant to his original employment agreement dated April 22, 2020. In addition, the Stauffer A&R Agreement provides for certain change of control provisions, including that in the event of a change of control, 100% of Mr. Stauffer's unvested options and RSUs will accelerate and vest immediately. Mr. Stauffer's employment is terminated without cause or for good reason within 12 months following a change of control, Mr. Stauffer will be entitled to two times his Severance Pay (as defined in the Stauffer A&R Agreement), two times his COBRA Cash Stipend (as defined in the Stauffer A&R Agreement) and, if not yet paid, his full bonus for the prior calendar year and full bonus for the current calendar year. The foregoing description of the Stauffer A&R Agreement is qualified in its entirety by reference to the full text of such agreement, which is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q and is incorporated by reference herein.

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	
10.1#	Amended and Restated Employment Agreement, dated November 9, 2023, by and between TerrAscend USA, Inc. and Keith Stauffer.					X
10.2#	Amended and Restated Employment Agreement, dated May 11, 2023, by and between TerrAscend USA, Inc. and Lynn Gefen.					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

* 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.

Indicates management contract or compensatory plan.

SIGNATURES

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

TerrAscend Corp.

Date: November 9, 2023

By:

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

Date: November 9, 2023

By:

/s/ Keith Stauffer
Keith Stauffer
Chief Financial Officer
(Principal Financial Officer)

TERRASCEND EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement (“**Agreement**”) signed as of November 9, 2023 is made and effective as of November 9, 2023, by and between TerrAscend USA, Inc., a Delaware corporation (“**TerrAscend**” or the “**Company**”) and Keith Stauffer (“**Employee**”), residing at [***]. The Company and Employee are sometimes individually referred to as a “**Party**” and collectively as the “**Parties**.”

EXPLANATORY STATEMENT

WHEREAS, Employee has been employed by the Company since April 27, 2020 (“**Effective Date**”) as its Chief Financial Officer;

WHEREAS, the Parties entered into an employment agreement dated April 22, 2020 (the “**Original Employment Agreement**”)

WHEREAS, the Original Employment Agreement provided for the exchange of 300,000 Options (as defined below) with 300,000 restricted stock units (“**RSUs**”), subject to applicable securities laws, and as a result, the Parties desire to provide the Employee with a one-time grant of RSUs in exchange for the surrender of 300,000 options on the terms set out herein.

WHEREAS, the parties desire to terminate the Original Employment Agreement and enter into this Agreement on the terms set out herein; and

WHEREAS, the Company desires to be assured that Employee will maintain the Company’s proprietary and confidential information and will not share or disclose any trade secrets, confidential and/or proprietary information of the Company in violation of this Agreement.

NOW, THEREFORE, the Parties wishing to memorialize the terms and conditions of their agreement and in consideration of the foregoing and of the mutual promises contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE I

EMPLOYMENT

1.1 **At-Will Employment.** Commencing on the Effective Date, the Company shall employ Employee on an at-will basis and Employee hereby accepts such at-will employment upon the terms and conditions set forth in this Agreement. As an at-will employee, Employee’s employment will have no specified period and may be terminated by Employee or the Company at any time, and for any reason, with or without notice.

ARTICLE II

DUTIES, RESPONSIBILITIES, LOCATION AND HOURS

2.1 **Duties and Scope of Employment.** Employee shall be employed by the Company in the exempt position of Chief Financial Officer and Employee shall perform such duties as are consistent with

this position as may be assigned by Employee's manager or his or her designee. During Employee's employment with the Company, Employee shall diligently, to the best of Employee's ability, and with all highest degree of good faith and loyalty, perform all such duties incident to the position and use best efforts to promote the interests of the Company.

2.2 Reporting Relationship. Employee will report to the President and Chief Executive Officer or to such other officer or employee as determined in the sole discretion of the Company.

2.3 Location of Employment. The Company's corporate and operating headquarters are in King of Prussia, PA and the Company currently has work sites in Pennsylvania, New Jersey, Maryland, Michigan, California, and Canada. It is anticipated that Employee will be working primarily from a home office located in New Jersey (or such other location agreed to by the Company) but will be expected to travel temporarily to other TerrAscend facilities throughout the United States and potentially in Canada in order to perform duties.

2.4 Obligations to the Company. While employed by the Company, Employee shall devote Employee's normal and regular business time and attention to the business of the Company. Employee shall not engage in any other business activities that is reasonably likely (a) to materially interfere with the reasonable performance of Employee's duties and responsibilities under this Agreement, or (b) are competitive with the Business (as defined in [Section 4.3](#)) of the Company without the express written consent of the Company. Subject to any applicable restrictions concerning related party transactions and/or conflicts of interest, Employee is precluded from using Employee's position with the Company or the Company's relationship with its investors, partners, customers, vendors, suppliers and/or contractors (or that of its affiliates and/or related entities) for private gain or to obtain benefits for Employee or members of Employee's family, or anyone else. Employee shall comply with the Company's policies and rules, including the Company's employee handbook, as they may be in effect from time to time during Employee's employment with the Company.

2.5 No Conflicting Obligations. Employee has completely and fully disclosed to the Company any obligations, restriction, covenants, commitments, or agreements to which Employee may be bound, or the rights of any other person or entity, whether contractual or otherwise, that may be inconsistent with Employee's obligations under this Agreement. Employee represents and warrants to the Company that (a) the Company has not made any representations, warranty or otherwise provided any advice, legal or otherwise, that Employee's employment with the Company as contemplated by this Agreement will neither infringe on or violate any such obligations, restriction, covenants, commitments, agreements or rights, and (b) Employee has consulted with an attorney of Employee's choice regarding the foregoing and has not relied on any inducements, promises, or representations regarding the foregoing from the Company, any of its affiliates or any of their respective representatives. Without limiting the foregoing, Employee shall not use or disclose any trade secrets or confidential information, or property belonging to any of Employee's former employers or any other person or entity, without proper authorization from them. Additionally, the Company agrees that the existence of, or its receipt of, any notice, litigation or cause of action against or involving the Employee by any former employer of Employee relating to any such obligations, restriction, covenants, commitments, or agreements to which Employee may be bound, or the rights of any other person or entity, whether contractual or otherwise, that may be inconsistent with Employee's obligations under this Agreement shall not be Cause for termination, as defined in Section 5.1(a), and shall not give rise to termination of Employee for Cause unless otherwise ordered by a court of competent jurisdiction.

ARTICLE III
COMPENSATION AND BENEFITS

3.1 **Compensation.** In consideration of Employee's employment with the Company, execution of this Agreement, and compliance with all terms and conditions set forth herein, the Company agrees to provide Employee the compensation and benefits set forth in this Article III of the Agreement.

(a) **Salary.** Employee shall earn an annual base salary of US\$ 433,000.00, less all applicable taxes and withholdings as required by law, and such other payroll deductions as are determined by Company policy or as Employee may approve from time-to-time ("**Salary**"), which shall be paid consistent with the Company's ordinary and regular payroll practices and in accordance with applicable law. This position is classified as exempt under federal and state wage and hour laws, meaning that Employee will not be eligible for overtime pay. The Company reserves the right to modify Employee's Salary in its sole discretion any time and in accordance with applicable law.

(b) **Annual Bonus.** Employee will be eligible to participate in the Company's annual performance bonus program ("**Bonus Program**"), as may be in effect from time to time, and shall be eligible for a bonus in the amount of 50% of Employee's Salary on an annual basis under the Bonus Program. The objectives, terms, and conditions of the Bonus Program shall be determined in the sole discretion of the Company. The amount and frequency of any bonus payments shall be reviewed at least annually and determined in the sole discretion of the Company. The Company reserves the right, in its sole discretion, to suspend, revoke, or rescind the Bonus Program in part or in whole at any time. Except as otherwise provided in the Bonus Program or this Agreement, in order to receive payment of any bonus (or any portion thereof), Employee must be an employee of the Company on the date such bonus is paid, and Employee must not have given notice of the termination of Employee's employment without Good Reason (as defined in Section 5.1(d) of this Agreement) or received notice of the termination for Cause of Employee's employment by the Company.

(c) **Long Term Incentive (LTI).** Employee shall be eligible to receive LTI in the form of Restricted Stock Units ("**RSUs**") pursuant to the Company's Share Unit Plan and as determined by the Company's Board of Directors ("**Board of Directors**") from time to time. In light of Employee's role within the Company, Employee will be eligible for an LTI award with a value of up to 100% of Employee's Salary in RSUs. Unless otherwise approved by the Board of Directors with respect to any individual grant, RSUs granted as LTI vest in equal increments (i.e., 25%) on the 12-month, 24-month, 36-month and 48-month anniversary dates of the grant date and will be granted in the first available open trading window in the year in which they are granted; provided, that, in the event Employee's employment is terminated without Cause or due to Employee's Disability (as defined in Section 5.1(e) of this Agreement) or death or Employee voluntarily terminates employment for Good Reason, any unvested RSUs shall vest pro rata through the date of such termination based on the number of months between the date of grant and the termination date relative to 48 months and provided further that, in the event of a Change of Control (as defined in Section 5.1(g) of this Agreement), the RSUs will become fully vested.

(d) **Stock Option Plan.** On April 27, 2020, Employee was granted 1,000,000 options for shares for common stock (the "**Initial Option**"). The Parties agree that during Employee's employment, Employee may be granted additional options for shares of common stock of the Company (collectively with the "**Initial Option**", the "**Option**"), in accordance with the TerrAscend Stock Option Plan ("**Stock Option Plan**"), which shall be determined in the sole discretion of the Board of Directors. Pursuant to the terms of the

Company's then existing Stock Option Plan and upon approval by the Board of Directors and unless otherwise approved by the Board of Directors with respect to any individual grant, the Option will have the following terms and conditions, which shall be evidenced in an option grant agreement: (i) the exercise price (per share) for each share of common stock of the Company associated with the Option will be equal to the fair market value of the share on the date of grant; (ii) unless otherwise described in Employee's option grant agreement, the Option will vest in equal increments (i.e., 25%) on the 12-month, 24-month, 36-month and 48-month anniversary dates of the grant date; provided that Employee is employed by the Company on each of the corresponding dates; provided further, that, in the event of Employee's employment is terminated without Cause or due to Employee's Disability (as defined in Section 5.1(e) of this Agreement) or death or Employee voluntarily terminates employment for Good Reason, the unvested portion of the Option shall vest pro rata through the date of such termination based on the number of months between the date of grant and the termination date relative to 48 months; and provided further that, in the event of a Change of Control (as defined in Section 5.1(g) of this Agreement), the Option will become fully vested and exercisable; (iii) unless otherwise described in Employee's option grant agreement, the Option will be handled as defined in the Stock Option Plan and (iv) the Option will expire ten (10) years from the date of grant. By signing this Agreement, Employee agrees to only purchase or sell Company stock in compliance with the Company's then existing policies, procedures, and black-out periods, and other terms and conditions as established by the Stock Option Plan and Employee's option grant agreement. If there is any discrepancy between the description of the Stock Option Plan in this Section and the Stock Option Plan document, the Stock Option Plan document will control.

(e) **One-Time Grant of RSUs.** In exchange for the surrender of 300,000 Initial Options, the Company agrees to issue to Employee 300,000 RSUs. The RSUs shall be fully vested effective on the date of grant. The Company shall provide Employee with a 'withhold to cover' exercise of such RSUs whereby the Company shall hold back such number of RSUs equal in value to the Employee's tax withholding obligation. Upon completion of the 'withhold to cover' transaction, Employee shall receive the net number of RSUs (or common share equivalents resulting from such RSU vest) based on the Employee's tax withholding rate.

3.2 Benefits. During Employee's employment with the Company, Employee shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company, as in effect from time to time (collectively, "**Employee Benefit Plans**"), on a basis which is no less favorable than is provided to other similarly situated employees of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or terminate any Employee Benefit Plans, at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law.

3.3 Paid Time Off. Employee will receive 25 days of paid time off ("**PTO**") (including vacation, sick, personal time off and company holidays) per calendar year, which shall be taken in accordance with Company policies as in effect from time to time, which may be modified in the sole discretion of the Company, and applicable law. The Company will additionally provide Employee with any paid or unpaid leave and any other benefits to which Employee is entitled and eligible to receive under applicable federal, state, and or local law.

3.4 General Business Expenses. Employee shall be reimbursed for reasonable, necessary, and authorized travel and other business expenses in connection with Employee's duties for the Company, pursuant to and consistent with the Company's policies and procedures, as may be modified from time

to-time in the sole discretion of the Company. The Company shall reimburse Employee for such expenses upon presentation of an itemized account and appropriate supporting documentation in accordance with the Company's policy and procedure.

ARTICLE IV

CONFIDENTIALITY; RESTRICTIVE COVENANTS; AND ASSIGNMENT OF INVENTIONS

4.1 Confidentiality. The Employee understands and acknowledges that during Employee's employment with the Company, Employee will be exposed to Confidential Information (defined below) concerning the business or affairs of the Company that is proprietary and which rightfully belongs to the Company. Employee further understands and acknowledges that this Confidential Information and the Company's ability to reserve it for the exclusive knowledge and use of the Company is of great competitive importance and commercial value to the Company, and that improper use or disclosure of the Confidential Information by Employee might cause the Company to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties. Employee will not use for Employee's own benefit, either directly or indirectly, or disclose any such Confidential information, at any time, either during or after Employee's employment with the Company, to any other person, other than the Company or its employees, without the prior written consent or authorization of the Company. Employee shall take all reasonable steps to safeguard such Confidential Information and to protect such information against disclosure, misuse, loss and theft. Employee's obligations under this Section 4.1 with respect to any specific Confidential Information shall cease when that specific portion of the Confidential Information becomes generally known to the public or the relevant trade or industry other than as a result of the Employee's actions or omissions. In the event Employee is required by law to make any disclosure of Confidential Information, Employee shall promptly notify the Company, in writing, of the basis for the extent of the required disclosure and shall cooperate with the Company to preserve in full confidentiality of all Confidential Information and other proprietary rights.

The term "**Confidential information**" means any confidential or proprietary information of the Company, its affiliates, and/or its related entities, that is not generally known to the public or in the relevant trade or industry, which was obtained from the Company, its affiliates, and/or its related entities, or which was learned, discovered, developed, conceived, originated or prepared during or in the course of the performance of any services by Employee on behalf of the Company, its affiliates, and/or or any of its related entities, whether in physical or electronic form or any other medium, and which falls within the following categories: (i) trade secrets of the Company, any affiliate, and/or any related entity; (ii) trade secrets of any investor, partner, or customer of the Company, any affiliate, and/or related entity, which was obtained pursuant to a confidentiality agreement; (iii) information that relates to existing or contemplated products, services, distribution, agreements, proposals, manuals, technology, designs, processes, formulae, algorithms and research or product developments of the Company, any affiliate, and/or any related entity or of any customer, investor, or partner of the Company, any affiliate, and/or related entity; (iv) information relating to business plans, pricing, sales and marketing methods and data, methods of doing business, financial or personnel information, customer lists, customer usages and/or requirements, supplier information of the Company, any affiliate, and/or related entity or of any customer, investor, or partner of the Company, any affiliate, and/or related entity; (v) information relating to proposals, contracts, content strategies, content performance analytics, of the Company, any affiliate, or any related entity, or of any customer, investor, or partner of the Company, any affiliate, and/or related entity; and (vi) any other confidential information

which the Company, any affiliate, and/or related entity, or of any customer, investor, or partner of the Company, any affiliate, and/or related entity have protected by patent, patent applications, copyright or by keeping it secret and confidential.

Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required or permitted by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. Nothing in this section is intended to waive, restrict, or limit Employee's rights, communications, or actions that cannot be waived by agreement, including, but not limited to any nonwaivable rights that Employee may have under the National Labor Relations Act or concerning communications with fair employment practices agencies.

4.2 DTSA Notice. Pursuant to the Federal Defend Trade Secrets Act of 2016 (“DTSA”), an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

4.3 Restrictive Covenants.

(a) **Non-Competition.** Unless prohibited by law, during Employee's employment with the Company and for a period of twelve (12) months after the cessation of Employee's employment with the Company, for whatever reason, Employee shall not, directly or indirectly, participate in any Restricted Activity (defined below) within the Restricted Territory (defined below).

(i) For purposes of this Agreement, “**Restricted Territory**” means the Territories in which TerrAscend operates.

(ii) For purposes of this Agreement, “**Business of the Company**” means the business of the cultivation, extraction, processing or formulation of cannabinoid-containing products, and/or the development or commercialization of any technologies for use in the same or services, businesses, or products currently in competition with the Company.

(iii) For purposes of this Agreement, “**Restricted Activity**” means, either directly or indirectly, owning, managing, engaging in, operating, controlling, working for, consulting with, rendering services to, doing business with, maintaining any interest in or participating in the ownership, management, operations or control of, any business, in whatever form, which competes with the Business of the Company (a “**Competing Business**”), where (A) Employee is acting in the same or similar capacity that he acted with the Company for a Competing Business; (B) Employee is performing the same or similar duties and responsibilities as Employee performed with the Company for a Competing Business; (C) Employee is sharing Confidential Information with a Competing Business or utilizing Confidential Information for the benefit of a Competing

Business; or (D) Employee is soliciting the Company's customers or other protected business relationships for purposes of seeking to induce such customers to alter or end their relationship with the Company. For the avoidance of doubt, it is understood by the Parties that a Competing Business is a person, business entity or organization that is in the business of or is engaged, in whole or in part, either alone or together with its affiliates or related entities, in the business of the cultivation, extraction, processing or formulation of cannabinoid-containing products, and/or the development or commercialization of any technologies for use in the same. Notwithstanding the foregoing, Employee may make passive investments in publicly traded entities not to exceed one percent (1%) of the outstanding voting securities of such public entity.

(iv) As used herein, "**competes with**" means selling, soliciting, marketing or otherwise making available any product, program, process, system or service for any person or entity other than for the Company, which is the same as or similar to or is in competition with, or has a use allied to, or may be substituted for or supplied by, any product, program, process, system or service of the Company, whether in existence or under development during Employee's employment with the Company, or about which Employee acquired Confidential Information (as defined above in Section 4.1) during Employee's employment with the Company.

(b) **Non-Solicitation of Customers and Employees.** During Employee's employment with the Company and for a period of twelve (12) months after the cessation of Employee's employment with the Company, for whatever reason, Employee agrees not to, directly or indirectly, call upon, accept business from, or deal with any of the customers of Company with whom Employee had contact or about whom Employee obtained Confidential Information during Employee's employment with the Company for the purpose of inducing said customer to alter or end its relationship with the Company or to do business with a person or entity that is a Competing Business or preparing to compete against the Company. In addition, for the same period of time, Employee agrees not to, directly or indirectly, solicit, recruit, or attempt to solicit any employee, agent, consultant or independent contractor, member, officer or agent of the Company to alter or terminate his/her/its employment or other relationship with the Company or breach any agreement with or obligation owed to the Company.

(c) **Extension of Restraints.** If Employee violates any restraints specified in this Agreement, whether or not there is litigation relating to such violation, Employee agrees that the period of the restraint shall automatically be extended for the period of the violation. Employee understands that the purpose of this Section 4.3(c) is to give the Company the protection of the restraint for the full agreed upon duration.

(d) **Adjustment of Restraints.** In the event that any one (1) or more of the provisions of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remainder hereof shall not, in any way, be affected or impaired thereby, and any such provision or provisions shall be enforced to the fullest extent permitted by law. Moreover, if any one (1) or more of the provisions contained in this Agreement is held to be excessively broad as to duration, scope, activity or subject (including, but not limited to, the restrictive covenants contained in this Agreement), such provisions will be construed by excising, limiting, and/or reducing them so that this Agreement is enforceable to the maximum extent compatible with applicable law.

(e) **Employee Acknowledgments, Representations, and Warranties.** For purposes of Article IV, Employee warrants, acknowledges, and agrees that (i) the Company has expended substantial resources in the development of near permanent relationships with its customers and that Employee would not have

contact with those customers but for Employee's employment at the Company, (ii) the Company has a protectable interest in its customers and other Confidential Information, (iii) the post-employment restrictions contained in this Agreement are necessary to protect the Company, they are reasonable and narrowly tailored, and they do not restrict Employee's ability to obtain employment or earn a living following Employee's employment with the Company, (iv) Employee willing, voluntarily, and knowingly is entering into this Agreement subject to the reasonable, post-employment restrictions contained in this Agreement, (v) entering into this Agreement does not constitute a breach of any contract or legal obligation with or to any third party, and (vi) Employee has disclosed to the Company any existing restrictions or other legal restrictions that may impact Employee's ability to provide services to the Company.

(f) **Remedies.** Employee agrees that if Employee violates any provision of this Agreement, the Company will suffer immediate and irreparable injury for which it has no adequate remedy at law. If Employee violates any of such provisions, Employee agrees that in addition to any other remedies that may apply, Employee's strict compliance with this Agreement should be ordered by a court of competent jurisdiction, and the Company is therefore entitled to emergency, preliminary, and final injunctive relief to enforce this Agreement. The Company's remedies for breach of this Agreement are cumulative and pursuit of one (1) remedy shall not exclude any other remedy.

(g) **No Reliance.** Employee acknowledges that Employee has read this Agreement carefully and understands its meaning and consequences, and that Employee has not relied on any oral or written statement or representation made by anyone relating to the terms of Employee's employment, other than as set forth in this Agreement. Employee further declares that Employee has had the opportunity to have the contents of this Agreement fully explained to Employee by the legal counsel of Employee's own selection and has acted voluntarily and of Employee's own free will in executing this Agreement.

(h) **Employee Acknowledges Sufficient Consideration.** Employee acknowledges and agrees that employment with the Company constitutes sufficient consideration for Employee's promises, duties, obligations and responsibilities hereunder and, further, that the compensation, Option, benefits, severance and other consideration described in this Agreement constitutes consideration to which Employee is not otherwise entitled to receive if Employee did not enter into the Agreement.

(i) **Notice to Subsequent Employers.** Before Employee is hired or engaged by any other person or entity that performs services that are the same as or are similar to the Company's services ("**Similar Services**"), Employee shall provide a complete copy of this Agreement to the person or entity to or for which or whom Employee intends to provide services. Employee hereby authorizes the Company to provide a copy of this Agreement to any person or entity providing Similar Services that the Company believes may hire or engage Employee.

4.4 Assignment of Inventions. All inventions, modifications, alterations, enhancements, betterments, ideas, designs, techniques, know-how or discoveries which are the result, directly or indirectly, from Employee's employment and/or affiliation with the Company and/or the Employee's access to Confidential Information (collectively "**Inventions**") shall be the sole and exclusive property of the Company and are considered a "work made for hire" for the purposes of the Company's rights under copyright and other laws. All copyrights, patents, trade secrets, or other intellectual property rights associated with any Inventions, processes, or works of authorship developed or created by Employee during the course of performing Company work (collectively, "**Work Product**") shall belong exclusively to the Company and shall, to the extent possible, be considered a "work made for hire." Employee automatically

assigns to the Company, at the time of creation of the Work Product, without any requirement of further consideration, any right, title, or interest Employee may have in such Work Product, including any copyrights or other intellectual property rights pertaining thereto. Upon request of the Company, and at its sole expense, Employee shall take such further actions, including execution and delivery of instruments of conveyance, as may be appropriate to give full and proper effect to such assignment.

4.5 Personal Electronic Equipment. Employee acknowledges that, in the performance of services for the Company, Employee may use electronic equipment such as a laptop computer, cell phone, or other electronic device that is owned by Employee (collectively, “**Personal Electronic Equipment**”). Employee acknowledges that all Company information that may become contained on the Personal Electronic Equipment is the sole and exclusive property of the Company. Employee agrees that the Company has the right to access such Company information, at any time, to inspect and/or recover any Company information stored thereon. Employee acknowledges and agrees that Company is not liable for any damage caused to the Personal Electronic Equipment while in its possession or for damaging or deleting any personal Employee information contained thereon.

Employee shall abide by all Company policies and procedures concerning device usage, maintenance, and protection, including, but not limited to preservation of Confidential Information on such devices. Employee agrees to use Company-owned equipment, records, and materials for purposes of Company business only, and to protect them against unauthorized or accidental access, use, modification, destruction, loss, theft or disclosure. Employee agrees to continue to protect the privacy of sensitive, proprietary, and/or Confidential Information. Employee will not leave such sensitive documents in common areas and will take reasonable steps to ensure confidentiality when discussing sensitive information on phone calls or in virtual meetings. Employee agrees and understands that Company equipment and devices are being provided to Employee for business purposes only. Any incidental personal use of Company-owned equipment should not interfere with the use of the equipment for Company business. Employee agrees to immediately report to their supervisor any instances of loss, damage, or unauthorized access.

4.6 Return of Company Property. Immediately on the effective date of Employee’s termination of employment with the Company, for any reason, or at any time upon request of the Company, Employee shall return all property in Employee’s possession belonging to the Company, whether tangible or intangible, including, but not limited to, all physical and electronically stored data, emails, keys, credit cards, equipment, computers, Confidential Information, tablets, cell phones, vehicles, books, records, customer information, programs and data compilation, contracts, communications and other materials belonging to the Company, including any Company information stored on Employee’s Personal Electronic Equipment.

4.7 Non-Disparagement. During Employee’s employment with the Company and at all times thereafter, Employee shall not divulge, disclose, or communicate to others, in any manner whatsoever, information or statements that disparage or are intended to disparage the Company, including its officers, directors, shareholders, employees, and agents, and its/his/her/their business reputation. Notwithstanding the foregoing, nothing in this Agreement is intended to waive, restrict, or limit Employee’s rights, communications, or actions that cannot be waived by agreement, including, but not limited to, Employee’s rights under the National Labor Relations Act, the right to disclose information about unlawful acts in the workplace, including, but not limited to, sexual harassment, the right to testify in an administrative, legislative, or judicial proceeding about alleged sexual harassment, or alleged criminal conduct by another party, including the Company, its agents, or employees, if and when Employee has been required or requested to attend the proceeding pursuant to a court order, subpoena, or written request from an

administrative agency or the legislature, and the right to make disclosures to or comply with proceedings before the Equal Employment Opportunity Commission, or any other federal, state, or local fair employment practices agency, or pursuant to a valid order of a court of competent jurisdiction; provided that, such compliance does not exceed that required by the law, regulation, or order. Nothing in this Agreement prohibits or restricts Employee from initiating communications directly with, responding to an inquiry from, or providing testimony before the Securities and Exchange Commission (SEC), or any other self-regulatory organization, or any other federal or state regulatory authority.

ARTICLE V

TERMINATION, CHANGE OF CONTROL AND SEVERANCE

5.1 Termination of Employment.

(a) **Termination for Cause.** The Company shall have the right to terminate Employee's employment, at any time, for Cause (as defined below) by giving Employee written notice of the effective date of such termination. In the event of such termination for Cause, Employee shall be entitled to receive Employee's Salary accrued and unpaid through the date of termination, together with all accrued and unpaid PTO, and expenses reimbursable pursuant to this Agreement (herein, "**Earned Pay**"). The Earned Pay shall be paid in accordance with the Company's applicable policies and applicable law. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements. For purposes of this Agreement only, the term "**Cause**" means any of the following: (i) Employee materially breaches any fiduciary duty owed to the Company or its affiliates, including the duty of loyalty which has not been cured within ten (10) calendar days of written notice to the Employee; (ii) Employee fails to comply with any valid and legal directive of the Company that is material and is consistent with Employee's obligations under this Agreement, which has not been complied with within ten (10) calendar days of written notice to Employee of such noncompliance; (iii) Employee is convicted of or pleads guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude or that results in material, reputational, or financial harm to the Company, its agents, representatives, or its affiliates; (iv) Employee engages in any act or omission that constitutes a material breach by Employee of any of Employee's duties, responsibilities, and obligations under this Agreement, or any material written policy (as they may be in effect from time to time during Employee's employment) of the Company or any of its affiliates, assuming such obligations are lawful, which has not been cured within ten (10) calendar days of written notice to the Employee; (v) Employee commits an act which negatively impacts, in a material way, the Company or its employees including, but not limited to, engaging in competition with the Company, disclosing confidential information or engaging in sexual harassment or discrimination in violation of Company policies; or (vi) Employee engages in the unauthorized disclosure of Confidential Information of the Company. For purposes of this definition of "**Cause**," an act or failure to act shall not be deemed willful or intentional unless Employee acted (or failed to act) in bad faith or without a reasonable belief that Employee's action or omission was in the best interest of the Company. For avoidance of doubt, Employee's failure to meet performance goals or objectives, by itself, shall not constitute Cause. In all instances, the Company's CEO, in consultation with the Company's legal counsel and the Board of Directors as appropriate, shall determine, in good faith, whether Cause exists for purposes of this Agreement and whether Employee's employment shall be terminated for Cause. The Company's CEO shall have the authority to waive the consequences under this Agreement of the existence or occurrence of any events, acts, or omissions that constitute Cause.

(b) **Termination without Cause.** Notwithstanding anything to the contrary in this Agreement, the Company may, at any time, terminate Employee's employment without Cause (as defined above) by giving Employee at least thirty (30) days prior written notice of the effective date of Employee's termination. In the event of such termination of employment without Cause, Employee shall be entitled to receive (i) Earned Pay, (ii) severance benefits, which shall consist of an after-tax, lump sum payment equal to the Company's share of Employee's medical coverage under the Company's group health plan, measured as if Employee properly and timely elected continuation coverage as prescribed by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), for the Severance Period (defined in Section 5.2 below) (the "**COBRA Cash Stipend**"), (iii) severance pay, which shall be equal to Employee's Salary for the Severance Period (as defined in Section 5.2), payable in regular installments in accordance with the Company's standard payroll practices ("**Severance Pay**"), and (iv) pro-rata bonus (cash or equivalent). The Company shall commence payment of Severance Pay and shall pay the COBRA Cash Stipend and bonuses within sixty (60) days of Employee's termination of employment; provided, that Employee has executed, delivered, and not revoked the Waiver and General Release described in Section 5.3 of this Agreement. In the event the sixty (60) day time period spans two (2) calendar years, payment will begin or be made, as applicable, in the second calendar year. The first payment of the Severance Pay shall include any installments to which Employee would have been entitled had payments commenced upon the date of Employee's termination of employment. The Earned Pay shall be paid in accordance with the Company's applicable policies and applicable law. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements. Employee must satisfy, at all times, the conditions described in Section 5.3, Section 5.4, Article IV and Article VI to receive the COBRA Cash Stipend and continue to receive Severance Pay under this Section 5.1(b) following Employee's termination of employment. If, during the Severance Period, Employee engages in any Restricted Activity with any Competing Business, Employee shall notify the Company in writing no later than five (5) business days from the date Employee has commenced such Restricted Activity ("**Commencement Date**"). Further, upon determination by a court of competent jurisdiction that Employee has violated the restrictive covenants set forth in Article IV, Employee shall repay all Severance Pay paid to Employee following the cessation of Employee's employment with the Company.

(c) **Termination on Account of Resignation.** Employee may, at any time, terminate Employee's employment by voluntary resignation by giving the Company at least thirty (30) days prior written notice of the effective date of such termination. In the event of Employee's termination of employment due to voluntary resignation not covered by Section 5.1(d), neither the COBRA Cash Stipend nor the Severance Pay shall be provided under this Agreement and all rights, duties, and obligations of the Parties under this Agreement, other than those obligations expressed in Article IV and Article VI, and Employee's right to receive Earned Pay, vested benefits under any Employee Benefit Plans and vested RSUs and options, shall cease as of the employment termination date. The Earned Pay shall be paid in accordance with the Company's applicable policies and applicable law. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements.

(d) **Termination on Account of Resignation with Good Reason.** Employee shall have the right to terminate Employee's employment by voluntary resignation with Good Reason. The term "**Good Reason**" means any one (1) or more of the following events that occurs without the prior written consent of Employee: (i) a material diminution in Employee's Salary; (ii) a demotion, or change in reporting

relationship of Employee to someone other than the Company's Executive Chairman, Chief Executive Officer or a member of the Board of Directors that results in a material diminution of Employee's authority, duties, or responsibilities; or (iii) any other action or inaction that constitutes a material breach by the Company of the terms of this Agreement. To qualify as a voluntary resignation with "**Good Reason**," Employee shall provide the Company with notice of the existence of the event described above within ninety (90) days of the initial existence of such event, and the Company shall have thirty (30) days to remedy the event measured from the date it received Employee's notice. If the event that qualifies as Good Reason is not cured and the Employee resigns within six (6) months of the initial existence of such Good Reason event, then Employee's voluntary resignation shall be treated in all respects as an involuntary termination of employment without Cause by the Company of Employee's employment under Section 5.1(b), and the COBRA Cash Stipend and Severance Pay provided in connection with an involuntary termination without Cause (together with the conditions described in Section 5.3, Section 5.4, Article IV and Article VI) shall apply.

(e) **Termination on Account of Disability.** If Employee is determined to have a "**Disability**" (defined herein) and ceases active employment with the Company, Employee shall be entitled to receive Employee's Salary and to continue to participate in the Employee Benefit Plans described in Section 3.2, as in effect with respect to Employee immediately prior to such cessation of active employment, for six (6) months (or, if less, until Employee is able to return to active employment with the Company). If Employee is unable to return to active employment with the Company at the completion of that six (6) month period, the Company may elect to terminate Employee's employment by sending written notice of such election to Employee. In such event, the Company shall provide Employee Earned Pay, her pro rata bonus and the COBRA Cash Stipend for the same period as described in Section 5.1(b) (as if employment had been terminated involuntarily by the Company without Cause at the completion of such initial six (6) month period), but not the Severance Pay. The Earned Pay shall be paid in accordance with the Company's applicable policies and applicable law. The COBRA Cash Stipend shall be paid within sixty (60) days of Employee's termination of employment; provided, that Employee has executed, delivered, and not revoked the Waiver and General Release described in Section 5.3 of this Agreement. In the event the sixty (60) day time period spans two (2) calendar years, the COBRA Cash Stipend payment will be made in the second calendar year. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements. The term "**Disability**" shall mean Employee is unable to perform the essential functions of his position by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. Any determination of whether Employee has a Disability shall be based upon sufficient medical evidence from a physician selected by Employee (or Employee's personal representative or guardian) for that purpose. If any question arises as to whether during any period Employee has a Disability, Employee shall, at the request of the Company, submit to the Company a certification, in reasonable detail by a physician selected by the Company to whom Employee (or Employee's personal representative or guardian) has no reasonable objection, as to whether Employee has a Disability or how long the Disability will continue. Employee shall cooperate with any reasonable request of the physician in connection with such certification. If a question arises and Employee fails to submit such certification, the Company's determination of such issue shall be binding on Employee. Nothing in this Section 5.1(e) shall be construed to waive Employee's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 et seq. and the Americans with Disabilities Act, 42 U.S.C. §12101 et seq.

(f) **Termination on Account of Death.** In the event of Employee's death while in the employ of the Company, the personal representative of Employee's estate shall be entitled to receive Employee's Earned Pay, pro-rated bonus, vested RSUs and any vested but unexercised options. The Earned Pay and pro-rated bonus shall be paid in accordance with the Company's applicable policies and applicable law. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements. All other rights of Employee hereunder shall terminate as of such date of death.

(g) **Change of Control; Termination on Account of Change of Control.** As set out above, in the event of a Change of Control, 100% of the Option and RSUs will become vested and exercisable. This provision supersedes any conflicting provisions relating to vesting upon a Change of Control stipulated in the Stock Option Plan and Share Unit Plan, respectively. In the event Employee's employment is terminated without Cause or by Employee for Good Reason within 12 months following a Change of Control, Employee shall be entitled to receive (i) Earned Pay, (ii) two times (2x) the amount of Severance Pay, (iii) two times (2x) the amount of the COBRA Cash Stipend and (iv) the Employee's full bonus for the prior calendar year if it has not yet been paid and the Employee's full bonus for the current calendar year. ((ii) – (iv) collectively, the "**Change of Control Severance Pay**"). The Change of Control Severance Pay shall be paid in a lump sum payment within sixty (60) days of Employee's termination of employment; provided, that Employee has executed, delivered, and not revoked the Waiver and General Release described in Section 5.3 of this Agreement. In the event the sixty (60) day time period spans two (2) calendar years, the lump sum payment will be made in the second calendar year. The Earned Pay shall be paid in accordance with the Company's applicable policies and applicable law. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements. Employee must satisfy, at all times, the conditions described in Section 5.3, Section 5.4, Article IV and Article VI to receive the Change of Control Severance Pay following Employee's termination of employment. Further, upon determination by a court of competent jurisdiction that Employee has violated the restrictive covenants set forth in Article IV, Employee shall repay all Severance Pay paid to Employee following the cessation of Employee's employment with the Company.

For purposes of this Agreement only, the term "**Change of Control**" shall be defined as (i) the acquisition of a sufficient number of voting securities in the capital of the Company so that the acquiror, together with Persons acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company); (ii) the completion of a consolidation, merger, arrangement or amalgamation of the Company with or into any other entity whereby the voting securityholders of the Company immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity; or (iii) the completion of a sale whereby all or substantially all of the Company's undertakings and assets become the property of any other entity and the voting securityholders of the Company immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale.

For purposes of this Agreement only, the term "**Person**" will be broadly interpreted and includes (i) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors,

administrators, estate trustees, trustees or other personal or legal representatives of a natural person; (ii) a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and (iii) a governmental authority.

5.2 Severance Period. The term “**Severance Period**” means 12 months.

5.3 Waiver and Release. A condition precedent to (a) the payment of the COBRA Cash Stipend and (b) the commencement and continued receipt of Severance Pay, which shall be payable pursuant to Section 5.1(b), Section 5.1(d), Section 5.1(e) or Section 5.1(g), as applicable, shall be the execution by Employee of a waiver and general release of all claims, which is not revoked during the revocation period. Such waiver and general release of all claims shall be in a form and substance as reasonably required by Company. The failure of Employee to execute the Waiver and General Release (or any revocation during the revocation period) shall relieve the Company of all obligations to pay the COBRA Cash Stipend and/or Severance Pay under Section 5.1(b), Section 5.1(d), Section 5.1(e) or Section 5.1(g) but shall not relieve Employee of Employee’s obligations under Article IV and Article VI herein.

5.4 Other Conditions on Severance Benefits and Pay.

Notwithstanding any other provision of this Agreement to the contrary, Employee shall not continue to be eligible for health and welfare benefit plan coverage (other than the right to elect continuation coverage under COBRA or similar state continuation coverage laws) after Employee’s termination of employment. In the event Employee properly and timely elects continuation coverage under COBRA, Employee shall be required to pay such portion of the cost of such continuation coverage, as is paid by other similarly situated active executives.

ARTICLE VI COOPERATION

6.1 Cooperation. The Parties agree that certain matters in which Employee will be involved during Employee’s employment with Company may necessitate Employee’s cooperation in the future. Accordingly, following Employee’s termination of employment for any reason, to the extent reasonably requested by the Company and provided that advanced notice is given and is coordinated to the extent possible with Employee, Employee shall cooperate with the Company in connection with internal investigations, third party investigations, investigations by governmental agencies, claims made by third parties, litigation, arbitration, mediation and all other matters related to the Company, in which Employee has personal knowledge; provided that, Company shall make reasonable efforts to minimize disruption of Employee’s personal and professional activities. Company shall reimburse Employee for reasonable expenses incurred in connection with such cooperation (e.g., airfare, lodging, rental car, mileage, meals, etc.).

ARTICLE VII GENERAL PROVISIONS

7.1 Severability and Modification by Court. If any term or provision of this Agreement shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid or unenforceable, such judgment

shall not affect, impair, or invalidate the remainder of this Agreement, but shall be confined in its operation to the provisions of this Agreement directly involved in the controversy in which such judgment shall have been rendered. Notwithstanding the above, in the event any provision as presently set forth is determined to be invalid by a court of competent jurisdiction, the Parties agree that this Agreement shall be appropriately modified by the court so that each and every provision of this Agreement is enforceable to the maximum extent permitted by law.

7.2 Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

7.3 Survival and Assignability. The provisions of this Agreement that would naturally survive the termination of Employee's employment with the Company shall survive such termination and shall continue in full force and effect. This Agreement is personal to Employee and may not be assigned by Employee. The Company may assign this Agreement to, and it shall be enforceable by, any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company.

7.4 Notices. Any notices required under this Agreement shall be sent by personal delivery, registered or certified mail, electronic mail or overnight carrier to: (i) the Company, at TerrAscend, 357 South Gulph Road, Suite 330, King of Prussia, PA 19406 and to legal@terrascend.com; (ii) the Employee, to her home mailing address and email address on file.

7.5 Entire Agreement. The parties agree that the Original Employment Agreement is hereby terminated and of no further force and effect. Employee hereby ratifies, accepts, and agrees to the terms of this Agreement, and acknowledges receipt of a copy hereof. The Parties to this Agreement mutually agree that it shall be binding upon them, their heirs, executors, administrators, personal representatives, successors and assigns; that the provisions hereof shall survive this Agreement and shall not be merged into its performance. This Agreement constitutes the final, complete, and exclusive agreement of the Parties with respect to the subject matter hereof and supersedes and merges all prior agreements or discussions with the Company on this subject matter. Any modification, amendment, or addenda to this Agreement shall be null, void, and unenforceable unless made in a writing that makes specific reference to the section of this Agreement being amended and executed by both Parties.

7.6 Governing Law. This Agreement, for all purposes, shall be construed in accordance with the laws of Pennsylvania without regard to conflicts of law principles.

7.7 Controversies Arising Out of Agreement. The Parties agree that any judicially cognizable controversy or claim arising out of or relating to this Agreement, or its breach shall be resolved through a confidential and binding arbitration before a single neutral arbitrator in Pennsylvania in accordance with the Employment Arbitration Rules & Procedures of the Judicial Arbitration and Mediation Services ("JAMS"), except as otherwise set forth below. The JAMS rules and procedures may be found online at <https://www.jamsadr.com/rules-employment-arbitration/>. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable under the law, including, but not limited to, any remedy or relief that would have been available to the Parties had the matter been heard in court. **Both Employee and the Company expressly waive their right to a jury trial.** This Section 7.7 is intended to be the exclusive method for resolving any and all claims by the Parties against each other for payment of damages under this

Agreement or relating to Employee's employment. Nothing in this Agreement shall restrict or limit Employee's rights that cannot be waived by agreement, including any nonwaivable right to file or participate in a complaint or investigation by a law enforcement or government agency. This Agreement shall not limit either Party's right to obtain a provisional remedy from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such Party's right to compel arbitration. The prevailing party shall be entitled to recover all fees and costs from the other party arising from any arbitration brought pursuant to this Section. All costs of the arbitration, including the JAMS' administrative fees and the fee of the arbitrator, shall be borne by the Company.

7.8 Advice of Counsel. Each of the Parties to this Agreement warrants and represents that in executing this Agreement such Party was encouraged to, and provided ample time to, consult with an attorney of the Party's choice. The Parties acknowledge and represent that, in executing this Agreement, they have not relied on any inducements, promises, or representations other than those matters expressly set forth in this Agreement.

7.9 Acknowledgement of Full Understanding. EMPLOYEE ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS FULLY READ, UNDERSTANDS, AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF EMPLOYEE'S CHOICE BEFORE SIGNING THIS AGREEMENT.

7.10 Code Section 409A.

(a) The Parties agree that this Agreement and the benefits and rights to which Employee could become entitled under this Agreement are intended to be exempt from or, to the extent applicable, comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations and other guidance issued thereunder (collectively, "Code Section 409A"), and all provisions of this Agreement shall be interpreted, construed and administered in a manner consistent with this intent and the requirements for avoiding taxes or penalties under Code Section 409A. For purposes of this Agreement, phrases similar to "terminate employment" mean the date Employee ceases to be an employee of the Company and all members of the Company's "controlled group of corporations" as described in Treasury Regulation Section 1.409A-1(h)(3). Notwithstanding the preceding sentence, Employee must incur a "separation from service" with the Company as that term is defined in Code Section 409A(a)(2)(A)(i) of the and in Treasury Regulation Section 1.409A-1(h), to terminate employment under this Agreement and receive Severance Pay. Further, for purposes of Code Section 409A, any installment payments or benefits provided under this Agreement shall be treated as separate payments. If Employee or the Company believes, at any time, that any benefit or right to which Employee could become entitled under this Agreement is not exempt from Code Section 409A and does not comply with Code Section 409A, Employee or the Company shall promptly advise the other Party and shall negotiate reasonably and in good faith to amend the terms of such arrangement such that it complies (with the most limited possible economic effect on Employee or the Company). In addition, the Company shall not take any action that would expose any payment or benefit to Employee under this Agreement or under any plan, arrangement or other agreement to the additional tax imposed under Code Section 409A, unless (i) the Company is obligated to take the action under an agreement, plan or arrangement to which Employee is a party; (ii) the Company advises Employee in writing that the action may result in the imposition of the additional tax; and (iii) Employee subsequently requests

the action in a writing that acknowledges that Employee shall be responsible for any effect of the action under Code Section 409A. In no event whatsoever will the Company be liable for any additional tax, interest, or penalties that may be imposed on Employee under Code Section 409A or any damages for failing to comply with Code Section 409A.

(b) To the extent any reimbursement of costs and expenses provided for under this Agreement constitutes taxable income to Employee for Federal income tax purposes, all such reimbursements shall be made no later than December 31 of the calendar year following the calendar year in which the expenses to be reimbursed are incurred. Further, notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a “deferral of compensation” within the meaning of Code Section 409A: (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to Employee during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Employee in any other calendar year; and (ii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(c) Notwithstanding anything in this Agreement to the contrary, if Employee is a “specified employee” as defined in Code Section 409A and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Employee) until the first business day of the seventh month following the date of the Employee’s termination of employment (or the earliest date as is permitted under Section 409A of the Code).

(d) In the event that any changes are made to Code Section 409A or to the Treasury Regulations or other guidance issued thereunder, this Section 7.10 shall be deemed amended to the extent necessary to cause this Agreement to comply with such changes to such law or guidance.

[Signature page follows]

IN WITNESS WHEREOF, the Company and the Employee have duly executed this Agreement as of the date set out above.

TERRASCEND

EMPLOYEE

/s/ Ziad Ghanem
By: Ziad Ghanem

/s/ Keith Stauffer
By: Keith Stauffer

Title: President and Chief Executive Officer

Date:
November 9, 2023

Date:
November 9, 2023

TERRASCEND EXECUTIVE EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (“**Agreement**”) signed as of May 11, 2023 amends and restates that certain Executive Employment Agreement (“**Original Agreement**”) made and effective as of May 16, 2022, by and between TerrAscend USA, Inc., a Delaware corporation (“**TerrAscend**” or the “**Company**”) and Lynn Gefen (“**Employee**”), residing at [***]. The Company and Employee are sometimes individually referred to as a “**Party**” and collectively as the “**Parties**.”

EXPLANATORY STATEMENT

WHEREAS, Employee has been employed by the Company since May 23, 2022 (“**Effective Date**”) as its Chief Legal Officer;

WHEREAS, the Parties desire to amend the Original Agreement to among other things, provide for certain Change of Control provisions (as defined in Section 5.1(g) of this Agreement) and otherwise on the terms set out herein; and

WHEREAS, the Company desires to be assured that Employee will maintain the Company’s proprietary and confidential information and will not share or disclose any trade secrets, confidential and/or proprietary information of the Company in violation of this Agreement.

NOW, THEREFORE, the Parties wishing to memorialize the terms and conditions of their agreement and in consideration of the foregoing and of the mutual promises contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE I

EMPLOYMENT

1.1 **At-Will Employment.** Commencing on the Effective Date, the Company shall employ Employee on an at-will basis and Employee hereby accepts such at-will employment upon the terms and conditions set forth in this Agreement. As an at-will employee, Employee’s employment will have no specified period and may be terminated by Employee or the Company at any time, and for any reason, with or without notice.

ARTICLE II

DUTIES, RESPONSIBILITIES, LOCATION AND HOURS

2.1 **Duties and Scope of Employment.** Employee shall be employed by the Company in the exempt position of Chief Legal Officer and Employee shall perform such duties as are consistent with this position as may be assigned by Employee’s manager or his or her designee. During Employee’s employment with the Company, Employee shall diligently, to the best of Employee’s ability, and with all highest degree of good faith and loyalty, perform all such duties incident to the position and use best efforts to promote the interests of the Company.

2.2 Reporting Relationship. Employee will report to the President and Chief Executive Officer or to such other officer or employee as determined in the sole discretion of the Company.

2.3 Location of Employment. The Company's corporate and operating headquarters are in King of Prussia, PA and the Company currently has work sites in Pennsylvania, New Jersey, Maryland, Michigan, California, and Canada. It is anticipated that Employee will be working primarily from a home office located in Connecticut (or such other location agreed to by the Company) but will be expected to travel temporarily to other TerrAscend facilities throughout the United States and potentially in Canada in order to perform duties.

2.4 Obligations to the Company. While employed by the Company, Employee shall devote Employee's normal and regular business time and attention to the business of the Company. Employee shall not engage in any other business activities that is reasonably likely (a) to materially interfere with the reasonable performance of Employee's duties and responsibilities under this Agreement, or (b) are competitive with the Business (as defined in Section 4.3) of the Company without the express written consent of the Company. Subject to any applicable restrictions concerning related party transactions and/or conflicts of interest, Employee is precluded from using Employee's position with the Company or the Company's relationship with its investors, partners, customers, vendors, suppliers and/or contractors (or that of its affiliates and/or related entities) for private gain or to obtain benefits for Employee or members of Employee's family, or anyone else. Employee shall comply with the Company's policies and rules, including the Company's employee handbook, as they may be in effect from time to time during Employee's employment with the Company.

2.5 No Conflicting Obligations. Employee has completely and fully disclosed to the Company any obligations, restriction, covenants, commitments, or agreements to which Employee may be bound, or the rights of any other person or entity, whether contractual or otherwise, that may be inconsistent with Employee's obligations under this Agreement. Employee represents and warrants to the Company that (a) the Company has not made any representations, warranty or otherwise provided any advice, legal or otherwise, that Employee's employment with the Company as contemplated by this Agreement will neither infringe on or violate any such obligations, restriction, covenants, commitments, agreements or rights, and (b) Employee has consulted with an attorney of Employee's choice regarding the foregoing and has not relied on any inducements, promises, or representations regarding the foregoing from the Company, any of its affiliates or any of their respective representatives. Without limiting the foregoing, Employee shall not use or disclose any trade secrets or confidential information, or property belonging to any of Employee's former employers or any other person or entity, without proper authorization from them. Additionally, the Company agrees that the existence of, or its receipt of, any notice, litigation or cause of action against or involving the Employee by any former employer of Employee relating to any such obligations, restriction, covenants, commitments, or agreements to which Employee may be bound, or the rights of any other person or entity, whether contractual or otherwise, that may be inconsistent with Employee's obligations under this Agreement shall not be Cause for termination, as defined in Section 5.1(a), and shall not give rise to termination of Employee for Cause unless otherwise ordered by a court of competent jurisdiction.

ARTICLE III
COMPENSATION AND BENEFITS

3.1 **Compensation.** In consideration of Employee's employment with the Company, execution of this Agreement, and compliance with all terms and conditions set forth herein, the Company agrees to provide Employee the compensation and benefits set forth in this Article III of the Agreement.

(a) **Salary.** Employee shall earn an annual base salary of US\$ 350,000.00, less all applicable taxes and withholdings as required by law, and such other payroll deductions as are determined by Company policy or as Employee may approve from time-to-time ("**Salary**"), which shall be paid consistent with the Company's ordinary and regular payroll practices and in accordance with applicable law. This position is classified as exempt under federal and state wage and hour laws, meaning that Employee will not be eligible for overtime pay. The Company reserves the right to modify Employee's Salary in its sole discretion any time and in accordance with applicable law.

(b) **Annual Bonus.** Employee will be eligible to participate in the Company's annual performance bonus program ("**Bonus Program**"), as may be in effect from time to time, and shall be eligible for a bonus in the amount of 40% of Employee's Salary on an annual basis under the Bonus Program. The objectives, terms, and conditions of the Bonus Program shall be determined in the sole discretion of the Company. The amount and frequency of any bonus payments shall be reviewed at least annually and determined in the sole discretion of the Company. The Company reserves the right, in its sole discretion, to suspend, revoke, or rescind the Bonus Program in part or in whole at any time. Except as otherwise provided in the Bonus Program or this Agreement, in order to receive payment of any bonus (or any portion thereof), Employee must be an employee of the Company on the date such bonus is paid, and Employee must not have given notice of the termination of Employee's employment without Good Reason (as defined in Section 5.1(d) of this Agreement) or received notice of the termination for Cause of Employee's employment by the Company. The Company shall guarantee your bonus for a period of 12 months from the Effective Date paid pro rata corresponding to time worked in each of 2022 and 2023.

(c) **Long Term Incentive (LTI).** Employee shall be eligible to receive LTI in the form of Restricted Stock Units ("**RSUs**") pursuant to the Company's Share Unit Plan and as determined by the Company's Board of Directors ("**Board of Directors**") from time to time. In light of Employee's role within the Company, Employee will be eligible for an LTI award with a value of up to 40% of Employee's Salary in RSUs. Unless otherwise approved by the Board of Directors with respect to any individual grant, RSUs granted as LTI vest in equal increments (i.e., 25%) on the 12-month, 24-month, 36-month and 48-month anniversary dates of the grant date and will be granted in the first available open trading window in the year in which they are granted; provided, that, in the event Employee's employment is terminated without Cause or due to Employee's Disability (as defined in Section 5.1(e) of this Agreement) or death or Employee voluntarily terminates employment for Good Reason, any unvested RSUs shall vest pro rata through the date of such termination based on the number of months between the date of grant and the termination date relative to 48 months and provided further that, in the event of a Change of Control (as defined in Section 5.1(g) of this Agreement), the RSUs will become fully vested.

(d) **Stock Option Plan.** During Employee's employment, Employee may be granted options for shares of common stock of the Company (the "**Option**"), in accordance with the TerrAscend Stock Option Plan ("**Stock Option Plan**"), which shall be determined in the sole discretion of the Board of Directors.

Pursuant to the terms of the Company's then existing Stock Option Plan and upon approval by the Board of Directors and unless otherwise approved by the Board of Directors with respect to any individual grant, the Option will have the following terms and conditions, which shall be evidenced in an option grant agreement: (i) the exercise price (per share) for each share of common stock of the Company associated with the Option will be equal to the fair market value of the share on the date of grant; (ii) unless otherwise described in Employee's option grant agreement, the Option will vest in equal increments (i.e., 25%) on the 12-month, 24-month, 36-month and 48-month anniversary dates of the grant date; provided that Employee is employed by the Company on each of the corresponding dates; provided further, that, in the event of Employee's employment is terminated without Cause or due to Employee's Disability (as defined in Section 5.1(e) of this Agreement) or death or Employee voluntarily terminates employment for Good Reason, the unvested portion of the Option shall vest pro rata through the date of such termination based on the number of months between the date of grant and the termination date relative to 48 months; and provided further that, in the event of a Change of Control (as defined in Section 5.1(g) of this Agreement), the Option will become fully vested and exercisable; (iii) unless otherwise described in Employee's option grant agreement, the Option will be handled as defined in the Stock Option Plan and (iv) the Option will expire ten (10) years from the date of grant. By signing this Agreement, Employee agrees to only purchase or sell Company stock in compliance with the Company's then existing policies, procedures, and black-out periods, and other terms and conditions as established by the Stock Option Plan and Employee's option grant agreement. If there is any discrepancy between the description of the Stock Option Plan in this Section and the Stock Option Plan document, the Stock Option Plan document will control.

3.2 Benefits. During Employee's employment with the Company, Employee shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company, as in effect from time to time (collectively, "**Employee Benefit Plans**"), on a basis which is no less favorable than is provided to other similarly situated employees of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or terminate any Employee Benefit Plans, at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law.

3.3 Paid Time Off. Employee will receive 25 days of paid time off ("**PTO**") (including vacation, sick, personal time off and company holidays) per calendar year, which shall be taken in accordance with Company policies as in effect from time to time, which may be modified in the sole discretion of the Company, and applicable law. The Company will additionally provide Employee with any paid or unpaid leave and any other benefits to which Employee is entitled and eligible to receive under applicable federal, state, and or local law.

3.4 General Business Expenses. Employee shall be reimbursed for reasonable, necessary, and authorized travel and other business expenses in connection with Employee's duties for the Company, pursuant to and consistent with the Company's policies and procedures, as may be modified from time to-time in the sole discretion of the Company. The Company shall reimburse Employee for such expenses upon presentation of an itemized account and appropriate supporting documentation in accordance with the Company's policy and procedure.

ARTICLE IV

CONFIDENTIALITY; RESTRICTIVE COVENANTS; AND ASSIGNMENT OF INVENTIONS

4.1 Confidentiality. The Employee understands and acknowledges that during Employee's employment with the Company, Employee will be exposed to Confidential Information (defined below) concerning the business or affairs of the Company that is proprietary and which rightfully belongs to the Company. Employee further understands and acknowledges that this Confidential Information and the Company's ability to reserve it for the exclusive knowledge and use of the Company is of great competitive importance and commercial value to the Company, and that improper use or disclosure of the Confidential Information by Employee might cause the Company to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties. Employee will not use for Employee's own benefit, either directly or indirectly, or disclose any such Confidential information, at any time, either during or after Employee's employment with the Company, to any other person, other than the Company or its employees, without the prior written consent or authorization of the Company. Employee shall take all reasonable steps to safeguard such Confidential Information and to protect such information against disclosure, misuse, loss and theft. Employee's obligations under this Section 4.1 with respect to any specific Confidential Information shall cease when that specific portion of the Confidential Information becomes generally known to the public or the relevant trade or industry other than as a result of the Employee's actions or omissions. In the event Employee is required by law to make any disclosure of Confidential Information, Employee shall promptly notify the Company, in writing, of the basis for the extent of the required disclosure and shall cooperate with the Company to preserve in full confidentiality of all Confidential Information and other proprietary rights.

The term "**Confidential information**" means any confidential or proprietary information of the Company, its affiliates, and/or its related entities, that is not generally known to the public or in the relevant trade or industry, which was obtained from the Company, its affiliates, and/or its related entities, or which was learned, discovered, developed, conceived, originated or prepared during or in the course of the performance of any services by Employee on behalf of the Company, its affiliates, and/or any of its related entities, whether in physical or electronic form or any other medium, and which falls within the following categories: (i) trade secrets of the Company, any affiliate, and/or any related entity; (ii) trade secrets of any investor, partner, or customer of the Company, any affiliate, and/or related entity, which was obtained pursuant to a confidentiality agreement; (iii) information that relates to existing or contemplated products, services, distribution, agreements, proposals, manuals, technology, designs, processes, formulae, algorithms and research or product developments of the Company, any affiliate, and/or any related entity or of any customer, investor, or partner of the Company, any affiliate, and/or related entity; (iv) information relating to business plans, pricing, sales and marketing methods and data, methods of doing business, financial or personnel information, customer lists, customer usages and/or requirements, supplier information of the Company, any affiliate, and/or related entity or of any customer, investor, or partner of the Company, any affiliate, and/or related entity; (v) information relating to proposals, contracts, content strategies, content performance analytics, of the Company, any affiliate, or any related entity, or of any customer, investor, or partner of the Company, any affiliate, and/or related entity; and (vi) any other confidential information which the Company, any affiliate, and/or related entity, or of any customer, investor, or partner of the Company, any affiliate, and/or related entity have protected by patent, patent applications, copyright or by keeping it secret and confidential.

Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required or permitted by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. Nothing in this section is intended to waive, restrict, or limit Employee's rights, communications, or actions that cannot be waived by agreement, including, but not limited to any nonwaivable rights that Employee may have under the National Labor Relations Act or concerning communications with fair employment practices agencies.

4.2 DTSA Notice. Pursuant to the Federal Defend Trade Secrets Act of 2016 ("**DTSA**"), an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

4.3 Restrictive Covenants.

(a) **Non-Competition.** Unless prohibited by law, during Employee's employment with the Company and for a period of twelve (12) months after the cessation of Employee's employment with the Company, for whatever reason, Employee shall not, directly or indirectly, participate in any Restricted Activity (defined below) within the Restricted Territory (defined below).

(i) For purposes of this Agreement, "**Restricted Territory**" means the Territories in which TerrAscend operates.

(ii) For purposes of this Agreement, "**Business of the Company**" means the business of the cultivation, extraction, processing or formulation of cannabinoid-containing products, and/or the development or commercialization of any technologies for use in the same or services, businesses, or products currently in competition with the Company.

(iii) For purposes of this Agreement, "**Restricted Activity**" means, either directly or indirectly, owning, managing, engaging in, operating, controlling, working for, consulting with, rendering services to, doing business with, maintaining any interest in or participating in the ownership, management, operations or control of, any business, in whatever form, which competes with the Business of the Company (a "**Competing Business**"), where (A) Employee is acting in the same or similar capacity that he acted with the Company for a Competing Business; (B) Employee is performing the same or similar duties and responsibilities as Employee performed with the Company for a Competing Business; (C) Employee is sharing Confidential Information with a Competing Business or utilizing Confidential Information for the benefit of a Competing Business; or (D) Employee is soliciting the Company's customers or other protected business relationships for purposes of seeking to induce such customers to alter or end their relationship with the Company. For the avoidance of doubt, it is understood by the Parties that a Competing Business is a person, business entity or organization that is in the business of or is engaged, in

whole or in part, either alone or together with its affiliates or related entities, in the business of the cultivation, extraction, processing or formulation of cannabinoid-containing products, and/or the development or commercialization of any technologies for use in the same. Notwithstanding the foregoing, Employee may make passive investments in publicly traded entities not to exceed one percent (1%) of the outstanding voting securities of such public entity.

(iv) As used herein, “**competes with**” means selling, soliciting, marketing or otherwise making available any product, program, process, system or service for any person or entity other than for the Company, which is the same as or similar to or is in competition with, or has a use allied to, or may be substituted for or supplied by, any product, program, process, system or service of the Company, whether in existence or under development during Employee’s employment with the Company, or about which Employee acquired Confidential Information (as defined above in Section 4.1) during Employee’s employment with the Company.

(b) **Non-Solicitation of Customers and Employees.** During Employee’s employment with the Company and for a period of twelve (12) months after the cessation of Employee’s employment with the Company, for whatever reason, Employee agrees not to, directly or indirectly, call upon, accept business from, or deal with any of the customers of Company with whom Employee had contact or about whom Employee obtained Confidential Information during Employee’s employment with the Company for the purpose of inducing said customer to alter or end its relationship with the Company or to do business with a person or entity that is a Competing Business or preparing to compete against the Company. In addition, for the same period of time, Employee agrees not to, directly or indirectly, solicit, recruit, or attempt to solicit any employee, agent, consultant or independent contractor, member, officer or agent of the Company to alter or terminate his/her/its employment or other relationship with the Company or breach any agreement with or obligation owed to the Company.

(c) **Extension of Restraints.** If Employee violates any restraints specified in this Agreement, whether or not there is litigation relating to such violation, Employee agrees that the period of the restraint shall automatically be extended for the period of the violation. Employee understands that the purpose of this Section 4.3(c) is to give the Company the protection of the restraint for the full agreed upon duration.

(d) **Adjustment of Restraints.** In the event that any one (1) or more of the provisions of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remainder hereof shall not, in any way, be affected or impaired thereby, and any such provision or provisions shall be enforced to the fullest extent permitted by law. Moreover, if any one (1) or more of the provisions contained in this Agreement is held to be excessively broad as to duration, scope, activity or subject (including, but not limited to, the restrictive covenants contained in this Agreement), such provisions will be construed by excising, limiting, and/or reducing them so that this Agreement is enforceable to the maximum extent compatible with applicable law.

(e) **Employee Acknowledgments, Representations, and Warranties.** For purposes of Article IV, Employee warrants, acknowledges, and agrees that (i) the Company has expended substantial resources in the development of near permanent relationships with its customers and that Employee would not have contact with those customers but for Employee’s employment at the Company, (ii) the Company has a protectable interest in its customers and other Confidential Information, (iii) the post-employment restrictions contained in this Agreement are necessary to protect the Company, they are reasonable and narrowly tailored, and they do not restrict Employee’s ability to obtain employment or earn a living

following Employee's employment with the Company, (iv) Employee willing, voluntarily, and knowingly is entering into this Agreement subject to the reasonable, post-employment restrictions contained in this Agreement, (v) entering into this Agreement does not constitute a breach of any contract or legal obligation with or to any third party, and (vi) Employee has disclosed to the Company any existing restrictions or other legal restrictions that may impact Employee's ability to provide services to the Company.

(f) **Remedies.** Employee agrees that if Employee violates any provision of this Agreement, the Company will suffer immediate and irreparable injury for which it has no adequate remedy at law. If Employee violates any of such provisions, Employee agrees that in addition to any other remedies that may apply, Employee's strict compliance with this Agreement should be ordered by a court of competent jurisdiction, and the Company is therefore entitled to emergency, preliminary, and final injunctive relief to enforce this Agreement. The Company's remedies for breach of this Agreement are cumulative and pursuit of one (1) remedy shall not exclude any other remedy.

(g) **No Reliance.** Employee acknowledges that Employee has read this Agreement carefully and understands its meaning and consequences, and that Employee has not relied on any oral or written statement or representation made by anyone relating to the terms of Employee's employment, other than as set forth in this Agreement. Employee further declares that Employee has had the opportunity to have the contents of this Agreement fully explained to Employee by the legal counsel of Employee's own selection and has acted voluntarily and of Employee's own free will in executing this Agreement.

(h) **Employee Acknowledges Sufficient Consideration.** Employee acknowledges and agrees that employment with the Company constitutes sufficient consideration for Employee's promises, duties, obligations and responsibilities hereunder and, further, that the compensation, Option, benefits, severance and other consideration described in this Agreement constitutes consideration to which Employee is not otherwise entitled to receive if Employee did not enter into the Agreement.

(i) **Notice to Subsequent Employers.** Before Employee is hired or engaged by any other person or entity that performs services that are the same as or are similar to the Company's services ("**Similar Services**"), Employee shall provide a complete copy of this Agreement to the person or entity to or for which or whom Employee intends to provide services. Employee hereby authorizes the Company to provide a copy of this Agreement to any person or entity providing Similar Services that the Company believes may hire or engage Employee.

4.4 Assignment of Inventions. All inventions, modifications, alterations, enhancements, betterments, ideas, designs, techniques, know-how or discoveries which are the result, directly or indirectly, from Employee's employment and/or affiliation with the Company and/or the Employee's access to Confidential Information (collectively "**Inventions**") shall be the sole and exclusive property of the Company and are considered a "work made for hire" for the purposes of the Company's rights under copyright and other laws. All copyrights, patents, trade secrets, or other intellectual property rights associated with any Inventions, processes, or works of authorship developed or created by Employee during the course of performing Company work (collectively, "**Work Product**") shall belong exclusively to the Company and shall, to the extent possible, be considered a "work made for hire." Employee automatically assigns to the Company, at the time of creation of the Work Product, without any requirement of further consideration, any right, title, or interest Employee may have in such Work Product, including any copyrights or other intellectual property rights pertaining thereto. Upon request of the Company, and at its

sole expense, Employee shall take such further actions, including execution and delivery of instruments of conveyance, as may be appropriate to give full and proper effect to such assignment.

4.5 Personal Electronic Equipment. Employee acknowledges that, in the performance of services for the Company, Employee may use electronic equipment such as a laptop computer, cell phone, or other electronic device that is owned by Employee (collectively, “**Personal Electronic Equipment**”). Employee acknowledges that all Company information that may become contained on the Personal Electronic Equipment is the sole and exclusive property of the Company. Employee agrees that the Company has the right to access such Company information, at any time, to inspect and/or recover any Company information stored thereon. Employee acknowledges and agrees that Company is not liable for any damage caused to the Personal Electronic Equipment while in its possession or for damaging or deleting any personal Employee information contained thereon.

Employee shall abide by all Company policies and procedures concerning device usage, maintenance, and protection, including, but not limited to preservation of Confidential Information on such devices. Employee agrees to use Company-owned equipment, records, and materials for purposes of Company business only, and to protect them against unauthorized or accidental access, use, modification, destruction, loss, theft or disclosure. Employee agrees to continue to protect the privacy of sensitive, proprietary, and/or Confidential Information. Employee will not leave such sensitive documents in common areas and will take reasonable steps to ensure confidentiality when discussing sensitive information on phone calls or in virtual meetings. Employee agrees and understands that Company equipment and devices are being provided to Employee for business purposes only. Any incidental personal use of Company-owned equipment should not interfere with the use of the equipment for Company business. Employee agrees to immediately report to their supervisor any instances of loss, damage, or unauthorized access.

4.6 Return of Company Property. Immediately on the effective date of Employee’s termination of employment with the Company, for any reason, or at any time upon request of the Company, Employee shall return all property in Employee’s possession belonging to the Company, whether tangible or intangible, including, but not limited to, all physical and electronically stored data, emails, keys, credit cards, equipment, computers, Confidential Information, tablets, cell phones, vehicles, books, records, customer information, programs and data compilation, contracts, communications and other materials belonging to the Company, including any Company information stored on Employee’s Personal Electronic Equipment.

4.7 Non-Disparagement. During Employee’s employment with the Company and at all times thereafter, Employee shall not divulge, disclose, or communicate to others, in any manner whatsoever, information or statements that disparage or are intended to disparage the Company, including its officers, directors, shareholders, employees, and agents, and its/his/her/their business reputation. Notwithstanding the foregoing, nothing in this Agreement is intended to waive, restrict, or limit Employee’s rights, communications, or actions that cannot be waived by agreement, including, but not limited to, Employee’s rights under the National Labor Relations Act, the right to disclose information about unlawful acts in the workplace, including, but not limited to, sexual harassment, the right to testify in an administrative, legislative, or judicial proceeding about alleged sexual harassment, or alleged criminal conduct by another party, including the Company, its agents, or employees, if and when Employee has been required or requested to attend the proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature, and the right to make disclosures to or comply with proceedings before the Equal Employment Opportunity Commission, or any other federal, state, or local fair employment practices agency, or pursuant to a valid order of a court of competent jurisdiction; provided

that, such compliance does not exceed that required by the law, regulation, or order. Nothing in this Agreement prohibits or restricts Employee from initiating communications directly with, responding to an inquiry from, or providing testimony before the Securities and Exchange Commission (SEC), or any other self-regulatory organization, or any other federal or state regulatory authority.

ARTICLE V

TERMINATION, CHANGE OF CONTROL AND SEVERANCE

5.1 Termination of Employment.

(a) **Termination for Cause.** The Company shall have the right to terminate Employee's employment, at any time, for Cause (as defined below) by giving Employee written notice of the effective date of such termination. In the event of such termination for Cause, Employee shall be entitled to receive Employee's Salary accrued and unpaid through the date of termination, together with all accrued and unpaid PTO, and expenses reimbursable pursuant to this Agreement (herein, "**Earned Pay**"). The Earned Pay shall be paid in accordance with the Company's applicable policies and applicable law. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements. For purposes of this Agreement only, the term "**Cause**" means any of the following: (i) Employee materially breaches any fiduciary duty owed to the Company or its affiliates, including the duty of loyalty which has not been cured within ten (10) calendar days of written notice to the Employee; (ii) Employee fails to comply with any valid and legal directive of the Company that is material and is consistent with Employee's obligations under this Agreement, which has not been complied with within ten (10) calendar days of written notice to Employee of such noncompliance; (iii) Employee is convicted of or pleads guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude or that results in material, reputational, or financial harm to the Company, its agents, representatives, or its affiliates; (iv) Employee engages in any act or omission that constitutes a material breach by Employee of any of Employee's duties, responsibilities, and obligations under this Agreement, or any material written policy (as they may be in effect from time to time during Employee's employment) of the Company or any of its affiliates, assuming such obligations are lawful, which has not been cured within ten (10) calendar days of written notice to the Employee; (v) Employee commits an act which negatively impacts, in a material way, the Company or its employees including, but not limited to, engaging in competition with the Company, disclosing confidential information or engaging in sexual harassment or discrimination in violation of Company policies; or (vi) Employee engages in the unauthorized disclosure of Confidential Information of the Company. For purposes of this definition of "**Cause**," an act or failure to act shall not be deemed willful or intentional unless Employee acted (or failed to act) in bad faith or without a reasonable belief that Employee's action or omission was in the best interest of the Company. For avoidance of doubt, Employee's failure to meet performance goals or objectives, by itself, shall not constitute Cause. In all instances, the Company's CEO, in consultation with the Company's legal counsel and the Board of Directors as appropriate, shall determine, in good faith, whether Cause exists for purposes of this Agreement and whether Employee's employment shall be terminated for Cause. The Company's CEO shall have the authority to waive the consequences under this Agreement of the existence or occurrence of any events, acts, or omissions that constitute Cause.

(b) **Termination without Cause.** Notwithstanding anything to the contrary in this Agreement, the Company may, at any time, terminate Employee's employment without Cause (as defined above) by

giving Employee at least thirty (30) days prior written notice of the effective date of Employee's termination. In the event of such termination of employment without Cause, Employee shall be entitled to receive (i) Earned Pay, (ii) severance benefits, which shall consist of an after-tax, lump sum payment equal to the Company's share of Employee's medical coverage under the Company's group health plan, measured as if Employee properly and timely elected continuation coverage as prescribed by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), for the Severance Period (defined in Section 5.2 below) (the "**COBRA Cash Stipend**"), (iii) severance pay, which shall be equal to Employee's Salary for the Severance Period (as defined in Section 5.2), payable in regular installments in accordance with the Company's standard payroll practices ("**Severance Pay**"), and (iv) pro-rata bonus (cash or equivalent). The Company shall commence payment of Severance Pay and shall pay the COBRA Cash Stipend and bonuses within sixty (60) days of Employee's termination of employment; provided, that Employee has executed, delivered, and not revoked the Waiver and General Release described in Section 5.3 of this Agreement. In the event the sixty (60) day time period spans two (2) calendar years, payment will begin or be made, as applicable, in the second calendar year. The first payment of the Severance Pay shall include any installments to which Employee would have been entitled had payments commenced upon the date of Employee's termination of employment. The Earned Pay shall be paid in accordance with the Company's applicable policies and applicable law. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements. Employee must satisfy, at all times, the conditions described in Section 5.3, Section 5.4, Article IV and Article VI to receive the COBRA Cash Stipend and continue to receive Severance Pay under this Section 5.1(b) following Employee's termination of employment. If, during the Severance Period, Employee engages in any Restricted Activity with any Competing Business, Employee shall notify the Company in writing no later than five (5) business days from the date Employee has commenced such Restricted Activity ("**Commencement Date**"). Further, upon determination by a court of competent jurisdiction that Employee has violated the restrictive covenants set forth in Article IV, Employee shall repay all Severance Pay paid to Employee following the cessation of Employee's employment with the Company.

(c) **Termination on Account of Resignation.** Employee may, at any time, terminate Employee's employment by voluntary resignation by giving the Company at least thirty (30) days prior written notice of the effective date of such termination. In the event of Employee's termination of employment due to voluntary resignation not covered by Section 5.1(d), neither the COBRA Cash Stipend nor the Severance Pay shall be provided under this Agreement and all rights, duties, and obligations of the Parties under this Agreement, other than those obligations expressed in Article IV and Article VI, and Employee's right to receive Earned Pay, vested benefits under any Employee Benefit Plans and vested RSUs and options, shall cease as of the employment termination date. The Earned Pay shall be paid in accordance with the Company's applicable policies and applicable law. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements.

(d) **Termination on Account of Resignation with Good Reason.** Employee shall have the right to terminate Employee's employment by voluntary resignation with Good Reason. The term "**Good Reason**" means any one (1) or more of the following events that occurs without the prior written consent of Employee: (i) a material diminution in Employee's Salary; (ii) a demotion, or change in reporting relationship of Employee to someone other than the Company's Executive Chairman, Chief Executive Officer or a member of the Board of Directors that results in a material diminution of Employee's authority,

duties, or responsibilities; or (iii) any other action or inaction that constitutes a material breach by the Company of the terms of this Agreement. To qualify as a voluntary resignation with “**Good Reason**,” Employee shall provide the Company with notice of the existence of the event described above within ninety (90) days of the initial existence of such event, and the Company shall have thirty (30) days to remedy the event measured from the date it received Employee’s notice. If the event that qualifies as Good Reason is not cured and the Employee resigns within six (6) months of the initial existence of such Good Reason event, then Employee’s voluntary resignation shall be treated in all respects as an involuntary termination of employment without Cause by the Company of Employee’s employment under Section 5.1(b), and the COBRA Cash Stipend and Severance Pay provided in connection with an involuntary termination without Cause (together with the conditions described in Section 5.3, Section 5.4, Article IV and Article VI) shall apply.

(e) **Termination on Account of Disability.** If Employee is determined to have a “**Disability**” (defined herein) and ceases active employment with the Company, Employee shall be entitled to receive Employee’s Salary and to continue to participate in the Employee Benefit Plans described in Section 3.2, as in effect with respect to Employee immediately prior to such cessation of active employment, for six (6) months (or, if less, until Employee is able to return to active employment with the Company). If Employee is unable to return to active employment with the Company at the completion of that six (6) month period, the Company may elect to terminate Employee’s employment by sending written notice of such election to Employee. In such event, the Company shall provide Employee Earned Pay, her pro rata bonus and the COBRA Cash Stipend for the same period as described in Section 5.1(b) (as if employment had been terminated involuntarily by the Company without Cause at the completion of such initial six (6) month period), but not the Severance Pay. The Earned Pay shall be paid in accordance with the Company’s applicable policies and applicable law. The COBRA Cash Stipend shall be paid within sixty (60) days of Employee’s termination of employment; provided, that Employee has executed, delivered, and not revoked the Waiver and General Release described in Section 5.3 of this Agreement. In the event the sixty (60) day time period spans two (2) calendar years, the COBRA Cash Stipend payment will be made in the second calendar year. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements. The term “**Disability**” shall mean Employee is unable to perform the essential functions of his position by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. Any determination of whether Employee has a Disability shall be based upon sufficient medical evidence from a physician selected by Employee (or Employee’s personal representative or guardian) for that purpose. If any question arises as to whether during any period Employee has a Disability, Employee shall, at the request of the Company, submit to the Company a certification, in reasonable detail by a physician selected by the Company to whom Employee (or Employee’s personal representative or guardian) has no reasonable objection, as to whether Employee has a Disability or how long the Disability will continue. Employee shall cooperate with any reasonable request of the physician in connection with such certification. If a question arises and Employee fails to submit such certification, the Company’s determination of such issue shall be binding on Employee. Nothing in this Section 5.1(e) shall be construed to waive Employee’s rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 et seq. and the Americans with Disabilities Act, 42 U.S.C. §12101 et seq.

(f) **Termination on Account of Death.** In the event of Employee’s death while in the employ of the Company, the personal representative of Employee’s estate shall be entitled to receive Employee’s

Earned Pay, pro-rated bonus, vested RSUs and any vested but unexercised options. The Earned Pay and pro-rated bonus shall be paid in accordance with the Company's applicable policies and applicable law. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements. All other rights of Employee hereunder shall terminate as of such date of death.

(g) **Change of Control; Termination on Account of Change of Control.** As set out above, in the event of a Change of Control, 100% of the Option and RSUs will become vested and exercisable. This provision supersedes any conflicting provisions relating to vesting upon a Change of Control stipulated in the Stock Option Plan and Share Unit Plan, respectively. In the event Employee's employment is terminated without Cause or by Employee for Good Reason within 12 months following a Change of Control, Employee shall be entitled to receive (i) Earned Pay, (ii) two times (2x) the amount of Severance Pay, (iii) two times (2x) the amount of the COBRA Cash Stipend and (iv) the Employee's full bonus for the prior calendar year if it has not yet been paid and the Employee's full bonus for the current calendar year. ((ii) – (iv) collectively, the "**Change of Control Severance Pay**"). The Change of Control Severance Pay shall be paid in a lump sum payment within sixty (60) days of Employee's termination of employment; provided, that Employee has executed, delivered, and not revoked the Waiver and General Release described in Section 5.3 of this Agreement. In the event the sixty (60) day time period spans two (2) calendar years, the lump sum payment will be made in the second calendar year. The Earned Pay shall be paid in accordance with the Company's applicable policies and applicable law. Any vested benefits to which Employee is entitled under the Employee Benefit Plans and vested RSUs and options shall be paid in accordance with the terms of the governing plan documents and agreements. Employee must satisfy, at all times, the conditions described in Section 5.3, Section 5.4, Article IV and Article VI to receive the Change of Control Severance Pay following Employee's termination of employment. Further, upon determination by a court of competent jurisdiction that Employee has violated the restrictive covenants set forth in Article IV, Employee shall repay all Severance Pay paid to Employee following the cessation of Employee's employment with the Company.

For purposes of this Agreement only, the term "**Change of Control**" shall be defined as (i) the acquisition of a sufficient number of voting securities in the capital of the Company so that the acquiror, together with Persons acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company); (ii) the completion of a consolidation, merger, arrangement or amalgamation of the Company with or into any other entity whereby the voting securityholders of the Company immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity; or (iii) the completion of a sale whereby all or substantially all of the Company's undertakings and assets become the property of any other entity and the voting securityholders of the Company immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale.

For purposes of this Agreement only, the term "**Person**" will be broadly interpreted and includes (i) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person; (ii) a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture,

an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and (iii) a governmental authority.

5.2 Severance Period. The term “**Severance Period**” means 12 months.

5.3 Waiver and Release. A condition precedent to (a) the payment of the COBRA Cash Stipend and (b) the commencement and continued receipt of Severance Pay, which shall be payable pursuant to Section 5.1(b), Section 5.1(d), Section 5.1(e) or Section 5.1(g), as applicable, shall be the execution by Employee of a waiver and general release of all claims, which is not revoked during the revocation period. Such waiver and general release of all claims shall be in a form and substance as reasonably required by Company. The failure of Employee to execute the Waiver and General Release (or any revocation during the revocation period) shall relieve the Company of all obligations to pay the COBRA Cash Stipend and/or Severance Pay under Section 5.1(b), Section 5.1(d), Section 5.1(e) or Section 5.1(g) but shall not relieve Employee of Employee’s obligations under Article IV and Article VI herein.

5.4 Other Conditions on Severance Benefits and Pay.

Notwithstanding any other provision of this Agreement to the contrary, Employee shall not continue to be eligible for health and welfare benefit plan coverage (other than the right to elect continuation coverage under COBRA or similar state continuation coverage laws) after Employee’s termination of employment. In the event Employee properly and timely elects continuation coverage under COBRA, Employee shall be required to pay such portion of the cost of such continuation coverage, as is paid by other similarly situated active executives.

ARTICLE VI COOPERATION

6.1 Cooperation. The Parties agree that certain matters in which Employee will be involved during Employee’s employment with Company may necessitate Employee’s cooperation in the future. Accordingly, following Employee’s termination of employment for any reason, to the extent reasonably requested by the Company and provided that advanced notice is given and is coordinated to the extent possible with Employee, Employee shall cooperate with the Company in connection with internal investigations, third party investigations, investigations by governmental agencies, claims made by third parties, litigation, arbitration, mediation and all other matters related to the Company, in which Employee has personal knowledge; provided that, Company shall make reasonable efforts to minimize disruption of Employee’s personal and professional activities. Company shall reimburse Employee for reasonable expenses incurred in connection with such cooperation (e.g., airfare, lodging, rental car, mileage, meals, etc.).

ARTICLE VII GENERAL PROVISIONS

7.1 Severability and Modification by Court. If any term or provision of this Agreement shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not affect, impair, or invalidate the remainder of this Agreement, but shall be confined in its operation to the provisions of this Agreement directly involved in the controversy in which such judgment shall have

been rendered. Notwithstanding the above, in the event any provision as presently set forth is determined to be invalid by a court of competent jurisdiction, the Parties agree that this Agreement shall be appropriately modified by the court so that each and every provision of this Agreement is enforceable to the maximum extent permitted by law.

7.2 Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

7.3 Survival and Assignability. The provisions of this Agreement that would naturally survive the termination of Employee's employment with the Company shall survive such termination and shall continue in full force and effect. This Agreement is personal to Employee and may not be assigned by Employee. The Company may assign this Agreement to, and it shall be enforceable by, any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company.

7.4 Notices. Any notices required under this Agreement shall be sent by personal delivery, registered or certified mail, electronic mail or overnight carrier to: (i) the Company, at TerrAscend, 357 South Gulph Road, Suite 330, King of Prussia, PA 19406 and to legal@terrascend.com; (ii) the Employee, to her home mailing address and email address on file.

7.5 Entire Agreement. Employee hereby ratifies, accepts, and agrees to the terms of this Agreement, and acknowledges receipt of a copy hereof. The Parties to this Agreement mutually agree that it shall be binding upon them, their heirs, executors, administrators, personal representatives, successors and assigns; that the provisions hereof shall survive this Agreement and shall not be merged into its performance. This Agreement constitutes the final, complete, and exclusive agreement of the Parties with respect to the subject matter hereof and supersedes and merges all prior agreements or discussions with the Company on this subject matter. Any modification, amendment, or addenda to this Agreement shall be null, void, and unenforceable unless made in a writing that makes specific reference to the section of this Agreement being amended and executed by both Parties.

7.6 Governing Law. This Agreement, for all purposes, shall be construed in accordance with the laws of Pennsylvania without regard to conflicts of law principles.

7.7 Controversies Arising Out of Agreement. The Parties agree that any judicially cognizable controversy or claim arising out of or relating to this Agreement, or its breach shall be resolved through a confidential and binding arbitration before a single neutral arbitrator in Pennsylvania in accordance with the Employment Arbitration Rules & Procedures of the Judicial Arbitration and Mediation Services ("JAMS"), except as otherwise set forth below. The JAMS rules and procedures may be found online at <https://www.jamsadr.com/rules-employment-arbitration/>. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable under the law, including, but not limited to, any remedy or relief that would have been available to the Parties had the matter been heard in court. **Both Employee and the Company expressly waive their right to a jury trial.** This Section 7.7 is intended to be the exclusive method for resolving any and all claims by the Parties against each other for payment of damages under this Agreement or relating to Employee's employment. Nothing in this Agreement shall restrict or limit Employee's rights that cannot be waived by agreement, including any nonwaivable right to file or participate in a complaint or investigation by a law enforcement or government agency. This Agreement shall not limit

either Party's right to obtain a provisional remedy from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such Party's right to compel arbitration. The prevailing party shall be entitled to recover all fees and costs from the other party arising from any arbitration brought pursuant to this Section. All costs of the arbitration, including the JAMS' administrative fees and the fee of the arbitrator, shall be borne by the Company.

7.8 Advice of Counsel. Each of the Parties to this Agreement warrants and represents that in executing this Agreement such Party was encouraged to, and provided ample time to, consult with an attorney of the Party's choice. The Parties acknowledge and represent that, in executing this Agreement, they have not relied on any inducements, promises, or representations other than those matters expressly set forth in this Agreement.

7.9 Acknowledgement of Full Understanding. EMPLOYEE ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS FULLY READ, UNDERSTANDS, AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF EMPLOYEE'S CHOICE BEFORE SIGNING THIS AGREEMENT.

7.10 Code Section 409A.

(a) The Parties agree that this Agreement and the benefits and rights to which Employee could become entitled under this Agreement are intended to be exempt from or, to the extent applicable, comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations and other guidance issued thereunder (collectively, "Code Section 409A"), and all provisions of this Agreement shall be interpreted, construed and administered in a manner consistent with this intent and the requirements for avoiding taxes or penalties under Code Section 409A. For purposes of this Agreement, phrases similar to "terminate employment" mean the date Employee ceases to be an employee of the Company and all members of the Company's "controlled group of corporations" as described in Treasury Regulation Section 1.409A-1(h)(3). Notwithstanding the preceding sentence, Employee must incur a "separation from service" with the Company as that term is defined in Code Section 409A(a)(2)(A)(i) of the and in Treasury Regulation Section 1.409A-1(h), to terminate employment under this Agreement and receive Severance Pay. Further, for purposes of Code Section 409A, any installment payments or benefits provided under this Agreement shall be treated as separate payments. If Employee or the Company believes, at any time, that any benefit or right to which Employee could become entitled under this Agreement is not exempt from Code Section 409A and does not comply with Code Section 409A, Employee or the Company shall promptly advise the other Party and shall negotiate reasonably and in good faith to amend the terms of such arrangement such that it complies (with the most limited possible economic effect on Employee or the Company). In addition, the Company shall not take any action that would expose any payment or benefit to Employee under this Agreement or under any plan, arrangement or other agreement to the additional tax imposed under Code Section 409A, unless (i) the Company is obligated to take the action under an agreement, plan or arrangement to which Employee is a party; (ii) the Company advises Employee in writing that the action may result in the imposition of the additional tax; and (iii) Employee subsequently requests the action in a writing that acknowledges that Employee shall be responsible for any effect of the action under Code Section 409A. In no event whatsoever will the Company be liable for any additional tax, interest,

or penalties that may be imposed on Employee under Code Section 409A or any damages for failing to comply with Code Section 409A.

(b) To the extent any reimbursement of costs and expenses provided for under this Agreement constitutes taxable income to Employee for Federal income tax purposes, all such reimbursements shall be made no later than December 31 of the calendar year following the calendar year in which the expenses to be reimbursed are incurred. Further, notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a “deferral of compensation” within the meaning of Code Section 409A: (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to Employee during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Employee in any other calendar year; and (ii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(c) Notwithstanding anything in this Agreement to the contrary, if Employee is a “specified employee” as defined in Code Section 409A and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Employee) until the first business day of the seventh month following the date of the Employee’s termination of employment (or the earliest date as is permitted under Section 409A of the Code).

(d) In the event that any changes are made to Code Section 409A or to the Treasury Regulations or other guidance issued thereunder, this Section 7.10 shall be deemed amended to the extent necessary to cause this Agreement to comply with such changes to such law or guidance.

[Signature page follows]

IN WITNESS WHEREOF, the Company and the Employee have duly executed this Agreement as of the date set out above.

TERRASCEND

EMPLOYEE

/s/ Ziad Ghanem
By: Ziad Ghanem

/s/ Lynn Gefen
By: Lynn Gefen, Esq.

Title: President and Chief Executive Officer

Date:
May 11, 2023

Date:
May 11, 2023

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

I, Ziad Ghanem, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 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: November 9, 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 September 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: November 9, 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 the best of my knowledge:

1. the Quarterly Report on Form 10-Q for the quarter ended September 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: November 9, 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 Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

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

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

1. the Quarterly Report on Form 10-Q for the quarter ended September 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: November 9, 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 Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.
