TerrAscend Enters Into Agreements to Acquire State Flower, an Ultra-Premium California Cannabis Brand

— Adds an ultra-premium brand to TerrAscend's global portfolio of operations across multiple U.S. States, Canada and the EU.

--- Daniel Wacks and Jeremy Cohen to continue leading State Flower

TORONTO, August 28, 2019 /CNW/ - TerrAscend Corp. (CSE: TER; OTCQX: TRSSF) ("TerrAscend" or "the Company") the first and only cannabis company with sales in Canada, the US and the EU, today announced the signing of definitive agreements for a series of transactions to purchase ABI SF, LLC, which operates a Bay Area cannabis cultivation facility and owns the State Flower brand ("State Flower"). State Flower is known for its ultra-premium cannabis flower and is currently sold through dispensaries in California and Nevada, including The Apothecarium. TerrAscend recently closed a series of transactions with The Apothecarium as noted in the Company's press release of June 6, 2019. By agreeing to purchase State Flower and bring aboard elite cultivation talent, TerrAscend will continue to provide high quality product through its retail locations and will expand the State Flower brand in multiple states

TerrAscend has agreed to initially acquire 49.9% of the equity of State Flower for total consideration of US$2.85M from conversion of a previously issued convertible debenture and subject to regulatory approvals.

TerrAscend has also extended a line of credit of up to US$3.75M to State Flower for cultivation facility improvements to expand production capacity. While State Flower implements facility improvements, the parties will begin the regulatory approval process for the full purchase of State Flower, under a Securities Purchase Agreement. TerrAscend also has future rights to use the State Flower brand pursuant to a license agreement.

TerrAscend has agreed to purchase the remaining 50.1% equity of State Flower for total consideration based on future revenue over a predetermined twelve-month period. The transaction is subject to regulatory approvals by various local and state authorities, as well as certain customary closing conditions. Several of the owners of The Apothecarium and their related entities have an ownership interest in State Flower.

"We're excited to add the prestigious State Flower brand to our portfolio," said Matthew Johnson, President of TerrAscend Corp., and TerrAscend USA, Inc. "Daniel Wacks and Jeremy Cohen are skilled cannabis cultivators with years of experience operating in a highly regulated market and we are thrilled to work with them to expand the State Flower facilities and brand presence. "

"Through our work with The Apothecarium and TerrAscend, it's clear that we've found a great strategic and cultural fit," said Daniel Wacks, President of State Flower. "We're proud of the brand we've built and excited to have found a partner who recognizes the quality of our team. We look forward to working together to build best-in-class cultivation capabilities in all jurisdictions where TerrAscend operates, to expand the State Flower brand presence, and become part of an inspirational team that's making major progress towards becoming one of the top companies in the sector."

About TerrAscend
TerrAscend provides quality products, brands, and services to the global cannabinoid market. As the first North American Operator (NAO), with scale operations in both Canada and the US, the Company participates in the medical and legal adult use market across Canada and in several US states where cannabis has been legalized for therapeutic or adult use. Additionally, TerrAscend is the first and only cannabis company with sales in the US, Canada, and Europe as it has received EU GMP certification for its manufacturing facility in Mississauga, Ontario. TerrAscend recently announced the planned acquisition of Ilera Healthcare, one of five vertically integrated cannabis cultivator, processor, and dispensary operators in Pennsylvania and was also recently chosen by the state of New Jersey to be one of six permit applicants for a vertically integrated medical cannabis operation. TerrAscend operates a number of synergistic businesses, including The Apothecarium, an award-winning cannabis dispensary with several retail locations in California and Nevada; Arise Bioscience Inc., a manufacturer and distributor of hemp-derived products; Ascendant Laboratories Inc., a biotechnology and licensing company committed to the continuous improvement of cannabinoid expressing plants; Solace RX Inc., a proposed Drug Preparation Premises (DPP) focused on the development of novel formulations and delivery forms; and Valhalla Confections, a manufacturer of premium cannabis-infused edibles. For more information, visit https://www.terrascend.com

About State Flower
State Flower is a California-based cannabis producer operating a licensed facility in San Francisco, California. The State Flower brand is sold in California and Nevada, two of the most important and competitive markets in the world. State Flower manages a best-in-class genetics portfolio with an emphasis on growing boutique-quality cannabis flowers at scale in an Envirocann certified facility.

Caution Regarding Cannabis Operations in the United States
Investors should note that there are significant legal restrictions and regulations that govern the cannabis industry in the United States. Cannabis remains a Schedule I drug under the US Controlled Substances Act, making it illegal under federal law in the United States to, among other things, cultivate, distribute or possess cannabis in the United States. Financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable US federal money laundering legislation.

While the approach to enforcement of such laws by the federal government in the United States has trended toward non-enforcement against individuals and businesses that comply with medical or adult-use cannabis programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither absolve TerrAscend of liability under US federal law, nor will it provide a defense to any federal proceeding which may be brought against TerrAscend. Following any investment made by TerrAscend in operations in the United States, enforcement of federal laws in the United States will be a significant risk to the business of TerrAscend and any proceedings brought against TerrAscend thereunder may adversely affect TerrAscend's operations and financial performance.

Forward Looking Information
This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking statements in this press release may be identified by the use of

words such as, "may", "would", "could", "will", "likely", "expect", "anticipate", "believe, "intend", "plan", "forecast", "project", "estimate", "outlook" and other similar expressions, and include statements with respect to the completion of the transactions discussed herein and the anticipated benefits thereof. Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors relevant in the circumstances, including assumptions in respect of current and future market conditions, the current and future regulatory environment; and the availability of licenses, approvals and permits.

Although TerrAscend believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because TerrAscend can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ materially from those projected in the forward-looking statements. Such risks and uncertainties include, but are not limited to, the inability of the parties to satisfy the conditions to closing of the acquisition of State Flower set out in the definitive documentation in a timely manner or at all; risks related to federal, state, provincial, territorial, local and foreign government laws, rules and regulations, including federal and state laws in the United States relating to cannabis operations in the United States; TerrAscend's ability to successfully integrate any acquired businesses in the future; and fluctuations in foreign currency exchange rate.

The statements in this press release are made as of the date of this release. TerrAscend disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. TerrAscend undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of TerrAscend, its securities, or financial or operating results (as applicable).

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