

**Q&A with Michael Nashat, President and CEO of TerrAscend Corp. utilizing Cannabinoids to provide Safe and Effective Products for both the Medical and Adult-use Markets with the industry's first Drug Preparation Premises facility under construction**



**Michael Nashat**  
President & CEO

TerrAscend Corp. (CNSX:TER)  
[www.TerrAscend.com](http://www.TerrAscend.com)

Contact:  
Ari Unterman  
905-273-0212  
[aunterman@TerrAscend.com](mailto:aunterman@TerrAscend.com)

Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFO Magazine

“The main quality I want to promote through my leadership is the ability to rapidly scale up the business’ operations – both in Canada and abroad. I am experienced at operating in a heavily regulated environment and under my leadership, TerrAscend will continue to excel rapidly through the licensing regimes and develop a product portfolio that resonates with patients and customers.”  
- Michael Nashat

**CEOCFO: The TerrAscend site shows you are a biopharmaceutical and wellness company? What does that mean for TerrAscend?**

**Mr. Nashat:** TerrAscend is a company that leverages science and innovation to improve our patients’ and customers’ health and wellbeing. The company is founded on the principle of utilizing cannabinoids to provide safe and effective products for both the medical and adult-use markets. We want to make sure the products we bring to market really resonate with patients and consumers and address their unmet needs. For both the medical or adult use side, we believe that cannabis can be used as a safe alternative for improving wellness, whether to achieve escape or release from an experience or as we’ve seen on the pharmaceutical side, the ability to formulate condition-specific products that can compete with traditional pharmaceuticals.

**CEOCFO: How do you decide what to pay attention to with so many versions of what is available with cannabinoids?**

**Mr. Nashat:** The number of business streams in cannabis is huge, whether it is pharmaceuticals, nutraceuticals, beverages, veterinary, cosmetics or any other streams. We view this from two perspectives. Firstly, determining what business streams make the most sense for us to pursue based on our physical assets, available capital, and most importantly, the strengths of our team. Secondly, every decision we make at TerrAscend is founded on premise of adding the most long-term value for our shareholders and prospective shareholders. We focus on pursuing business streams that are more difficult to commoditize, have a higher barrier to entry and that focus on providing a positive experience and consumer loyalty. Using pharmaceuticals as an example, patients don’t say that they want a specific blood pressure medication because it makes them feel good. In comparison, if you are taking medication for migraines, erectile dysfunction or something that is much more personal

and experiential, patients tend to develop a deeper connection with that product and brand. We want to bring this same thinking to TerrAscend where we focus on the development of brands and products that will provide long-term returns to the patient or consumer in terms of health and wellness, and long-term returns to our shareholders in terms of capital accretion.

**CEOCFO: *You became CEO and president earlier this year. What changes are happening under your leadership?***

**Mr. Nashat:** As a co-founder of TerrAscend, I've been deeply involved with this company since its formation in 2014, including being the company's COO until my appointment. The main quality I want to promote through my leadership is the ability to rapidly scale up the business' operations – both in Canada and abroad. I am experienced at operating in a heavily regulated environment and under my leadership, TerrAscend will continue to excel rapidly through the licensing regimes and develop a product portfolio that resonates with patients and customers. One of my top focuses is looking at different formulations and delivery systems. Being a pharmacist by background, in addition to specializing in selling medications, we are also called upon to formulate products to address unresolved issues. Common issues with today's cannabis is that inhalation typically includes combustion and edibles or oral oil have too long of an onset. If you have a migraine, you probably do not want to wait an hour for onset; you probably want it to work in ten to fifteen seconds, so inhalation might be the best way to do that, but not all patients are willing to combust their medication. As such, to address the evolving consumer base, we will be working intently towards bringing quality, innovative products to market and rapidly scaling up the business.

**CEOCFO: *Would you tell us about your subsidiaries and why from a business sense is the company structured with a number of subsidiaries?***

**Mr. Nashat:** We've opted to segregate our business units based on our belief that the normalization and innovation of cannabinoids alone won't be enough to shake up existing business streams. The shampoo and pet industries won't change drastically to accommodate cannabis – it is us that has to evolve. We decided to operate using a more siloed approach because it allows our subsidiary to operate like, and speak the language of that particular business stream. Your veterinary audience is going to be very different from your medical or cosmetics audiences. The way you formulate, brand and distribute those products is very different from each other. We believe that if you want to properly compete in a business stream, a company has to be exclusively focused on that stream. At TerrAscend, we currently have three subsidiaries: Solace Health, Terra Health Network and SolaceRx. Solace Health is our licensed producer and seller of medical cannabis. It focuses exclusively on operating effectively in a heavily regulated environment and producing quality products for either medical or adult-use consumers. Terra Health Network is our patient navigation, patient support services and research arm for TerrAscend, and that is exclusively speaking to a medical audience and it operates similar to a pharmaceutical patient support program. SolaceRx is our drug formulator focusing on non-cannabinoid formulations. This is a synergistic business for us as our pharmaceutical arm will require a patient-centric formulator that supports the entire patient experience – both within and outside of cannabis. When cannabis can be compounded, which we anticipate in the coming years, we will be

distinctively positioned to develop unique formulations combining pharmaceuticals with cannabinoids. This all comes back to the necessity to operate within the business stream rather than assume that the stream will accommodate us. For all products that TerrAscend brings to market, we make sure to build an operation around the product that meets that stream's culture, language and quality expectations.

**CEOCFO: *Would you tell us about your investment in Fire Flower and the general strategy to be in the adult use cannabis market when it is available?***

**Mr. Nashat:** The Fire & Flower investment was a strategic investment we pursued to support our go-to market strategy in Canadian provinces that utilize a private retailer model. We see the Fire & Flower team as a group with a very focused strategy in the cannabis retail space and a good long term partner for TerrAscend. This will provide us a very strong understanding of retail and adult-use preferences in Canada that we can rely on when further developing our product stream.

**CEOCFO: *What surprised you as TerrAscend has grown and evolved?***

**Mr. Nashat:** Even with my pharmaceutical experience and Post Doctoral Fellowship in neuroscience, the complexities of the cannabis plant and its interaction with the endocannabinoid system has never stopped amazing me. Trying to bridge the gap between our understanding of how cannabinoids and other elements like terpenes in cannabis interact with the human body, and more specifically how to shape our cultivation and product development to address this ever evolving knowledge, continues to keep us busy. As a cannabinoid company, we have to be farmers, engineers, scientists, formulators, packagers and marketers. It's such a fascinating business that ties together an ancient plant with science and processing practices of the future. Moreover, transferring this knowledge to doctors, regulators, politicians and the general public has evolved rapidly as the whole industry has developed. This has taught us that as a company, we have to be ready for day one of legalization in Canada, but we also have to ensure that we're putting sufficient resources towards developing protectible assets for the future.

**CEOCFO: *How do you keep from running in too many directions when there are so many opportunities?***

**Mr. Nashat:** It is very true that there is no shortage on directions a company can pursue in cannabis. It is an ancient plant that is being innovated by big players for the first time. At TerrAscend, we pursue opportunities by looking at our company's core principles and our business development strategy. The two main attributes we evaluate when opportunities arise are the development of brand value and creation of protectible assets. We focus on creating products that resonate with the user and result in brand loyalty. This is an intangible approach that ensures that our business streams develop stand-alone value and do not become commoditized. Secondly, similar to pharmaceuticals, we pursue opportunities whereby the formulation or delivery method are protectible from an intellectual property standpoint. This enables us to protect and monetize our investment for a longer period and ensure that we establish a substantial market share in specific market segments.

**CEOCFO: *How is business?***

**Mr. Nashat:** Although the company was formed over four years ago, business has really picked up over the past twelve months. We have hit

many crucial milestones over the past year including taking TerrAscend public on the CSE and progressing through the Health Canada licensing regime, including receiving our licence to sell dried cannabis in March, 2018. We continue to build a very impressive team that allows specialists to really take ownership over their areas of the business. This has allowed me as a CEO to focus on developing the company's corporate strategy and ensuring that we continuously add value for our shareholders. We are now pursuing more strategic opportunities that will allow us to reach a wider audience in Canada in both the medical and adult-use markets, and we are working towards extending our reach to global markets over in the foreseeable future.

**CEOCFO: *Are doctors by and large onboard with cannabis in Canada?***

**Mr. Nashat:** Doctors' sentiment has definitely evolved for the positive in recent years. Although cannabis is not consumed similar to most other medications prescribed by doctors, the medical community has really begun to look past the stigma and focus on the immense benefits that cannabis can provide patients. When we held our first continuing medical education program in late 2017, we quickly exceeded the forty seats that we had initially planned for and had to expand the event to accommodate up to one hundred doctors. This quickly showed us that doctors are very curious about the science and application of cannabis. Continuing education is one way to ensure doctors have the correct information about cannabis, but more importantly, are comfortable prescribing it to patients that can benefit from it. Things like dosage, when to start, when to stop, and adverse side effects of cannabis are aspects doctors are beginning to understand much better. Terra Health Network has dedicated substantial resources towards educating doctors, providing them scientific data to substantiate the medical use of cannabis and offer them the reassurance that our staff are available to support doctors and patients as needed. Doctors are typically very curious and are eager to learn, not because they see cannabis as a potential therapy, but because they have real patients that come into their office regularly stating that their current medications are ineffective. Doctors want to offer patients alternatives that provide relief without substantial risk of harm or addiction. For certain ailments, by working directly with the medical community, we believe that the tide is beginning to turn and doctors are rightfully viewing cannabis as an effective treatment option more frequently.

**CEOCFO: *What has been the response from the investment community? Do they understand the depth of your approach and what you are accomplishing?***

**Mr. Nashat:** Communicating with our shareholders and the investment community more broadly is of immense importance to us. We need to ensure that investors understand our strategy, have faith in the management team we're assembling and most importantly, believe that we can stand out amongst the competition over the short and long term. We have made a lot of progress over the past year interacting directly with investors. Being located in the Greater Toronto Area has been a great asset for us to provide stakeholders with direct access to our team and facility. There are a lot of cannabis companies competing for limited market share and we believe strongly that if we build an effective operation, those efforts will be reflected in our stock price and liquidity. We are fortunately well capitalized which allows us to focus on building the enterprise rather than operating offsite raising funds. Investors today

are looking to choose which players will both survive the next 24 months, but more than that, will thrive long term. We believe our focus on protectible assets and product distribution will enable us to prosper long term.

**CEOCFO: *What if anything might people miss when they look at TerrAscend?***

**Mr. Nashat:** One of the biggest aspects people overlook when assessing TerrAscend is the skillsets that our management brings forward, but more importantly, the strategic partners and investors we've aligned with. In the initial seed stage of the business, we leveraged our pharma community and attracted dozens of shareholders that add value beyond capital to the company. Subsequently, we completed a large private placement in December 2017 that included investments from JW Asset Management, Canopy Growth Corporation and Canopy Rivers. As a result of this placement, Jason Wild of JW Asset Management has joined our board of directors as its Chairman and TerrAscend has joined Canopy Rivers' Craft Grow program. We believe strongly in the value of aligning with strategic partners that we can work with long term and that add value to TerrAscend in areas where we are deficient. The strategic investors that we've aligned with bring large scale cultivation, access to Bay Street and Wall Street, formulations and product development, global pharmaceutical distribution, among many other aspects that will add long-term value to TerrAscend's shareholders.

