

TerrAscend Reports Second Quarter Net Sales of \$58.7 Million, Adjusted EBITDA¹ of \$24.3 Million and Adjusted EBITDA¹ Margin of 41%

Signs agreements to be the sole cultivator and manufacturer of COOKIES branded products in New Jersey and bring COOKIES corners to TerrAscend's three dispensaries in New Jersey

Unveils location of third New Jersey dispensary in highly trafficked Lodi, which is scheduled to open during the fourth quarter of 2021

Reports cash balance of \$154 million providing strong support for future growth initiatives

Withdraws 2021 guidance due to temporary yield declines in Pennsylvania related to on-going construction and expansion and a decision to allocate more of the Company's branded products to its own stores in New Jersey

NEW YORK and TORONTO, Aug. 19, 2021 /CNW/ - TerrAscend Corp. ("TerrAscend" or the "Company") (CSE: TER) (OTCQX: TRSSF), a leading North American cannabis operator, today reported its financial results for the second quarter period ending June 30, 2021. All amounts are expressed in U.S. dollars unless indicated otherwise and are prepared under International Financial Reporting Standards ("IFRS").

TerrAscend has also announced the signing of an agreement with COOKIES, one of the country's most recognized and highest-grossing lifestyle brands, to bring its products to New Jersey.

Second Quarter 2021 Financial Highlights

(Unless otherwise stated, all results are in U.S. dollars)²

- **Net Sales** increased 72% year over year to \$58.7 million and 10% sequentially.
- **Adjusted Gross Profit Margin³** of 61% compared to 56% in Q2 2020 and 65% in Q1 2021.
- **Adjusted EBITDA** of \$24.3 million compared to \$8.4 million in Q2 2020 and \$22.6 million in Q1 2021.
- **Adjusted EBITDA Margin¹** of 41% compared to 25% in Q2 2020 and 42% in Q1 2021.
- **Cash Flow from Operations** was positive for the third consecutive quarter.
- **Cash balance** of \$154 million at quarter end to support future growth initiatives.

"We are excited to announce our agreement with COOKIES to be the sole cultivator and manufacturer in New Jersey for one of the country's most recognized cannabis brands and the planned opening of 'COOKIES Corners', a store-in-store concept, within each of our three retail locations, subject to certain conditions and regulatory approval. New Jersey is an important market for us and this agreement with COOKIES will enable us to further solidify our leading position as the state is expected to implement adult-use by the end of this year," stated Jason Wild, Executive Chairman of TerrAscend.

Commenting on the Company's financial results and outlook for 2021, Mr. Wild said, "During the second quarter, we continued to deliver year-over-year and sequential revenue growth while maintaining industry-leading Adjusted EBITDA margins above 40%. Due to expansion related yield reduction in Pennsylvania, which I believe to be temporary, and a decision to prioritize allocation of our branded products to our own New Jersey dispensaries, I felt it was appropriate to withdraw

guidance for 2021. Looking ahead, 2022 will be a breakout year as we benefit from investment in cultivation capacity expansions and best-in-class retail experiences. I expect Pennsylvania to show substantial growth benefitting from the current expansion, while in New Jersey we will have our Maplewood, Phillipsburg, and Lodi stores opened along with our 140,000 square foot cultivation and processing facility, which is fully operational and prepared to supply an adult use New Jersey market."

Second Quarter 2021 Operational Highlights

- [Acquired the remaining 90% of KCR](#), doubling dispensary footprint in Pennsylvania to six.
- [Acquired HMS Health, LLC \(HMS\)](#), a cultivator and processor of medical cannabis in Maryland.
- [Opened second New Jersey dispensary in Maplewood](#), the largest Apothecarium on the East Coast.
- [Launched a portfolio of Kind Tree](#) branded products in Maryland.
- Made final earnout payment of \$30 million to Ilera Healthcare in June 2021.

Subsequent Events

- Signed agreement to supply COOKIES licensed product and bring COOKIES Corners to all three Apothecarium dispensaries in New Jersey.
- Decided to undertake a strategic review process to explore, review, and evaluate potential alternatives for its Arise CBD business, focused on maximizing shareholder value.
- Signed definitive agreement to purchase an additional 12.5% of the issued and outstanding equity of TerrAscend NJ from BWH NJ, LLC and Blue Marble Ventures, LLC for total consideration of \$50 million, bringing total ownership to 87.5%. The Company has the option to purchase an additional 6.25% at a pre-determined valuation during the period commencing April 1, 2023, through June 15, 2023.
- Promoted Ryan McWilliams to EVP of the Northeast Region, succeeding Greg Rochlin, who left the Company to pursue other interests, subsequent to the final Ilera earnout payment.
- Jason Marks, the Company's Chief Legal Officer and Head of Corporate Development, decided to leave the Company to return to the life sciences sector.

Financial Summary of Q2 2021 and Comparative Periods

<i>(In millions of U.S. Dollars)</i>	Q2 2020	Q1 2021	Q2 2021	YTD 20	YTD 21
Net Sales	34.2	53.4	58.7	60.1	112.1
QoQ increase	32%	8%	10%		
YoY increase	159%	106%	72%	149%	86%
Gross profit before gain on fair value of biological assets	19.2	34.9	34.7	30.8	69.6
Adjusted Gross profit ^{1,2}	19.2	34.9	35.7	37.2	70.6
% of Net Sales	56%	65%	61%	62%	63%
General & Administrative Expense	11.3	15.8	14.8	22.2	30.6
% of Net Sales	33%	30%	25%	37%	27%
Adjusted EBITDA ¹	8.4	22.6	24.3	12.1	46.9
Adjusted EBITDA % of Net Sales	25%	42%	41%	20%	42%
Cash Flow from Operations	7.2	13.3	3.4	6.4	16.7

1. Adjusted EBITDA and the respective margin and Adjusted Gross Profit and the respective margin are non-IFRS measures. Please see discussion and reconciliation of non-IFRS measures below.

Net Sales increased 72% to \$58.7 million in the second quarter of 2021, as compared to \$34.2 million in the second quarter of 2020. This year over year growth was driven by acquisitions, cultivation capacity expansions in Pennsylvania, New Jersey, and California as well as an increase in the number of dispensaries. Net Sales increased 10% quarter-over-quarter primarily driven by the contribution from acquisitions, the ramp up in New Jersey, growth in Canada, and recovery in California retail, partially offset by lower sales driven by yield declines in Pennsylvania related to ongoing construction and expansion efforts.

Adjusted gross margin, before gain on fair value of biological assets, was 61% in the second quarter

of 2021 compared to 56% in the second quarter of 2020 and 65% in the first quarter of 2021. The 500-basis point improvement year-over-year in adjusted gross margin was due to greater mix of higher margin sales from Pennsylvania and the initial ramp of retail and wholesale operations in New Jersey. The 400 basis points decline sequentially is due to yield declines in Pennsylvania and higher mix of retail relative to branded manufacturing driven by the acquisition of KCR.

SG&A expense, excluding stock-based compensation, was \$14.8 million compared to \$11.3 million in the second quarter 2020. The year over year increase was primarily due to increased salaries and professional fees as well as a one-time legal settlement of \$0.7 million. SG&A as a percent of net sales was 25% in the second quarter of 2021 compared to 33% in the second quarter of 2020 and 30% in the first quarter of 2021. The Company continues to invest in building infrastructure to support growth while continuing to realize improved operating leverage.

Adjusted EBITDA was \$24.3 million in the second quarter of 2021 compared to \$8.4 million in the second quarter of 2020 and \$22.6 million in first quarter 2021. The increase in Adjusted EBITDA was primarily due to operational scale up in its core Northeast Region. The Company continued to expand in the US organically through an increase in production and branded manufacturing capacity in Pennsylvania and New Jersey and store expansions in Pennsylvania, New Jersey, and California. The KCR and HMS acquisitions during Q2 also partially contributed to the growth. Adjusted EBITDA margin in the second quarter of 2021 was 41% compared to 25% in the second quarter of 2020 and 42% in the first quarter of 2021.

Net loss for the second quarter of 2021 was \$23 million, largely impacted by a non-cash loss on fair value of warrants of \$20 million, a non-cash impairment of intangibles of its Arise Bioscience CBD division of \$8.6 million, and an unrealized foreign exchange loss of \$3 million primarily related to USD cash balances held in Canada.

Balance Sheet and Cash Flow

Cash and cash equivalents were \$154 million as of June 30, 2021, compared to \$234 million as of March 31, 2021, which is sufficient to fund planned growth initiatives.

During the quarter, the Company paid \$20 million related to the acquisition of KCR in Pennsylvania, \$22 million related to the acquisition of HMS in Maryland, and \$30 million related to the final earnout payment for Ilera Healthcare in Pennsylvania. Cash from operations was \$3.4 million for the quarter while free cash flow, after \$2.5 million of capex spending, was slightly positive for the quarter. This is the third consecutive quarter in which the Company generated positive free cash flow.

As of August 18, 2021, there were 314 million shares outstanding on a fully diluted basis. Fully diluted shares outstanding include approximately 184 million common shares, 14 million common share equivalent preferred shares, 39 million exchangeable non-voting shares, and 76 million warrants and options. Basic shares outstanding on an as converted basis are approximately 238 million. The warrants and options had a weighted average strike price of C\$5.09 on June 30, 2021.

2021 Outlook

The Company is withdrawing 2021 financial guidance primarily due to:

1. Temporary reduction in yields of quality flower caused by ongoing construction and expansion in Pennsylvania.
2. Decision to increase allocation of the Company's branded products to its own Apothecarium dispensaries in New Jersey. While more profitable in the long run, retail sales take longer to sell through when compared to wholesale sales. When evaluating the potential of the Company's dispensaries in an adult use environment, management believes prioritizing the company's retail channel in a supply constrained market is the best path for building shareholder value.

For the second half of 2021, although the Company has withdrawn its guidance, management expects to continue to deliver strong year-over-year growth in revenue and adjusted EBITDA.

Additional Info

The Company remains on track to become a U.S. filer under U.S. Generally Accepted Accounting Principles (US GAAP) with the United States Securities and Exchange Commission (SEC) by the end of 2021 and is preparing to meet the requirements necessary for its securities to be traded on a national U.S. exchange should such an event become permissible by U.S. law.

Conference Call

TerrAscend will host a conference call today, August 19, 2021, to discuss these results. Jason Wild, Executive Chairman, and Keith Stauffer, Chief Financial Officer will host the call starting at 8:30 a.m. Eastern time. A question-and-answer session will follow management's presentation.

CONFERENCE CALL DETAILS	
DATE	Thursday, August 19 th , 2021
TIME	8:30 a.m. Eastern Time
WEBCAST:	Click to Access
DIAL-IN NUMBER:	1-888-664-6392
CONFERENCE ID:	64034488 (416) 764-8677 or (888) 390-0541
REPLAY:	Available until 12:00 midnight Eastern Time Thursday, September 2 nd , 2021 Replay Code: 034488

Financial results and analyses are available on the Company's website (www.terrascend.com) and SEDAR (www.sedar.com).

The Canadian Securities Exchange ("CSE") has neither approved nor disapproved the contents of this news release. Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

About TerrAscend

TerrAscend is a leading North American cannabis operator with vertically integrated operations in Pennsylvania, New Jersey, and California, licensed cultivation and processing operations in Maryland and licensed production in Canada. TerrAscend operates an award-winning chain of The Apothecarium dispensary retail locations as well as scaled cultivation, processing, and manufacturing facilities on both the East and West coasts. TerrAscend's best-in-class cultivation and manufacturing practices yield consistent, high-quality cannabis, providing industry-leading product selection to both the medical and legal adult-use market. The Company owns several synergistic businesses and brands, including The Apothecarium, Ilera Healthcare, Kind Tree, Prism, State Flower, Valhalla Confections, and Arise Bioscience Inc. For more information, visit www.terrascend.com.

Non-IFRS Measures, Reconciliation and Discussion

Certain financial measures in this news release are non-IFRS measures, including, Adjusted Gross Profit and Adjusted EBITDA. These terms are not defined by IFRS and, therefore, may not be comparable to similar measures provided by other companies. These metrics have no direct comparable IFRS financial measure. 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 IFRS. For more information, please see "Non-IFRS Financial Measures" in the Company's Interim MD&A available on www.sedar.com.

Adjusted Gross Profit and the associated margin are non-IFRS measures which management uses to evaluate the performance of the Company's business as it reflects its ongoing profitability. The Company believes that certain investors and analysts use this measure to evaluate a company's

ability to service debt and to meet other payment obligations or as a common measurement to value companies in certain industries. The Company measures Adjusted Gross Profit as Gross Profit / (loss) less the cost of a one-time inventory impairments. The associated margin is Adjusted Gross Profit as a percentage of Net Sales.

Adjusted EBITDA and the associated margin are non-IFRS measures which management uses to evaluate the performance of the Company's business as it reflects its ongoing profitability. The Company believes that certain investors and analysts use this measure to evaluate a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in certain industries. The Company measures Adjusted EBITDA as EBITDA less unrealized gain on changes in fair value of biological assets and other income plus fair value changes in biological assets included in inventory sold, impairments, restructuring costs, purchase accounting adjustments, transaction costs, share based compensation, revaluation of warrants and derivatives liabilities, unrealized loss on investments or foreign exchange, settlement costs related to contractual disputes, and other one-time non-recurring items. The associated margin is Adjusted EBITDA as a percentage of Net Sales.

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 U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against TerrAscend. The enforcement of federal laws in the United States is 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 information contained 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 future revenue and profits. Forward-looking information is not a guarantee of future performance and is 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 the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company 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 information is 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 information. 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 relating to cannabis operations in the United States; and the risk factors set out in the Company's most recently filed MD&A, filed with the Canadian securities regulators and available under the Company's profile on SEDAR at www.sedar.com.

The statements in this press release are made as of the date of this release. The Company 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.

Financial Outlook

This press release contains a "financial outlook" within the meaning of applicable Canadian securities laws. The financial outlook has been prepared by management of TerrAscend to provide an outlook for full year 2021 and may not be appropriate for any other purpose. The financial outlook has been prepared based on a number of assumptions including the assumptions discussed under the heading "Forward Looking Information" above and the following assumptions: revenue earned in existing retail stores is representative both of revenue that will continue to be earned by such retail stores, as well as of revenue earned in new retail stores; the Company's ability to capitalize on the New Jersey market being generally undersupplied and underdeveloped at the retail and consumer level; the Company's retail locations continuing to be favorably located to take advantage of commuter and other traffic across its footprint; the Company's estimates about the growth in demand for medical cannabis outstripping the aggregate supply in the marketplace in each of its key markets being accurate; the Company's ability to continue to have a diversified customer base and avoid dependence or concentration in any one customer or small group of customers; the Company's Canadian business successfully scaling up its operations to meet customer demand; and, the success of the Company in integrating acquired businesses into its organizational structure and operations, including achieving anticipated economies of scale and revenue projections in connection with such acquisitions. The actual results of the Company's operations for any period will likely vary from the amounts set forth in these projections and such variations may be material. TerrAscend and its management believe that the financial outlook has been prepared on a reasonable basis. However, because this information is highly subjective and subject to numerous risks, including the risks discussed under the heading "Forward Looking Information" above, it should not be relied on as necessarily indicative of future results. Except as required by applicable Canadian securities laws, TerrAscend undertakes no obligation to update the financial outlook. 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).

Unaudited Condensed Interim Consolidated Statements of Financial Position

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

	Notes	At June 30, 2021	At December 31, 2020*	At January 1, 2020*
Assets				
Current Assets				
Cash and cash equivalents		\$ 154,181	\$ 59,226	\$ 9,162
Receivables, net of sales returns and allowances	4	12,673	10,876	5,869
Share subscriptions receivable		878	—	24,463
Note receivable		—	—	4,609
Investments		—	—	358
Biological assets	6	16,109	17,816	4,222
Inventory	7	64,386	34,696	15,723
Prepaid expenses and other assets		5,980	5,165	4,757
		<u>254,207</u>	<u>127,779</u>	<u>69,163</u>
Non-Current Assets				
Investment in associate	5	—	1,379	1,000
Property, plant and equipment	8	144,853	129,735	86,734

Intangible assets and goodwill	9	300,683	199,985	185,670
Indemnification asset	16	4,676	11,500	11,500
Prepaid expenses and other assets		13,921	3,923	695
		<u>464,133</u>	<u>346,522</u>	<u>285,599</u>
Total Assets		\$ 718,340	\$ 474,301	\$ 354,762
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable and accrued liabilities		\$ 24,915	\$ 27,176	\$ 19,256
Deferred revenue		638	638	908
Loans payable	10	9,727	5,734	48,559
Contingent consideration payable	5	10,858	30,966	24,008
Lease liability	12	2,326	1,710	891
Corporate income tax payable	16	25,671	27,739	16,381
		<u>74,135</u>	<u>93,963</u>	<u>110,003</u>
Non-Current Liabilities				
Loans payable	10	184,730	178,804	4,849
Contingent consideration payable	5	1,083	6,590	135,393
Lease liability	12	29,107	22,609	15,070
Warrant liability	22	138,750	132,257	—
Convertible debentures	11	—	4,083	10,682
Deferred income tax liability	16	57,083	27,263	20,774
		<u>410,753</u>	<u>371,606</u>	<u>186,768</u>
Total Liabilities		\$ 484,888	\$ 465,569	\$ 296,771
Shareholders' Equity				
Share capital	13	491,599	242,336	196,978
Contributed surplus	13	75,885	69,205	41,874
Cumulative translation adjustment		1,162	(3,819)	(826)
Deficit		(346,324)	(306,423)	(186,496)
Non-controlling interest	14	11,130	7,433	6,461
Total Shareholders' Equity		233,452	8,732	57,991
Total Liabilities and Shareholders' Equity		\$ 718,340	\$ 474,301	\$ 354,762
Total Number of Common and Proportionate Voting Shares Outstanding	13	184,402,803	155,834,272	141,980,314

*Change in presentation currency (Note 23) Subsequent events (Note 25)

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

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

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

	Notes	For the three months ended		For the six months ended	
		June 30, 2021	June 30, 2020*	June 30, 2021	June 30, 2020*
Sales, gross		\$ 61,977	\$ 36,367	\$ 118,473	\$ 64,510
Excise and cultivation taxes		(3,254)	(2,153)	(6,396)	(4,421)
Sales, net	18	<u>58,723</u>	<u>34,214</u>	<u>112,077</u>	<u>60,089</u>
Cost of sales	7	<u>24,001</u>	<u>14,999</u>	<u>42,425</u>	<u>29,314</u>
Gross profit before gain on fair value of biological assets		<u>34,722</u>	<u>19,215</u>	<u>69,652</u>	<u>30,775</u>
Unrealized gain on changes in fair value of biological assets	6	27,685	16,722	51,208	27,793
Realized fair value amounts included in inventory sold	7	(16,068)	(13,748)	(37,059)	(18,391)
Gross profit		<u>46,339</u>	<u>22,189</u>	<u>83,801</u>	<u>40,177</u>
Operating expenses:					
General and administrative	17	14,818	11,345	30,580	22,201
Share-based payments	13	6,230	2,484	10,414	4,581
Amortization and depreciation	8, 9	2,386	2,299	4,659	3,517
Research and development		—	121	—	275
Total operating expenses		<u>23,434</u>	<u>16,249</u>	<u>45,653</u>	<u>30,574</u>
Income from operations		<u>22,905</u>	<u>5,940</u>	<u>38,148</u>	<u>9,603</u>

Revaluation of contingent consideration	5, 22	(7)	4,475	2,990	8,620
Finance and other expenses	10,11,12,16	9,987	2,266	17,233	4,723
Transaction and restructuring costs		432	1,266	432	1,694
Unrealized (gain) loss on investments	5	(5,964)	(102)	(6,192)	244
Impairment of goodwill	9	5,007	—	5,007	—
Impairment of intangible assets	9	3,633	390	3,633	734
Loss on fair value of warrants	22	19,891	—	25,301	—
Unrealized foreign exchange loss		3,055	37	5,838	77
Loss before income taxes		(13,129)	(2,392)	(16,094)	(6,489)
Current income tax expense	16	6,876	7,113	16,088	11,474
Deferred income tax expense	16	3,120	320	3,691	2,173
Net loss		\$ (23,125)	\$ (9,825)	\$ (35,873)	\$ (20,136)
<i>Items that will be subsequently reclassified to profit or loss:</i>					
Currency translation adjustment		(3,020)	156	(4,981)	2,009
Comprehensive loss		\$ (20,105)	\$ (9,981)	\$ (30,892)	\$ (22,145)
Net loss (income) attributable to:					
Shareholders of the Company		(25,939)	(9,177)	(39,954)	(18,999)
Non-controlling interests		2,814	(648)	4,081	(1,137)
Comprehensive loss (income) attributable to:					
Shareholders of the Company		(22,919)	(9,333)	(34,973)	(21,008)
Non-controlling interests		2,814	(648)	4,081	(1,137)
Net loss per share, basic and diluted					
Net loss per share – basic and diluted		\$ (0.14)	\$ (0.06)	\$ (0.23)	\$ (0.13)
Weighted average number of outstanding common and proportionate voting shares		182,369,839	149,031,066	176,901,119	147,750,133

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

Unaudited Condensed Interim Consolidated Statements of Cash Flow

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

	Notes	For the six months ended	
		June 30, 2021	June 30, 2020*
Operating activities			
Net loss		\$ (35,873)	\$ (20,136)
Add (deduct) items not involving cash			
Unrealized gain on changes in fair value of biological assets	6	(51,208)	(27,793)
Realized fair value amounts included in inventory sold	7	37,059	18,391
Non-cash write downs of inventory	7	699	3,258
Accretion, accrued interest and loan forgiveness	10	14,341	4,670
Depreciation of property, plant and equipment	8	4,723	2,676
Amortization of intangible assets	9	3,394	3,034
Share-based payments	13	10,414	4,845
Current income tax expense	16	16,088	11,474
Deferred income tax expense	16	3,691	2,173
Loss on fair value of warrants	22	25,301	—
Unrealized loss (gain) on investments		(6,192)	244
Revaluation of contingent consideration	5	2,990	8,620
Impairment of intangible assets	9	3,633	734
Impairment of goodwill	9	5,007	—
Release of indemnification asset	16	3,796	—
Forgiveness of loan principal and interest		(766)	—
Unrealized foreign exchange loss		5,838	—
Changes in working capital items	20	(9,843)	(5,800)
Income taxes paid	16	(16,381)	—
Cash inflow from operating activities		16,711	6,390
Financing activities			
Proceeds from warrants exercised	13	10,536	—
Proceeds from options exercised	13	2,385	86
Proceeds from loan	10	766	65,769
Return of capital to non-controlling interests	14	(384)	175

Loan principal and interest paid	10	(13,292)	(56,111)
Proceeds from private placement, net of share issuance costs	13	173,477	70,696
Lease payments	12	(1,884)	(1,367)
Cash inflow from financing activities		171,604	79,248
Investing activities			
Investment in property, plant and equipment	8	(10,856)	(17,943)
Investment in intangible assets	9	(40)	(784)
Principal and interest payments received on lease receivable		359	28
Distribution of earnings to associates		469	—
Deposits for property, plant and equipment		(10,583)	—
Payments of contingent consideration	5	(29,668)	(20,666)
Cash portion of consideration paid on acquisition of KCR	5	(20,337)	—
Cash portion of consideration paid on acquisition of HMS	5	(22,399)	—
Cash received on acquisition of State Flower		—	739
Cash outflow from investing activities		(93,055)	(38,626)
Increase (decrease) in cash and cash equivalents during the period		95,260	47,012
Net effects of foreign exchange		(305)	(1,300)
Cash and cash equivalents, beginning of period		59,226	9,162
Cash and cash equivalents, end of period		\$ 154,181	\$ 54,874

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

SOURCE TerrAscend

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