TERRASCEND

TERRASCEND CORP.
MANAGEMENT DISCUSSION & ANALYSIS
Amounts in thousands of United States dollars, except for per share amounts
March 31, 2021

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") relates to the performance, financial condition and future prospects of TerrAscend Corp. ("TerrAscend", or the "Company") and should be read in conjunction with the Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2021 and 2020 (the "Quarterly Financial Statements"), as well as the Audited Consolidated Financial Statements for the years ended December 31, 2020 and 2019 (the "Annual Financial Statements") including the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). References in this MD&A to TerrAscend or the Company include its subsidiaries, as the context requires. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. This discussion addresses matters the Company considers important for an understanding of its financial condition and results of operations as of March 31, 2021 and for the three months ended March 31, 2020. Readers are encouraged to read the Company's public filings with Canadian securities regulators which can be accessed and viewed via the System for Electronic Data Analysis and Retrieval (SEDAR) at www.sedar.com.

This MD&A was approved by the Board of Directors of TerrAscend on May 18, 2021 and reflects all material events up to that date.

Other than per share, per unit or per warrant amounts, all dollar amounts in this MD&A are in thousands of United States dollars unless otherwise stated. On March 31, 2021, the Company changed its presentation currency from the CAD to the USD to better reflect the Company's business activities (refer to Note 23 of the Unaudited Condensed Interim Consolidated Financial Statements of the Company for and as of the three months ended March 31, 2021 for further discussion). The Company applied the change retrospectively as if the new presentation currency has always been the Company's presentation currency.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe", "anticipate", "estimate", "plan", "expect", "intend", "may", "project", "will", "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management.

The forward-looking statements contained herein are based on certain key expectations and assumptions, relating to:

- the ability of the Company to generate cash flow from operations and obtain necessary financing on acceptable terms, and the use of net proceeds from private placements;
- the Company's expectations regarding its consolidated sales, expenses and operations;
- the Company's plans for developing its business and its operations;
- expectations with respect to future production costs and capacity;
- the general economic, financial market, regulatory and political conditions in which the Company operates;
- consumer interest in the Company's products;
- the timely receipt of any required regulatory approvals for the conduct of the Company's businesses from the applicable authorities;
- competition;
- the ability of the Company to obtain qualified staff, equipment and services in a timely and cost-efficient manner; and
- the ability of the Company to conduct operations in a safe, efficient and effective manner.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements.

Certain information of the forward-looking statements and forward-looking information and other information contained in this MD&A concerning the Company's industry and the markets in which it operates is based on estimates prepared by the Company 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 this industry which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any data presented herein, the medical and recreational cannabis industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information (see "Risk Factors" in this MD&A). Given these risks, uncertainties and assumptions, the reader should not place undue reliance on any forward-looking statements or information. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors.

SUMMARY OF FINANCIAL PERFORMANCE

The following table summarizes results of operations for the three months ended March 31, 2021 and 2020. See "Results From Operations" for additional details.

	For the three months ended		
	March 31, 2021	**December 31, 2020**	**March 31, 2020***
Sales, net	**$ 53,354**	**$** 49,616	$ 25,875
Gross profit before gain on fair value of biological assets	**34,930**	27,450	11,560
Gross margin before gain on fair value of biological assets	*65%*	*55%*	*45%*
Gross profit	**37,462**	42,205	17,988
General & administrative expenses	**15,762**	11,560	10,856
General & administrative expenses as a % of net sales	**30%**	23%	42%
Net loss	**(12,748)**	(87,781)	(10,311)
Other data: (1)			
EBITDA	**$ 7,106**	(72,707)	$ 1,338
Adjusted EBITDA	**$ 22,560**	19,599	$ 3,714
Adjusted EBITDA margin	*42%*	*40%*	*14%*

**Change in presentation currency*; refer to Note 23 the Unaudited Condensed Interim Consolidated Financial Statements of the Company for and as of the three months ended March 31, 2021 for further discussion.

(1) EBITDA and Adjusted EBITDA are non-IFRS financial measures. See "Non-IFRS Financial Measures" for a description of these measures and a reconciliation to the nearest IFRS measure.

First Quarter 2021 Financial Highlights

- For the three months ended March 31, 2021, TerrAscend generated net sales of $53,354, compared to $49,616 in the fourth quarter of 2020, an increase of 8%, and compared to $25,875 for the three months ended March 31, 2020, an increase of 106%. Refer to Results from Operations section for further details regarding the drivers of the changes.
- For the three months ended March 31, 2021, EBITDA was $7,106 compared with $(72,707) for the three months ended December 31, 2020 and $1,338 for the three months ended March 31, 2020. Refer to Results from Operations section for further details regarding the drivers of the changes.
- For the three months ended March 31, 2021, adjusted EBITDA was $22,560, compared to $19,599 in the three months ended December 31, 2020 and compared to $3,714 for the three months ended March 31, 2020. For the three months ended March 31, 2021, adjusted EBITDA margin was 42%, compared to 40% for the three months ended December 31, 2020 and compared to 14% for the three months ended March 31, 2020. Refer to Results from Operations section for further details regarding the drivers of the changes.

BUSINESS OVERVIEW

TerrAscend is a leading North American cannabis operator with vertically integrated operations in Pennsylvania, New Jersey, and California, in addition to operating as a licensed producer in Canada. TerrAscend operates an award-winning chain of Apothecarium dispensary retail locations, as well as scaled cultivation, processing, and manufacturing facilities on both the East and West coasts of the United States. 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.

TerrAscend's portfolio of operating businesses and brands include:

- Ilera Healthcare ("Ilera"), a vertically integrated cannabis cultivator, processor and dispensary operator in Pennsylvania;
- TerrAscend NJ LLC ("TerrAscend NJ"), a majority owned subsidiary that holds a permit to operate up to three alternative treatment centers in New Jersey with the ability to cultivate and process;
- The Apothecarium ("Apothecarium"), consisting of Architectural Digest award-winning retail dispensaries in California, Pennsylvania and New Jersey;
- Valhalla Confections ("Valhalla"), a leading provider of premium edible products;
- State Flower, a California-based cannabis producer operating a licensed cultivation facility in San Francisco, California;
- Arise Bioscience ("Arise"), a manufacturer and distributor of hemp-derived products, located in Boca Raton, Florida; and
- TerrAscend Canada Inc. ("TerrAscend Canada"), a Licensed Producer (as such term is defined in the Cannabis Act) of cannabis, with its current principal business activities including processing and sale of cannabis flower and oil products in Canada.

The Company is listed on the Canadian Stock Exchange (the "CSE"), having the ticker symbol TER and effective October 22, 2018, the Company began trading on OTCQX under the ticker symbol TRSSF. The Company's registered office is located at PO Box 43125, Mississauga, Ontario, Canada, L5C 1W2.

Ilera Healthcare

Ilera is one of the initial five permitted vertically integrated cannabis cultivator, processor, and dispensary operators in the State of Pennsylvania. The grower/processor operation began as a 67,000 sq. ft. site in Waterfall, PA in January 2018. In Q1 2020, it tripled its capacity, now spanning an approximate 150,000 sq. ft. footprint including a double-stack indoor grow and one of the largest branded manufacturers in the market. Ilera distributes its broad product line, which includes dried flower, vaporizables, concentrates, tinctures, and topicals to all dispensaries throughout Pennsylvania.

In addition, Ilera operates three Apothecarium-branded retail dispensaries, one in Plymouth Meeting, PA opened in March 2018, a second in Lancaster, PA opened in April 2020, with a third dispensary in Thorndale, PA opened in July 2020. Ilera's dispensaries offer a variety of products and formats, produced by Ilera and other manufacturers, to ensure its pharmacists and wellness associates can provide an appropriate product to meet a particular patient's needs. In April 2020, to mitigate patient and caregiver concerns during the COVID crisis, Ilera implemented a smooth-running curbside service at its dispensaries to promote social distancing, which has led to increased patient usage of the on-line ordering and drive-through service with approximately one-half of patients now using this service since inception.

On September 16, 2019, the Company through a wholly owned subsidiary, WDB Holding PA, Inc. acquired Ilera pursuant to a Securities Purchase and Exchange Agreement (the "Ilera Purchase Agreement"). The Company acquired the following group of entities.

- Ilera Healthcare LLC, Ilera Dispensing LLC, IHC Real Estate GP, LLC, Ilera Security LLC, 235 Main Mercersburg LLC, and Ilera InvestCo I LLC – 100%;
- IHC Real Estate LP – 50%; and

- Guadco LLC and KCR Holdings LLC – 10%

TerrAscend acquired 100% of the equity of Ilera for total consideration between $125,000-$225,000, paid in a combination of cash and TerrAscend shares. At closing, TerrAscend paid to the sellers $25,000 in cash, subject to customary closing adjustments, an additional $25,000 worth of proportionate voting shares in the equity of TerrAscend equivalent to approximately 5,059.102 proportionate voting shares (which are each exchangeable for 1,000 TerrAscend common shares), and $601 in working capital adjustments. Additional cash consideration of $75,000 to $175,000 in aggregate may be paid to the sellers based on Ilera achieving certain specified sales and profitability targets, with staged payments being made in 2020 and 2021. The fair value of the contingent consideration at acquisition was $108,931.

The contingent consideration was calculated based on fiscal year 2019 and 2020 performance. As of March 31, 2021, the final earnout has been calculated and remaining fair value amount of $28,785 will be paid by the due date of June 30, 2021 for a total consideration of $225,000.

New Jersey

In December 2018, TerrAscend NJ was awarded a permit by the New Jersey Department of Health ("NJ DOH") for a vertically integrated license to cultivate, process and dispense medical cannabis in its north region. TerrAscend NJ is a majority-owned subsidiary of TerrAscend, whose minority partners are BWH NJ, LLC and Blue Marble Ventures, LLC. TerrAscend NJ owns a 16-acre site in Boonton Township, Morris County. The Company has completed construction of its cultivation and manufacturing facility for a total current footprint of approximately 140,000 sq. ft. The Company has the ability to further increase the Boonton facility to 240,000 sq. ft. The Company holds a permit to operate as an alternative treatment center in New Jersey. Under New Jersey law, alternative treatment centers are able to cultivate and process cannabis, and are able to operate up to three dispensaries. The Company has been issued a permit to process cannabis by the NJ DOH which allows the Company to engage in the extraction, processing and manufacturing of a wide range of branded form factors including, vaporizables, concentrates, topicals, tinctures and edibles and currently operates an Apothecarium-branded alternative treatment center in Phillipsburg, NJ. The Company plans to open two additional alternative treatment centers during the second and third quarters of 2021.

The Apothecarium, Valhalla and State Flower

The Apothecarium is a group of licensed, full-service dispensaries in Northern California that provide quality cannabis to both medical patients and adult-use customers. The dispensaries are known for emphasizing education and customer service for seniors, first-time dispensary visitors, and patients with serious medical conditions. The focus is on providing guests with in-depth, one-on-one consultations from highly trained cannabis consultants. The Apothecarium also provides free cannabis education events that are open to the public. Guests may purchase their cannabis in the dispensaries or order online for pickup.

The Apothecarium currently operates three dispensaries in San Francisco, California. The flagship dispensary located in the Castro district of San Francisco was named the best-designed dispensary in the country by Architectural Digest. Additionally, the Company owns a fourth California dispensary in Berkeley and a fifth in Capitola.

Valhalla is a premier manufacturer of select cannabis-infused artisan edibles that are gluten free, and made with ingredients free of chemically formulated fertilizers, growth stimulants, antibiotics, or pesticides, all while maintaining eco-friendly practices.

On June 6, 2019, a wholly owned subsidiary of TerrAscend, WDB Holdings CA ("WDB CA"), acquired 49.9%, which comprises 100% of the common shares, of the following group of entities. The assets included three entities operating the San Francisco locations of The Apothecarium, two additional retail locations, and Valhalla.

- RHMT, LLC, Deep Thought, LLC, and Howard Street Partners, LLC. (collectively the "SF Entities")- 49.9%; and
- BTHHM Berkeley, LLC, PNB Noriega, LLC, and V Products, LLC-100%
- As consideration, TerrAscend paid $71,752, comprising $36,837 in cash, $1,046 in the form of a working capital adjustment, contingent consideration of $3,028 and 6,700 proportionate voting shares of TerrAscend.

The fair value of the share consideration at June 6, 2019 was $30,841. The contingent consideration is the expected consideration payable to acquire the remaining 50.1% of the SF Entities, which comprises 100% of its preferred shares, subject to regulatory approval.

On January 23, 2020, the Company, through WDB CA, acquired ABI SF LLC (“State Flower”), which operates a California cannabis cultivation facility and the State Flower brand. As consideration, the Company converted its previously issued note receivable and accrued interest in the amount of $3,032 into a 49.9% equity interest in State Flower. The Company also recorded contingent consideration payable of $6,630, representing the expected consideration payable to acquire the remaining 50.1% of State Flower, which comprises 100% of its preferred shares, subject to regulatory approval. Effective with the conversion of its note into equity interest, the Company controls the appointment of three out of five seats on the board of directors and controls strategic and financial operations of State Flower.

TerrAscend has agreed to continue licensing The Apothecarium, State Flower and Valhalla names and related intellectual property to Gravitas Nevada Ltd. and its related operations in Nevada. Gravitas Nevada Ltd. is a vertically-integrated business engaged in the cultivation, processing, packaging and dispensing of cannabis and cannabis related products in Nevada.

Arise

Arise is a wholly owned subsidiary incorporated in the state of Delaware. On January 15, 2019, Arise completed the acquisition of substantially all of the assets from Grander Distribution, LLC ("Grander") and is an industry leader in the production and distribution of innovative hemp-derived wellness products. Arise’s whole-plant hemp extract products are made in the US and are available for sale in retail locations nationwide.

As consideration, the Company paid $12,661, comprising $6,500 in cash, $504 in the form of a working capital adjustment and 1,362,343 common shares of TerrAscend. The fair value of the common shares was $5,072 at January 15, 2019.

TerrAscend Canada

TerrAscend Canada is a Licensed Producer (as such term is defined in the Cannabis Act) of cannabis in Canada, and its current principal business activities include the sale of recreational cannabis to the provincial cannabis retailers.

TerrAscend Canada operates out of a 67,300 square foot facility (the “Facility” located in Mississauga, Ontario and is licensed to cultivate, process and sell cannabis for medical and non-medical purposes. These licenses allow for sales of dried cannabis, cannabis oil and extracts, topicals, and edibles.

TerrAscend Canada sells products nationally under the Haven Street and Legend brands in the dried flower, vapes, and edibles categories.

A strategic decision was made to cease the growing and cultivation of cannabis in Canada in order to focus on more profitable distribution opportunities. The final harvest from its manufacturing facility occurred in September 2020. On November 18, 2020, TerrAscend Canada was issued a research license to possess cannabis for the purposes of research.

RESULTS FROM OPERATIONS

Three months ended March 31, 2021 as compared to the three months ended March 31, 2020

	Notes	For the three months ended March 31, 2021	March 31, 2020*
Sales, gross		**$ 56,496**	$ 28,143
Excise and cultivation taxes		**(3,142)**	(2,268)
Sales, net	18	**53,354**	25,875
Cost of sales	7	**18,424**	14,315
Gross profit before gain on fair value of biological assets		**34,930**	11,560
Unrealized gain on changes in fair value of biological assets	6	**23,523**	11,071
Realized fair value amounts included in inventory sold	7	**(20,991)**	(4,643)
Gross profit		**37,462**	17,988
Operating expenses:			
General and administrative	17	**15,762**	10,856
Share-based payments	13	**4,184**	2,097
Amortization and depreciation	8, 9	**2,273**	1,218
Research and development		**—**	154
Total operating expenses		**22,219**	14,325
Income from operations		**15,243**	3,663
Revaluation of contingent consideration	5, 22	**2,997**	4,145
Finance and other expenses	10, 11, 12	**7,246**	2,457
Transaction and restructuring costs		**—**	428
Unrealized (gain) loss on investments		**(228)**	346
Impairment of intangible assets	9	**—**	344
Loss on fair value of warrants	22	**5,410**	—
Unrealized foreign exchange loss		**2,783**	40
Loss before income taxes		**(2,965)**	(4,097)
Current income tax expense (recovery)	16	**9,212**	4,361
Deferred income tax (recovery) expense	16	**571**	1,853
Net loss		**$ (12,748)**	$ (10,311)
Items that will be subsequently reclassified to profit or loss:			
Currency translation adjustment		**(1,961)**	1,853
Comprehensive loss		**$ (10,787)**	$ (12,164)
Net loss (income) attributable to:			
Shareholders of the Company		**(14,015)**	(9,822)
Non-controlling interests		**1,267**	(489)
Comprehensive loss (income) attributable to:			
Shareholders of the Company		**(12,054)**	(11,675)
Non-controlling interests		**1,267**	(489)
Net loss per share, basic and diluted			
Net loss per share – basic and diluted		**$ (0.08)**	$ (0.07)
Weighted average number of outstanding common and proportionate voting shares		**171,371,637**	146,469,201

Sales, net of excise and cultivation taxes

For the three months ended March 31, 2021, the Company generated sales, net of excise and cultivation taxes of $53,354 compared to $25,875 for the three months ended March 31, 2020. The increase was primarily due to an increase in production and branded manufacturing capacity in Pennsylvania and California, as well as the initial ramp up in New Jersey. Retail dispensaries across Pennsylvania, California and New Jersey, increased from four in the first quarter of 2020 to nine during the first quarter of 2021.

Cost of sales

The cost of sales for the three months ended March 31, 2021 and three months ended March 31, 2020 are presented in the tables below:

For the three months ended	March 31, 2021 $	March 31, 2020* $
Cost of goods sold	**18,424**	12,952
Impairment of inventory	**—**	1,363
Cost of sales	**18,424**	14,315
Cost of sales before changes in biological assets as percentage of net sales	**35%**	55%
Unrealized gain on changes in fair value of biological assets	**(23,523)**	(11,071)
Realized loss on changes in fair value of biological assets	**20,991**	4,643
Cost of Sales after changes in biological assets	**15,892**	7,887
Cost of sales after changes in biological assets as percentage of net sales	**30%**	30%

The improvement in the ratio of cost of sales relative to net sales is a result of the Company becoming more cost efficient throughout its production process. The Company recorded impairment of inventory of $nil during the three months ended March 31, 2021 and $1,363 during the three months ended March 31, 2020. The impairment in the prior year was due to the carrying value of inventory exceeding the estimated net realizable value of inventory held in Canada.

Fair value gains are sensitive to changes in the Company's average selling price and other changes in the Company's valuation estimates which include, but are not limited to, remaining costs to complete, the allocation rate and method of production costs, the stage of plant growth and cycles and expected yields. Any changes in underlying estimates and assumptions used to determine fair value gains on the transformation of biological assets could have a positive impact on expected gains.

General and administrative expense

General and Administrative ("G&A") expenses of $15,762 for the three months ended March 31, 2021 increased by $4,906 compared to $10,856 for the same period last year. The increase in G&A expenses was primarily due to increased professional fees and salaries and wages associated with its US operations. In addition, the Company paid $1,381 in one-time legal settlements during the three months ended March 31, 2021.

Share-based payments

Share-based payments expense was $4,184 for the three months ended March 31, 2021 compared to $2,097 for the same period last year. The increase was primarily due to the greater number of options granted during the second and third quarters of 2020, resulting in higher expense during the three months ended March 31, 2021 as compared to the three months ended March 31, 2020.

Amortization and depreciation expense

Amortization and depreciation expense were $2,273 for the three months ended March 31, 2021 compared to $1,218 for the same period last year. The increase in amortization and depreciation expenses is primarily related to additions of property, plant, and equipment due to the Company's cultivation expansion and increase in dispensaries.

Revaluation of contingent considerations

Revaluation of contingent consideration was $2,997 for the three months ended March 31, 2021 compared to $4,145 for the same period last year. The revaluation was related to the accretion of the contingent consideration payable for Ilera and State Flower which were recorded at the present value of future payments upon initial recognition, adjusted for payments made.

Finance and other expenses

Finance expense for the three months ended March 31, 2021 totaled $7,246 compared to $2,457 for the comparable period last year. Finance expense in the current period increased primarily due to the Ilera Term Loan issued in Q4 2020. During the current period, finance expense is partially offset by $766 of other income related to the forgiveness of the Company's Paycheck Protection Program (PPP) loan received by the Company's Arise business. The finance expense in the prior year period was primarily related to borrowings on the $75,000 credit facility with JW Asset Management LLC, as well as the Canopy Growth financing received in Q1 2020.

Transaction and restructuring costs

Transaction and restructuring costs for the three months ended March 31, 2021 totaled $nil compared to $428 for the comparable period last year. The transaction and restructuring costs in the prior year period are primarily personnel related reorganization and severance costs.

Unrealized (gain) loss on investments

For the three months ended March 31, 2021, the Company recorded unrealized gain on investments of $228 compared to a loss of $346 in the same period for 2020. The unrealized gain in the current period relates to the equity income pick up from the Company's 10% investment in Guadco LLC and KCR Holdings LLC.

Impairment of intangible assets

The Company recorded impairment of intangible assets of $nil for the three months ended March 31, 2021 as compared to $344 in the same period for 2020. The impairment recorded in the three months ended March 31, 2020 related to the write-off of a distribution agreement at the Company's Arise business during Q1 2020.

Loss on fair value of warrants

For the three months ended March 31, 2021, the preferred share derivative liability and warrant liability have been remeasured to fair value at March 31, 2021 using the Black Scholes model. In addition, warrants were exercised during the quarter. The combined impact resulted in a loss on fair value of warrants of $5,410 for the three months ended March 31, 2021.

Unrealized foreign exchange loss

For the three months ended March 31, 2021, the Company recorded foreign exchange loss of $2,783 compared to a loss of $40 for the same period last year. The exchange loss in the current period is a result of the revaluation of the cash received as a result of the January 2021 private placement as it was denominated in USD. The loss in the prior period is a result of foreign currency transactions in the normal course of operations.

Current and deferred income tax expense

For the three months ended March 31, 2021, the Company recorded current income tax expense of $9,212 and deferred income tax expense of $571, respectively. For the comparable period last year, the Company recorded a current income tax expense of $4,361 and deferred income tax expense of $1,853. The increase in tax expense is related to operational scale up. The deferred income tax expense during the current period primarily relates to temporary differences resulting from unrealized gain on biological assets and the recording of a deferred tax expense related to convertible debt.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth information regarding TerrAscend's Consolidated Financial Statements including sales, net of excise and cultivation taxes, loss from operations and other information for the periods presented, which were prepared in accordance with IFRS and should be read in conjunction with the corresponding audited annual consolidated financial statements and related notes.

	Q1 2021 $	Q4 2020 $	Q3 2020 $	Q2 2020 $	Q1 2020 $	Q4 2019 $	Q3 2019 $	Q2 2019 $
Sales, gross	56,496	52,980	40,416	36,367	28,143	21,918	21,956	14,238
Excise taxes	(3,142)	(3,364)	(2,288)	(2,153)	(2,268)	(2,351)	(1,677)	(1,143)
Sales, net	53,354	49,616	38,128	34,214	25,875	19,567	20,279	13,095
Cost of sales	18,424	22,166	15,659	14,999	14,315	22,812	16,674	11,996
Gross profit (loss) before gain on fair value of biological assets	34,930	27,450	22,469	19,215	11,560	(3,245)	3,605	1,099
Unrealized gain on changes in fair value of biological assets	23,523	34,547	18,885	16,722	11,071	1,325	1,733	758
Realized loss on changes in fair value of biological assets	(20,991)	(19,792)	(15,505)	(13,748)	(4,643)	(199)	(67)	(270)
Gross profit (loss)	**37,462**	**42,205**	**25,849**	**22,189**	**17,988**	**(2,119)**	**5,271**	**1,587**
Operating expenses:								
General and administrative expense	15,762	11,560	10,324	11,345	10,856	9,288	11,052	10,734
Share-based payments	4,184	4,309	3,129	2,484	2,097	5	5,470	1,834
Amortization and depreciation	2,273	1,943	1,912	2,299	1,218	150	2,511	931
Research & development	—	25	17	121	154	175	161	141
Total operating expenses	**22,219**	**17,837**	**15,382**	**16,249**	**14,325**	**9,618**	**19,194**	**13,640**
Income (loss) from operations	**15,243**	**24,368**	**10,467**	**5,940**	**3,663**	**(11,737)**	**(13,923)**	**(12,053)**
Impairment of goodwill	—	—	—	—	—	50,162	—	—
Revaluation of contingent consideration	2,997	4,042	6,047	4,475	4,145	46,857	—	—
Finance and other expense	7,246	3,303	2,476	2,266	2,457	1,147	1,590	999
Transaction and restructuring costs	—	83	195	1,266	428	8,444	—	—
Unrealized (gain) loss on investments	(228)	(126)	(304)	(102)	346	2,070	185	1,478
(Reversal of) Impairment of intangible assets	—	(2,902)	5	390	344	3,266	—	43
Unrealized loss (gain) on note receivable	—	—	—	—	—	1,344	(91)	—
Loss on fair value of warrants	5,410	98,470	17,833	—	—	—	—	—
Realized gain on investments	—	—	—	—	—	(1,061)	—	—
Impairment of property, plant and equipment	—	862	—	—	—	1,746	—	—
Unrealized foreign exchange loss	2,783	72	31	35	40	212	24	46
Loss before income taxes	**(2,965)**	**(79,436)**	**(15,816)**	**(2,390)**	**(4,097)**	**(125,924)**	**(15,631)**	**(14,619)**
Current income tax expense (recovery)	9,212	9,113	2,122	7,113	4,361	3,675	(703)	29
Deferred income tax expense (recovery)	571	(768)	(3,336)	320	1,853	602	(1,778)	(311)
Net loss	**(12,748)**	**(87,781)**	**(14,602)**	**(9,823)**	**(10,311)**	**(130,201)**	**(13,150)**	**(14,337)**
Currency translation adjustment	(1,961)	894	90	156	1,853	(1,664)	(168)	(183)
Comprehensive loss	**(10,787)**	**(88,675)**	**(14,692)**	**(9,979)**	**(12,164)**	**(128,537)**	**(12,982)**	**(14,154)**
Net loss attributable to:								
Shareholders of the Company	(14,015)	(89,973)	(14,125)	(9,175)	(9,822)	(128,412)	(12,925)	(13,993)
Non-controlling interests	1,267	2,192	(477)	(648)	(489)	(1,789)	(225)	(344)
Comprehensive loss attributable to:								
Shareholders of the Company	(12,054)	(90,867)	(14,215)	(9,331)	(11,675)	(126,748)	(12,757)	(13,810)
Non-controlling interests	1,267	2,192	(477)	(648)	(489)	(1,789)	(225)	(344)

NON-IFRS FINANCIAL MEASURES

Management uses certain non-IFRS measures to evaluate the performance of the Company's business as it reflects its ongoing profitability. Non-IFRS measures used by management do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company believes that certain investors and analysts use these measures to evaluate a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in the industry. Such metrics are 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.

The Company calculates 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 and other one-time non-recurring items. The Company believes these definitions are suited to measure the Company's ability to service debt and to meet other payment obligations.

The table below reconciles net loss to EBITDA and Adjusted EBITDA for the three months ended March 31, 2021 and March 31, 2020:

		For the three months ended	
Summary of Quarterly EBITDA and Adjusted EBITDA	**Notes**	**March 31, 2021**	**March 31, 2020***
Net loss		**(12,748)**	(10,311)
Add (deduct) the impact of:			
Current income tax expense		**9,212**	4,361
Deferred income tax (recovery) expense		**571**	1,853
Finance expense		**6,087**	2,534
Amortization and depreciation		**3,984**	2,901
EBITDA	(a)	**7,106**	1,338
Add (deduct) the impact of:			
Unrealized gain on changes in fair value of biological assets	(b)	**(23,523)**	(11,071)
Realized loss on changes in fair value of biological assets	(c)	**20,991**	4,643
Revaluation of contingent consideration	(d)	**2,997**	4,145
Share-based payments	(e)	**4,184**	2,314
Non-cash write downs of inventory	(f)	**—**	1,418
Restructuring costs	(g)	**—**	389
Unrealized (gain) loss on investments and investments in associates	(h)	**(228)**	346
Impairment of intangible assets	(i)	**—**	344
Relief of fair value of inventory upon acquisition	(j)	**—**	(230)
Transaction costs	(k)	**262**	39
Legal settlements	(l)	**1,381**	—
Unrealized foreign exchange loss	(m)	**2,783**	40
Indemnification asset release	(n)	**1,197**	—
Loss on fair value of warrants	(o)	**5,410**	—
Adjusted EBITDA		**22,560**	3,715

(a) EBITDA is a non-IFRS measure and is calculated as earnings before interest, tax, depreciation and amortization.
(b) Represents fair value changes of biological assets based on the average stage of growth of plants compared to expected growth period of plants from planting to harvesting.
(c) Represents the portion of inventory harvested and sold in the period that is related to the changes in fair value of biological assets.
(d) Represents the loss on period end revaluation of the Company's contingent consideration liabilities.
(e) Represents non-cash share-based compensation expense.
(f) Represents inventory write downs outside the normal course of operations.

(g) Represents costs associated with severance and winding down of business units.
(h) Represents unrealized loss and gains on fair value changes on strategic investments and note receivables held.
(i) Represents impairment charges taken on the Company's intangible assets
(j) In connection with the Company’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 the Company would have recognized if the inventory was sold through at cost. The write-up or write-down of acquired inventory represents the incremental cost of sales that were recorded as a result of purchase accounting.
(k) In connection with the Company’s acquisitions, the Company incurred expenses related to professional fees, consulting, legal and accounting that would otherwise not have been incurred. These fees are not indicative of the Company’s ongoing costs and are expected to be incurred only as additional acquisitions are completed.
(l) Represents one-time legal settlement charges.
(m) Represents the unrealized loss resulting from foreign currency transactions.
(n) Represents indemnification asset release. Refer to Note 16 *Income Taxes* of the Unaudited Condensed Interim Consolidated Financial Statements of the Company as of and for the three months ended March 31, 2021 and 2020.
(o) Represents the loss on fair value of warrants, including effects of the foreign exchange of the US denominated preferred shares and preferred share warrants.

The increase in Adjusted EBITDA was primarily due to operational scale up. 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.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated		**March 31, 2021**		**December 31, 2020***
Cash and cash equivalents and restricted cash	$	**234,237**	$	59,226
Current assets		**308,052**		127,779
Non-current assets		**355,024**		346,522
Current liabilities		**101,553**		93,963
Non-current liabilities		**355,766**		371,606
Working capital		**206,499**		33,816
Total shareholders′ equity		**205,757**		8,732

At March 31, 2021, TerrAscend had cash and cash equivalents of $234,237, which is sufficient to fund the Company’s ongoing operations. Any additional future requirements will be funded through the following sources of capital:

i) Cash from ongoing operations;
ii) Market offering – the Company has the ability to offer equity in the market for significant potential proceeds to a large investor base, as evidenced by oversubscriptions on previous recent private placements;
iii) Debt- the Company has the ability to obtain additional debt from additional debtors;
iv) Sale leaseback – the Company has the ability to sell and lease back its capital properties;
v) Exercise of options and warrants- the Company has the ability to obtain funds from exercise of options and warrant holders from securities that are in the money.

See “Challenges to Access to Public and Private Capital Markets” section under “Risks Related to the Common Shares” in the Company’s Management Discussion & Analysis for the year ended December 31, 2020 for further information.

The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through the issuance of shares and utilization of borrowings. The Company expects that its cash on hand and cash flows from operations, along with financing transactions, will be adequate to meet its capital requirements and operational needs for the next 12 months.

Recent Financing Transactions

On January 28, 2021, the Company closed on a non-brokered private placement announced on January 12, 2021, issuing 18,115,656 common shares at an issue price of $9.64 (CAD $12.35) per unit resulting in proceeds of $173,477 with 80% coming from four large US institutional investors.

CASH FLOWS

	For the three months ended March 31, 2021	March 31, 2020*
Cash inflow (outflow) from operating activities	**$ 13,314**	$ (827)
Cash inflow from financing activities	**172,388**	45,969
Cash outflow from investing activities	**(12,885)**	(29,707)
Increase (decrease) in cash and cash equivalents during the year	**172,817**	15,435
Net effects of foreign exchange	**2,194**	(2,465)
Cash and cash equivalents, beginning of year	**59,226**	9,162
Cash and cash equivalents, end of year	**$ 234,237**	$ 22,132

Cash flows from operating activities

For the three months ended March 31, 2021, the Company's cash inflows from operating activities were $13,314 compared to outflows of $827 for three months ended March 31, 2020. The improvement in cash inflow is primarily due to increased sales and improvements in the ratio of cost of sales as a percentage of net sales as previously described in the Results from Operations section.

Cash flows from financing activities

Cash inflow provided by financing activities for the three months ended March 31, 2021 was $172,388 compared to $45,969 for three months ended March 31, 2020. On January 28, 2021 the Company completed a private placement and issued 18,115,656 common shares at a price of $9.64 (CAD $12.35) per common share for total proceeds of $173,477, net of share issuance costs of $1,643. Additionally, during the three months ended March 31, 2021, 1,486,075 common share warrants were exercised for total proceeds of $3,854 and 381,820 stock options were exercised at $0.67-$6.34 (CAD $0.85-$8.09) per unit for total gross proceeds of $1,499. In addition, 1,570 preferred share warrants were exercised at $3,000 per unit for total gross proceeds of $3,735.

The cash inflow provided by financing activities was offset by payments of principal and interest of $(9,956) on the Company's outstanding debt obligations.

During the three months ended March 31, 2020, the Company received loans including accrued interest in the amount of $59,835 from Canopy Growth and management of Ilera. Total private placement net of shares issuance proceeds amounted to $34,090. The JW Asset Management credit facility was completely paid off during the period in the amount of $47,085.

Cash flows from investing activities

Cash outflow from investing activities during the three months ended March 31, 2021 totaled $12,885 compared to $29,707 for the three months ended March 31, 2020. The Company had investments in property, plant and equipment of $8,311 primarily related to the buildout of the New Jersey operations and expansions in Pennsylvania cultivation and $4,826 related to deposits paid for expansion of the cultivation premises in Pennsylvania. In comparison, the cash outflow from investing activities during the three months ended March 31, 2020 amounted to $29,707 primarily due to payments of contingent consideration of $20,292 and investments in property, plant, and equipment of $8,157.

USE OF PROCEEDS

The following table discusses the previously disclosed anticipated use of proceeds for its financing transactions:

Financing	Disclosed Intent of Proceeds
Private placement January 28, 2021	Proceeds of $173,477 will be used to accelerate organic expansion plans and to pursue future mergers and acquisitions.

There have been no changes in the Company's use of proceeds as described in the Company's Management Discussion & Analysis for the year ended December 31, 2020.The Company's actual use of proceeds is consistent with previously disclosed anticipated uses.

During the three months ended March 31, 2021, the Company made capital expenditures of $8,311 primarily related to the buildout of the New Jersey operations and expansions in Pennsylvania cultivation, and $4,826 related to deposits paid for expansion of the cultivation premises in Pennsylvania. The Company also made loan and interest payments of $9,956 to pay down its previous indebtedness. Additionally, the Company made working capital payments of $1,854 and tax payments of $4,499.

The Company continues to execute its expansion plans in its core northeast focus markets which include Pennsylvania, New Jersey and the anticipated closing of its recently announced acquisition of HMS Health in Maryland. As such, the Company is planning on executing on further capital expansion projects throughout 2021 in all three of those core states. These capital expansion projects will be specifically focused on additional cultivation expansions in all three states. In total, the Company plans to spend a similar level of capital expenditure in 2021 as was spent in 2020.

PROPOSED TRANSACTIONS

Acquisition of HMS

On November 6, 2020, the Company announced the signing of a definitive agreement to acquire HMS Health, LLC ("HMS Health") and HMS Processing, LLC ("HMS Processing" and together with HMS Health "HMS"). HMS is a cultivator and processor of medical cannabis products in the state of Maryland. TerrAscend has agreed to acquire 100% of the equity of HMS for total consideration of $27,500, comprised of $25,000 in cash and a $2,500 note, which bears 5.0% annual interest, due April 2022. Upon closing in 2021, 100% of HMS' economics will be retained by the Company through full ownership of HMS Health and a master services agreement with HMS Processing. The transfer of 100% of equity of HMS Processing is expected to close in April 2022. The Company made an initial deposit of $1,014 during the year ended December 31, 2020 and is included in other assets.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following represents the Company's significant contractual obligations at March 31, 2021:

	2021	2022	2023	2024	2025	Thereafter	Total
Contractual Obligations							
Loans payable	15,915	20,464	26,060	151,049	5,125	110,320	**328,933**
Lease liabilities	2,985	4,013	4,020	4,106	4,207	39,347	**58,678**
Contingent consideration payable	32,695	9,731	-	-	-	-	**42,426**
Acquisition of KCR	24,750	2,250	-	-	-	-	**27,000**
Acquisition of HMS	26,486	-	-	-	-	-	**26,486**
Total	102,831	36,458	30,080	155,155	9,332	149,667	**483,523**

Loans payable represent the contractually required principal and interest payments payable on borrowings as of March 31, 2021. The various borrowings bear interest rates at 6% to 12.875% per annum.

Lease liabilities include obligations due related to the Company's leased premises and offices.

The contingent consideration payable relates to the Company's business acquisitions of Apothecarium, Ilera and State Flower. Contingent consideration is based upon the potential earnout of the underlying business unit and is measured using a projection model for the business and the formulaic structure for determining the consideration under the agreement. The contingent consideration is revalued at the end of each reporting period using a probability weighted model based on the likelihood of achieving certain revenue and EBITDA scenario outcomes. The amounts included above represent the undiscounted amount of the contingent consideration due.

CLAIMS AND LITIGATION

On October 15, 2018, the Company's wholly owned subsidiary TerrAscend Canada entered into a multi-year cultivation agreement (the "PharmHouse Agreement") with PharmHouse Inc. ("PharmHouse"), a joint venture between Canopy Rivers Inc. and 2615975 Ontario Inc., the operators of a leading North American greenhouse produce company ("261"). Under the terms of the PharmHouse Agreement, it was expected that PharmHouse would grow and supply cannabis to TerrAscend Canada from its existing 1.3 million square foot greenhouse located in Leamington, Ontario. Once fully licensed, the production of flower, trim and clones from up to 20% of the dedicated flowering space planted at the greenhouse was expected to be made available to TerrAscend Canada. To date, PharmHouse has not yet delivered product in accordance with the terms of the PharmHouse Agreement. On September 11, 2020, the Company and TerrAscend Canada were informed that a statement of claim was issued on August 31, 2020 in the Ontario Superior Court of Justice by 261 against Canopy Rivers Inc., Canopy Growth Corporation, the Company and TerrAscend Canada (the "261 Claim"). In the 261 Claim, 261 seeks damages from the defendants in the amount of \$500 million and alleges certain causes of action, including bad faith, fraud, civil conspiracy, breach of the duty of honesty and good faith in contractual relations and breach of fiduciary duty. The 261 Claim, as against the Company and TerrAscend Canada, is completely baseless and without merit, and the Company will vigorously defend itself, if necessary, in the appropriate forum. On September 16, 2020, PharmHouse obtained an order from the Ontario Superior Court of Justice granting PharmHouse creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). Pursuant to the CCAA order, the 261 Claim has been stayed. During a CCAA hearing in November, 261 objected to the stay of the 261 Claim. The judge presiding over the CCAA process agreed to allow 261 to discontinue the 261 Claim against the defendants 'without prejudice' to its right to recommence the 261 Claim against all parties except PharmHouse Inc., provided that such recommenced claim can only be brought after January 1, 2021. This does not affect any of the defendants' ability to move for a stay of the recommenced 261 Claim. On February 10, 2021, 261 served the Issuer and TerrAscend Canada with the recommenced 261 Claim. On March 11, 2021, the Ontario Superior Court of Justice approved a settlement agreement (the "Settlement Agreement") between the Company, TerrAscend Canada and PharmHouse. The Settlement Agreement provides that the Company make a one-time purchase of a specific quantity of cannabis that was grown under the PharmHouse Agreement for a set price per gram, and for a one-time cash payment to PharmHouse for full and final satisfaction of any claims or obligations between the Company, TerrAscend Canada and PharmHouse. Both payments are immaterial to the Company and the Company plans to monetize the purchased cannabis. The Settlement Agreement does not affect the recommenced 261 Claim issued on February 10, 2021, which the Company believes is completely baseless and without merit.

On October 20, 2018, Investments International Inc. ("Investments") signed a lease agreement with the Company and its wholly owned subsidiaries, 2627685 Ontario Inc. and 2151924 Alberta Inc. On February 8, 2019, Investments filed a statement of claim under the Court of Alberta against the Company and its wholly owned subsidiaries, for breach of the lease agreement. The amount claimed is $2,764 plus interest from and after the termination date of an unexecuted lease. The Company has paid initial lease deposits in addition to submitting a statement of defence. The Company does not expect the claim to have a material adverse impact on the Company and no amount has been accrued in the unaudited condensed interim consolidated financial statements.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At March 31, 2021, there were no pending lawsuits other than those disclosed that could reasonably be expected to have a material effect on the results of the Company's unaudited condensed interim consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements at March 31, 2021 and 2020.

RELATED PARTY TRANSACTIONS

(a) Key management includes directors and officers of the Company. Total compensation, comprised of salaries and share-based payments, awarded to key management for the three months ended March 31, 2021, 2021 and March 31, 2020 respectively were as follows:

		March 31, 2021		**March 31, 2020***
Salaries and wages	**$**	**1,668**	$	718
Share-based payments		**2,168**		617
Total	**$**	**3,836**	$	1,335

(b) A small number of related persons participated in the Ilera term loan (Note 10 *Loans payable*), which makes up $4,520 of the total loan principal balance.

(c) Refer to Note 10 *Loans payable* of the Unaudited Condensed Interim Consolidated Financial Statements of the Company as of and for the three months ended March 31, 2021 and 2020 for discussion regarding related party loan balances.

(d) On March 25, 2020, the Company issued 1,625,701 common shares to Regulatory Consulting Group Inc. an entity controlled by the minority shareholders of NJ, pursuant to a success fee surrounding the granting of certain licenses in the state of New Jersey to NJ (Note 9).

FINANCIAL INSTRUMENTS

Refer to Note 22 *Financial instruments and risk management* of the Unaudited Condensed Interim Consolidated Financial Statements of the Company as of and for the three months ended March 31, 2021 and 2020 for the financial instrument and fair value disclosures.

FINANCIAL RISK FACTORS

The financial risk factors significant to the financial statements are consistent with those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2020.

SUBSEQUENT EVENTS

On April 30, 2021, the Company closed its previously announced acquisition of GuadCo, LLC and KCR Holdings LLC (collectively "KCR") for an implied enterprise value of $70,000. The transaction adds three retail dispensaries located in Bethlehem, Allentown and Stroudsburg, Pennsylvania to complement the Company's existing retail footprint in Southeastern Pennsylvania. Prior to the acquisition, the Company owned 10% of KCR. The Company now acquired the remaining 90% of the equity for total consideration of $63,000, comprised of $36,000 in stock, $20,250 in cash, and a $6,750 note which bears 10.0% annual interest, due April 2022.

On May 3, 2021, the Company closed its previously announced acquisition of HMS for a total consideration of $27,500, comprised of $25,000 in cash prior to net adjustments and a $2,500 note, which bears 5.0% annual interest, due October 2022.

On May 7, 2021, the Company opened its second New Jersey alternative treatment center. The 6,500 square foot Apothecarium is located at 1865 Springfield Avenue in Maplewood, New Jersey.

OUTSTANDING SHARE DATA

At March 31, 2021, TerrAscend had 178,956,366 common shares outstanding. At the date of this MD&A, fully diluted share capital outstanding was as follows:

	Number outstanding on a basic unconverted basis	**Number outstanding on a fully diluted converted basis**	**Weighted average exercise price**
			CAD
Common shares	183,848,363	183,848,363	N/A
Exchangeable shares	38,890,571	38,890,571	N/A
Proportionate voting shares	-	-	N/A
Preferred shares	14,318	14,318,000	N/A
Warrants for common shares		37,913,920	4.95
Warrants for proportionate voting shares		8,590,908	7.21
Warrants for preferred shares		16,454,000	3.65
Options		18,589,362	5.49
Total outstanding at date of this MD&A	222,753,252	318,605,124	5.05

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2020.

SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies have been applied in these unaudited condensed interim consolidated statements as those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2020.

REGULATORY FRAMEWORK IN CANADA

There have been no changes with respect to the regulatory framework in Canada, as it relates to the Company, as disclosed in the Company's Management Discussion & Analysis for the year end December 31, 2020.

US CANNABIS REGULATORY REGIME

There have been no changes with respect to the US cannabis regulatory regime, as it relates to the Company, as described in the Company's Management Discussion & Analysis for the year ended December 31, 2020.

COMPLIANCE

The Company is in compliance with all state laws and the related cannabis licensing framework of Pennsylvania, New Jersey and California. There are no current incidences of noncompliance, citations or notices of violations outstanding which may have an impact on the Company's licenses, business activities or operations in these states. Notwithstanding the foregoing, like all businesses, the Company may from time-to-time experience incidences of noncompliance with applicable rules and regulations in the states in which the Company operates, and such non-compliance may have an impact on the Company's licenses, business activities or operations in the applicable states. However, the Company takes steps to minimize, disclose and remedy all incidences of non-compliance which may have an impact on the Company's licenses, business activities or operations in all states in which the Company operates.

RISK FACTORS

There have been no changes with respect to the risk factors described in the Company's Management Discussion & Analysis for the year ended December 31, 2020. The risks and uncertainties previously disclosed are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected. The risk factors previously described in the Company's Management Discussion & Analysis for the year ended December 31, 2020 should be carefully considered by readers.

US Specific Regulatory Risk

The Company's exposure to US marijuana related activities for the year ended March 31, 2021 and March 31, 2020 is as follows:

		At March 31, 2021		At December 31, 2020*
Current assets	$	**160,059**	$	**84,623**
Non-current assets		**312,445**	$	**303,173**
Current liabilities		**92,932**	$	**82,090**
Non-current liabilities		**165,884**	$	**168,048**

		March 31, 2021		March 31, 2020
Sales, net	$	**48,562**	$	**20,867**
Gross profit (loss) before gain on fair value of biological assets		**33,709**		**12,138**
Gross profit (loss)		**36,241**		**18,572**
Income (loss) from operations		**23,539**		**9,287**
Net income (loss) attributable to controlling interest		**4,721**		**1,082**