Columbia Care Inc.

Consolidated Financial Statements

For the years ended December 31, 2019 and December 29, 2018

(Expressed in U.S. dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Columbia Care Inc.

Opinion

We have audited the accompanying consolidated financial statements of Columbia Care Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 29, 2018, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and December 29, 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Erez Bahar.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada — Chartered Professional Accountants

March 25, 2020

COLUMBIA CARE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands)
(expressed in U.S. dollars)

	Note	**December 31, 2019**	**December 29, 2018**
Assets			
Current assets:			
Cash		$ 47,464	$ 46,241
Accounts receivable		1,038	904
Subscription receivable		-	42,764
Inventory	***4***	81,513	62,157
Biological assets	***5***	13,079	4,698
Prepaid expenses and other current assets		11,395	3,358
Total current assets		154,489	160,122
Property and equipment	***9***	104,034	39,794
Right of use assets	***16***	79,031	-
Restricted cash	***7***	11,483	11,026
Long-term deposits	***7***	6,458	4,259
Intangible assets	***18***	15,695	16,235
Notes receivable	***7, 10***	29,717	1,758
Other non-current assets		1,369	733
Total assets		$ 402,276	$ 233,927
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable		$ 20,082	$ 4,028
Accrued expenses and other current liabilities		9,135	7,004
Current portion of lease liability	***16***	6,185	-
Current portion of long-term debt	***6***	-	4,277
Total current liabilities		35,402	15,309
Deferred taxes	***14***	16,686	4,362
Deferred compensation	***13***	-	9,805
Long-term lease liability	***16***	77,458	-
Other long-term liabilities	***9***	5,798	762
Total liabilities		135,344	30,238
Shareholders' equity:			
Equity attributable to Columbia Care Inc.	***11***	268,274	202,752
Non-controlling interest		(1,342)	937
Total shareholders' equity		266,932	203,689
Total liabilities and shareholders' equity		$ 402,276	$ 233,927

Operations of the Company and going concern (Note 1)
Commitments and contingencies (Note 16)
Subsequent events (Note 22)

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

Michael Abbott — **BOARD MEMBER**   *Nicholas Vita* — **BOARD MEMBER**

COLUMBIA CARE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except for share and per share amounts)
(expressed in U.S. dollars)

	Note	Year Ended December 31, 2019	Year Ended December 29, 2018
Revenues, net of discounts		$ 77,459	$ 39,328
Production costs		(56,850)	(22,874)
Gross profit before fair value adjustments		20,609	16,454
Fair value adjustments:			
Change in fair value of biological assets included in inventory sold	*5*	(37,984)	(52,059)
Unrealized gain on changes in fair value of biological assets and inventory	*5*	54,236	52,732
Total fair value adjustments		16,252	673
Gross margin		36,861	17,127
Operating expenses:			
Selling, general and administrative	*19*	84,307	36,732
Share-based compensation	*13*	34,373	14,058
Listing fee expense	*3*	11,071	-
Total operating expenses		(129,751)	(50,790)
Loss from operations		(92,890)	(33,663)
Other expense:			
Interest income (expense), net		1,241	(7,700)
Interest expense related to lease liabilities	*16*	(2,939)	-
Other income, net		734	4,534
Total other expense		(964)	(3,166)
Loss before provision for income taxes		(93,854)	(36,829)
Income tax expense	*14*	(12,874)	(2,831)
Net loss and comprehensive loss		(106,728)	(39,660)
Net loss attributable to non-controlling interests	*21*	(4,139)	(863)
Net loss attributable to shareholders		$ (102,589)	$ (38,797)
Weighted-average number of shares used in earnings per share - basic and diluted		209,992,187	167,599,871
Earnings attributable to shares (basic and diluted)	*15*	$ (0.49)	$ (0.23)

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

COLUMBIA CARE INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands, except for units and shares)
(expressed in U.S. dollars)

	Share Capital							
	Units	Shares	Amount	Reserves	Deficit	Total Columbia Care Inc. Shareholders' Equity	Non-Controlling Interest	Total Shareholders' Equity
Balance as of December 30, 2017	**12,230,853**	**-**	**$ 81,954**	**$ 13,643**	**$ (27,645)**	**$ 67,952**	**$ (3,431)**	**$ 64,521**
Private placements	1,849,120	-	148,730	-	-	148,730	-	148,730
Debt conversion and settlement	227,338	-	16,986	-	-	16,986	-	16,986
Warrants issued with debt	-	-	-	4,369	-	4,369	-	4,369
Warrants exercised	122,416	-	642	(641)	-	1	-	1
Unit issuance costs	7,596	-	(4,045)	-	-	(4,045)	-	(4,045)
Acquisition of Mission Bay	-	-	-	-	(2,361)	(2,361)	361	(2,000)
Equity-based compensation	-	-	-	8,526	-	8,526	-	8,526
Equity component of convertible debt	-	-	391	-	-	391	-	391
Units issued for intangible asset	12,413	-	1,000	-	-	1,000	4,870	5,870
Net loss	-	-	-	-	(38,797)	(38,797)	(863)	(39,660)
Balance as of December 29, 2018	**14,449,736**	**-**	**$ 245,658**	**$ 25,897**	**$ (68,803)**	**$ 202,752**	**$ 937**	**$ 203,689**
Debt conversion and settlement	27,561	-	2,537	-	-	2,537	-	2,537
Warrants exercised	159,325	-	-	2	-	2	-	2
Unit issuance costs	2,490	-	-	-	-	-	-	-
Equity-based compensation	-	473,770	453	28,417	-	28,870	-	28,870
Conversion of units and profit interests	(14,639,112)	196,901,118	-	-	-	-	-	-
Issuance of shares and warrants in connection with private placement	-	19,077,096	111,339	19,925	-	131,264	-	131,264
Share issuance costs	-	-	(5,598)	-	-	(5,598)	-	(5,598)
Conversion of IIP units to RSUs	-	-	-	15,309	-	15,309	-	15,309
Minority buyouts	-	621,239	2,950	-	(4,810)	(1,860)	1,860	-
Cancellation of restricted stock awards	-	(119,995)	-	-	-	-	-	-
Repurchase of shares	-	(424,047)	(2,413)	-	-	(2,413)	-	(2,413)
Net loss	-	-	-	-	(102,589)	(102,589)	(4,139)	(106,728)
Balance as of December 31, 2019	**-**	**216,529,181**	**$ 354,926**	**$ 89,550**	**$ (176,202)**	**$ 268,274**	**$ (1,342)**	**$ 266,932**

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

COLUMBIA CARE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(expressed in U.S. dollars)

	Note	Year Ended December 31, 2019	Year Ended December 29, 2018
Cash flows from operating activities:			
Net loss		$ (106,728)	$ (39,660)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization		15,189	4,677
Equity-based compensation	*13*	28,870	8,526
Deferred compensation	*13*	5,503	5,532
Change in fair value of derivative liability		-	26
Debt amortization expense		18	5,347
Non-cash interest expense		-	391
Listing expense	*3*	11,071	-
Change in fair value of biological assets		(16,252)	(673)
Deferred taxes		12,324	238
Provision for obsolete inventory		1,182	-
Loss on disposal of property and equipment		106	442
Changes in operating assets and liabilities			
Accounts receivable		(134)	(832)
Biological assets		7,872	1,427
Inventory		(20,539)	(8,037)
Prepaid expenses and other current assets		(6,182)	45
Other assets		(87,467)	(2,129)
Accounts payable, accrued expenses and other current liabilities		12,001	(380)
Other long-term liabilities		83,423	294
Net cash used in operating activities		(59,743)	(24,766)
Cash flows from investing activities:			
Purchases of property and equipment		(77,445)	(14,529)
Proceeds from sale leaseback	*9*	19,614	-
Cash paid in escrow under Corsa Verde agreement	*7*	(1,123)	-
Cash paid for option deposit under Corsa Verde agreement	*7*	(125)	-
Cash paid in escrow under CannAscend agreement		-	(12,026)
Cash paid for option deposit under CannAscend agreement		-	(2,124)
Cash for loan under CannAscend and Corsa Verde agreements	*7*	(11,386)	(1,002)
Issuance of note receivables	*10*	(17,420)	-
Purchase of Mission Bay		-	(2,000)
Purchase of additional interest in Columbia Care Arizona-Tempe		-	(200)
Purchase of investments		(446)	-
Cash received from sale of property and equipment		-	131
Cash paid for deposits		(6,621)	(2,058)
Cash received from deposits		3,697	5,936
Net cash used in investing activities		(91,255)	(27,872)
Cash flows from financing activities:			
Issuance of common shares, net of issuance costs, in connection with RTO	*3, 11*	114,595	-
Proceeds from sale leaseback	*9*	5,709	-
Net proceeds from issuance of common units and warrants		42,764	101,921
Net proceeds from issuance of debt		-	9,440
Repurchase of common shares		(2,413)	-
Payment of lease liabilities	*16*	(6,641)	-
Exercise of warrants		2	-
Repayment of debt		(1,795)	(25,779)
Net cash provided by financing activities		152,221	85,582
Net increase in cash		1,223	32,944
Cash at beginning of the year		46,241	13,297
Cash at end of year		$ 47,464	$ 46,241
Supplemental disclosure of cash flow information:			
Cash paid for interest on other obligations		$ 147	$ 1,857
Cash paid for interest on lease obligations		$ 2,939	$ -
Cash paid for income taxes		$ 2,534	$ 5,267
Supplemental disclosure of non-cash investing and financing activities:			
Non-cash fixed asset additions within accounts payable and accrued expenses		$ 14,797	$ 2,391
Issuance of warrants		$ -	$ 4,369
Conversion of convertible debt and accrued interest to equity		$ 2,537	$ 16,986
Investment in intangible asset		$ -	$ 16,236
Equity component of convertible debt		$ -	$ 5,807
CannAscend provision		$ -	$ 600

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

1. OPERATIONS OF THE COMPANY AND GOING CONCERN

Columbia Care Inc. (“the Company” or “the Parent”), formerly known as Canaccord Genuity Growth Corp. (“CGGC”), was incorporated under the laws of the Province of Ontario on August 13, 2018. The Company's principal mission is to improve lives by providing cannabis-based health and wellness solutions and derivative products to qualified patients and consumers. The Company’s head office and principal address is 680 Fifth Ave. 24th Floor, New York, New York 10019. The Company’s registered and records office address is 666 Burrard St #1700, Vancouver, British Columbia V6C 2X8.

On April 26, 2019, the Company completed a reverse takeover (“RTO”) transaction and private placement further described in Note 3. Following the transaction, the Company’s common shares were listed on the Aequitas NEO exchange under the symbol “CCHW”. As of the time of this report, the Company’s common shares are also listed on the OTCQX Best Market under the symbol “CCHWF” and on the Frankfurt Stock Exchange under the symbol “3LP”.

The Company is operational or in development in 17 jurisdictions in the United States and the European Union.

The Company is subject to risks common in the life sciences and consumer products industries including, but not limited to, compliance with government regulations, regulatory approvals, competitive markets, new technological innovations, protection of proprietary technology, dependence on key personnel, uncertainty of market acceptance and the need to obtain additional financing.

While cannabis and CBD-infused products are legal under the laws of several U.S. states (with varying restrictions applicable), the United States Federal Controlled Substances Act classifies all “marijuana” as a Schedule I drug, whether for medical or recreational use. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for use under medical supervision.

The federal government currently is prohibited by statute from prosecuting businesses that operate in compliance with applicable state and local medical cannabis laws and regulations; however, this does not protect adult use cannabis. In addition, if the federal government changes this position, it would be financially detrimental to the Company.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company’s ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. Management estimates that the Company will be able to meet its obligations and to sustain operations for at least the next twelve months.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These consolidated financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect as of and for the years ended December 31, 2019 and December 29, 2018.

Beginning with its 2019 fiscal year, the Company changed its financial reporting cycle from a 4-4-5 week reporting cycle that ends on the Saturday nearest to December 31 to a calendar reporting cycle. Accordingly, the Company's 2019 fiscal year began on December 30, 2018 and ended on December 31, 2019.

These consolidated financial statements were approved and authorized by the board of directors of the Company on March 25, 2020.

Basis of consolidation and subsidiaries

The accompanying consolidated financial statements reflect the consolidated statements of financial position, consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows of the Company and its subsidiaries. All intercompany transactions have been eliminated on consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

Entity	Purpose
Columbia Care Inc., a Canadian corporation	Parent Company
Columbia Care LLC, a Delaware limited liability company	Holding Company
Columbia Care NY LLC, a New York limited liability company	Operating Company
Curative Health LLC, an Illinois limited liability company	Operating Company
Curative Health Cultivation LLC, an Illinois limited liability company	Operating Company
Salubrious Wellness Clinic, Inc., an Arizona non-profit corporation	Operating Company
Columbia Care – Arizona, Tempe, L.L.C., an Arizona limited liability company	Management Company
203 Organix, LLC, an Arizona limited liability company	Operating Company
Columbia Care – Arizona, Prescott, L.L.C., an Arizona limited liability company	Management Company
Patriot Care Corp., a Massachusetts corporation	Operating Company
VentureForth, LLC, a Washington, D.C. limited liability company	Operating Company (VIE under common ownership)
Columbia Care DC LLC, a Delaware limited liability company	Operating Company
Oveom LLC, a Delaware limited liability company	Operating Company
Mission Bay, LLC, a California limited liability company	Operating Company
Focused Health LLC, a California limited liability company	Operating Company
Columbia Care Delaware, LLC, a Delaware limited liability company	Operating Company
Columbia Care Puerto Rico LLC, a Puerto Rico limited liability company	Operating Company
Columbia Care Pennsylvania LLC, a Pennsylvania limited liability company	Operating Company
Columbia Care OH LLC, an Ohio limited liability company	Operating Company
Columbia Care MD LLC, a Maryland limited liability company	Operating Company
CCF Holdco, LLC, a Florida limited liability company	Holding Company
Better-Gro Companies, L.L.C., a Florida limited liability company	Operating Company
Columbia Care New Jersey LLC, a New Jersey limited liability company	Operating Company
Columbia Care Industrial Hemp LLC, a New York limited liability company	Operating Company

Columbia Care Eastern Virginia LLC, a Virginia limited liability company	Operating Company
Columbia Care International Holdco LLC, a Delaware limited liability company	Holdings Company
Columbia Care UK Limited, a United Kingdom company	Operating Company
Columbia Care Deutschland GmbH, a German company	Operating Company
Leafy Greens Inc., a Delaware corporation	Operating Company
Columbia Care Adopt-a-Family Corp., a Massachusetts non-profit corporation	Charitable Entity

The Company's subsidiaries for which there is a non-controlling interest held by unrelated parties include:

- VentureForth, LLC, which operates under a management services arrangement with Columbia Care LLC;
- Curative Health LLC, which was formed in 2014 and the Company had a 75% interest until the Company purchased the remaining 25% in 2019;
- Curative Health Cultivation LLC, which was formed in 2016 and the Company has a 75% interest until the Company purchased the remaining 25% in 2019;
- Columbia Care Delaware, LLC, which was formed in 2016 and the Company has a 91% indirect interest;
- Mission Bay, LLC, which was formed in 2014 and the Company had a 62% interest until the Company purchased the remaining 38% in 2018;
- Columbia Care – Arizona, Tempe, L.L.C., which was formed in 2013 and the Company has a 90% interest;
- Columbia Care Puerto Rico LLC, which was formed in 2016 and the Company has a 49% interest;
- Columbia Care MD LLC, which was formed in 2016 and the Company has a 96% interest;
- Better-Gro Companies, L.L.C., which was formed in 2018 and the Company has a 70% interest;
- Columbia Care Eastern Virginia LLC, which was formed in 2018 and the Company has a 96% interest; and
- Leafy Greens Inc. which was incorporated in 2019 and the Company has a 50.01% interest.

Segment Information

The Company operates in one segment, the production and sale of cannabis as regulated by the regulatory bodies and authorities of the jurisdictions in which the Company has activities.

Functional currency

The Canadian dollar serves as the functional currency of the Parent. The Company's subsidiaries all have the U.S. dollar as their functional currency. These consolidated financial statements are presented in U.S. dollars.

Basis of measurement

These consolidated financial statements were prepared on a going concern basis, at historical cost basis except for biological assets and certain financial instruments, which are measured at fair value as explained in the accounting principles below. Other measurement bases are described in the applicable notes. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Reclassifications

Certain items in the prior year's consolidated financial statements have been reclassified to conform to the current presentation.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash. For the years presented, the Company did not have any cash equivalents.

Inventory

Inventories, consisting of dried cannabis, concentrate products, edible products, work-in-progress products, accessories and supplies are measured at the lower of cost or net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell at harvest, which becomes the initial deemed cost. Any subsequent direct and indirect post-harvest costs are capitalized to inventories as incurred, including labor related costs, consumables, materials, packaging supplies, utilities, facilities costs, quality and testing costs, and production related depreciation. Net realizable value is determined as the estimated average selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories for supplies and accessories are valued at the lower of costs and net realizable value, with cost determined using the weighted average cost basis.

Production costs relating to inventory sold represent all costs of inventories recognized as expense in the years, except deemed costs of inventory that arise from the fair value measurement of biological assets transferred to finished harvest inventory. Fair value adjustments on inventory sold represents the deemed costs of inventory sold that arises from the fair value measurement of biological assets, exclusive of any capitalized costs.

Biological assets

The Company measures biological assets consisting of cannabis plants at fair value less costs to sell up to the point of harvest. The Company capitalizes all the direct and indirect costs as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labor related costs, materials, utilities, facilities costs, quality and testing costs, and production related depreciation and include such capitalized production costs in the fair value measurement of biological assets. Subsequently, such costs are recorded within the line item “production costs” on the consolidated statements of operations and comprehensive loss in the year that the related product is sold. Agricultural produce consisting of cannabis is measured at fair value less costs to sell at the point of harvest, which becomes the basis for the cost of harvested goods inventories after harvest (deemed cost). Selling and other fulfillment costs includes trimming, packaging and other fulfillment costs.

Gains or losses arising from changes in fair value less costs to sell during the years, exclusive of capitalized production costs, are included in gross profit under fair value adjustments within the results of operations of the related year. Upon harvest, capitalized production costs are transferred to finished harvest and are included in the fair value adjustments on inventory sold within the results of operations during the year in which the harvested cannabis is sold and revenue recognized. Fair value adjustments relating to the net recoverable value of inventory at the end of the year is included in the fair value adjustments on carrying amount of inventory within the results of operations during the year.

The Company determines the fair value of biological assets using a specific valuation technique that incorporates interdependent estimates and assumptions including the stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices, and expected yields for the cannabis plants to determine the weighted average fair value deemed cost per gram.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

	Estimated Useful life
Buildings	40 years
Furniture and fixtures	5 years
Equipment	5 years
Computers and software	3 years
Leasehold improvements	Shorter of the life of the lease, or 15 years

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively if appropriate. Construction in progress is measured at cost and reflects amounts incurred for property or equipment construction or improvements that have not been placed in service. Upon completion, construction in progress will be reclassified as building or leasehold improvements depending on the nature of the assets and depreciated over the estimated useful life of the asset.

An item of equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit and loss in the year the asset is de-recognized.

Leasehold improvements are depreciated over the terms of the leases when placed in service.

Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangible assets is recognized on a straight-line basis over their estimated useful lives.

Impairment of long-lived assets and intangible assets

Long-lived assets and intangible assets are reviewed for impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

The estimated useful lives, residual values, and amortization methods are reviewed at each year end or more frequently if events or changes in circumstances indicate potential impairment, and any changes in estimates are accounted for prospectively.

Income taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantially enacted to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the period of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

Leases

IFRS 16, *Leases*, was issued by the IASB in January 2016. It replaced IAS 17, *Leases*, for reporting periods beginning on or after January 1, 2019. The Company adopted IFRS 16 retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Accordingly, the Company did not restate comparative information and instead recognized the cumulative effect of applying IFRS 16 as an adjustment to the opening balance sheet at the date of initial application. The Company applies the standard only to leases which were previously identified as leases under IAS 17 and IFRIC 4 in accordance with the practical expedient allowed under the standard. The Company's lease arrangements are comprised primarily of building and office leases. The adoption of this standard resulted in almost all current leases being recognized on the statement of financial position, except for short-term and low-value leases. As at January 1, 2019, the Company recognized right-of-use assets of $35,070, a corresponding lease liability of $35,737, and derecognized deferred rent of $713 and prepaid expenses of $46.

At inception of a contract, the Company assesses whether a contract conveys the right to control the use of an identified asset for a period in exchange for consideration, in which case it is classified as a lease. The Company recognizes a right-of-use asset (lease asset) and a lease liability at the lease commencement date. The asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. The lease asset is subsequently depreciated using the straight-line method from the commencement date to the end of the useful life of the right-of-use asset, considered to be indicated by the lease term. The lease asset is periodically adjusted for certain remeasurements of the lease liability and impairment losses (if any). The lease liability is initially measured at the present value of outstanding lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset with any excess over the carrying amount of the asset being recognized in profit or loss. The Company has elected not to recognize lease assets and lease liabilities for short-term leases (leases with a term of 12 months or less) and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Revenue recognition

In accordance with IFRS 15, *Revenue from Contracts with Customers,* revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods or services. The Company applies the following five-step analysis to determine whether, how much and when revenue is recognized: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction

price to the performance obligations in the contract; and (5) Recognize revenue when or as the Company satisfies a performance obligation.

Under IFRS 15, revenue from the sale of medicinal cannabis and derivative products is generally recognized at a point in time when control over the goods has been transferred to the customer. Payment is generally due prior to transfer of the goods and is recognized as revenue upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer, the timing of which is consistent with the Company's previous revenue recognition policy. In instances where customers pay an annual membership fee, the customer will generally receive the benefit of the membership evenly over the period and as a result, the Company will recognize revenue using an output method measure of progress on a straight-line basis over the membership period.

Based on analysis of its operations, the Company concluded there is no requirement to disaggregate revenue.

Sales taxes

Sales taxes collected from customers are excluded from revenues.

Equity-based payment arrangements

The Company measures all share-based payment arrangements to employees and non-employees at the fair value on the date of the grant. The Company estimates the fair value of each equity-based award using either the current market price of the stock, the Black-Scholes valuation model or the Monte Carlo valuation model. The inputs into the Black-Scholes valuation model, including the expected term of the instrument, expected volatility, risk-free interest rate and dividend rate are determined by reference to the underlying terms of the instrument, and the Company's experience with similar instruments. In instances where the award has performance or market conditions, the Company utilizes the Monte Carlo valuation model to simulate the various outcomes that affect the value of the award. The grant-date fair value of equity-settled share-based payment arrangements is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

Financial instruments

Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit and loss ("FVTPL"), transaction costs. Financial assets are subsequently measured at:

i) FVTPL;

ii) amortized cost;

iii) debt measured at fair value through other comprehensive income ("FVOCI");

iv) equity investments designated at FVOCI; or

v) financial instruments designated at FVTPL.

The classification is based on whether the contractual cash flow characteristics represent "solely payment of principal and interest" (the "SPPI test") as well as the business model under which the financial assets are managed. Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

The following table shows the classification for each financial asset/liability:

Financial assets / liabilities	**Classification**
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Subscription receivable	Amortized cost
Deposits and other current and non-current assets	Amortized cost
Restricted cash	Amortized cost
Notes receivable	Amortized cost
Accounts payable	Amortized cost
Accrued expenses and other current liabilities	Amortized cost
Other long-term liabilities	Amortized cost
Long-term debt	Amortized cost

Impairment of financial assets

The Company applies an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in futures years are provided for, irrespective of whether a loss event has occurred or not as at the balance sheet date. For trade receivables, the Company has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses taking into considerations historical credit loss experience and financial factors specific to the debtors and general economic conditions.

Measurements of fair values

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are summarized below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the years included in these financial statements.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

Estimated useful lives and depreciation of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts, considering factors such as economic and market conditions and the useful lives of assets.

Estimated useful lives and amortization of intangible assets

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any.

Biological assets

Biological assets, consisting of unharvested cannabis plants, are dependent upon estimates of future economic benefits resulting from past events to determine the fair value through an exercise of significant judgment by the Company. In estimating the fair value of its biological assets, the Company uses market observable data to the extent it is available. When market observable data is not available, the Company engages qualified third-party valuation consultants to perform the valuation. Biological assets are measured at fair value less costs to sell up to the point of harvest.

With respect to biological assets, where there is no active market for the unharvested produce, determination of the fair values of the biological assets requires the Company to make assumptions about how market participants assign fair values to these assets. These assumptions primarily relate to estimating the stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices and expected yields for the plants.

Valuation of inventory

Inventory consists of dried cannabis, concentrate products, edible products, work-in-progress products, accessories and supplies. Inventory is measured at the lower of cost or net realizable value, which includes the deemed costs arising from the fair value measurement gains on the transformation of biological assets. These deemed costs are estimated using assumptions that include, but are not limited to, estimated stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices, and expected yields for the cannabis plants. Any change in these assumptions could negatively impact operational results, the actual realizable value of inventory and future expected gains.

Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, requires the Company to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits rely on estimates of the Company's future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded could be impacted.

Convertible notes

The identification of convertible note components is based on interpretations of the substance of the contractual arrangement and therefore requires judgement. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on several assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Equity-based payment arrangements

The Company uses the Black-Scholes valuation model to determine the fair value of options and warrants granted to employees and non-employees under share-based payment arrangements, where appropriate. In instances where equity awards have performance or market conditions, the Company utilized the Monte Carlo valuation model to simulate the various outcomes that affect the value of the award. In estimating fair value, management is required to make certain assumptions and estimates such as the expected term of the instrument, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Control, joint control or level of influence

When determining the appropriate basis of accounting for the Company's interests in affiliates, the Company makes judgments about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities.

Fair value measurements

Certain of the Company's assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company will engage third party qualified valuers to perform the valuation.

Recently issued accounting pronouncements

IFRS 3 Business Combinations

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments included the addition of an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is a business or not.

The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the Company can elect to not account for the acquisition as a business and instead it will account for the acquisition as an asset acquisition.

The Company adopted the amendments for IFRS 3 effective January 1, 2020.

3. REVERSE TAKEOVER TRANSACTION

On November 21, 2018, CGGC entered into a merger agreement with Columbia Care LLC (the "Merger Agreement"). On April 26, 2019, (the "Acquisition Date") the Company completed the merger. Under the terms of the Merger Agreement, CGGC acquired 100% of the issued and outstanding ownership interests of Columbia Care LLC, which was paid via an exchange of common shares or proportionate voting shares in the capital of CGGC. Prior to the merger CGGC consolidated its common shares on a one for three basis and changed its name to Columbia Care Inc. Following the merger, Columbia Care LLC became a single-member partnership, wholly owned by the Company.

While CGGC was the legal acquirer of Columbia Care LLC, the acquisition has been treated as a reverse asset acquisition and consequently Columbia Care LLC was identified as the acquirer for accounting purposes.

As CGGC did not meet the definition of a business under IFRS prior to the RTO, the acquisition was outside the scope of IFRS 3, *Business Combinations*, and was accounted for as a share-based payment transaction in accordance with IFRS 2, *Share-based Payments* ("IFRS 2"). Under IFRS 2, the transaction was measured at the fair value of the shares deemed to have been issued by Columbia Care LLC in order for the ownership interest in the combined entity to be the same as if the transaction had taken the legal form of Columbia Care LLC acquiring 100% of CGGC. Any difference between the fair value of the shares deemed to have been issued by Columbia Care LLC and the fair value of CGGC's identifiable net assets acquired and liabilities assumed represents the value of the public listing received by Columbia Care LLC. The identifiable assets acquired and liabilities of CGGC assumed by Columbia Care LLC were based on their respective fair values at the Acquisition Date and were paid as follows:

Net assets acquired		
Cash	$	120,193
Consideration paid		
19,077,096 common shares held by CGGC shareholders	$	111,339
5,394,945 warrants held by CGGC shareholders		19,925
	$	131,264
Value attributable to obtaining a listing status	$	11,071

For the year ended December 31, 2019, the Company expensed $3,961 in listing costs which are included in the selling, general and administrative line of the consolidated statements of operations and comprehensive loss. The fair value of the common shares and warrants included in the consideration paid of $131,264 was determined based on an independent valuation of the Company's shares and the percentage ownership of CGGC shareholders, on a diluted basis, on the Acquisition Date. The fair value of the warrants included in the consideration paid of $19,925 were calculated using the Black-Scholes model with the following assumptions:

Expected volatility	70%
Expected term (years)	5.00
Expected dividends	0.00%
Risk-free interest rate	1.52%

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies.

4. INVENTORY

Details of the Company's inventory are shown in the table below:

	Capitalized cost	Biological asset fair value adjustment	Carrying amount
Work-in-process - cannabis in cures and final vault	$ 3,821	$ 16,106	$ 19,927
Finished goods - dried cannabis, concentrate and edible products	8,996	33,056	42,052
Accessories and supplies	178	—	178
Carrying amount, December 29, 2018	**$ 12,995**	**$ 49,162**	**$ 62,157**
Work-in-process - cannabis in cures and final vault	$ 3,979	$ 15,480	$ 19,459
Finished goods - dried cannabis, concentrate and edible products	19,468	42,406	61,874
Accessories and supplies	180	—	180
Carrying amount, December 31, 2019	**$ 23,627**	**$ 57,886**	**$ 81,513**

Inventories consist of the capitalized inventory costs and the fair value adjustment on biological assets. The capitalized cost component of inventories represents the amount of cost before any fair value adjustments transferred to inventory through unrealized fair value gains recognized on the transformation of biological assets. The biological asset fair value adjustment is exclusive of any cash outlays and represents the non-cash fair value incremental adjustment arising from the transformation of biological assets transferred to inventory as deemed cost. Together, the capitalized cost and the incremental biological asset fair value adjustments comprise the total carrying amount of inventory.

5. BIOLOGICAL ASSETS

Biological assets consist of actively growing cannabis plants expected to be harvested as agricultural produce. The changes in the carrying amount of the biological assets are shown in the table below:

Carrying amount, December 30, 2017	**$ 5,453**
Changes in fair value less costs to sell	
due to biological transformation	52,732
Production costs capitalized	3,330
Transferred to inventories upon harvest	(56,817)
Carrying amount, December 29, 2018	**$ 4,698**
Changes in fair value less costs to sell	
due to biological transformation	54,236
Production costs capitalized	2,448
Transferred to inventories upon harvest	(48,303)
Carrying amount, December 31, 2019	**$ 13,079**

The Company's biological assets consist of unharvested cannabis plants and are presented at their fair values less costs to sell up to the point of harvest. The valuation of these biological assets is obtained using a specific valuation technique where the inputs are based upon unobservable market data (Level 3 in the fair value hierarchy).

The valuation of biological assets is based on a market approach where fair value at the point of harvest is estimated based on future selling prices less the costs to sell at harvest. For in-process biological assets, the estimated fair value at the point of harvest is adjusted based on the plants' stage of growth, which is determined by reference to days remaining to harvest over the average growth cycle.

The Company's estimates are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

These estimates include the following assumptions:

i. Selling prices per gram were determined by estimating the Company's average selling price for each respective period. The Company's average selling price for the years ended December 31, 2019 and December 29, 2018 was $12.51 and $13.85 per gram, respectively;

ii. The stage of plant growth at which point of harvest is determined. As of December 31, 2019 and December 29, 2018, the biological assets were on average 51% and 48% completed, respectively;

iii. Selling and other fulfillment costs were determined by estimating the Company's average cost per gram, which was $2.04 and $2.27 per gram and equivalent gram of cannabis sold as of December 31, 2019 and December 29, 2018, respectively;

iv. Expected yield per plant varies by strain and is estimated through historical growing results or grower estimate if historical results are not available. The Company's average dry yield per plant as of December 31, 2019 and December 29, 2018 was 175 grams per plant.

Significant unobservable assumptions used in the valuation of biological assets, including the sensitivities on changes in these assumptions and their effect on the fair value of biological assets, are shown in the table below:

			Effect on fair value	
Significant assumptions	**Range of inputs**	**Sensitivity**	**December 31, 2019**	**December 29, 2018**
Selling price per gram	$9.03 to $48.29 per gram*	Increase by $1.00 per gram	$ 960	$ 399
Stage of growth	44% to 69%	Increase by 5%	$ 1,225	$ 434
Selling and other fulfillment costs	$0.86 to $8.09 per gram	Increase by $1.00 per gram	$ (960)	$ (399)
Expected dry yield per plant	69.7 to 225.7 grams per plant	Increase by 5 grams per plant	$ 352	$ 131

*New York State does not permit dispensaries to sell cannabis flower. Only edibles, tinctures, and solid and semisolid preparations are permitted. The average selling price per gram of $48.29 per gram, selling and other fulfillment costs of $8.09 per gram and expected yield per plant of 208 grams per plant reflect the conversion of cannabis plant into concentrated products and the associated selling price and selling and other fulfillment costs of concentrated products.

The Company's estimates are subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The Company's estimates and assumptions reflect differences in regulation restrictions applicable to the states in which the Company operates. For states other than New York, selling prices per gram are calculated using the Company's average selling price of dried cannabis that does not involve any extraction or other processing activities, to reflect the value of such products up to the point of harvest. For New York, where only sales of concentrate and edible products

are currently permitted, selling prices per gram and yield per plant are calculated based on the Company's average selling price of concentrate products and dry weight equivalent grams of such products in the fair value calculation.

The Company's biological assets produced 5,176,890 grams and 3,753,779 grams of dried cannabis for the years ended December 31, 2019 and December 29, 2018, respectively.

6. CURRENT AND LONG-TERM DEBT

Current and long-term obligations, net of original issuance discount, are shown in the table below:

	December 31, 2019	December 29, 2018
Working capital line	$ -	$ 300
Term debt		
Real estate debt at 7% interest	-	3,777
Note payable, non-interest bearing	-	200
Total term debt	-	3,977
Total debt	$ -	$ 4,277
Less current portion	-	(4,277)
Long-term portion	$ -	$ -

Working Capital Loan

In July 2016, the Company obtained a working capital loan of $950 from various lenders (the "Working Capital Loan"). The Working Capital Loan had a stated interest rate of 10% and a maturity date of July 11, 2019. The Working Capital Loan was unsecured. Interest was paid in cash arrears commencing on July 31, 2018 and on each quarterly anniversary thereafter. The Company was permitted to prepay the loans, in whole or in part, upon not less than three business days prior with written notice.

The Company repaid $650 to various lenders in December 2018. The remaining $300 was paid in January 2019.

Interest expense for the year ended December 29, 2018, was $92.

Term Debt

Real Estate Debt

In January 2016, the Company entered into a loan and security agreement (the "Agreement") with various individuals for loans in the aggregate amount of $10,000. The Agreement had a stated interest rate of 7% with a maturity date of January 25, 2019. The aggregate principal amount of the loans per an amendment dated March 31, 2017 was increased from $10,000 to $12,000.

The loans could be prepaid prior to the second anniversary of the closing date with the consent of such lenders. At any time on and following the second anniversary of the closing date, the loans could be prepaid in whole or in part not less than three business days' prior written notice to the lenders. The loans were collateralized by various real estate holdings of the Company.

Interest expense for the year ended December 29, 2018 was $781, respectively. No interest expense was incurred during the year ended December 31, 2019.

Amortization expense for the years ended December 31, 2019 and December 29, 2018, was $18 and $537, respectively.

In the fourth quarter of 2018, principal in the amount of $2,755 was converted into 33,427 common units and principal totaling $5,250 was repaid.

In January 2019, principal in the amount of $2,500 and accrued interest in the amount of $37 was converted into 27,561 common units and principal of $1,295 was repaid.

Note Payable - Former Member

On July 6, 2016, Columbia Care Arizona Tempe, LLC, a Delaware limited liability company, purchased a 10% minority interest from a former member, for a $1,000 note, payable with $250 upon the execution of the respective agreement; $150 payable on or before January 1, 2017 (which was paid in 2016), and $600 payable in twelve equal quarterly payments commencing April 1, 2017 through January 1, 2020. The note was non-interest bearing was guaranteed by the Company and its managing members. In September 2019, the note was repaid in full.

7. PURCHASE AGREEMENTS

CannAscend Agreement

On October 25, 2018, the Company, CannAscend Alternative, LLC (“CAA”), and CannAscend Alternative Logan, LLC (“CAA Logan”) entered into a Membership Purchase Option Agreement (the “CannAscend Option Agreement”). CAA and CAA Logan are both Ohio-based limited liability companies that operate dispensaries (collectively the “Target Companies”). Under the terms of the CannAscend Option Agreement, the Company purchased an exclusive option to acquire all outstanding membership interests (the “CannAscend Option”) of the Target Companies during the period commencing on the first anniversary (the “Commencement Date”) of the date upon which all four of the dispensaries operated by the Target Companies have been issued certificates of operation under Ohio’s Medical Marijuana Control Program, which occurred during the fourth quarter of 2019, and expiring on the 30th day following said Commencement Date (“CannAscend Option Period”).

The price for the CannAscend Option Agreement was approximately $4,124 (“CannAscend Option Deposit”), of which the Company paid approximately $2,124 in October 2018, and an additional $1,000 (via a transfer of funds from an escrow deposit account) in November 2018, for a total of $3,124 as of December 29, 2018. For the year ended December 31, 2019, the Company paid an additional $1,000 for a total of $4,124 as of December 31, 2019. The CannAscend Option Deposit made by the Company is non-refundable.

If the Company exercises the CannAscend Option, the Company will pay a purchase price of $14,150, subject to reduction as provided in the CannAscend Option Agreement. The Company has recorded the $4,124 and $3,124 of the CannAscend Option Deposit paid as long-term deposits on the consolidated statement of financial position at December 31, 2019 and December 29, 2018, respectively. In addition, the Company determined $600 of the $1,000 CannAscend Option Deposit met the definition of a provision and thus had recorded a provision and corresponding other non-current asset on the consolidated statements of financial position as of December 29, 2018. This provision was paid during March 2019.

As part of the CannAscend Option Agreement, the Company entered into an escrow agreement with the Target Companies and deposited $12,026 into an escrow account. As of December 31, 2019, and December 29, 2018, the escrow deposit account had a balance of $10,026 and $11,026, respectively, and is recorded as restricted cash on the consolidated statement of financial position.

The Company issued a revolving loan to the Target Companies (the "CannAscend Revolving Loan"), with a principal amount to not exceed $13,000 (the "CannAscend Loan Amount"). The CannAscend Revolving Loan is evidenced by a secured promissory note of the Target Companies (the "CannAscend Note Receivable"), which bears interest at the rate of 7% per annum and matures upon the occurrence of any of the following: a) providing notice to the borrower of an event of default; b) 36 months after the last advance made by the lender to borrower as provided in the CannAscend Revolving Loan Agreement, or c) 90 days after the termination of the CannAscend Option Agreement. As of December 31, 2019, and December 29, 2018, the Company recorded a balance of $10,895 and $1,758, respectively, in notes receivable on the consolidated statements of financial position related to the balance outstanding from the Target Companies related to the CannAscend Revolving Loan. As of December 31, 2019, outstanding interest on the CannAscend Revolving Loan is $545 which is in other non-current assets on the consolidated statements of financial position.

To secure the obligations of the Target Companies to the Company under the CannAscend Revolving Loan Agreement and the CannAscend Note Receivable, the Company entered into a Security Agreement dated as of October 25, 2018 (the "CannAscend Security Agreement"), pursuant to which the Target Companies granted to the Company a first-priority lien on and security interest in all personal property of the Target Companies.

If the Company does not exercise the CannAscend Option on or prior to the date that is 30 days following the end of the CannAscend Option Period, the CannAscend Loan Amount will be payable to the Company in 90 days.

Corsa Verde Agreement

On April 2, 2019, the Company and Corsa Verde, LLC ("Corsa Verde") entered into a Membership Purchase Option Agreement (the "Corsa Verde Option Agreement"). Corsa Verde is an Ohio-based limited liability company that processes medical marijuana. Under the terms of the Corsa Verde Option Agreement, the Company purchased an exclusive option to acquire all outstanding membership interests (the "Corsa Verde Option") of Corsa Verde within ten days following the receipt of regulatory approval.

The price for the Corsa Verde Option Agreement was approximately $125 ("Corsa Verde Option Deposit"). If the Company exercises the Corsa Verde Option, the Company will pay a purchase price of $2,747, subject to reduction as provided in the Corsa Verde Option Agreement. The Company has recorded the $125 of the Corsa Verde Option Deposit paid as long-term deposits on the consolidated statements of financial position as of December 31, 2019. As part of the Corsa Verde Option Agreement, the Company entered into an escrow agreement with Corsa Verde and deposited $1,123 into the escrow account. As of December 31, 2019, the escrow deposit account had a balance of $1,123 and is recorded as restricted cash on the consolidated statement of financial position.

The Company provided a revolving loan to Corsa Verde (the "Revolving Loan"), with the principal amount to not exceed $2,000 (the "Loan Amount"). The Corsa Verde Revolving Loan is evidenced by a secured promissory note of Corsa Verde (the "Corsa Verde Note Receivable"), which bears interest at the rate of 7% per annum and matures upon the occurrence of any of the following: a) providing notice to the borrower of an event of default; b) 36 months after the last advance made by the lender to borrower as provided in the Corsa Verde Revolving Loan Agreement, or c) 90 days after the termination of the Corsa Verde Option Agreement. As of December 31, 2019, the Company had a balance of $1,493 in notes receivable on the consolidated statements of financial position related to the balance outstanding from Corsa Verde related to the Corsa Verde Revolving Loan. As of December 31, 2019, outstanding interest on the Corsa Verde Revolving Loan is $27 which is in other non-current assets on the consolidated statements of financial position.

To secure the obligations of Corsa Verde to the Company under the Corsa Verde Revolving Loan Agreement and the Corsa Verde Note Receivable, the Company entered into a Security Agreement dated as of April 2, 2019 (the "Corsa Verde Security Agreement"), pursuant to which Corsa Verde granted to the Company a first-priority lien on and security interest in all personal property of Corsa Verde.

If the Company does not exercise the Corsa Verde Option on or prior to the date that is 30 days following the end of the Corsa Verde Option Period, the Corsa Verde Loan Amount will be payable to the Company in 90 days.

The Corsa Verde Option Deposit made by the Company is non-refundable.

8. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's board of directors and corporate officers and/or companies controlled by those individuals.

Remuneration attributed to key management personnel during the years ended December 31, 2019 and December 29, 2018, are summarized in the table below:

	Year Ended	
	December 31, 2019	**December 29, 2018**
Salaries and benefits	$ 3,660	$ 2,245
Equity-based compensation	21,644	4,324
	$ 25,304	**$ 6,569**

9. PROPERTY AND EQUIPMENT

Property and equipment and related depreciation are summarized in the table below:

	December 31, 2019	**December 29, 2018**
Land and buildings	$ 4,055	$ 8,000
Furniture and fixtures	3,121	995
Equipment	13,596	5,292
Computers and software	1,273	435
Leasehold improvements	56,900	23,371
Construction in process	41,740	12,650
Total property and equipment, gross	120,685	50,743
Less: Accumulated depreciation	(16,651)	(10,949)
Total property and equipment, net	$ 104,034	$ 39,794

A reconciliation of the beginning and ending balances of property and equipment are summarized in the tables below:

	Land and buildings	Furniture and fixtures	Equipment	Computers and software	Leasehold improvements	Construction in process	Total
Cost							
As of December 29, 2018	$ 8,000	$ 995	$ 5,292	$ 435	$ 23,371	$ 12,650	$ 50,743
Additions	1,097	427	1,812	318	3,709	82,488	89,851
Disposals	(5,042)	(129)	—	(6)	(12,333)	(2,399)	(19,909)
Transfers	—	1,828	6,492	526	42,153	(50,999)	—
Balance of December 31, 2019	$ 4,055	$ 3,121	$ 13,596	$ 1,273	$ 56,900	$ 41,740	$ 120,685

	Land and buildings	Furniture and fixtures	Equipment	Computers and software	Leasehold improvements	Construction in process	Total
Accumulated depreciation							
As of December 29, 2018	$ (427)	$ (521)	$ (1,798)	$ (164)	$ (8,039)	$ —	$ (10,949)
Depreciation	(144)	(263)	(1,612)	(159)	(5,970)	—	(8,148)
Disposals	417	63	—	2	1,964	—	2,446
Transfers	—	—	—	—	—	—	—
Balance of December 31, 2019	$ (154)	$ (721)	$ (3,410)	$ (321)	$ (12,045)	$ —	$ (16,651)

	Land and buildings	Furniture and fixtures	Equipment	Computers and software	Leasehold improvements	Construction in process	Total
Cost							
As of December 30, 2017	$ 7,996	$ 858	$ 2,631	$ 254	$ 15,611	$ 7,691	$ 35,041
Additions	4	259	1,555	164	4,418	10,519	16,919
Disposals	—	(122)	(95)	(3)	(997)	—	(1,217)
Transfers	—	—	1,201	20	4,339	(5,560)	—
Balance of December 29, 2018	$ 8,000	$ 995	$ 5,292	$ 435	$ 23,371	$ 12,650	$ 50,743

	Land and buildings	Furniture and fixtures	Equipment	Computers and software	Leasehold improvements	Construction in process	Total
Accumulated depreciation							
As of December 30, 2017	$ (274)	$ (415)	$ (942)	$ (76)	$ (5,209)	$ —	$ (6,916)
Depreciation	(153)	(216)	(940)	(90)	(3,278)	—	(4,677)
Disposals	—	110	84	2	448	—	644
Transfers	—	—	—	—	—	—	—
Balance of December 29, 2018	$ (427)	$ (521)	$ (1,798)	$ (164)	$ (8,039)	$ —	$ (10,949)

Total depreciation expense for the year ended December 31, 2019 was $8,148, which included $4,738 recognized as production costs and $3,410 recognized as operating expenses in the consolidated statements of operations. Total depreciation expense for the year ended December 29, 2018 was $4,677, which included $2,704 recognized as production costs and $1,973 recognized as operating expenses in the consolidated statements of operations.

Sale-Leasebacks

During the fourth quarter of 2019, the Company sold five properties located in Massachusetts, California and Illinois for $25,323, which was approximately the properties' cost to the Company. Included in the agreements, the Company is expected to complete tenant improvements related to certain properties, for which the landlords have agreed to provide tenant improvement allowance.

In connection with these sales, the Company entered into lease agreements for all properties. Three properties met the requirements of sale-leaseback treatment whereas the remaining two properties did not meet the requirements, and consequently are accounted for as financing transactions. The right of use lease assets related to the three properties that met the requirements of sale-leaseback treatment were reduced by $2,258 which represents the unretained portion of the assets carrying amounts. The remaining gain associated with these sale-leasebacks was immaterial. As of December

31, 2019, the total financial liability associated with property sale transactions that did not meet the criteria for sale-leaseback accounting is $5,709.

10. PROMISSORY NOTES RECEIVABLES

The Green Solution

In November 2018, the Company entered into definitive agreement to acquire The Green Solution ("TGS"), a cannabis operator in the state of Colorado. As consideration for the acquisition, the Company will deliver 33,222,900 shares, $15,000 in secured debt and $15,000 in the form of a seller's note. In addition, the sellers may be entitled to additional consideration if certain financial targets are met. The closing of the transaction is currently pending regulatory approval.

In connection with the definitive agreement to acquire TGS, Columbia Care, LLC, a consolidated subsidiary of the Company, issued a secured promissory note ("TGS Note") with a principal amount of $15,000. The TGS Note bears interest at a rate of 15.0%. The TGS Note matures on the earlier of May 5, 2021 or within 360 days upon termination of the Company's definitive agreement to acquire TGS. The balance outstanding as of December 31, 2019, is $15,000 and is recorded in notes receivable on the consolidated statements of financial position.

9244 Balboa Blvd., LLC ("Balboa")

During the year ended December 31, 2019, Focused Health LLC ("Focused Health"), a consolidated subsidiary of the Company, entered into a lease agreement with Balboa and simultaneously issued a secured promissory note ("Balboa Note") with a principal amount of $2,420. The Balboa Note is secured by the land and building of the leased premises and bears interest at a rate of 4.5%. The Company's principal and interest repayments are offset by the Company's rent payment obligations under the lease agreement with Balboa. The Balboa Note matures in April 2044. The balance outstanding as of December 31, 2019, is $2,384 of which $55 is recorded in prepaid expenses and other current assets and $2,329 is recorded in notes receivable on the consolidated statements of financial position.

11. SHAREHOLDERS' EQUITY

Pre-RTO transactions

Common Units

Prior to the Acquisition Date, Columbia Care LLC was authorized to issue an unlimited number of common units without par value. On the Acquisition Date, Columbia Care LLC had 14,639,112 issued and outstanding common units and profit interests (15,482,850 on a fully-diluted basis). On the Acquisition Date common units and profit interests were converted into common shares and proportionate voting shares.

During the year ended December 29, 2018, the Company had the following equity activity:

- Issued 12,413 common units for a license to cultivate, process and sell cannabis in the state of Florida at a price of $80.56 per units for $1,000;
- Issued 227,338 common units upon the conversion of principal and accrued interest on convertible debt of $16,986;
- Paid $4,045 in cash and issued 7,596 common units as unit issuance costs;
- Completed a private placement, issuing an aggregate of 1,848,120 common units at an average price of $80.47 per unit for aggregate proceeds of $148,730, of which $42,764 was classified as subscription receivable at December 29, 2018 and received subsequent to year end. In connection with the private placement, 764,683 warrants were issued with an average exercisable price of $75.94 over a weighted-average period of 2.9 years
- Recorded $391 in equity in connection with the 2018 Convertible Debt arrangement; and

- Warrants were exercised for 122,416 common units at an average per unit price of $0.01 for nominal gross proceeds.

From December 30, 2018 through the Acquisition Date, the Company had the following equity activity:

- Issued 27,561 common units upon the conversion of principal and accrued interest on convertible debt of $2,537.
- Issued 2,490 common units as unit issuance costs; and
- Warrants were exercised for 159,325 common units at an average per unit price of $0.01 for $2.

Post-RTO transactions

From the Acquisition Date through December 31, 2019, the Company had the following activity:

- In connection with the RTO, the Company converted 14,639,112 outstanding common units and profit interests into 34,563,850 common shares and 1,623,372.68 proportionate voting shares. The Company issued 19,077,096 common shares and 5,394,945 warrants with an exercise price of C$10.35 exercisable for five years from the date of issuance to existing shareholders of CGGC with a total fair value of $131,264 (Note 3). The RTO resulted in a listing expense of $11,071. The Company incurred share issuance costs of $5,598 related to the RTO which is recognized as a reduction of share capital.
- On August 6, 2019, the Company completed its acquisition of the remaining minority interest in its Illinois operation. Total consideration consisted of $4,400 of which $2,950 was satisfied by the issuance of 621,239 common shares and the remaining $1,450 is expected to be satisfied during the first half of 2020 with the issuance of additional common shares.
- Repurchased and cancelled 236,900 common shares with the use of $1,015 proceeds under the Company's share repurchase program.
- In connection with the RTO and the issuance of Shares to employees, the Company withheld Shares that were previously issued to satisfy certain shareholders' U.S. federal income tax requirements and made a payment on their behalf in the amount of $1,398. As a result, the Company retired 187,147 Shares.

Authorized

Authorized share capital consists of (i) an unlimited number of common shares without par (ii) an unlimited number of proportionate voting shares without par, and (iii) an unlimited number of preferred shares.

The common shares and proportionate voting shares (together, the "Shares") have the same rights and are equal in all respects. The Company treats the Shares as if they were a single class.

Conversion Rights and Transfers

Issued and outstanding proportionate voting shares, including fractions thereof, may at any time, subject to certain conditions, at the option of the holder, be converted into common shares at a ratio of 100 common shares per proportionate voting share with fractional proportionate voting shares convertible into common shares at the same ratio. Further, the Company's board of directors may determine in the future that it is no longer advisable to maintain the proportionate voting shares as a separate class of shares and may cause all of the issued and outstanding proportionate voting shares to be converted into common shares at a ratio of 100 common shares per proportionate voting share with fractional proportionate voting shares convertible into common shares at the same ratio and the Company shall not be entitled to issue any additional proportionate voting shares thereafter.

The ability to convert proportionate voting shares into common shares is subject to certain conditions in order to maintain the Company's status as a foreign private issuer under U.S. securities laws. Unless otherwise waived by the

Company, the right to convert the proportionate voting shares is subject to the condition that the aggregate number of Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended) may not exceed fifty percent (50%) of the aggregate number of Shares issued and outstanding after giving effect to such conversions.

Rights

Holders of Shares are entitled to one vote on all matters submitted to a vote of the Company's shareholders. Holders of Shares are entitled to receive dividends, as may be declared by the Company's board of directors. As of December 31, 2019, and December 29, 2018, no cash dividends had been declared or paid.

The table below details the changes in Shares outstanding by class:

	Common Shares	Proportionate Voting Shares (as converted)	Preferred Shares
Balance at December 29, 2018	-	-	-
Existing unitholders transfer	34,563,850	162,337,268	-
Private placement	19,077,096	-	-
Issuance of shares	473,770	-	-
Minority buyouts	621,239	-	-
Share conversion	62,864,293	(62,864,293)	-
Cancellation of restricted stock awards	-	(119,995)	-
Repurchase of shares	(424,047)	-	-
Balance at December 31, 2019	**117,176,201**	**99,352,980**	**-**

12. WARRANTS

As of December 31, 2019, outstanding equity-classified warrants to purchase common shares consisted of the following:

Date Exercisable	Number of Shares Issued and Exercisable	Exercise Price (Canadian Dollars)		Expiration
December 6, 2016	3,845,023	$	2.22	June 6, 2020
July 1, 2017	1,152,191	$	5.71	July 1, 2020
May 8, 2018	921,753	$	5.71	May 8, 2021
October 1, 2018	648,783	$	8.12	October 1, 2025
October 1, 2018	4,855,639	$	8.12	October 1, 2020
October 17, 2018	809,272	$	8.12	October 17, 2020
November 7, 2018	2,427,818	$	8.12	November 7, 2020
June 30, 2019	5,394,945	$	10.35	April 26, 2024
	20,055,424	$	7.34	

Warrant activity for each reporting period is summarized in the table below:

	Shares		Units	
	Number of Warrants	**Weighted average exercise price (Canadian Dollars)**	**Number of Warrants**	**Weighted average exercise price (U.S. Dollars)**
Balance as of December 30, 2017	**-**	**$ -**	**664,644**	**$ 24.43**
Issued	-	-	796,485	72.91
Exercised	-	-	(122,416)	0.01
Expired	-	-	-	-
Balance as of December 29, 2018	**-**	**$ -**	**1,338,713**	**$ 55.50**
Issued	5,394,945	10.35	-	-
Exercised	-	-	(210,858)	22.46
Expired	-	-	-	-
Conversion from warrant units to warrant shares	14,660,479	6.23	(1,127,855)	61.63
Balance as of December 31, 2019	20,055,424	$ 7.34	-	$ -

During the year ended December 31, 2019 and prior to the RTO, 51,140 common unit warrants were exercised for 51,140 common units for proceeds of $2, and 159,718 warrants were converted to 108,185 common units in a cashless exercise.

13. SHARE-BASED PAYMENT ARRANGEMENTS

Omnibus Long-Term Incentive Plan (equity settled)

On April 26, 2019, the Company adopted a long-term incentive plan ("LTIP") to allow for a variety of equity-based awards that provide different types of incentives to be granted to the Company's executive officers, directors, employees and consultants (options, stock appreciation rights ("SARs"), performance share units ("PSUs"), restricted stock units ("RSUs") and deferred share units ("DSUs")). Options, SARs, PSUs, RSUs and DSUs are collectively referred to herein as "Awards". Each Award will represent the right to receive common shares and in the case of SARs, PSUs, RSUs and DSUs, common shares or cash, in each case in accordance with the terms of the LTIP.

Under the terms of the LTIP, the Company's board of directors may grant Awards to the Chief Executive Officer and Executive Chairman of the Company and will review and approve the grant of Awards recommended by the Chief Executive Officer to other eligible participants. Participation in the LTIP is voluntary and if an eligible participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interest of any participant in any Award is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, other than by will or the laws of descent and distribution.

The maximum number of common shares reserved for issuance, in the aggregate, under the LTIP is 10% of the aggregate number of common shares (assuming the conversion of all proportionate voting shares to common shares) issued and outstanding from time to time.

Restricted stock units

The Company estimates the fair value of each RSU award on its measurement date using the current market price of the Shares.

A summary of RSU activity for the year ended December 31, 2019 is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at beginning of year	-	$ -
Granted	5,185,357	6.79
Vested	(822,622)	8.22
Forfeited	(18,750)	4.32
Deferred compensation units converted to RSUs	3,488,244	4.00
Outstanding at end of year	7,832,229	$ 5.40

Equity-based compensation related to RSUs issued was $16,542 for the year ended December 31, 2019. The weighted average vesting term related to outstanding RSUs as of December 31, 2019, is 1.8 years. The maximum term related to outstanding RSUs is four years. During the year ended December 31, 2019, the Company issued 371,892 common shares in connection with RSUs. As at December 31, 2019, the Company has an obligation to issue an additional 450,730 common shares for RSUs which vested during the year.

Performance share units

On April 29, 2019, the Company granted total stockholder return awards ("TSR Awards") that include three-year and five-year market conditions, with corresponding performance measurement periods of three and five years. Vesting of the TSR Awards is based on the Company's level of attainment of specified TSR targets relative to the appreciation of the Company's common shares for the respective three-year and five-year periods and is also subject to the continued employment of the grantees.

The fair value of the TSR Awards was determined using a Monte Carlo Simulation valuation model with the following weighted average inputs:

Expected volatility	70.00%
Expected life	4.15
Expected dividends	0.00%
Risk-free interest rate	1.55%

The Company also granted PSUs that will vest on the achievement of internal performance targets. The Company monitors the probability of achieving the performance targets on a quarterly basis and may adjust periodic compensation expense accordingly.

A summary of PSU and TSR activity for the year ended December 31, 2019 is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at beginning of year	-	$ -
Granted	5,489,524	5.57
Forfeited	(230,116)	3.54
Outstanding at end of year	5,259,408	$ 5.66

Equity-based compensation related to PSUs and TSRs issued was $5,320 for the year ended December 31, 2019. The weighted average vesting term related to outstanding PSUs and TSRs as of December 31, 2019, is 3.3 years.

Stock Options

The fair value of each stock option is estimated using the Black-Scholes option pricing model. The weighted average of inputs used in the measurement of the grant date fair value of the stock options for the year ended December 31, 2019, are summarized in the table below:

Fair value at grant date (Canadian Dollars)	$	10.90
Strike price at grant date (Canadian Dollars)	$	10.90
Expected volatility		70.00%
Expected life		6.25
Expected dividends		0.00%
Risk-free interest rate		1.59%

Stock option awards under the LTIP are granted with an exercise price equal to the fair value of the Company's common stock at the date of grant. All option awards have a ten-year contractual term and vest over four years.

A summary of option activity for the year ended December 31, 2019 is presented below:

	Stock Options	Weighted-Average Exercise Price (Canadian Dollars)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at beginning of year	-	$ -		
Granted	55,384	10.90		
Outstanding at end of year	55,384	$ 10.90	9.3	-

Equity-based compensation expense related to stock options issued was $107 for the year ended December 31, 2019. No options are exercisable as of December 31, 2019.

Common Shares

During the year ended December 31, 2019, the Company granted 101,878 common shares to employees and consultants. Equity-based compensation related to common shares issued was $453 for the year ended December 31, 2019.

Unit programs (equity settled)

In May 2016, the Company adopted the Capital Accumulation Plan ("the CAP Plan"), which provided employees and operating partners with a mechanism to participate in increases in value of the Company.

Grants of CAP units contained a unit of equity which participates in proceeds from liquidation or sale of the Company beyond a "threshold amount", which is similar to a strike price for a stock option. The Company utilized a third-party expert to determine the equity value of the Company. The threshold amount stated in grants of CAP units was determined by estimating the liquidation value of the Company at the grant date. As a result, holders of vested CAP units could receive value equal to the difference between: (i) the future value of the Company; and (ii) the threshold amount.

The fair value of each CAP unit was estimated using the Black-Scholes option pricing model. The weighted average of inputs used in the measurement of the grant date fair value of the CAP Units for the year ended December 29, 2018 are summarized in the table below:

Fair value at grant date	$ 86.00
Strike price at grant date	$ 77.92
Expected volatility	70.00%
Expected life	6.25
Expected dividends	0.00%
Risk-free interest rate	2.95%

The Company did not grant any CAP units during the year ended December 31, 2019.

As of the Acquisition Date, holders of CAP units received replacement stock-based awards. The CAP units were converted into time-based restricted Shares ("RSAs") based on the intrinsic value of the Company if it was liquidated at the close of business. The value of the replacement stock-based awards was designed to generally preserve the intrinsic value of the replaced awards immediately prior to the merger. Such RSAs remain subject to the same continuing restrictions applicable to the original CAP units. The Company did not recognize any incremental expense in connection with the conversion of CAP units to RSAs.

The number of units outstanding under the CAP Plan were as follows:

	Year Ended December 31, 2019		Year Ended December 29, 2018	
	Units	**Weighted-Average Threshold Amount**	**Units**	**Weighted-Average Threshold Amount**
Outstanding at beginning of year	641,548	$ 51.05	467,668	$ 34.01
Units granted	-	-	258,859	77.92
Units forfeited	(3,336)	67.49	(84,979)	37.63
Units converted to RSAs	(638,212)	50.96	-	-
Outstanding at end of year	-	$ -	641,548	$ 51.05

A summary of RSA activity for the year ended December 31, 2019 is presented below:

	Shares	**Weighted-Average Grant Date Fair Value**
Outstanding at beginning of year	-	$ -
CAP units converted to RSAs	4,541,835	7.63
Forfeited	(119,995)	11.11
Outstanding at end of year	4,421,840	$ 7.51

Equity-based compensation expense related to the Company's CAP units and RSAs was $6,448 and $8,526 for the years ended December 31, 2019 and December 29, 2018, respectively.

Unit programs (liability settled)

In May 2016, the Company adopted the Income Incentive Plan ("the IIP Plan"), which provides deferred compensation to designated employees and operating partners (the "IIP units").

IIP units represented a right to receive a payment, subject to dilutive effect of equity issuances, in the future equal to the lesser of the Company's liquidation value based on the lower of: (i) value on the date of a qualifying sale of the Company or (ii) value on the date that the IIP unit is granted (the "IIP Grant Date").

The initial recognition and measurement of the IIP units were based on the Company's liquidation value per outstanding common unit as of the IIP Grant Date. Until payment of the IIP units, adjustments would be made each reporting period for any changes in the Company's liquidation value, only if the Company's liquidation value was less than its liquidation value on the IIP Grant Date.

The Company generally relied on the analyses performed by third-party experts to determine the value of the Company, in order to determine the Company's liquidation values.

In September 2019, holders of IIP units received replacement stock-based units. The IIP units were converted into RSUs based on the intrinsic value of the Company if it was liquidated at the close of business. The value of the replacement share-based units was designed to generally preserve the intrinsic value of the replaced awards immediately prior to the conversion. Such RSUs remain subject to the same continuing restrictions applicable to the original IIP units. The Company did not recognize any incremental expense in connection with the conversion of IIP units to RSUs. Upon such conversion the Company reclassified deferred compensation of $15,309 into shareholders' equity.

The number of units outstanding under the IIP Plan are summarized in the table below:

	Year Ended December 31, 2019		Year Ended December 29, 2018	
	Units	**Weighted-Average Liquidation Value**	**Units**	**Weighted-Average Liquidation Value**
Outstanding at beginning of year	629,277	$ 51.29	467,668	$ 34.01
Units granted	-	-	246,588	79.89
Units forfeited	(23,612)	61.98	(84,979)	37.17
Units converted to RSUs	(605,665)	50.87	-	-
Outstanding at end of year	-	$ -	629,277	$ 51.29

Deferred compensation expense related to the Company's IIP units was $5,503 and $5,532 for the years ended December 31, 2019 and December 29, 2018.

At December 29, 2018, the Company recorded liabilities of $9,805 related to deferred compensation of IIP units.

14. INCOME TAXES

The tax provision amounts recognized in the consolidated statements of operations and comprehensive loss summarized in the table below:

	Year Ended	
	December 31, 2019	December 29, 2018
Current tax expense		
Federal	$ 549	$ 1,987
State	—	606
Total current tax expense	549	2,593
Deferred tax expense		
Federal	9,799	172
State	2,526	66
Total deferred tax expense	12,325	238
Provision for income taxes	$ 12,874	$ 2,831

The Company's provision for income taxes differs from applying the U.S. federal income tax rate to income before taxes primarily due to state income taxes, certain stock compensation, warrants accretion, tax credits and miscellaneous permanent differences.

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is provided in the table below:

	Year Ended			
	December 31, 2019		December 29, 2018	
Loss before provision for income taxes	$ (93,854)		$ (36,829)	
Tax using the company's domestic tax rate	(19,709)	21.0%	(7,734)	21.0%
Tax effect of:				
State taxes, net of federal benefits	2,128	(2.3)%	731	(2.0)%
Non-deductible partnership income	5,092	(5.4)%	6,635	(18.0)%
Non-deductible expenses	9,653	(10.3)%	3,064	(8.3)%
Share-based compensation	8,476	(9.0)%	—	—
Change in tax status	7,538	(8.0)%	—	—
Other	193	(0.2)%	455	(1.2)%
Recognition of previously unrecognized (derecognition of previously recognized) deductible temporary differences	(497)	0.5%	(320)	0.9%
	$ 12,874	(13.7)%	$ 2,831	(7.7)%

Under Section 280E of the Internal Revenue Code ("IRC") prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting normal business expenses, such as payroll and rent, from gross income (revenue less cost of goods sold). Section 280E was originally intended to penalize criminal market operators, but because cannabis remains a Schedule I controlled substance for Federal purposes, the IRS has subsequently applied Section 280E to state-legal cannabis businesses. Cannabis businesses operating in states that align their tax codes with the IRC are also unable to deduct normal business expenses from their state taxes. The non-deductible expenses shown

in the effective rate reconciliation above is comprised primarily of the impact of applying IRC Sec. 280E to the Company's businesses that are involved in selling cannabis, along with other typical non-deductible expenses such as lobbying expenses.

Changes in the Company's deferred taxes for the years ended December 31, 2019 and December 29, 2018 are summarized in the table below:

As of December 31, 2019	Net balance at January 1	Recognized in profit or loss	Other	Net	Deferred tax assets	Deferred tax liabilities
Depreciation	$ —	$ 69	$ —	$ 69	$ 69	$ —
Inventory	(4,436)	(11,471)	—	(15,907)	—	(15,907)
Tax loss carryforwards	74	589	—	663	663	—
Tax credit carryforwards	—	—	—	—	—	—
Other capitalized assets	—	1,404	—	1,404	1,404	—
Right of use assets	—	12,440	—	12,440	12,440	—
Accruals and other liabilities	—	(15,355)	—	(15,355)	—	(15,355)
Tax assets (liabilities) before set-off	(4,362)	(12,324)	—	(16,686)	14,576	(31,262)
Set-off of tax	—	—	—	—	(14,576)	14,576
Net tax assets (liabilities)	$ (4,362)	$ (12,324)	$ —	$ (16,686)	$ —	$ (16,686)

As of December 29, 2018	Net balance at January 1	Recognized in profit or loss	Other	Net	Deferred tax assets	Deferred tax liabilities
Depreciation	$ 388	$ (388)	$ —	$ —	$ —	$ —
Inventory	(4,512)	76	—	(4,436)	—	(4,436)
Tax loss carryforwards	0	74	—	74	74	—
Tax credit carryforwards	—	—	—	—	—	—
Tax assets (liabilities) before set-off	(4,124)	(238)	—	(4,362)	74	(4,436)
Set-off of tax	—	—	—	—	(74)	74
Net tax assets (liabilities)	$ (4,124)	$ (238)	$ —	$ (4,362)	$ —	$ (4,362)

Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. As the Company generally files separate US and state tax returns for each Company within the consolidated group, the Company must evaluate the realization of deferred tax assets separately.

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect to the following items in the table below because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

	Year Ended			
	December 31, 2019		December 29, 2018	
	Gross amount	Tax amount	Gross amount	Tax amount
Tax losses	$ 3,117	$ 651	$ 2,653	$ 564

Tax losses carried forward

Tax losses, including those recognized and unrecognized, expire are summarized in the table below:

	2019	Expiry date	2018	Expiry date
Expire	$ 5,069	2034-2039	$ 2,814	2034-2038
Never expire	$ 826	-	$ 435	

Under Internal Revenue Code Section 382, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income may be limited. The Company has not completed a study to assess whether an “ownership change” has occurred or whether there have been multiple ownership changes since the Company became a “loss corporation” as defined in Section 382. Future changes in ownership of our common units, which may be outside of the Company’s control, may trigger an “ownership change.” In addition, future equity offerings or acquisitions that have equity as a component of the purchase price could result in an “ownership change.” If an “ownership change” has occurred or does occur in the future, utilization of the NOL carryforwards or other tax attributes may be limited, which could potentially result in increased future tax liability to the Company.

Uncertainty over income tax treatments

The calculation of the Company’s tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations for both federal taxes and the many states in which the Company operates.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and state jurisdictions, where applicable. Patriot Care Corp. is currently under examination by the IRS for the 2018 taxation year. The Company's tax years are still open under statute from December 31, 2016, to the present. The resolution of tax matters is not expected to have a material effect on the Company's consolidated financial statements.

15. EARNINGS PER SHARE

Basic and diluted net loss per share attributable to the Company was calculated as follows:

	Year Ended	
	December 31, 2019	**December 29, 2018**
Numerator:		
Net loss	$ (106,728)	$ (39,660)
Less: Net loss attributable to non-controlling interest	(4,139)	(863)
Net loss attributable to shareholders	$ (102,589)	$ (38,797)
Denominator:		
Weighted average shares outstanding - basic and diluted	209,992,187	167,599,871
Loss per share - basic and diluted	$ (0.49)	$ (0.23)

The Company’s potentially dilutive securities, which include warrants to purchase Shares, have been excluded from the computation of diluted net loss per share for the year ended December 31, 2019 and December 29, 2018, as the inclusion would have reduced the net loss per share and therefore would have an anti-dilutive effect. Prior periods have been converted into post-merger Shares for comparability.

16. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases its facilities under operating leases that provide for the payment of real estate taxes and other operating costs in addition to normal rent.

Key movements relating to lease balances are presented below:

Carrying amount, January 1, 2019	**$ 35,070**
Additions to leased assets	50,462
Amortization charges	(6,501)
Carrying amount, December 31, 2019	**$ 79,031**

The Company's real estate leases typically have terms of 1–10 years. Some leases for office space include extension options exercisable up to one year before the end of the cancellable lease term. Typically, the option to renew the lease is for an additional period of the same duration after the end of the contract term and are at the option of the Company as lessee. Lease payments are in substance fixed, and the Company had no leases which contained variable lease payments. Most real estate leases include annual escalation clauses with reference to an index or contractual rate.

The Company leases vehicles and equipment with a standard lease term of 4 years. The Company does not purchase or guarantee the value of leased vehicles. In some cases, the Company leases furniture and office equipment with terms of 1–3 years. The Company considers these assets to be of low-value or short-term in nature and therefore no right-of use assets and lease liabilities are recognized for these leases. Expenses recognized relating to short-term leases and leases of low value during the year ended December 31, 2019 was immaterial.

The following table summarizes the Company's future undiscounted lease payments as of December 31, 2019.

Period	**Scheduled Payments**
Due in Year 1	$ 11,776
Due in Years 2-5	41,540
Due in 5+ Years	77,550
Total undiscounted lease liability	130,866
Impact of discount	(47,223)
Lease liability at December 31, 2019	83,643
Less current portion of lease liability	(6,185)
Long-term portion	$ 77,458

The above table excludes $187 of legally binding minimum lease payments for leases signed but not yet commenced as of December 31, 2019.

The total interest expense on lease liabilities and the total cash outflow for the year ended December 31, 2019, was $2,939 and $6,641, respectively.

Indemnification agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners, and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and senior

management that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnifications. The Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it has not accrued any liabilities related to such obligations in its consolidated financial statements.

Legal

The Company may be contingently liable with respect to claims incidental to the ordinary course of its operations. In the opinion of management, and based on management's consultation with legal counsel, the ultimate outcome of such matters will not have a materially adverse effect on the Company. Accordingly, no provision has been made in these consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise.

17. FAIR VALUE MEASUREMENTS

Financial Instruments

The Company's financial instruments measured at fair value as of December 29, 2018 include deferred compensation.

The following table summarizes the valuation techniques and key inputs used in the fair value measurement of level 3 financial instruments:

Financial asset/financial liability	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Deferred compensation	Market approach	Common Unit value	Increase or decrease in common unit value will result in an increase or decrease in fair value

During the periods included in these financial statements, there were no transfers of amounts between levels.

Financial Risk Management

The carrying value of the Company's financial instruments consisting of cash, restricted cash, accounts receivable, subscription receivable, accounts payable, accrued expenses, interest payable and payroll liabilities approximate fair value due to their short-term nature.

The Company's long-term debt approximates fair value due to the market rate of interest used on initial recognition and the derivative liability and deferred compensation is carried at fair value.

The Company is exposed in varying degrees to a variety of financial instrument related risks. A description of the Company's risk exposures and the impact on the Company's financial instruments is summarized below.

Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure as of December 31, 2019 and December 29, 2018 is the carrying amount of cash, subscription receivable, notes receivable and accounts receivable. The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are transacted with cash and as such, the Company

does not have significant credit risk with respect to its customers. Through the Company's recently introduced Columbia Care National Credit program, the Company provides credit to customers in certain markets in which the Company operates.

The risk exposure is limited to the carrying amounts at the statement of financial position date. The risk to cash deposits is mitigated by holding these instruments with regulated financial institutions. The Company periodically assesses the quality of the credit rating of these financial institutions. Notes receivable and trade accounts receivable credit risk arises from the possibility that principal and/or interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationships. Subscription receivables were collected in full during the year ended December 31, 2019.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to estimate cash requirements from operations, capital expenditures and investments and ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instrument will fluctuate because of changes in market interest rates. The Company's cash deposits bear interest at market rates.

Foreign Exchange Risk

The Company does not have any significant financial instruments denominated in currencies other than the U.S. dollar and as such is not subject to foreign currency risk.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company is subject to risk of prices to its products due to competitive or regulatory pressures.

18. INTANGIBLE ASSET

During the year ended December 29, 2018, the Company acquired a 70% interest in a license to cultivate, process and sell cannabis in the state of Florida. The Company paid $11,365 for the sellers' ownership in this license, which consisted of $10,365 in cash and $1,000 of units in the Company. Subsequently, the entire license was contributed into Better-Gro Companies, LLC, a Florida limited liability company, in which the Company holds a 70% interest.

The gross value of the intangible asset as of December 31, 2019 was $16,235, consisting of the $11,365 purchase price and the non-controlling interest's portion of $4,870. During the year ended December 31, 2019 the Company changed the estimated useful life of the Florida license from an indefinite life to 15 years. The change in estimate was determined in connection with management's review of the regulatory environment in Florida and industry peers. During the year ended December 31, 2019, the Company recorded amortization expense for its intangible assets of $540.

19 SELLING, GENERAL AND ADMINISTRATIVE

For the years ended December 31, 2019 and December 29, 2018, selling, general and administrative expenses are summarized in the table below:

	December 31, 2019	December 29, 2018
Salaries and benefits	$ 27,770	$ 14,728
Professional fees	24,171	9,731
Operating facilities costs	8,655	4,481
Operating office and general expenses	7,708	3,379
Depreciation and amortization	7,445	1,973
Advertising and promotion	5,792	862
Other fees and expenses	2,766	1,578
Total Selling, General and Administrative Expenses	$ 84,307	$ 36,732

20. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to ensure the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company plans to use existing funds, as well as funds from the future sale of products to fund operations and expansion activities.

The capital structure of the Company consists of items included in shareholders' equity. The Company manages its capital structure in consideration of changes in economic conditions and the risk characteristics of the Company's underlying assets.

Capital is comprised of the Company's shareholders' equity. As of December 31, 2019, the Company's shareholders' equity was $268,274. The Company manages its capital structure to maximize its financial flexibility and adjusts it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company currently is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the year ended December 31, 2019.

21. NON-CONTROLLING INTERESTS

The non-controlling interests of the Company for each affiliate before intercompany elimination are summarized in the tables below:

	Venture Forth	Columbia Care Arizona-Tempe	Columbia Care Delaware	Columbia Care Puerto Rico	Columbia Care Maryland	Columbia Care Florida	Columbia Care Eastern Virginia	Leafy Greens, Inc.	Total
Summarized statements of financial position	December 31, 2019								
Current assets	$ 1,031	$ 5,840	$ 3,332	$ 402	$ 207	$ 6,678	$ 47	$ 315	$ 17,852
Current liabilities	(960)	(183)	(1,728)	(358)	(150)	(4,446)	(5,176)	(13)	(13,014)
Current net assets (liabilities)	71	5,657	1,604	44	57	2,232	(5,129)	302	4,838
Non-current assets	2,472	596	13,524	5,802	1,628	58,171	12,445	—	94,638
Non-current liabilities	(11,437)	(1,628)	(16,079)	(8,801)	(2,357)	(52,227)	(8,136)	—	(100,665)
Non-current net assets (liabilities)	(8,965)	(1,032)	(2,555)	(2,999)	(729)	5,944	4,309	—	(6,027)
Accumulated NCI	$ (2,614)	$ 563	$ (89)	$ (1,524)	$ (27)	$ 2,484	$ (36)	$ (99)	$ (1,342)

Summarized statements of financial position	Venture Forth	Curative Health	Curative Health Cult.	Columbia Care Arizona-Tempe	Columbia Care Delaware	Columbia Care Puerto Rico	Columbia Care Maryland	Columbia Care Florida	Total
	December 29, 2018								
Current assets	$ 932	$ 350	$ 345	$ 5,264	$ 850	$ 82	$ 115	$ 367	$ 8,305
Current liabilities	(642)	(272)	(11)	(252)	(254)	(470)	(63)	(358)	(2,322)
Current net assets (liabilities)	290	78	334	5,012	596	(388)	52	9	5,983
Non-current assets	283	702	723	496	3,350	1,266	77	17,555	24,452
Non-current liabilities	(9,302)	(3,891)	(4,632)	(1,511)	(5,484)	(1,366)	(282)	(3,421)	(29,889)
Non-current net assets (liabilities)	(9,019)	(3,189)	(3,909)	(1,015)	(2,134)	(100)	(205)	14,134	(5,437)
Accumulated NCI	$ (2,485)	$ (709)	$ (832)	$ 500	$ (24)	$ (49)	$ (6)	$ 4,542	$ 937

The net change in the non-controlling interests is summarized in the table below:

	Venture Forth	Curative Health	Curative Health Cult.	Columbia Care Arizona-Tempe	Columbia Care Delaware	Columbia Care Puerto Rico	Columbia Care Maryland	Columbia Care Florida	Mission Bay	Columbia Care Eastern Virginia	Leafy Greens, Inc.	Total
Balance at December 30, 2017	**$ (2,402)**	**$ (473)**	**$ (531)**	**$ 395**	**$ (59)**	**$ -**	**$ -**	**$ -**	**$ (361)**	**$ -**	**$ -**	**$ (3,431)**
Net income (loss) attributable to NCI	(83)	(236)	(301)	105	35	(49)	(6)	(328)	-	-	-	(863)
Other adjustments	-	-	-		-	-	-	4,870	361	-	-	5,231
Balance at December 29, 2018	**$ (2,485)**	**$ (709)**	**$ (832)**	**$ 500**	**$ (24)**	**$ (49)**	**$ (6)**	**$ 4,542**	**$ -**	**$ -**	**$ -**	**$ 937**
Net income (loss) attributable to NCI	(129)	(111)	(208)	63	(65)	(1,475)	(21)	(2,058)	-	(36)	(99)	(4,139)
Other adjustments	-	820	1,040		-	-	-	-	-	-	-	1,860
Balance at December 31, 2019	**$ (2,614)**	**$ -**	**$ -**	**$ 563**	**$ (89)**	**$ (1,524)**	**$ (27)**	**$ 2,484**	**$ -**	**$ (36)**	**$ (99)**	**$ (1,342)**

22. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this time, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations.