Columbia Care Inc.

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(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, 2020 and 2019, 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, 2020 and 2019, 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.

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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.

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 23, 2021

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

	Note	**December 31, 2020**	**December 31, 2019**
Assets			
Current assets:			
Cash		$ 61,111	$ 47,464
Accounts receivable		7,414	1,038
Inventory	***4***	111,549	81,513
Biological assets	***5***	18,752	13,079
Prepaid expenses and other current assets		11,389	11,395
Assets held for sale	***19***	3,483	—
Total current assets		213,698	154,489
Property and equipment	***9***	114,400	104,034
Right of use assets	***16***	187,715	79,031
Restricted cash	***7***	10,858	11,483
Long-term deposits	***7***	9,271	6,458
Goodwill	***7***	132,808	—
Intangible assets	***7, 18***	100,342	15,695
Notes receivable	***7, 10***	15,832	29,717
Other non-current assets		7,667	1,369
Total assets		$ 792,591	$ 402,276
Liabilities and Equity			
Current liabilities:			
Accounts payable		$ 18,466	$ 20,082
Accrued expenses and other current liabilities		45,330	9,135
Contingent consideration	***7***	48,202	—
Current portion of lease liability	***16***	9,937	6,185
Current portion of long-term debt	***6***	8,439	—
Derivative liability	***6***	17,109	—
Liabilities held for sale	***19***	1,483	—
Total current liabilities		148,966	35,402
Long-term debt	***6***	76,090	—
Deferred taxes	***14***	32,400	16,686
Long-term lease liability	***16***	200,741	77,458
Other long-term liabilities		12,518	5,798
Total liabilities		470,715	135,344
Equity:			
Equity attributable to Columbia Care Inc.	***11***	341,589	268,274
Non-controlling interest	***23***	(19,713)	(1,342)
Total equity		321,876	266,932
Total liabilities and equity		$ 792,591	$ 402,276

Operations of the Company and going concern (Note 1)
Commitments and contingencies (Note 16)
Subsequent events (Note 24)

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

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

COLUMBIA CARE INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(expressed in thousands of U.S. dollars, except for number of shares and per share amounts)

		Year Ended	
	Note	**December 31, 2020**	**December 31, 2019**
Revenues, net of discounts		$ 179,503	$ 77,459
Cost of sales related to inventory production		(110,620)	(56,850)
Cost of sales related to business combination fair value adjustments to inventories		(3,111)	—
Gross profit before fair value adjustments		65,772	20,609
Fair value adjustments:			
Change in fair value of biological assets included in inventory sold	***5***	(109,336)	(37,984)
Unrealized gain on changes in fair value of biological assets and inventory	***5***	109,541	54,236
Total fair value adjustments		205	16,252
Gross margin		65,977	36,861
Operating expenses:			
Selling, general and administrative	***20***	111,137	84,307
Share-based compensation	***13***	28,937	34,373
Listing fee expense	***3***	—	11,071
Total operating expenses		(140,074)	(129,751)
Loss from operations		(74,097)	(92,890)
Other expense:			
Change in fair value of derivative liability	***6***	(11,745)	—
Interest (expense) income, net		(4,871)	1,241
Interest expense related to lease liabilities	***16***	(8,960)	(2,939)
Other (expense) income, net	***21***	(37,192)	734
Total other expense		(62,768)	(964)
Loss before provision for income taxes		(136,865)	(93,854)
Income tax benefit (expense)	***14***	3,665	(12,874)
Net loss and comprehensive loss		(133,200)	(106,728)
Net loss attributable to non-controlling interests	***23***	(22,424)	(4,139)
Net loss attributable to shareholders		$ (110,776)	$ (102,589)
Weighted-average number of shares used in earnings per share - basic and diluted		232,576,117	209,992,187
Earnings attributable to shares (basic and diluted)	***15***	$ (0.48)	$ (0.49)

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

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

	Share Capital							
	Units	**Shares**	**Amount**	**Reserves**	**Deficit**	**Total Columbia Care Inc. Shareholders' Equity**	**Non-Controlling Interest**	**Total Equity**
Balance, December 30, 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)
Reclass of deferred compensation to equity	—	—	—	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, December 31, 2019	**—**	**216,529,181**	**$ 354,926**	**$ 89,550**	**$ (176,202)**	**$ 268,274**	**$ (1,342)**	**$ 266,932**
Equity-based compensation [1]		1,852,064	12,325	16,612	—	28,937	—	28,937
Issuance of shares in connection with acquisitions	—	48,936,767	147,795	—	—	147,795	—	147,795
Cancellation of restricted stock awards	—	(37,314)	—	—	—	—	—	—
Warrants issued with debt	—	—	—	6,295	—	6,295	—	6,295
Warrants exercised	—	2,192,298	388	—	—	388	—	388
Sale of membership interests in subsidiary	—	—	—	—	—	—	5,509	5,509
Minority buyouts	—	7,038,835	18,301	—	(17,625)	676	(1,676)	(1,000)
Deconsolidation of subsidiary	—	—	—	—	—	—	220	220
Repurchase of shares	—		—	—	—	—	—	—
Net loss	—	—	—	—	(110,776)	(110,776)	(22,424)	(133,200)
Balance, December 31, 2020	**—**	**276,511,831**	**$ 533,735**	**$ 112,457**	**$ (304,603)**	**$ 341,589**	**$ (19,713)**	**$ 321,876**

(1) The amounts are shown net of any shares withheld by the Company to satisfy certain tax withholdings in connection with vesting of equity-based awards.

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

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

	Year Ended	
	December 31, 2020	**December 31, 2019**
Cash flows from operating activities:		
Net loss	$ (133,200)	$ (106,728)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	30,270	15,189
Equity-based compensation	28,937	28,870
Impairment on disposal group	1,969	—
Deferred compensation	—	5,503
Debt amortization expense	2,189	18
Listing expense	—	11,071
Change in fair value of biological assets	(205)	(16,252)
Change in fair value of derivative liability	11,745	—
Deferred taxes	(9,446)	12,324
Provision for obsolete inventory and other assets	4,103	1,182
Earnout adjustment	21,757	—
Other	(235)	106
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable	(4,578)	(134)
Biological assets	1,307	7,872
Inventory	(18,565)	(20,539)
Prepaid expenses and other current assets	(1,752)	(6,182)
Other assets	(42,404)	(87,467)
Accounts payable	5,382	12,001
Accrued expenses and other current liabilities	18,377	—
Other long-term liabilities	41,743	83,423
Net cash used in operating activities	(42,606)	(59,743)
Cash flows from investing activities:		
Purchases of property and equipment	(42,885)	(77,445)
Proceeds from sale of property	11,927	19,614
Cash received from acquisitions	3,821	—
Cash for loan under CannAscend and Corsa Verde agreements	(548)	(11,386)
Cash paid in escrow and option deposit under Corsa Verde agreement	—	(1,248)
Issuance of note receivable	—	(17,420)
Purchase of investments	—	(446)
Cash paid for deposits	(5,688)	(6,621)
Cash received from deposits	6,676	3,697
Net cash used in investing activities	(26,697)	(91,255)

COLUMBIA CARE INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in thousands of U.S. dollars)

	Year Ended	
	December 31, 2020	**December 31, 2019**
Cash flows from financing activities:		
Proceeds from issuance of debt	89,379	—
Debt issuance costs	(3,548)	—
Proceeds from sale leaseback	—	5,709
Issuance of common shares, net of issuance costs	—	114,595
Net proceeds from issuance of common units and warrants	—	42,764
Sale of membership interests of subsidiary	5,509	—
Purchase of minority interest	(1,000)	—
Repurchase of common shares	—	(2,413)
Payment of lease liabilities	(7,778)	(6,641)
Exercise of warrants	388	2
Repayment of debt	—	(1,795)
Net cash provided by financing activities	82,950	152,221
Net increase in cash	13,647	1,223
Cash at beginning of the year	47,464	46,241
Cash at end of year	$ 61,111	$ 47,464
Supplemental disclosure of cash flow information:		
Cash paid for interest on lease obligations	$ 8,960	$ 2,939
Cash paid for interest on other obligations	$ 5,356	$ 147
Cash paid for income taxes	$ 7,694	$ 2,534
Supplemental disclosure of non-cash investing and financing activities:		
Non-cash fixed asset additions within accounts payable and accrued expenses	$ 13,084	$ 14,797
Issuance of warrants	$ 6,295	$ —
Derivative liability on convertible debt	$ 5,364	$ —
Shares issued in connection with acquisition	$ 147,795	$ —
Note payable, net of discount, issued in connection with acquisition	$ 8,170	$ —
Contingent consideration incurred in connection with acquisition	$ 26,445	$ —
Intercompany note receivable with TGS assumed in connection with acquisition	$ 16,855	$ —
Conversion of convertible debt and accrued interest to equity	$ —	$ 2,537

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 RTO, the Company’s common shares were listed on the Aequitas NEO exchange, trading under the symbol “CCHW”. As of the time of this report, the Company’s common shares are also listed on the Canadian Securities Exchange under the symbol “CCHW”, the OTCQX Best Market under the symbol “CCHWF” and on the Frankfurt Stock Exchange under the symbol “3LP”.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak of this contagious disease, along with the related adverse public health developments, have negatively affected workforces, economies and financial markets on a global scale. The Company incurred lower revenues, and additional expenditures related to COVID-19 during the first half of 2020. During the first half of 2020, the Company’s operations in Massachusetts were affected by a temporary shutdown of adult-use operations and in Illinois and California by rules related to social distancing and limiting the Company’s retail operations to curb-side pick-up. The Company’s operating results were not materially impacted during the second half of 2020. Currently, the Company is closely monitoring the impact of the pandemic on all aspects of its business and 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.

The Company owns or manages 111 state or federally issued licenses in 19 highly regulated 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 recreational use of cannabis from prosecution. 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”).

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, 2020 and 2019.

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 22, 2021.

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 balances and 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 is 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. These 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 – Arizona, Tempe, LLC, an Arizona limited liability company	Management Company
Salubrious Wellness Clinic, Inc., an Arizona non-profit corporation	Operating Company
Columbia Care – Arizona, Prescott, LLC, an Arizona limited liability company	Management Company
203 Organix, LLC, an Arizona limited liability company	Operating Company
Patriot Care Corp., a Massachusetts corporation	Operating Company
Curative Health LLC, an Illinois limited liability company	Operating Company
Curative Health Cultivation LLC, an Illinois limited liability company	Operating Company
Columbia Care NY LLC, a New York limited liability company	Operating Company
Focused Health LLC, a California limited liability company	Operating Company
Columbia Care Industrial Hemp LLC, a New York limited liability company	Operating Company
PHC Facilities Inc., a California corporation	Operating Company
Resource Referral Services, Inc., a California corporation	Operating Company
The Wellness Earth Energy Dispensary Inc., a California corporation	Operating Company
Access Bryant SPC, a California Social Purpose corporation	Operating Company
Mission Bay, LLC, a California limited liability company	Operating Company
Columbia Care OH LLC, an Ohio limited liability company	Operating Company (VIE)
Oveom LLC, a Delaware limited liability company	Operating Company
Columbia Care DC LLC, a Delaware limited liability company	Operating Company
Columbia Care MD LLC, a Maryland limited liability company	Operating Company
VentureForth, LLC, a Washington, D.C. limited liability company	Operating Company (VIE)
Columbia Care MO LLC, a Missouri limited liability company	Operating Company (VIE)
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
Better-Gro Companies, L.L.C., a Florida limited liability company	Operating Company
CCUT Pharmacy LLC, a Utah limited liability company	Operating Company
Columbia Care UT LLC, a Utah limited liability company	Operating Company

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Entity	Purpose
The Green Solution LLC, a Colorado limited liability company	Operating Company
Columbia Care Eastern Virginia LLC, a Virginia limited liability company	Operating Company
Columbia Care New Jersey LLC, a New Jersey 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
Columbia Care Missouri LLC, a Missouri limited liability company	Operating Company
Columbia Care Malta	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:

- The Company has no ownership interest, only a management services agreement with Appelles VentureForth SPE, LLC, VentureForth Holdings, LLC, VentureForth, LLC, Capital City Care LLC, Capital City Cultivation LLC, Columbia Care OH LLC and Columbia Care MO LLC;
- Curative Health LLC and Curative Health Cultivation LLC, which were formed in 2014 in 2016 respectively and the Company had 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% interest;
- Columbia Care – Arizona, Tempe, LLC., 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;
- Columbia Care New Jersey LLC, which was formed in 2018 and the Company has a 93% interest;
- Better-Gro Companies, L.L.C., which was formed in 2018 and the Company had a 70% interest until the Company purchased the remaining 30% interest in 2020;
- Columbia Care Eastern Virginia LLC, which was formed in 2018 and the Company has a 93.75% interest;
- Access Bryant SPC, which was acquired in 2020 and the Company has an 49.9% interest;
- Columbia Care International Holdco LLC, a Delaware limited liability company, in which the Company owns a 95% interest;
- Columbia Care UK Limited, a United Kingdom company, in which the Company owns a 95% interest; and
- Columbia Care Deutschland GmbH, a German company, in which the Company owns a 95% interest.

During the year ended December 31, 2019, the Company consolidated Leafy Greens Inc. as it controlled Leafy Greens Inc. due to its ownership of 50.01%. During the year ended December 31, 2020, as a result of additional equity issued by Leafy Greens Inc., the Company lost control over Leafy Greens Inc. The Company recognized a gain of $720 as a result of this deconsolidation.

Investment in Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognized in the consolidated statements of operations. Investments in associates are recorded in non-current assets on the consolidated statement of financial position.

The Company's investment in Leafy Greens is accounted for as an investment in associate after the Company lost control in the year ended December 31, 2020. Income from associates is immaterial for the period presented.

The Company assesses annually whether there is any objective evidence that its interest in associates is impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal, or value in use) and charged to the consolidated statement of operations. If the financial statements of an associate are prepared on a date different from that used by the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the date of these consolidated financial statements.

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. All of the Company's subsidiaries 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.

Business Combinations

The Company accounts for business combinations under the acquisition method of accounting, which requires it to recognize separately from goodwill, the assets acquired and the liabilities assumed at fair value as of the acquisition date. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recognized in the Company's consolidated statements of operations. Accounting for business combinations requires the Company to make significant estimates and assumptions, especially at the acquisition date including estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies, and contingent consideration, where applicable. Although the Company believes the assumptions and estimates it has made in the past have been reasonable and appropriate, they are based, in part, on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Critical estimates in valuing certain acquired intangible assets under the income approach include growth in future expected cash flows from product sales, customer contracts, revenue growth rate, customer ramp-up period and discount rates. Unanticipated events and circumstances may occur that could affect the accuracy or validity of such assumptions, estimates or actual results.

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.

Assets and liabilities held for sale

The Company classifies its long-lived assets and related liabilities to be sold as held for sale in the period (i) it has approved and committed to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions required to sell the asset have been initiated, (iv) the sale of the asset is probable, (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The Company initially measures a long-lived asset that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Upon designation as an asset held for sale, the Company no longer records depreciation expense on the asset. The Company assesses the fair value of a long-lived asset less any costs to sell at each reporting period and until the asset is no longer classified as held for sale.

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. Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Amortization of definite life intangible assets is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives, residual values and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. As of December 31, 2020 and 2019, the Company has determined that no impairment exists. Intangible assets are amortized using the straight-line method over estimated useful lives as follows:

	Estimated Useful life
Licenses and Permits	10-15 years
Trademarks and Tradenames	5-10 years
Customer relationships	5 years

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.

Goodwill represents the excess of the aggregate purchase price over the fair value of the net tangible and identifiable intangible assets acquired by the Company. The carrying amount of goodwill at each reporting unit is tested for impairment annually as of October 1, or more frequently if facts and circumstances warrant a review. As of October 1, 2020 and December 31, 2020 (for acquisitions subsequent to October 1, 2020), the Company performed an impairment test and concluded there was no impairment of goodwill.

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.

Right of use assets and Lease liability

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. On 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, the Company's revenue from the sale of 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.

Based on management's 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 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	Amortized cost
Accounts receivable	Amortized cost
Deposits and other current and non-current assets	Amortized cost
Assets and liabilities held for sale	FVTPL
Restricted cash	Amortized cost
Notes receivable	Amortized cost
Accounts payable	Amortized cost
Accrued expenses and other current liabilities	Amortized cost
Derivative liability on convertible debt	FVTPL
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 of 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.

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 and liabilities

The Company recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the respective tax bases of its assets and liabilities. The Company measures deferred tax assets and liabilities using current enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. The Company routinely evaluates the likelihood of realizing the benefit of its deferred tax assets and may record a valuation allowance if, based on all available evidence, it determines that some portion of the tax benefit will not be realized.

In evaluating the ability to recover deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of operations. In projecting future taxable income, the Company considers historical results and incorporates assumptions about the amount of future state, federal and foreign pretax operating income adjusted for items that do not have tax consequences. The Company's assumptions regarding future taxable income are consistent with the plans and estimates that are used to manage its underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income/ (loss). The income tax expense, deferred tax assets and liabilities and liabilities for unrecognized tax benefits reflect the Company's best assessment of estimated current and future taxes to be paid. Deferred tax asset valuation allowances and liabilities for unrecognized tax benefits require significant judgment regarding applicable statutes and their related interpretation, the status of various income tax audits and the Company's particular facts and circumstances. Although the Company believes that the judgments and estimates discussed herein are reasonable, actual results, including forecasted COVID-19 business recovery, could differ, and the Company may be exposed to losses or gains that could be material. To the extent the Company prevails in matters for which a liability has been established or is required to pay amounts in excess of the established liability, the effective income tax rate in a given financial statement period could be materially affected.

Convertible debt

The identification of convertible debt 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 debt 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 utilizes 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, by reference to the underlying terms of the instrument, and the Company's experience with similar instruments. 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 may 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. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

The following is a brief summary of the new standards issued but not yet effective:

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued Classification of Liabilities as Current or Non-Current ("Amendments to IAS 1"). The Amendments to IAS 1 aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The Amendments to IAS 1 include clarifying the classification requirements for debt a company might settle by converting it into equity. The Amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract ("Amendments to IAS 37") amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

3. REVERSE TAKEOVER TRANSACTION

On November 21, 2018, CGGC entered into a merger agreement with Columbia Care LLC (the "Merger Agreement") providing for the merger (the "Merger") of Columbia Care LLC with a newly-formed subsidiary of CGGC. 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 in exchange for the issuance of common shares and 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 RTO 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 RTO 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 RTO 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. 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-

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

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	$ 3,979	$ 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**
Work-in-process - cannabis in cures and final vault	$ 28,205	$ 60,509	$ 88,714
Finished goods - dried cannabis, concentrate and edible products	22,358	—	22,358
Accessories and supplies	477	—	477
Carrying amount, December 31, 2020	**$ 51,040**	**$ 60,509**	**$ 111,549**

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 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**
Changes in fair value less costs to sell due to biological transformation	109,541
Production costs capitalized	4,345
Assets obtained in acquisitions	6,774
Transferred to inventories upon harvest	(114,987)
Carrying amount, December 31, 2020	**$ 18,752**

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

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, 2020 and 2019 was $6.06 and $12.51 per gram, respectively;
ii. The stage of plant growth at which point of harvest is determined. As of December 31, 2020 and 2019, the biological assets were on average 54% and 51% completed, respectively;
iii. Selling and other fulfillment costs were determined by estimating the Company's average cost per gram, which was $1.23 and $2.04 per gram and equivalent gram of cannabis sold for the years ended December 31, 2020 and 2019, 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 for the years ended December 31, 2020 and 2019 was 127 and 175 grams per plant, respectively.

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:

	Range of inputs for the year ended			**Effect on fair value**	
Significant assumptions	**December 31, 2020**	**December 31, 2019**	**Sensitivity**	**December 31, 2020**	**December 31, 2019**
Selling price per gram	$1.59 to $11.25 per gram*	$9.03 to $48.29 per gram*	Increase by $1.00 per gram	$ 6,435	$ 960
Stage of growth	26% to 59%	44% to 69%	Increase by 5%	$ 1,768	$ 1,225
Selling and other fulfillment costs	$0 to $4.91 per gram	$0.86 to $8.09 per gram	Increase by $1.00 per gram	$ (6,436)	$ (960)
Expected dry yield per plant	46 to 220 grams per plant	69.7 to 225.7 grams per plant	Increase by 5 grams per plant	$ 804	$ 352

* Through March 31, 2020, New York State did not permit dispensaries to sell cannabis flower. Only edibles, tinctures, and solid and semisolid preparations were 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 for the year ended December 31, 2019.

The Company's estimates are subject to change and differences from the anticipated yield will be recognized as 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, through March 31, 2020, 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 were permitted through March 31, 2020, selling prices per gram and yield per plant were 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. Subsequent to March 31, 2020, in New York, selling prices per gram are calculated using the Company's average selling price for packaged flower.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

6. CURRENT AND LONG-TERM DEBT

Current and long-term obligations, net, are shown in the table below:

	December 31, 2020	December 31, 2019
Term debt	$ 69,965	$ —
Convertible debt	18,760	—
Closing Promissory Notes (see Note 7)	8,776	—
Unamortized debt discount	(10,500)	—
Unamortized debt premium	607	
Unamortized deferred financing costs	(3,079)	—
Total debt	84,529	—
Less current portion	(8,439)	—
Long-term portion	$ 76,090	$ —

The following table summarizes the scheduled principal payments on the Company's outstanding indebtedness as of December 31, 2020:

Year ending	Term debt	Convertible debt	Closing Promissory Note	Total
Due in Year 1	$ —	—	$ 8,776	$ 8,776
Due in Years 2-5	69,965	18,760	—	88,725
Due in 5+ Years	—	—	—	—
Total future debt maturities	$ 69,965	$ 18,760	$ 8,776	$ 97,501

The Company was in compliance with all financial covenants and was not in default of any provisions under any of its debt arrangements as of December 31, 2020.

Term debt

On March 31, 2020 and April 23, 2020, the Company completed the first and second tranches of a private offering of notes ("Private Notes") for an aggregate principal amount of $14,250 and $1,000, respectively. The Private Notes required interest-only payments through March 30, 2024, at a rate of 9.875% per annum, payable semi-annually on March 31 and September 30 commencing on September 30, 2020. The Private Notes were due in full on March 30, 2024. In connection with the first and second tranche offerings of the Private Notes, the Company issued 1,723,250 common share purchase warrants with an exercise price of $3.10 (Canadian Dollars).

On May 14, 2020, the Company completed a private offering of an aggregate of 19,115 senior secured first-lien note units (the "Units") for aggregate gross proceeds of $19,115, each Unit being comprised of (i) $1,000 principal amount of 13.00% senior secured first-lien notes ("Notes") and (ii) 120 common share purchase warrants with an exercise price of $2.95 (Canadian Dollars) per underlying common share (the "May Private Offering"). Concurrent with the closing of the May Private Offering, the Private Notes were exchanged for Notes. In addition, holders of Private Notes were issued additional 130,388 Warrants at an exercise price of $2.95 (Canadian Dollars).

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

On July 2, 2020, the Company completed a second private offering of an aggregate of 4,000 Units for aggregate gross proceeds of $4,000, each Unit being comprised of (i) $1,000 Notes and (ii) 75 common share purchase warrants with an exercise price of $4.53 (Canadian Dollars) per underlying common share.

On October 29, 2020, November 10, 2020 and November 27, 2020, the Company completed private offerings of an aggregate of 20,000, 8,400 and 3,000 units, respectively, for aggregate gross proceeds of $32,054, each unit being comprised of (i) $1,000 Notes and (ii) 60 common share purchase warrants with an exercise price of $5.84 (Canadian Dollars) per underlying common share ("Fall Warrants").

On November 30, 2020, the Company completed another private offering of an aggregate of 200 units, respectively for aggregate gross proceeds of $200, each unit being comprised of (i) $1,000 Notes and (ii) 125 Fall Warrants.

As of December 31, 2020, the total outstanding 13% senior secured first-lien debt outstanding was $69,965.

At the option of the holder, each common share purchase warrant can be exchanged for one common share. The common share purchase warrants expire on May 14, 2023.

The Notes require interest-only payments through May 14, 2023, at a rate of 13.0% per annum, payable semi-annually on May 31 and November 30 which commenced on November 30, 2020. The Notes are due in full on May 15, 2023. The Company incurred financing costs of $3,373. The Notes contain customary terms and conditions, representations and warranties, and events of default.

Upon initial recognition, the Company recorded $6,295 to equity reserves, reflecting the fair value of the warrants issued, with a corresponding reduction to the carrying value of the Notes. The debt discount will be amortized to interest expense over the term of the notes using the effective interest method. During the year ended December 31, 2020, the Company recognized amortization expense of $731 related to the discount on the Notes.

The fair value of the warrants included in the private offering were calculated using the Black-Scholes model with the following assumptions:

Expected volatility	80%
Expected term (years)	3.00
Expected dividends	0.00%
Risk-free interest rate	0.50%

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

Convertible Debt

On June 19, 2020, the Company completed the first tranche of an offering of senior secured convertible notes ("Convertible Notes") for an aggregate principal amount of $12,800. During July 2020, the Company completed subsequent tranches for an aggregate principal amount of $5,960. As of December 31, 2020, total outstanding on the Convertible Notes was $18,760.

The Convertible Notes can be exchanged into common shares with a conversion price of $3.79 (Canadian Dollars). For the purposes of determining the number of common shares issuable upon conversion, the principal amount of the Convertible Notes surrendered for conversion shall be deemed converted from U.S. Dollars into Canadian Dollars, using the end-of-day exchange rate published by the Bank of Canada on the date immediately preceding the date that the Convertible Note is surrendered for conversion. The Convertible Notes require interest-only payments until December 19, 2023, at a rate of 5.0% per annum, payable semi-annually on June 30 and December 31 commencing on December 31, 2020. The Convertible Notes are due in full on December 19, 2023. The Company incurred financing costs of $175.

The Company determined that the Convertible Notes represent an obligation to issue a variable number of shares for a variable amount of liability, as the amount of the liability to be settled depends on the applicable foreign exchange rate at the date of settlement. In accordance with IAS 32, a conversion feature within a financial instrument to issue a variable number of equity units fails to meet the definition of equity. Accordingly, such a conversion feature must be accounted for as an embedded derivative liability and measured at fair value with changes in fair value recognized in the consolidated statements of operations. Upon initial recognition, the Company recorded a derivative liability of $5,364 within other long-term liabilities in the consolidated statements of financial position and a corresponding debt discount, reflected as a reduction to the carrying value of the Convertible Notes. The debt discount will be amortized over the term of the Convertible Notes. Refer to Note 17 for details regarding fair value measurement. During the year ended December 31, 2020, the Company recognized amortization expense of $766, related to the Convertible Notes. During the year ended December 31, 2020, the fair value of the derivative increased by $11,745 and is recorded in other expense in the consolidated statement of operations.

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.

Term debt - Real Estate

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 and amortization expense for the year ended December 31, 2020 and 2019 was nil and $18, respectively.

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 the remaining outstanding 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. This non-interest-bearing note was guaranteed by the Company and its managing members. In September 2019, the note was repaid in full.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

7. ACQUISITIONS

Project Cannabis

On December 1, 2020, Columbia Care LLC acquired (the "Project Cannabis Transaction") a 100% ownership interest in Resource Referral Services Inc., PHC Facilities Inc. and Wellness Earth Energy Dispensary, Inc., and acquired a 49.9% ownership in Access Bryant SPC (collectively, "Project Cannabis").

Project Cannabis was formed in August 2014 for the purpose of selling medicinal and recreational cannabis products in the state of California, on both a wholesale and retail basis. Project Cannabis owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the state of California. The Company executed the Project Cannabis Transaction in order to continue to grow revenues; expand its cultivation facilities, manufacturing facilities and dispensaries; and penetrate the California market.

The Company was also granted a real estate purchase option of $16,500, which amount is anticipated to be paid to the sellers from the proceeds of a subsequent sale of Project Cannabis' real estate assets. The related sale-leaseback transaction is expected to close by April 30, 2020.

The aggregate purchase price for the Project Cannabis Transaction, being $39,029 (the "Transaction Price") consisted of $35,273 in equity purchase consideration ("Closing Shares"), $3,400 of deferred stock payments ("Deferred Stock Consideration"), and a working capital adjustment of $356. Purchase consideration comprised 15,713,867 common shares, of which, 1,528,881 of the subject securities are subject to a lock-up period of eighteen months following the date of issuance, for the purpose of funding any potential indemnification obligations of the seller.

The following table summarizes the fair value of total consideration transferred and the fair value of each major class of consideration for Project Cannabis:

Consideration transferred		
Closing Shares to the Company	$	35,273
Deferred stock payments		3,400
Total unadjusted purchase price		38,673
Working capital adjustment		356
Total adjusted purchase price		39,029
Less: Cash acquired		(877)
Total purchase price	$	38,152

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Recognized amounts of identifiable assts acquired and liabilities assumed, less cash assumed:

Purchase price allocation		
Assets acquired:		
Accounts receivable	$	1,568
Inventory		2,795
Biological assets		1,720
Prepaid expenses and other current assets		699
Property and equipment		632
Right of use assets		1,587
Long-term deposits		38
Goodwill		22,008
Intangible assets		18,020
Other non-current assets		5,221
Accounts payable		(121)
Accrued expenses and other current liabilities		(3,431)
Lease liabilities		(1,587)
Deferred tax liability		(5,776)
Other long-term liabilities		(5,221)
Consideration transferred	$	38,152

The purchase price allocations for the Project Cannabis Transaction reflects various fair value estimates and analyses relating to the determination of fair value of certain tangible and intangible assets acquired and residual goodwill. The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data and management's estimates, prepared by an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value.

For leases acquired, the Company measured the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The Company measured the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The goodwill arising from the Project Cannabis Transaction consists of expected synergies from combining operations of the Company and Project Cannabis, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill will be deductible for tax purposes.

Project Cannabis' state licenses, trade name and wholesale customers represented identifiable intangible assets acquired in the amounts of $10,356, $4,411 and $3,253, respectively, which were determined to have definite useful lives of 10, 5 and 5 years, each respectively.

In conjunction with the Project Cannabis Transaction, the Company expensed $584 of acquisition-related costs, which have been included in selling, general and administrative expenses on the Company's consolidated statement of operations and comprehensive loss.

Since the closing date of the Project Cannabis Transaction, $2,714 of revenue and $2,176 of net income of Project Cannabis have been included in the Company's consolidated statement of operations and comprehensive loss for the year ended December 31, 2020.

The Green Solution

On September 1, 2020, the Company acquired (the "TGS Transaction") a 100% ownership interest in TGS Global, LLC

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

("TGS Global"), TGS Colorado Management, LLC, and Beacon Holdings, LLC (collectively, "TGS").

TGS Global was formed in October 2010 for the purpose of selling medicinal and recreational cannabis products in the state of Colorado. TGS Global owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the state of Colorado. The Company executed the TGS Transaction in order to continue to grow revenues; expand its cultivation facilities, manufacturing facilities and dispensaries; and enter the Colorado market.

The aggregate purchase price for the TGS Transaction, being $143,581 (the "Transaction Price") consisted of; $200 in cash consideration, $8,170 in promissory notes ("Closing Promissory Notes"), $108,766 in equity purchase consideration ("Closing Shares"), and contingent consideration ("Milestone Shares") of $26,445. Equity purchase consideration comprised 33,222,900 common shares of which 32,955,987 were issued on September 1, 2020 and the remaining 266,913 common shares were issued during the fourth quarter of 2020. The Closing Promissory Notes were issued with a debt discount of $606 and require monthly interest payments at a rate of 9.0% per annum. The Closing Promissory Notes require principal payments of $3,750, $3,750 and $1,276 and are due on January 1, 2021, April 1, 2021 and July 1, 2021, respectively.

The following table summarizes the fair value of total consideration transferred and the fair value of each major class of consideration for TGS:

Consideration transferred		
Cash consideration	$	200
Closing promissory notes		8,170
Closing Shares to the Company		108,766
Milestone Shares after closing (contingent consideration)		26,445
Total unadjusted purchase price		143,581
Less: Cash and cash equivalents acquired		(3,203)
Total purchase price, net of cash and cash equivalents acquired	$	140,378

Recognized amounts of identifiable assts acquired and liabilities assumed, less cash assumed:

Purchase price allocation		
Assets acquired:		
Accounts receivable	$	367
Inventory		10,700
Biological assets		5,054
Prepaid expenses and other current assets		796
Property and equipment		11,838
Right of use assets		81,206
Long-term deposits		2,174
Goodwill		110,800
Intangible assets		70,267
Accounts payable		(5,204)
Accrued expenses and other current liabilities		(15,427)
Note payable		(16,855)
Lease liabilities		(95,954)
Deferred tax liabilities		(19,384)
Consideration transferred	$	140,378

The purchase price allocations for the TGS Transaction reflects various fair value estimates and analyses relating to the determination of fair values of certain tangible and intangible assets acquired and residual goodwill. The contingent consideration was estimated considering certain metrics for the year ended December 31, 2020, subject to the terms and conditions set forth in the Membership Interest Purchase Agreement ("MIPA") entered into by the Company in connection with the TGS Transaction. The Sellers will receive common shares (the "Milestone Shares") of the Company upon achievement of aforementioned targets no later than ten business days following the date on which the TGS's audited consolidated financial statements for the fiscal year ending December 31, 2020 are issued. The fair value of the contingent consideration was estimated by an independent valuation firm, based upon management's projections of revenue and EBITDA margin, by applying a probability weighted expected return method ("PWERM") analysis. This fair value measurement was based on significant inputs that are not observable in the market, and represent a level 3 fair value measurement, including those relating to discount factors and probabilities of achievement of the related milestones. A 15% discount was applied, to derive a discounted probability-adjusted earnout of $28,133. The Company then applied a discount for lack of marketability rate of 6% for a net fair value of contingent consideration of $26,445. An estimated range of outcomes has been deemed indeterminable by the Company.

Based on the financial results for the year ended December 31, 2020, the Company accrued an additional amount of $21,757, with a corresponding debit to the other (expense) income, net.

The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data and management's estimates, prepared by an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value.

For leases acquired, the Company measured the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The Company measured the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The goodwill arising from the TGS Transaction consists of expected synergies from combining operations of the Company and TGS, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill will be deductible for tax purposes.

The TGS' state licenses, trade name and wholesale customers represented identifiable intangible assets acquired in the amounts of $41,602, $28,632 and $33, respectively, which were determined to have definite useful lives of 10, 10 and 5 years, each respectively.

In conjunction with the TGS Transaction, the Company expensed $916 of acquisition-related costs, which have been included in selling, general and administrative expenses on the Company's consolidated statement of operations and comprehensive loss.

Since the closing date of the TGS Transaction, $38,166 of revenue and $11,937 of net income of TGS have been included in the Company's consolidated statement of operations and comprehensive loss for the year ended December 31, 2020, each respectively.

CannAscend

On October 25, 2018, the Company, CannAscend Alternative, LLC ("CAA"), and CannAscend Alternative Logan, LLC ("CAA Logan") entered into a Membership Interest 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 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 and all necessary regulatory approvals have been obtained (the "Commencement Date"). The option expires on the 30th day following said Commencement Date ("CannAscend Option Period"). All four of the dispensaries operated by the Target Companies were issued certificates of operation under Ohio's Medical Marijuana Control Program in the fourth quarter of 2019 and the Company is currently in the process of obtaining necessary regulatory approvals.

The price for the CannAscend Option Agreement was approximately $4,124 ("CannAscend Option Deposit"). The Company has recorded the $4,124 of CannAscend Option Deposit paid as long-term deposits on the consolidated statement of financial position at December 31, 2020 and 2019, respectively. 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.

As part of the CannAscend Option Agreement, the Company entered into an escrow agreement with the Target Companies and deposited money into an escrow account. As of December 31, 2020, and 2019, the escrow deposit account had a balance of $10,026 which 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, 2020, and 2019, the Company recorded a balance of $11,025 and $10,895, 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, 2020 and 2019, outstanding interest on the CannAscend Revolving Loan is $645 and $545, respectively, which is recorded as 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

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

The price for the Corsa Verde Purchase Agreement was approximately $2,747 ("Corsa Verde Purchase Price") consisting of cash consideration of $1,247 and a convertible promissory note (the "Convertible Note") in the amount of $1,500, subject to reduction as provided in the Corsa Verde Option Agreement. The Convertible Note is convertible into the number of shares of Company common stock calculated by dividing the principal amount of the Convertible Note by the volume weighted average trading price of the Company common stock on the Aequitas NEO Exchange for the 5 days preceding the closing date of the transactions contemplated by the Corsa Verde Purchase Agreement. As part of the Corsa Verde Purchase Agreement, the Company entered into an escrow agreement with Corsa Verde and deposited funds into the escrow account. As of December 31, 2020 and 2019, the escrow deposit account had a balance of $498 and $1,123, respectively, and is recorded as long-term deposits on the consolidated statements of financial position as of December 31, 2020 and 2019.

The Company provided a revolving loan to Corsa Verde (the "Revolving Loan"), with the principal amount to not exceed $3,000 (the "Loan Amount"). The 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 Revolving Loan Agreement, or c) 90 days after the termination of the Corsa Verde Purchase Agreement. As of December 31, 2020 and 2019, the Company had a balance of $2,536 and $1,493, respectively, 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, 2020 and 2019, outstanding interest on the Corsa Verde Revolving Loan is $149 and $27, respectively, which is included 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.

The Healing Center San Diego

On January 7, 2021, the Company acquired (the "Healing Center San Diego Transaction") a 100% ownership interest in The Healing Center of San Diego, Inc., a single-location dispensary in San Diego, California, for approximately $15,000, comprised of $3,000 in cash, $6,000 in Columbia Care stock and $6,000 in seller promissory notes.

The initial allocations of the purchase prices are incomplete with respect to certain assets acquired. The purchase price allocation requires various fair value estimates and analyses which are subject to change within the measurement period. The primary areas of the purchase price allocation that are subject to change relate to the fair values of certain tangible assets, the valuation of intangible assets acquired, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected.

Green Leaf Medical

On December 22, 2020, the Company signed a definitive agreement to acquire Green Leaf Medical, LLC, a privately held, vertically-integrated cannabis multi-state operator for an upfront consideration of $240,000 comprising of $45,000 in cash and $195,000 in common shares with the potential for additional consideration contingent on achievement of certain performance-based milestones in 2022 and 2023. Completion of the acquisition would be conditional upon the Company and Green Leaf Medical, LLC obtaining the necessary legal and regulatory approvals.

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.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Remuneration attributed to key management personnel during the years ended December 31, 2020 and 2019, are summarized in the table below:

	Year Ended	
	December 31, 2020	December 31, 2019
Salaries and benefits	$ 5,228	$ 3,660
Equity-based compensation	247,298	21,644
	$ 252,526	**$ 25,304**

9. PROPERTY AND EQUIPMENT

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

	December 31, 2020	December 31, 2019
Land and buildings	$ 3,757	$ 4,055
Furniture and fixtures	6,970	3,121
Equipment	22,955	13,596
Computers and software	1,986	1,273
Leasehold improvements	98,380	56,900
Construction in process	11,338	41,740
Total property and equipment, gross	145,386	120,685
Less: Accumulated depreciation	(30,986)	(16,651)
Total property and equipment, net	$ 114,400	$ 104,034

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							
Balance, December 31, 2019	$ 4,055	$ 3,121	$ 13,596	$ 1,273	$ 56,900	$ 41,740	$ 120,685
Additions	2,766	1,087	2,517	556	12,297	10,577	29,800
Business acquisitions	23	1,466	1,923	219	8,191	648	12,470
Disposals	(3,093)	—	(429)	—	(1,714)	(7,935)	(13,171)
Included in assets held for sale	—	(55)	(376)	(132)	(3,835)	—	(4,398)
Transfers	6	1,351	5,724	70	26,541	(33,692)	—
Balance, December 31, 2020	$ 3,757	$ 6,970	$ 22,955	$ 1,986	$ 98,380	$ 11,338	$ 145,386

	Land and buildings	Furniture and fixtures	Equipment	Computers and software	Leasehold improvements	Construction in process	Total
Accumulated depreciation							
Balance, December 31, 2019	$ (154)	$ (721)	$ (3,410)	$ (321)	$ (12,045)	$ —	$ (16,651)
Depreciation	(48)	(913)	(3,941)	(359)	(9,630)	—	(14,891)
Disposals	—	—	132	—	9	—	141
Included in assets held for sale	—	8	25	16	366	—	415
Balance, December 31, 2020	$ (202)	$ (1,626)	$ (7,194)	$ (664)	$ (21,300)	$ —	$ (30,986)

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

	Land and buildings	Furniture and fixtures	Equipment	Computers and software	Leasehold improvements	Construction in process	Total
Cost							
Balance, December 30, 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, 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							
Balance, December 30, 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
Balance, December 31, 2019	$ (154)	$ (721)	$ (3,410)	$ (321)	$ (12,045)	$ —	$ (16,651)

	December 31, 2020	December 31, 2019
Total depreciation expense for the year ended	$ 14,891	$ 8,148
Included in:		
Costs of sales related to inventory production	8,840	4,738
Selling, general and administrative expenses	6,051	3,410

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, 2020 and 2019, the total financial liability associated with property sale transactions that did not meet the criteria for sale-leaseback accounting is $5,709.

During the third quarter of 2020, the Company closed on a sale leaseback transaction in which two properties located in New Jersey sold for $12,385, which was approximately the cost of the properties. Included in the agreement, the Company is expected to complete tenant improvements related to these properties, for which the landlord has agreed to provide a tenant improvement allowance. The right of use assets related to these properties were reduced by $360 which represents the unretained portion of the assets carrying amount. The remaining gain associated with this sale-leaseback was immaterial.

10. PROMISSORY NOTES RECEIVABLES

During the year ended December 31, 2019, Focused Health LLC ("Focused Health"), a consolidated subsidiary of the Company, entered into a lease agreement with 9244 Balboa Blvd., LLC ("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 2029. The balance outstanding as of December 31, 2020 and 2019, is $2,329 and $2,384, respectively, of which $58 and $55, respectively, is recorded in prepaid expenses and other current assets and $2,271 and $2,329, respectively, is recorded in notes receivable-long-term on the consolidated statements of financial position.

11. SHAREHOLDERS' EQUITY

Pre-RTO

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.

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

From the Acquisition Date through December 31, 2019, the Company had the following equity 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 2021 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.

During the year ended December 31, 2020, the Company had the following equity activity:

- On June 18, 2020, the Company completed its acquisition of the remaining minority interest in its Florida operation. Total consideration consisted of $19,301 of which $18,301 was satisfied by the issuance of 7,038,835 common shares and $1,000 in cash.
- On August 12, 2020, 3,845,023 common share warrants were converted to 2,018,298 common shares in a cashless exercise with an exercise price of $2.22. 1,826,723 shares were withheld on the exercise and immediately cancelled.
- On September 1, 2020, the Company completed its acquisition of TGS and issued 32,955,987 common shares on September 1, 2020 and 266,913 common shares on December 21, 2020. See Note 7.
- On September 28, 2020, 174,000 common share warrants were exercised for proceeds of $388.
- On December 2, 2020, the Company completed its acquisition of Project Cannabis and issued 15,713,867 common shares. See Note 7.
- The Company issued 1,852,064 common shares on the vesting of RSU's, including 450,730 which vested in the year ended December 31, 2019. The Company withheld shares to satisfy certain tax withholdings in connection with the vesting of RSUs.

In January 2021, the Company closed a public offering that consisted of 18,572,500 common shares at a price of $8.05 (Canadian Dollars) per common share for net proceeds to the Company of $111,966.

In February 2021, the Company completed a bought deal private placement in which it issued for resale, on a bought deal private placement basis, 3,220,000 common shares at a price of $9.00 (Canadian Dollars) per common share for net proceeds to the Company of $21,770.

Authorized Capital

Authorized share capital of the Company 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 Company's 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.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

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, 2020, and 2019, 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, 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, December 31, 2019	**117,176,201**	**99,352,980**	**—**
Issuance of shares in connection with acquisitions	48,936,767	—	—
Equity-based awards issued	1,852,064	—	—
Share conversion (1)	72,807,752	(72,807,752)	—
Warrants exercised	2,192,298	—	—
Minority buyouts	7,038,835	—	—
Cancellation of restricted stock awards	—	(37,314)	—
Balance, December 31, 2020	**250,003,917**	**26,507,914**	**—**

(1) Includes 3,657,048 RSAs converted to common shares.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

12. WARRANTS

As of December 31, 2020 and 2019, outstanding equity-classified warrants to purchase common shares consisted of the following:

		December 31, 2020		December 31, 2019	
Date Exercisable	Expiration	Number of Shares Issued and Exercisable	Exercise Price (Canadian Dollars)	Number of Shares Issued and Exercisable	Exercise Price (Canadian Dollars)
December 6, 2016	June 6, 2020	—	$ —	3,845,023	$ 2.22
July 1, 2017	July 1, 2020	—	—	1,152,191	5.71
May 8, 2018	May 8, 2021	921,753	5.71	921,753	5.71
October 1, 2018	October 1, 2025	648,783	8.12	648,783	8.12
October 1, 2018	October 1, 2020	—	—	4,855,639	8.12
October 17, 2018	October 17, 2020	—	—	809,272	8.12
November 7, 2018	November 7, 2020	—	—	2,427,818	8.12
June 30, 2019	April 26, 2024	5,394,945	10.35	5,394,945	10.35
March 31, 2020	May 14, 2023	1,610,250	3.10	—	—
April 23, 2020	May 14, 2023	113,000	3.10	—	—
May 14, 2020	May 14, 2023	2,250,188	2.95	—	—
July 2, 2020	May 14, 2023	300,000	4.53	—	—
October 29, 2020	May 14, 2023	1,200,000	5.84	—	—
November 10, 2020	May 14, 2023	504,000	5.84	—	—
November 27, 2020	May 14, 2023	180,000	5.84	—	—
November 30, 2020	May 14, 2023	25,000	5.84	—	—
		13,147,919	$ 6.91	20,055,424	$ 7.34

Warrant activity for the years ended December 31, 2020 and 2019 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, 2018	**—**	**$ —**	**1,338,713**	**$ 55.50**
Issued	5,394,945	10.35	—	—
Exercised	—	—	(210,858)	22.46
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**	**—**	**—**
Issued	6,356,438	3.93	—	—
Exercised	(4,019,023)	2.25	—	—
Expired	(9,244,920)	7.82	—	—
Balance as of December 31, 2020	13,147,919	$ 6.91	—	$ —

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 represents 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 years ended December 31, 2020 and 2019 is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Balance, December 30, 2018	—	$ —
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
Balance, December 31, 2019	7,832,229	5.40
Granted	6,285,973	2.71
Vested	(1,413,863)	8.47
Forfeited	(708,588)	5.21
Balance, December 31, 2020	$ 11,995,751	$ 3.64

The following table presents information about the Company's RSUs for the period presented:

	Year ended	
(Dollars in thousands)	**December 31, 2020**	**December 31, 2019**
Share-based compensation	$ 16,279	$ 16,542
Common shares issued in connection with RSUs	—	371,892

The following table presents information about the Company's RSUs as of the date presented:

	December 31, 2020	December 31, 2019
Weighted average period over which compensation cost will be recognized (in years)	2.5	1.8
Maximum term relating to outstanding RSUs (in years)	3.9	4.0
Obligation to issue shares for RSUs vested during the year (in shares)	—	450,730

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

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 (in years)	4.15
Expected dividends	0.00%
Risk-free interest rate	1.55%

During the years ended December 31, 2020 and 2019, 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 years ended December 31, 2020 and 2019 is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Unvested, December 30, 2018	—	$ —
Granted	5,489,524	5.57
Forfeited	(230,116)	3.54
Unvested, December 31, 2019	5,259,408	5.66
Granted	2,980,751	2.43
Forfeited	(188,341)	7.44
Unvested, December 31, 2020	8,051,818	$ 4.42

For the years ended December 31, 2020 and 2019, the equity-based compensation related to PSUs and TSRs issued was $8,944 and $5,320, respectively. The weighted average vesting term related to outstanding PSUs and TSRs as of December 31, 2020 and December 31, 2019, is 2.5 years and 3.3 years, respectively.

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 (in years)	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.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

A summary of option activity for the years ended December 31, 2020 and 2019 is presented below:

	Stock Options	Weighted-Average Exercise Price (Canadian Dollars)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding, December 30, 2018	—	—	—	$ —
Granted	55,384	10.90	—	—
Outstanding, December 31, 2019	55,384	10.90	3.3	—
Outstanding, December 31, 2020	55,384	10.90	2.3	$ —

For the years ended December 31, 2020 and 2019, the equity-based compensation expense related to stock options issued was $97 and $107, respectively. No options are exercisable as of December 31, 2020 and December 31, 2019.

Common Shares

During the year ended December 31, 2019, the Company granted 101,878 common shares to employees and consultants. These common shares vested in the year ended December 31, 2019. 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 Company did not grant any CAP units during the years ended December 31, 2020 and 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:

	Units	Weighted-Average Threshold Amount
Outstanding, December 30, 2018	641,548	$ 51.05
Units forfeited	(3,336)	67.49
Units converted to RSAs	(638,212)	50.96
Outstanding, December 31, 2019 and 2020	—	$ —

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

A summary of RSA activity for the years ended December 31, 2020 and 2019 is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding, December 30, 2018	—	$ —
CAP units converted to RSAs	4,541,835	7.63
Forfeited	(119,995)	11.11
Outstanding, December 31, 2019	4,421,840	7.54
Forfeited	(37,314)	13.87
Converted to common shares	(3,657,048)	7.54
Outstanding, December 31, 2020	727,478	$ 7.19

Equity-based compensation expense related to the Company's CAP units and RSAs was $3,617 and $6,448 for the years ended December 31, 2020 and 2019, 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 ("RSBU"). In September 2019, The IIP units were converted into RSBUs based on the intrinsic value of the Company, as if it was liquidated at the Acquisition Date. The value of the RSBUs was designed to generally preserve the intrinsic value of the replaced awards immediately prior to the conversion. Such RSBUs 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 RSBUs. Upon the 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:

	Units	Weighted-Average Liquidation Value
Outstanding, December 30, 2018	629,277	$ 51.29
Units forfeited	(23,612)	61.98
Units converted to RSBUs	(605,665)	50.87
Outstanding, December 31, 2019 and 2020	—	$ —

Deferred compensation expense related to the Company's IIP units was $5,503 for the year ended December 31, 2019.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

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, 2020	December 31, 2019
Current tax expense		
Federal	$ 4,687	$ 549
State	1,094	—
Total current tax expense	5,781	549
Deferred tax expense		
Federal	(6,789)	9,799
State	(2,657)	2,526
Total deferred tax expense (benefit)	(9,446)	12,325
Provision for income taxes	$ (3,665)	$ 12,874

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, 2020		December 31, 2019	
Loss before provision for income taxes	$ (136,865)		$ (93,854)	
Tax using the company's domestic tax rate	(28,742)	21.0%	(19,709)	21.0%
Tax effect of:				
State taxes, net of federal benefits	(1,266)	0.9%	2,128	(2.3)%
Non-deductible partnership income	1,481	(1.1)%	5,092	(5.4)%
Non-deductible expenses	19,346	(14.1)%	9,653	(10.3)%
Share-based compensation	4,846	(3.5)%	8,476	(9.0)%
Change in tax status	2,018	(1.5)%	7,538	(8.0)%
Other	(1,348)	1.0%	193	(0.2)%
Recognition of previously unrecognized (derecognition of previously recognized) deductible temporary differences	—	—	(497)	0.5%
	$ (3,665)	2.7%	$ 12,874	(13.7)%

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.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Changes in the Company's deferred taxes for the years ended December 31, 2020 and 2019 are summarized in the table below:

As of December 31, 2020	Net balance at January 1	Recognized in profit or loss	Other	Net	Deferred tax assets	Deferred tax liabilities
Depreciation	$ 69	$ 196	$ —	$ 265	$ 265	$ —
Inventory	(15,907)	(2,737)	—	(18,644)	—	(18,644)
Tax loss carryforwards	663	(71)	—	592	592	—
Tax credit carryforwards	—	—	—	—	—	—
Intangibles	—	(23,171)		(23,171)	—	(23,171)
Other capitalized assets	1,404	979	—	2,383	2,383	—
Right of use assets	12,440	13,554	—	25,994	25,994	—
Accruals and other liabilities	(15,356)	(4,463)	—	(19,819)	—	(19,819)
Tax assets (liabilities) before set-off	(16,687)	(15,713)	—	(32,400)	29,234	(61,634)
Set-off of tax	—	—	—	—	(29,234)	29,234
Net tax assets (liabilities)	$ (16,687)	$ (15,713)	$ —	$ (32,400)	$ —	$ (32,400)

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)

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, 2020		December 31, 2019	
	Gross amount	Tax amount	Gross amount	Tax amount
Tax losses	$ 12,523	$ 2,940	$ 3,117	$ 651

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Tax losses carried forward

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

		2020	Expiry date		2019	Expiry date
Expire	$	10,648	2034-2039	$	5,069	2034-2039
Never expire	$	809	–	$	826	–

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. The Company's tax years are still open under statute from December 31, 2017, 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, 2020		December 31, 2019
Numerator:				
Net loss	$	(133,200)	$	(106,728)
Less: Net loss attributable to non-controlling interest		(22,424)		(4,139)
Net loss attributable to shareholders	$	(110,776)	$	(102,589)
Denominator:				
Weighted average shares outstanding - basic and diluted		232,576,117		209,992,187
Loss per share - basic and diluted	$	(0.48)	$	(0.49)

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, 2020 and 2019, 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.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

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:

	Year Ended	
	December 31, 2020	**December 31, 2019**
Carrying amount, beginning of the year	$ 79,031	$ 35,070
Additions to leased assets	39,065	50,462
Leased assets obtained through acquisitions	82,793	—
Amortization charges	(11,739)	(6,501)
Impairment	(1,435)	—
Carrying amount, end of the year	**$ 187,715**	**$ 79,031**

The Company's real estate leases typically have terms of 1 to 15 years. Certain leases include extension options exercisable from one to five years before the end of the cancellable lease term. The Company typically leases equipment and vehicles with standard lease terms of 3 to 5 years. Expenses recognized relating to short-term leases and leases of low value during the years ended December 31, 2020 and 2019 were immaterial.

The following table summarizes the Company's future undiscounted lease payments as of December 31, 2020:

Period	**Scheduled Payments**
Due in Year 1	$ 24,260
Due in Years 2-5	92,060
Due in 5+ Years	241,831
Total undiscounted lease liability	358,151
Impact of discount	(147,473)
Lease liability, December 31, 2020	210,678
Less current portion of lease liability	(9,937)
Long-term portion	$ 200,741

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.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Legal

A former minority owner of the Company's Florida-licensed business, Sun Bulb Company, Inc. ("Sun Bulb"), was sued by a former purported joint venture partner. The purported joint venture partner alleged various statutory and common law claims related to the terminated joint venture. The Company had agreed to indemnify Sun Bulb for litigation costs and any judgment rendered in the matter, in excess of $750. On January 20, 2021, after an eight-day arbitration hearing, the arbitration panel issued a partial final award in the former joint venture partner's favor on three of the 11 claims asserted and awarded the former joint venture partner $10,553 plus prejudgment interest from July 26, 2017 through the present, as well as reasonable attorneys' fees. In February 2021, the parties stipulated that prejudgment interest equals $2,235, and reasonable attorneys' fees. On March 2, 2021, the Panel issued a Final Award, awarding the former joint venture partner a total of $15,195, inclusive of prejudgment interest and attorneys' fees. The Company expects a demand for indemnification to be made by Sun Bulb, pursuant to the indemnification agreement. During the year ended December 31, 2020, the Company recorded an additional indemnification expense of $14,195, and as of December 31, 2020, the Company has a total accrual of $15,195 in the respect of this matter.

Additionally, 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. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Fair Value Measurements

The following table presents the fair value of those liabilities that are measured on a recurring basis as of December 31, 2020 and 2019:

December 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative liability	$ —	$ —	$ (17,109)	$ (17,109)
Biological assets			18,752	18,752
Total	$ —	$ —	$ 1,643	$ 1,643
December 31, 2019	$ —	$ —	$ —	$ —

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**
Derivative liability	Market approach	Common Share value	Increase or decrease in common share value will result in an increase or decrease in fair value
Biological assets	Market approach	Market prices of cannabis products, days in growth cycle, stage of completion in growth cycle, yield, costs to sell	Increase or decrease in market prices of cannabis products, days in growth cycle, stage of completion in growth cycle, yield, costs to sell will result in an increase or decrease in fair value

The carrying amounts of cash and restricted cash, accounts receivable, deposits and other current assets, accounts payable, accrued expenses and other current liabilities like interest payable and payroll liabilities and short-term debt as of December 31, 2020 and 2019 approximate their fair values because of the short-term nature of these items and are not included in the table above. The Company's note receivable, long term deposits and long-term debt approximate fair value due to the market rate of interest used on initial recognition.

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

Financial Risk Management

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, 2020 and 2019 is the carrying amount of cash, 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.

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. The notes receivable and long-term debt bear a fixed rate of interest and therefore there is no interest rate risk associated with them.

Foreign Exchange Risk

Except for the derivative liability associated with the convertible debt, 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 significant 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.

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18. INTANGIBLE ASSETS

Intangible assets consist of the following:

	2019			2020		
	Balance, December 30, 2018	**Amortization**	**Balance, December 31, 2019**	**Acquisitions**	**Amortization**	**Balance, December 31, 2020**
Permits and Licenses	$ 16,235	$ (540)	$ 15,695	$ 51,958	$ (2,556)	$ 65,097
Trademarks and Tradenames	-	-	-	33,043	(1,028)	32,015
Customer relationships	-	-	-	3,286	(56)	3,230
Total	$ 16,235	$ (540)	$ 15,695	$ 88,287	$ (3,640)	$ 100,342

During the year ended December 31, 2019, the Company changed the estimated useful life of a license to operate a dispensary in the state of Florida 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. The Company recorded amortization expense on its intangible assets of $3,640 and $540, respectively, during the years ended December 31, 2020 and 2019. Refer to Note 7 for details of purchase price allocations to intangible assets as a result of the acquisitions during the year ended December 31, 2020.

19 ASSETS HELD FOR SALE

During the second quarter of 2020, the Company committed to a plan to sell its Puerto Rico operations. Accordingly, certain of the assets and liabilities held by the Company’s Puerto Rico subsidiary are presented as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected by the first half of 2021. This planned disposal did not represent a strategic shift of the Company that had or will have a major effect on the Company’s operations and financial results. Accordingly, the assets and liabilities of Puerto Rico operations were not segregated and were presented as continuing operations in the consolidated financial statements. Impairment losses of $1,969 for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in other (expense) income, net in the consolidated statements of operations and comprehensive loss. The impairment losses have been applied to reduce the carrying amount of property, plant and equipment within the disposal group. As of December 31, 2020, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

Property, plant and equipment	$ 2,014
Right of use assets	1,435
Prepaid expenses and other current assets	34
Assets held for sale	$ 3,483
Lease liabilities	$ (1,483)
Liabilities held for sale	$ (1,483)

The fair value for the disposal group of $2,000 was performed using Level 2 inputs, which include bids received from third parties, recent purchase offers and comparable market information for transactions in the region and discussions with potential acquirers.

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20 SELLING, GENERAL AND ADMINISTRATIVE

For the years ended December 31, 2020 and 2019, selling, general and administrative expenses are summarized in the table below:

	December 31, 2020	December 31, 2019
Salaries and benefits	$ 43,957	$ 27,770
Professional fees	17,887	24,171
Depreciation and amortization	15,653	7,445
Operating facilities costs	12,259	8,655
Operating office and general expenses	10,157	7,708
Advertising and promotion	6,083	5,792
Other fees and expenses	5,141	2,766
Total Selling, General and Administrative Expenses	$ 111,137	$ 84,307

21 OTHER (EXPENSE) INCOME, NET

For the years ended December 31, 2020 and 2019, other (expense) income, net is summarized in the table below:

	December 31, 2020	December 31, 2019
Indemnification expense (Note 16)	$ (14,195)	$ —
TGS earnout adjustment (Note 7)	(21,757)	—
Loss on disposal group (Note 19)	(1,969)	—
Gain on deconsolidation of investment (Note 2)	720	—
Loss on disposal of assets, net	(427)	(105)
Gain on lease termination	301	—
Foreign exchange (loss) gain, net	(11)	834
Other	146	5
Total Other (Expense) Income, net	$ (37,192)	$ 734

22. 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 equity. 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 years ended December 31, 2020 and 2019.

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

23. NON-CONTROLLING INTERESTS

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

Summarized statements of financial position	**Venture Forth**	**Columbia Care Arizona-Tempe**	**Columbia Care Delaware**	**Columbia Care Puerto Rico**	**Columbia Care Maryland**	**Columbia Care Florida**	**Columbia Care Eastern Virginia**	**Columbia Care International HoldCo**	**Columbia Care New Jersey**	**Access Bryant**	**Leafy Greens**	**Columbia Care Ohio**	**Columbia Care Missouri**	**Total**
	December 31, 2020													
Current assets	$ 1,231	$ 2,709	$ 4,158	$ 3,648	$ 464	$ 8,204	$ 259	384	2,318	364	$ 11	$ 2,597	$ 259	$ 26,606
Current liabilities	(1,166)	(50)	(433)	(1,573)	(186)	(5,017)	(404)	(505)	(390)	(235)	(44)	(368)	(404)	(10,775)
Current net assets (liabilities)	65	2,659	3,725	2,075	278	3,187	(145)	(121)	1,928	129	(33)	2,229	(145)	15,831
Non-current assets	1,956	696	11,005	—	1,247	62,994	17,102	5,707	26,304	613	906	14,368	17,102	160,000
Non-current liabilities	(17,114)	(1,634)	(17,396)	(9,146)	(2,932)	(80,629)	(19,674)	(1,590)	(31,877)	(482)	(948)	(20,478)	(19,674)	(223,574)
Non-current net assets (liabilities)	(15,158)	(938)	(6,391)	(9,146)	(1,685)	(17,635)	(2,572)	4,117	(5,573)	131	(42)	(6,110)	(2,572)	(63,574)
Accumulated NCI	$ (17,551)	$ 273	$ —	$ (3,638)	$ (43)	$ —	$ (95)	$ 5,472	$ (173)	$ (2)	$ —	$ (3,880)	$ (76)	$ (19,713)

Summarized statements of financial position	**Venture Forth**	**Columbia Care Arizona-Tempe**	**Columbia Care Delaware**	**Columbia Care Puerto Rico**	**Columbia Care Maryland**	**Columbia Care Florida**	**Columbia Care Eastern Virginia**	**Columbia Care International HoldCo**	**Columbia Care New Jersey**	**Access Bryant**	**Leafy Greens**	**Total**
	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)

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**	**Columbia Care East Virginia**	**Columbia Care International HoldCo**	**Columbia Care New Jersey**	**Access Bryant**	**Leafy Greens**	**Columbia Care Ohio**	**Columbia Care Missouri**	**Total**
Balance, December 30, 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, December 31, 2019	**$ (2,614)**	**$ —**	**$ —**	**$ 563**	**$ (89)**	**$ (1,524)**	**$ (27)**	**$ 2,484**	**$ (36)**	**$ —**	**$ —**	**$ —**	**$ (99)**	**$ —**	**$ —**	**$ (1,342)**
Net income (loss) attributable to NCI	(14,937)	—	—	(290)	89	(2,114)	(16)	(808)	(59)	(37)	(173)	(2)	(121)	(3,880)	(76)	(22,424)
Other adjustments	—	—	—	—	—	—	—	(1,676)	—	5,509	—	—	220	—	—	4,053
Balance, December 31, 2020	**$ (17,551)**	**$ —**	**$ —**	**$ 273**	**$ —**	**$ (3,638)**	**$ (43)**	**$ —**	**$ (95)**	**$ 5,472**	**$ (173)**	**$ (2)**	**$ —**	**$ (3,880)**	**$ (76)**	**$ (19,713)**

During the year ended December 31, 2020, Columbia Care International Holdco LLC, a consolidated subsidiary of the Company, issued membership interests of five percent to an unrelated party in consideration for $5,509. Additionally, Leafy Greens Inc, a subsidiary that was consolidated by the Company as of December 31, 2019, issued membership interests to an unrelated party for a consideration of $1,000, resulting in loss of control by the Company. Refer to Note 2 for details of the transaction.

24. SUBSEQUENT EVENTS

The Company has evaluated all events and transactions that occurred after December 31, 2020 through the filing of these audited annual financial statements. With the exception of the subsequent acquisition related activity described in Note 7, subsequent issuance of equity as described in Note 11 and the resolution of a legal matter as described in Note 16, no events have occurred that would require adjustment to the disclosures in the consolidated financial statements.