# Columbia Care LLC

## Financial Statements

For the three months ended March 31, 2019 and March 31, 2018

(Expressed in US dollars)

**COLUMBIA CARE LLC**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands)
(expressed in US dollars)

| | Note | March 31, 2019 | December 29, 2018 |
|---|---|---|---|
| **Assets** | | | |
| Current assets: | | | |
| Cash | | $ 59,064 | $ 46,241 |
| Accounts receivable | | 1,703 | 904 |
| Subscription receivable | | - | 42,764 |
| Inventory | *5* | 59,365 | 62,157 |
| Biological assets | *6* | 4,027 | 4,698 |
| Prepaid expenses and other current assets | | 7,010 | 3,358 |
| Total current assets | | 131,169 | 160,122 |
| Property and equipment | *10* | 51,554 | 39,794 |
| Right of use assets | *16* | 33,654 | - |
| Restricted cash | *8* | 10,426 | 11,026 |
| Long-term deposits | *8* | 5,324 | 4,259 |
| Intangible assets | *18* | 16,235 | 16,235 |
| Other non-current assets | *8* | 5,853 | 2,491 |
| Total assets | | $ 254,215 | $ 233,927 |
| **Liabilities and Members' Equity** | | | |
| Current liabilities: | | | |
| Accounts payable | | $ 9,838 | $ 4,028 |
| Accrued expenses | | 7,308 | 3,256 |
| Interest payable | | - | 47 |
| Payroll liabilities | | 1,943 | 2,722 |
| Current portion of lease liability | *16* | 4,807 | - |
| Current portion of long-term debt | *7* | 150 | 4,277 |
| Other current liabilities | *8, 11* | 543 | 979 |
| Total current liabilities | | 24,589 | 15,309 |
| Deferred taxes | | 4,362 | 4,362 |
| Deferred compensation | *14* | 11,716 | 9,805 |
| Long-term lease liability | *16* | 29,963 | - |
| Other long-term liabilities | *11* | 168 | 762 |
| Total liabilities | | 70,798 | 30,238 |
| Equity: | | | |
| Members' capital | | 248,195 | 245,658 |
| Other reserves | | 28,220 | 25,897 |
| Deficit | | (93,663) | (68,803) |
| Total Columbia Care LLC members' equity | | 182,752 | 202,752 |
| Non-controlling interest | *20* | 665 | 937 |
| Total equity | | 183,417 | 203,689 |
| Total liabilities and equity | | $ 254,215 | $ 233,927 |

Operations of the Company and going concern (Note 1)
Commitments and contingencies (Note 16)
Subsequent events (Note 21)

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

| *MICHAEL ABBOTT* | *NICHOLAS VITA* |
|---|---|
| ***BOARD MEMBER*** | ***BOARD MEMBER*** |

**COLUMBIA CARE LLC**
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands)
(expressed in US dollars)

| | | Three Months Ended | |
|---|---|---|---|
| | *Note* | March 31, 2019 | March 31, 2018 |
| Revenues: | | | |
| Medicinal sales | | $ 12,870 | $ 8,849 |
| Total revenues | | 12,870 | 8,849 |
| Production costs | | (8,469) | (5,436) |
| Gross profit before fair value adjustments | | $ 4,401 | $ 3,413 |
| Fair value adjustments: | | | |
| Change in fair value of biological assets included in inventory sold | 6 | $ (11,856) | $ (11,741) |
| Unrealized gain/loss on changes in fair value of biological assets and inventory | 6 | 5,252 | 9,545 |
| Total fair value adjustments | | $ (6,604) | $ (2,196) |
| Gross margin | | $ (2,203) | $ 1,217 |
| Operating expenses: | | | |
| Operating direct labor | | $ 5,339 | $ 2,847 |
| Advertising and promotion | | 481 | 162 |
| Operating facilities cost | | 950 | 890 |
| Operating office and general expenses | | 1,115 | 694 |
| Professional fees | | 7,928 | 1,386 |
| Other fees and expenses | | 6,112 | 3,472 |
| Total operating expenses | | $ (21,925) | $ (9,451) |
| Loss from operations | | $ (24,128) | $ (8,234) |
| Other income (expense): | | | |
| Interest income (expense), net | | $ (447) | $ (719) |
| Other income (expense), net | | 58 | (25) |
| Total other income (expense) | | $ (389) | $ (744) |
| Loss before provision for income taxes | | $ (24,517) | $ (8,978) |
| Provision for income tax expense | | (615) | (719) |
| Net loss and comprehensive loss | | $ (25,132) | $ (9,697) |
| Net loss attributable to non-controlling interests | 20 | (272) | (261) |
| Net loss attributable to members | | $ (24,860) | $ (9,436) |
| Weighted-average number of common units used in earnings per unit - basic and diluted | | 14,613,453 | 12,254,119 |
| Earnings attributable to members per unit (basic and diluted) | | $ (1.70) | $ (0.77) |

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

**COLUMBIA CARE LLC**
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)
(expressed in US dollars)

| | Number of Members' Units | Amount | Reserves | Deficit | Total Columbia Care LLC Members' Equity | Non-Controlling Interest (Note 21) | Total Members' Equity |
|---|---|---|---|---|---|---|---|
| **Balance as of December 30, 2017** | **12,230,853** | **$ 81,954** | **$ 13,643** | **$ (27,645)** | **$ 67,952** | **$ (3,431)** | **$ 64,521** |
| Private placements | 81,424 | 5,585 | | | 5,585 | | 5,585 |
| Debt conversion and settlement | 83,345 | 5,807 | | | 5,807 | | 5,807 |
| Equity-based compensation | | | 1,800 | | 1,800 | | 1,800 |
| Equity component of convertible debt | | 515 | | | 515 | | 515 |
| Net loss | | | | (9,436) | (9,436) | (261) | (9,697) |
| **Balance as of March 31, 2018** | **12,395,622** | **$ 93,861** | **$ 15,443** | **$ (37,081)** | **$ 72,223** | **$ (3,692)** | **$ 68,531** |
| | | | | | | | |
| **Balance as of December 29, 2018** | **14,449,736** | **$ 245,658** | **$ 25,897** | **$ (68,803)** | **$ 202,752** | **$ 937** | **$ 203,689** |
| Debt conversion and settlement | 27,561 | 2,537 | - | - | 2,537 | - | 2,537 |
| Warrants exercised | 159,325 | | 2 | - | 2 | - | 2 |
| Unit issue costs | 2,490 | - | - | - | - | - | - |
| Equity-based compensation | - | - | 2,321 | - | 2,321 | - | 2,321 |
| Net loss | - | - | - | (24,860) | (24,860) | (272) | (25,132) |
| **Balance as of March 31, 2019** | **14,639,112** | **$ 248,195** | **$ 28,220** | **$ (93,663)** | **$ 182,752** | **$ 665** | **$ 183,417** |

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

**COLUMBIA CARE LLC**
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(expressed in US dollars)

| | Note | Three Months Ended March 31, 2019 | March 31, 2018 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net loss | | $ (25,132) | $ (9,697) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | | 2,870 | 981 |
| Equity based compensation | *14* | 2,321 | 1,800 |
| Deferred compensation | *14* | 1,911 | 988 |
| Change in fair value of derivative liability | | - | 26 |
| Debt amortization expense | | 18 | 218 |
| Change in fair value of biological assets | | 6,604 | 2,196 |
| **Changes in operating assets and liabilities** | | | |
| Accounts receivable | | $ (800) | $ (75) |
| Biological assets | | (5,933) | (3,429) |
| Inventory | | 2,792 | 2,626 |
| Prepaid expenses and other current assets | | (1,146) | 23 |
| Other assets | | (38,432) | (4) |
| Accounts payable, accrued expenses and other current liabilities | | 9,610 | (1,379) |
| Other long-term liabilities | | 30,244 | (486) |
| Net cash used in operating activities | | $ (15,073) | $ (6,212) |
| **Cash flows from investing activities:** | | | |
| Purchases of property and equipment | | (9,378) | (1,116) |
| Purchase of additional interest in Columbia Care Arizona-Tempe | *7* | (50) | - |
| Cash paid for deposits | | (3,407) | (26) |
| Cash received from short-term deposits | | 436 | 500 |
| Net cash used in investing activities | | $ (12,399) | $ (642) |
| **Cash flows from financing activities:** | | | |
| Net proceeds from issuance of common units and warrants | | 42,764 | 5,585 |
| Net proceeds from issuance of debt | | - | 2,000 |
| Payment of lease liabilities | *16* | (876) | - |
| Exercise of warrants | *13* | 2 | - |
| Repayment of debt | *7* | (1,595) | - |
| Net cash provided by financing activities | | $ 40,295 | $ 7,585 |
| **Net increase in cash** | | 12,823 | 731 |
| Cash at beginning of the period | | 46,241 | 13,297 |
| Cash at end of period | | $ 59,064 | $ 14,028 |
| **Supplemental disclosure of cash flow information:** | | | |
| Cash paid for interest on other obligations | | $ 67 | $ 424 |
| Cash paid for interest on lease obligations | | $ 563 | $ - |
| Cash paid for income taxes | | $ 124 | $ 307 |
| **Supplemental disclosure of non-cash investing and financing activities:** | | | |
| Non-cash fixed asset additions within accounts payable and accrued expenses | | $ 3,835 | $ 1,371 |
| Conversion of convertible debt and accrued interest to equity | | $ 2,537 | $ 5,807 |
| Equity component of convertible debt | | $ - | $ 515 |



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

## 1. OPERATIONS OF THE COMPANY

Columbia Care LLC ("the Company") is a for-profit limited liability company formed under the laws of the State of Delaware on January 29, 2013. The Company's principal mission is to provide medicinal cannabis and derivative products to qualified patients. The address of the Company's registered office is 874 Walker Road, Suite C, Dover, Delaware 19904.

The Company is currently licensed to operate in 14 U.S. states and territories and has received approval of its application for a license in Malta.

In October 2018, the Company announced its intention to enter into a business combination with Canaccord Genuity Growth Corp. ("CGGC"), a special purpose acquisition corporation listed on the Canadian NEO exchange. The transaction closed in the second quarter of 2019, whereupon the Company became a wholly owned affiliate of CGGC.

## 2. BASIS OF ACCOUNTING

These interim financial statements have been prepared in accordance with *International Accounting Standards ("IAS") 34, Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the Company's last annual consolidated financial statements as of and for the year ended December 29, 2018. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements. This is the first set of the Company's financial statements where IFRS 16 and IFRIC 23 has been applied. Changes to significant accounting policies are described in Note 4. These interim financial statements were authorised for issue by the Company's board of directors on May 14, 2019.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim 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 recognised 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.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16 and IFRIC 23, which are described in Note 4.

## 4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Company's consolidated financial statements as of and for the year ended December 29, 2018.

The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as of and for the year ending December 31, 2019.

*IFRS 16, Leases*

IFRS 16, *Leases* was issued by the IASB in January 2016. It replaced IAS 17, *Leases* for reporting periods beginning on or after January 1, 2019. The Company has adopted IFRS 16 retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Accordingly, the Company has not restated comparative information and has 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 leases within the Company are comprised primarily of building and office leases. The adoption of this standard results in almost all leases being recognized on the balance sheet, except for short-term and low-value leases. As at January 1, 2019, the Company recognized lease 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.

*IFRIC 23, Taxes*

In June 2017, the IASB issued IFRIC 23, *Uncertainty over Income Tax Treatments*, aiming to reduce diversity in how companies recognize and measure a tax liability or tax asset when there is uncertainty over income tax treatments. The standard is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The Company adopted IFRIC 23 as of January 1, 2019, with no significant impact to the consolidated interim financial statements on adoption of this IFRS.

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

## 5. INVENTORY

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

| | Capitalized cost | Biological asset fair value adjustment | Carrying amount |
|---|---|---|---|
| Work-in-process - cannabis in cures and final vault | $ 3,821 | $ 16,106 | $ 19,927 |
| Finished goods - dried cannabis, concentrate and edible products | 8,996 | 33,056 | 42,052 |
| Accessories and Supplies | 178 | - | 178 |
| **Carrying amount, December 29, 2018** | **$ 12,995** | **$ 49,162** | **$ 62,157** |
| Work-in-process - cannabis in cures and final vault | $ 5,191 | $ 18,114 | $ 23,305 |
| Finished goods - dried cannabis, concentrate and edible products | 10,434 | 25,407 | 35,841 |
| Accessories and Supplies | 219 | - | 219 |
| **Carrying amount, March 31, 2019** | **$ 15,844** | **$ 43,521** | **$ 59,365** |

Inventories consist of the capitalized inventory costs and transformation of biological assets. The capitalized cost component of inventories represents the amount of cost before any fair value adjustments transferred to inventory through fair value gains recognised 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.

## 6. BIOLOGICAL ASSETS

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

| | |
|---|---|
| **Carrying amount, December 30, 2017** | **$ 5,453** |
| Changes in fair value less costs to sell due to biological transformation | 71,100 |
| Production costs capitalized | 3,330 |
| Transferred to inventories upon harvest | (75,185) |
| **Carrying amount, December 29, 2018** | **$ 4,698** |
| Changes in fair value less costs to sell due to biological transformation | 32,846 |
| Production costs capitalized | 1,887 |
| Transferred to inventories upon harvest | (35,404) |
| **Carrying amount, March 31, 2019** | **$ 4,027** |

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. Stage of growth 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 and are based on historical information:

i. Selling prices per gram were determined by estimating the Company's average selling price of each 12-month period. The Company's average selling price for the three months ended March 31, 2019 and the year ended December 29, 2018 was $12.26 and $13.85 per gram, respectively;

ii. The stage of plant growth at which point of harvest is determined. As of March 31, 2019, and December 29, 2018, the biological assets were on average 49% and 48% completed, respectively;

iii. Selling and other fulfillment costs were determined by estimating the Company's average cost per gram, which was $2.18 and $2.27 per gram and equivalent gram of cannabis sold as of March 31, 2019 and December 29, 2018, respectively;

iv. Expected yield per plant varies by strain and is estimated through historical growing results or grower estimate if historical results are not available. The Company's average yield per plant as of March 31, 2019 and December 29, 2018 was 179 grams per plant and 175 grams per plant, respectively.

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

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:

| Significant inputs $ Assumptions | Range of inputs | Sensitivity | Effect on fair value 3/31/2019 | Effect on fair value 12/29/2018 |
|---|---|---|---|---|
| Selling price per gram | $5.29 to $86.13 per gram* | Increase by $1.00 per gram | $ 458 | $ 399 |
| Stage of Growth | 18% to 63% | Increase by 5% | $ 406 | $ 434 |
| Selling and other fulfillment costs | $0.70 to $15.70 per pram | Increase by $1.00 per gram | $ (469) | $ (399) |
| Expected yield per plant | 57.10 to 244.12 grams per plant | Increase by 5 grams per plant | $ 118 | $ 131 |
| Discount rate | 2.5% to 39% | Increase by 5% | $ (4,572) | $ (5,740) |

*New York State and Florida do not permit dispensaries to sell cannabis flower. Only edibles, tinctures, and solid and semisolid preparations are permitted. The average selling price per gram of $86.13 per gram, selling and other fulfillment costs of $15.17 per gram and expected yield per plant of 244.12 grams per plant reflect the conversion of cannabis plant into concentrated products and the associated selling price and selling and other fulfillment costs of concentrated products.

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

The Company's estimates and assumptions reflect differences in regulation restrictions applicable to the states in which the Company operates. For states other than New York and Florida, selling prices per gram are calculated upon the Company's average selling price of dried cannabis that does not involve in any extraction or other processing activities to reflect the value of such products up to the point of harvest. For New York and Florida, where only sales of concentrate products and edible products are permitted, selling prices per gram and yield per plant are calculated based on the Company's average selling price of concentrate products and dry weight equivalent grams (DWE) of such products in the fair value calculation.

During the three months ended March 31, 2019 and March 31, 2018, the Company's biological assets produced 1,220,729 grams and 470,957 grams of dried cannabis, respectively.

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

## 7. CURRENT AND LONG-TERM DEBT

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

| | March 31, 2019 | December 29, 2018 |
|---|---|---|
| Working capital line | $ - | $ 300 |
| Term debt | | |
| Real Estate debt at 7% interest | - | 3,777 |
| Note Payable, non-interest bearing | 150 | 200 |
| Total Term debt | 150 | 3,977 |
| Total debt | $ 150 | $ 4,277 |
| Less current portion | (150) | (4,277) |
| Long term portion | $ - | $ - |

Annual maturities of the Company's debts, net of original issuance discount, are shown in the table below:

| Year ending | Scheduled Maturities |
|---|---|
| December 31, 2019 | $ 150 |
| Thereafter | - |
| Total future debt maturities | $ 150 |

*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 is unsecured. Interest shall be paid in cash arrears commencing on July 31, 2018 and on each quarterly anniversary thereafter. The Company was permitted to prepay the loans, in whole or in part, upon not less than three business days prior with written notice.

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

Interest expense for the periods ended March 31, 2019 and March 31, 2018 was $0 and $24, respectively.

***Term Debt***

*Real Estate Debt*

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

The loans may 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 were allowed to 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.

In connection with the Agreement, the Company issued 11,230 and 31,814 warrants, respectively during the years ended December 30, 2017 and December 31, 2016 at an exercise price of $0.01.

Upon initial recognition, the Company recorded $408 and $677 in 2017 and 2016, respectively, of reserves on the issuance of the warrants with a corresponding reduction to the carrying value of the loan.

Interest expense for the three months ended March 31, 2019 and March 31, 2018 was $0 and $206, respectively.

Amortization expense for the three months ended March 31, 2019 and March 31, 2018 was $18 and $122, respectively.

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

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

*Note Payable - Former Member*

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

The note had outstanding principal of $150 and $200 at March 31, 2019 and December 29, 2018, respectively.

The purchase of the non-controlling interest in the amount of $1,000 was recorded in the consolidated changes in members' equity section of these financial statements.

## 8. CANNASCEND AGREEMENT

On October 25, 2018, the Company, CannAscend Alternative, LLC ("CAA"), and CannAscend Alternative Logan, LLC ("CAA Logan") entered into a Membership Purchase Option Agreement (the "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 Option Agreement, the Company purchased an exclusive option to acquire all outstanding membership interests (the "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 the Medical Marijuana Control Program, and expiring on the 30th day following said commencement date ("Option Period").

The price for the Option Agreement was approximately $4,124 ("Option Deposit"), of which the Company had paid approximately $2,124 in October 2018, and an additional $1,000 (via a transfer of funds from an escrow deposit account) in November 2018, for a total of $3,124 as of December 29, 2018. In March 2019, the Company paid an additional $600 (via a transfer of funds from an escrow deposit account) for a total of $3,724 as of March 31, 2019. If the Company exercises the Option, the Company will pay a purchase price of $14,150, subject to reduction as provided in the Option Agreement. The Company has recorded the $3,724 and $3,124 of the Option Deposit paid as long-term deposits on the consolidated balance sheet at March 31, 2019 and December 29, 2018, respectively. In addition, the Company determined $600 of the remaining $1,000 Option Deposit meets the definition of a provision and thus has recorded a provision and corresponding other non-current asset on the consolidated balance sheet as of December 29, 2018. This provision was paid during March 2019. As part of the Option Agreement, the Company entered into an escrow agreement with the Target Companies and deposited $12,026 into the escrow account. As of March 31, 2019, and December 29, 2018, the escrow deposit account had a balance of $10,426 and $11,026, respectively, and is recorded as restricted cash on the consolidated statement of financial position.

On October 25, 2018, as consideration for the Option, the Company made a revolving loan to the Target Companies (the "Revolving Loan"), with the principal amount to not exceed $7,500 (the "Loan Amount"). The Revolving Loan is evidenced by a secured promissory note of the Target Companies (the "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 Option Agreement. As of March 31, 2019, and December 29, 2018, the Company had a balance of $4,933 and $1,758, respectively, in other non-current assets on the consolidated balance sheet related to the balance outstanding from the Target Companies related to the Revolving Loan.

To secure the obligations of the Target Companies to the Company under the Revolving Loan Agreement and the Note Receivable, the Company entered into a Security Agreement dated as of October 25, 2018 (the "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 Option on or prior to the date that is 30 days following the end of the Option Period, the Loan Amount will be payable to the Company in 90 days.

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

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

## 9. RELATED PARTY TRANSACTIONS

*Key management personnel*

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

Remuneration attributed to key management personnel during the three months ended March 31, 2019 and March 31, 2018 are summarized in the table below:

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Salaries and benefits | $ 645 | $ 344 |
| Payments to managing members | 247 | 200 |
| Equity-based compensation | 1,331 | 905 |
| | **$ 2,223** | **$ 1,449** |

As of March 31, 2019, and December 31, 2018, $18 and $46, respectively, was owed to key management personnel of the Company for unpaid fees and expenses.

The Company also entered into notes payable with related parties and membership loans as described in Note 7.

## 10. PROPERTY AND EQUIPMENT

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

| | March 31, 2019 | December 29, 2018 |
|---|---|---|
| Land and buildings | $ 8,295 | $ 8,000 |
| Furniture and fixtures | 1,039 | 995 |
| Equipment | 6,051 | 5,292 |
| Computers and software | 504 | 435 |
| Leasehold improvements | 26,901 | 23,371 |
| Construction in process | 21,167 | 12,650 |
| Total property and equipment, gross | 63,957 | 50,743 |
| Less: Accumulated depreciation | (12,403) | (10,949) |
| Total property and equipment, net | $ 51,554 | $ 39,794 |

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

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

| | Land and buildings | Furniture and fixtures | Equipment | Computers and software | Leasehold improvements | Construction in process | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| As of December 29, 2018 | $ 8,000 | $ 995 | $ 5,292 | $ 436 | $ 23,371 | $ 12,649 | $ 50,743 |
| Additions | 6 | 29 | 490 | 68 | 2,070 | 10,551 | 13,214 |
| Transfers | 289 | 15 | 269 | | 1,460 | (2,033) | - |
| Balance of March 31, 2019 | $ 8,295 | $ 1,039 | $ 6,051 | $ 504 | $ 26,901 | $ 21,167 | $ 63,957 |

| | Land and buildings | Furniture and fixtures | Equipment | Computers and software | Leasehold improvements | Construction in process | Total |
|---|---|---|---|---|---|---|---|
| **Accumulated depreciation** | | | | | | | |
| As of December 29, 2018 | $ (427) | $ (521) | $ (1,798) | $ (164) | $ (8,039) | $ - | $ (10,949) |
| Depreciation | (38) | (65) | (308) | (31) | (1,012) | | (1,454) |
| Transfers | | | | | | | - |
| Balance of March 31, 2019 | $ (465) | $ (586) | $ (2,106) | $ (195) | $ (9,051) | $ - | $ (12,403) |

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

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

Total depreciation expense for the three months ended March 31, 2019 was $1,454, which included $840 recognised as production costs and $614 recognised as a part of operating expenses in the consolidated statement of operations. Total depreciation expense for three months ended March 31, 2018 was $981, which included $526 recognised as production costs, and $455 recognised as a part of operating expenses in the consolidated statement of operations.

## 11. OTHER LIABILITIES

The Company classifies certain liabilities with immaterial balances as other current liabilities and other long-term liabilities. Other current liabilities consist of federal and state income taxes payable, sales tax payable, deferred revenue and other liabilities.

## 12. MEMBERS' EQUITY

As of March 31, 2019 and December 31, 2018, the Company was authorized to issue an unlimited number of common units without par and Company had 14,639,112 and 14,449,736 and units issued and outstanding, respectively.

During the three months ended March 31, 2018, the Company had the following activity:

- Recorded $515 in equity in connection with the 2018 Convertible Debt arrangement;
- Issued 83,345 common units upon the conversion of principal and accrued interest on convertible debt of $5,807;
- Completed a private placement, issuing an aggregate of 81,424 common units at a price of $68.59 per unit for aggregate proceeds of $5,585.

During the three months ended March 31, 2019, the Company had the following 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;
- Warrants were exercised for 159,325 common units at an average per unit price of $0.01 for $2.

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

The Company does not have any preferred units.

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

## 13. WARRANTS

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

| Date Exercisable | Number of Units Issued and Exercisable | Exercise Price | | Expiration |
|---|---|---|---|---|
| December 6, 2016 | 295,804 | $ | 21.97 | December 31, 2019 |
| July 1, 2017 | 88,640 | $ | 56.41 | July 1, 2020 |
| May 8, 2018 | 70,912 | $ | 56.41 | May 8, 2021 |
| October 1, 2018 | 49,912 | $ | 80.31 | October 1, 2025 |
| October 1, 2018 | 373,552 | $ | 80.31 | October 1, 2020 |
| October 17, 2018 | 62,259 | $ | 80.31 | October 17, 2020 |
| November 7, 2018 | 186,776 | $ | 80.31 | November 7, 2020 |
| | 1,127,855 | | | |

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

| | Number of Warrants | Weighted average exercise price | |
|---|---|---|---|
| **Balance as of December 30, 2017** | **664,644** | **$** | **24.43** |
| Issued | 796,485 | | 72.91 |
| Exercised | (122,416) | | 0.01 |
| Expired | - | | - |
| **Balance as of December 29, 2018** | **1,338,713** | **$** | **55.50** |
| Issued | - | | - |
| Exercised | (210,858) | | 22.47 |
| Expired | - | | - |
| **Balance as of March 31, 2019** | **1,127,855** | **$** | **54.59** |

During the three months ended March 31, 2019, 51,140 warrants were exercised for 51,140 common units for proceeds of $2, and 159,718 warrants were converted to 108,185 common units in a cashless exercise.

As of March 31, 2019, and December 29, 2018, the Company had outstanding and exercisable warrants of 1,127,855 and 1,338,713, respectively.

The Company did not record any amounts to reserves for the issuance of warrants related to debt arrangements during the three months ended March 31, 2019 or March 31, 2018.

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

## 14. UNIT-BASED PAYMENT ARRANGEMENTS

*Unit programs (equity settled)*

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

Grants of CAP units contain 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 utilizes a third-party expert to determine the equity value of the Company. The threshold amount stated in grants of CAP units are determined by estimating the liquidation value of the Company at the grant date. As a result, holders of vested CAP units may receive value equal to the difference between: (i) the future value of the Company; and (ii) the threshold amount.

***Unit valuation***

The fair value of each CAP Unit 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 CAP Units for the three months ended March 31, 2018 are summarized in the table below:

| | Three Months Ended<br>March 31, 2018 |
|---|---|
| Fair value at grant date (weighted average) | $ 82.24 |
| Strike price at grant date (weighted average) | $ 38.37 |
| Expected volatility (weighted average) | 70.00% |
| Expected life (weighted average) | 6.25 |
| Expected dividends | 0.00% |
| Risk-free interest rate (weighted average) | 2.62% |

The Company did not grant any CAP units during the three months ended March 31, 2019.

As of March 31, 2019, the Company was a private company, and there was no active market for trading in its common units. Therefore, Company-specific historical and implied volatility information is not available. The expected volatility of the Company's equity instruments is estimated based on the historical volatility of a set of publicly traded peer companies. The expected term is estimated as the mid-point between the requisite service period and the end of the contractual term of the option. The risk-free interest rate is determined by reference to the US treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

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

***Reconciliation of outstanding units***

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

| | Three Months Ended March 31, 2019 | | Year Ended December 29, 2018 | |
|---|---|---|---|---|
| | Units | Weighted-Average Threshold Amount | Units | Weighted-Average Threshold Amount |
| **Outstanding at beginning of period** | 641,548 | $ 51.05 | 467,668 | $ 34.01 |
| Units granted | - | - | 258,859 | 77.92 |
| Units forfeited | (2,316) | 80.31 | (84,979) | 37.63 |
| **Outstanding at end of period** | 639,232 | $ 51.01 | 641,548 | $ 51.05 |

The weighted-average exercise price of outstanding units at March 31, 2019 and December 29, 2018 was $51.01 and $51.05, respectively. The weighted-average remaining life of outstanding units at March 31, 2019 and December 29, 2018 was 8.53 years and 8.78 years, respectively.

***Unit-based payment arrangements expense***

During the three months ended March 31, 2019 and March 31, 2018, the Company recorded equity-based compensation expense related to its CAP Units of $2,321 and $1,800, 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 represent a right to receive a payment in the future equal to the lesser of the Company’s liquidation value based on the lower of: (i) value on the date on which there is 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 are based on the Company’s liquidation value per outstanding Common Unit as of the IIP Grant Date. Until payment of the IIP Units, adjustments will be made each reporting period for any changes in the Company’s liquidation value, only if the Company’s liquidation value is 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 arrive at the Company’s liquidation values.

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

***Reconciliation of outstanding units***

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

| | Three Months Ended March 31, 2019 | | Year Ended December 29, 2018 | |
|---|---|---|---|---|
| | Units | Weighted-Average Liquidation Value | Units | Weighted-Average Liquidation Value |
| **Outstanding at beginning of period** | 629,277 | $ 51.29 | 467,668 | $ 34.01 |
| Units granted | - | - | 246,588 | 79.89 |
| Units forfeited | (2,316) | 80.31 | (84,979) | 37.17 |
| **Outstanding at end of period** | 626,961 | $ 51.25 | 629,277 | $ 51.29 |

***Unit-based payment arrangements expense***

During the three months ended March 31, 2019 and March 31, 2018, the Company recorded unit-based compensation expense related to its IIP Units of $1,911 and $988, respectively.

At March 31, 2019 and December 29, 2018, the Company recorded liabilities of $11,716 and $9,805, respectively, related to deferred compensation of IIP Units.

## 15. EARNINGS PER UNIT

Basic and diluted net loss per unit attributable to Columbia Care LLC was calculated as follows:

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| Numerator: | | |
| Net loss | $ (25,132) | $ (9,697) |
| Less: Net loss attributable to non-controlling interest | (272) | (261) |
| Net loss attributable to members | $ (24,860) | $ (9,436) |
| Denominator: | | |
| Weighted average common units outstanding - basic and diluted | 14,613,453 | 12,254,119 |
| Loss per unit- basic and diluted | $ (1.70) | $ (0.77) |

The Company's potentially dilutive securities, which include warrants to purchase shares of common units, have been excluded from the computation of diluted net loss per unit for the three months ended March 31, 2019 and March 31, 2018 as the effect would be to reduce the net loss per unit and therefore would have an anti-dilutive effect.

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

## 16. COMMITMENTS AND CONTINGENCIES

*Leases*

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

Key movements relating to lease balances are presented below:

| | | |
|---|---|---|
| **Carrying amount, January 1, 2019** | **$** | **35,070** |
| Additions to leased assets | | - |
| Amortization charges | | (1,416) |
| **Carrying amount, March 31, 2019** | **$** | **33,654** |

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

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

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

| **Period** | | **Scheduled Payments** |
|---|---|---|
| Due in Year 1 | $ | 7,071 |
| Due in Years 2-5 | | 21,225 |
| Due in 5+ Years | | 17,706 |
| Total undiscounted lease liability | | 46,002 |
| Impact of discount | | (11,232) |
| Lease liability at March 31, 2019 | | 34,770 |
| Less current portion of lease liability | | (4,807) |
| Long-term portion | $ | 29,963 |

The above table excludes $7,516 of legally binding minimum lease payments for leases signed but not yet commenced as of March 31, 2019.

The total interest expense on lease liabilities and the total cash outflow for the three-month period ended March 31, 2019 was $563 and $1,439, respectively.

*Indemnification agreements*

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners, and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and senior management that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnifications. The Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it has not accrued any liabilities related to such obligations in its consolidated financial statements.

*Legal*

Periodically, 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 the accompanying consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise.

## 17. FAIR VALUE MEASUREMENTS

***Financial Instruments***

The Company’s financial instruments measured at fair value as of March 31, 2019 and December 29, 2018 include deferred compensation.

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

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

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

***Financial Risk Management***

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

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

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are 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 March 31, 2019 and December 29, 2018 is the carrying amount of cash, subscription 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.

The risk exposure is limited to their 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. Trade accounts receivable credit risk arises from the possibility that principal and/or interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationships. Subscription receivables were collected in full during the three months ended March 31, 2019.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to 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 a financial instrument will fluctuate because of changes in market interest rates. Cash bears interest at market rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

*Foreign Exchange Risk*

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

*Price Risk*

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company is not subject to significant price risk.

## 18. INTANGIBLE ASSET

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

The carrying value of the intangible asset as of March 31, 2019 was $16,235, consisting of the $11,365 purchase price and the non-controlling interest's portion of $4,870. As of March 31, 2019, the Company has classified this asset as an indefinite-lived intangible asset and will evaluate the asset for impairment on an annual basis or when circumstances indicate possible impairment.

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

## 19. 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 members and benefits for other stakeholders.

The capital structure of the Company consists of items included in members' equity and debt, net of cash. The Company manages its capital structure in consideration of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products to fund operations and expansion activities.

Capital is comprised of the Company's members' equity. As of March 31, 2019, the Company's members' equity was $183,417. The Company manages its capital structure to maximize its financial flexibility and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company currently is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the year.

## 20. NON-CONTROLLING INTERESTS

The net change in the non-controlling interests of the Company 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 | Mission Bay | Columbia Care Florida | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 30, 2017** | **$ (2,402)** | **$ (473)** | **$ (531)** | **$ 395** | **$ (59)** | **$ -** | **$ -** | **$ (361)** | **$ -** | **$ (3,431)** |
| Net income (loss) attributable to NCI | (83) | (236) | (301) | 105 | 35 | (49) | (6) | - | (328) | (863) |
| Other adjustments | - | - | - | | - | - | - | 361 | 4,870 | 5,231 |
| **Balance at December 29, 2018** | **$ (2,485)** | **$ (709)** | **$ (832)** | **$ 500** | **$ (24)** | **$ (49)** | **$ (6)** | **$ -** | **$ 4,542** | **$ 937** |
| Net income (loss) attributable to NCI | (12) | (56) | (85) | 33 | (28) | (31) | (3) | - | (90) | (272) |
| **Balance at March 31, 2019** | **$ (2,497)** | **$ (765)** | **$ (917)** | **$ 533** | **$ (52)** | **$ (80)** | **$ (9)** | **$ -** | **$ 4,452** | **$ 665** |

## 21. SUBSEQUENT EVENTS

On April 26, 2019, the Company completed a merger with a publicly listed Canadian corporation, previously named Canaccord Genuity Growth Corporation. In connection with the merger transaction, the publicly listed entity was renamed Columbia Care Inc. Equity owners of Columbia Care LLC exchanged 15,157,025 outstanding common units and profit interests for common shares and proportionate voting shares in Columbia Care Inc. and 1,127,856 warrants or options in Columbia Care LLC were exchanged for warrants or options in Columbia Care Inc.

Following the merger, Columbia Care LLC became a single-member partnership, wholly owned by Columbia Care Inc.

As of the date of the filing of this report, Columbia Care Inc. has 216,096,353 issued and outstanding common shares or equivalent proportionate voting shares, and 244,782,766 issued and outstanding common shares or equivalent proportionate voting shares on a fully-diluted basis.