Columbia Care Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in U.S. dollars)

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

	Note	**March 31, 2020**	**December 31, 2019**
Assets			
Current assets:			
Cash		$ 26,858	$ 47,464
Accounts receivable		1,064	1,038
Inventory	*4*	86,354	81,513
Biological assets	*5*	17,278	13,079
Prepaid expenses and other current assets		7,244	11,395
Total current assets		138,798	154,489
Property and equipment	*9*	122,057	104,034
Right of use assets		82,279	79,031
Restricted cash	*7*	11,483	11,483
Long-term deposits	*7*	6,532	6,458
Intangible assets	*17*	15,424	15,695
Notes receivable	*7, 10*	29,853	29,717
Other non-current assets		1,659	1,369
Total assets		$ 408,085	$ 402,276
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable		$ 19,172	$ 20,082
Accrued expenses and other current liabilities		11,988	9,135
Current portion of lease liability		6,308	6,185
Total current liabilities		37,468	35,402
Long-term debt	*6*	12,597	-
Deferred taxes		16,154	16,686
Long-term lease liability		81,283	77,458
Other long-term liabilities		5,780	5,798
Total liabilities		153,282	135,344
Shareholders' equity:			
Equity attributable to Columbia Care Inc.	*11*	256,683	268,274
Non-controlling interest	*19*	(1,880)	(1,342)
Total shareholders' equity		254,803	266,932
Total liabilities and shareholders' equity		$ 408,085	$ 402,276

Operations of the Company and going concern (Note 1)
Commitments and contingencies (Note 15)
Subsequent events (Note 20)

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

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

		Three Months Ended	
	Note	**March 31, 2020**	**March 31, 2019**
Revenues, net of discounts		$ 26,323	$ 12,870
Production costs		(18,290)	(8,469)
Gross profit before fair value adjustments		8,033	4,401
Fair value adjustments:			
Change in fair value of biological assets included in inventory sold	***5***	(14,550)	(11,856)
Unrealized gain on changes in fair value of biological assets and inventory	***5***	19,108	5,252
Total fair value adjustments		4,558	(6,604)
Gross margin		12,591	(2,203)
Operating expenses:			
Selling, general and administrative		24,453	17,693
Share-based compensation		7,116	4,232
Total operating expenses		(31,569)	(21,925)
Loss from operations		(18,978)	(24,128)
Other expense:			
Interest income, net		693	116
Interest expense related to lease liabilities		(1,490)	(563)
Other (expense) income, net		(163)	58
Total other expense		(960)	(389)
Loss before provision for income taxes		(19,938)	(24,517)
Income tax expense		(710)	(615)
Net loss and comprehensive loss		(20,648)	(25,132)
Net loss attributable to non-controlling interests	***19***	(538)	(272)
Net loss attributable to shareholders		$ (20,110)	$ (24,860)
Weighted-average number of shares used in earnings per share - basic and diluted		216,539,508	189,952,969
Earnings attributable to shares (basic and diluted)	***14***	$ (0.09)	$ (0.13)

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

COLUMBIA CARE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(expressed in thousands of U.S. dollars, except for units and shares)

	Share Capital					Total Columbia Care Inc. Shareholders' Equity	Non-Controlling Interest	Total Shareholders' Equity
	Units	Shares	Amount	Reserves	Deficit			
Balance as of December 29, 2018	**14,449,736**	**-**	**$ 245,658**	**$ 25,897**	**$ (68,803)**	**$ 202,752**	**$ 937**	**$ 203,689**
Debt conversion and settlement	27,561	-	2,537	-	-	2,537	-	2,537
Warrants exercised	159,325	-	-	2	-	2	-	2
Unit issuance costs	2,490	-	-	-	-	-	-	-
Equity-based compensation	-	473,770	453	28,417	-	28,870	-	28,870
Conversion of units and profit interests	(14,639,112)	196,901,118	-	-	-	-	-	-
Issuance of shares and warrants in connection with private placement	-	19,077,096	111,339	19,925	-	131,264	-	131,264
Share issuance costs	-	-	(5,598)	-	-	(5,598)	-	(5,598)
Conversion of IIP units to RSUs	-	-	-	15,309	-	15,309	-	15,309
Minority buyouts	-	621,239	2,950	-	(4,810)	(1,860)	1,860	-
Cancellation of restricted stock awards	-	(119,995)	-	-	-	-	-	-
Repurchase of shares	-	(424,047)	(2,413)	-	-	(2,413)	-	(2,413)
Net loss	-	-	-	-	(102,589)	(102,589)	(4,139)	(106,728)
Balance as of December 31, 2019	**-**	**216,529,181**	**$ 354,926**	**$ 89,550**	**$ (176,202)**	**$ 268,274**	**$ (1,342)**	**$ 266,932**
Equity-based compensation	-	15,384	7,116	-	-	7,116	-	7,116
Cancellation of restricted stock awards	-	(7,534)	-	-	-	-	-	-
Warrants issued with debt	-	-	-	1,403	-	1,403	-	1,403
Net loss	-	-	-	-	(20,110)	(20,110)	(538)	(20,648)
Balance as of March 31, 2020	**-**	**216,537,031**	**$ 362,042**	**$ 90,953**	**$ (196,312)**	**$ 256,683**	**$ (1,880)**	**$ 254,803**

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

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

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash flows from operating activities:		
Net loss	$ (20,648)	$ (25,132)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,728	2,870
Equity-based compensation	7,116	2,321
Deferred compensation	-	1,911
Debt amortization expense	-	18
Change in fair value of biological assets	(4,558)	6,604
Deferred taxes	(532)	-
Provision for obsolete inventory	852	-
Loss on disposal of property and equipment	163	-
Changes in operating assets and liabilities		
Accounts receivable	(25)	(800)
Biological assets	360	(5,933)
Inventory	(5,693)	2,792
Prepaid expenses and other current assets	3,802	(1,146)
Other assets	(5,801)	(38,432)
Accounts payable, accrued expenses and other current liabilities	3,266	9,610
Other long-term liabilities	5,540	30,244
Net cash used in operating activities	(10,430)	(15,073)
Cash flows from investing activities:		
Purchases of property and equipment	(22,940)	(9,378)
Cash for loan under CannAscend and Corsa Verde agreements	(150)	-
Cash paid for deposits	(2,004)	(3,457)
Cash received from deposits	2,278	436
Net cash used in investing activities	(22,816)	(12,399)
Cash flows from financing activities:		
Net proceeds from issuance of debt	14,250	-
Net proceeds from issuance of common units and warrants	-	42,764
Payment of lease liabilities	(1,610)	(876)
Exercise of warrants	-	2
Repayment of debt	-	(1,595)
Net cash provided by financing activities	12,640	40,295
Net (decrease) increase in cash	(20,606)	12,823
Cash at beginning of the period	47,464	46,241
Cash at end of period	$ 26,858	$ 59,064
Supplemental disclosure of cash flow information:		
Cash paid for interest on other obligations	$ 157	$ 67
Cash paid for interest on lease obligations	$ 1,490	$ 563
Cash paid for income taxes	$ -	$ 124
Supplemental disclosure of non-cash investing and financing activities:		
Non-cash fixed asset additions within accounts payable and accrued expenses	$ 13,223	$ 3,835
Issuance of warrants	$ 1,403	$ -
Non-cash debt issuance costs within accounts payable and accrued expenses	$ 250	$ -
Conversion of convertible debt and accrued interest to equity	$ -	$ 2,537

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

1. OPERATIONS OF THE COMPANY AND GOING CONCERN

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

On April 26, 2019, the Company completed a reverse takeover ("RTO") transaction and private placement further described in Note 3. Following the transaction, the Company's common shares were listed on the Aequitas NEO exchange under the symbol "CCHW". As of the time of this report, the Company's common shares are also listed on the 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".

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These condensed interim consolidated 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 audited consolidated financial statements as of and for the year ended December 31, 2019. They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions deemed significant to provide an understanding of the changes in the Company's financial position and performance since its most recent annual financial statements. These financial statements are presented in U.S. dollars. The Canadian dollar serves as the functional currency of the Parent. The Company's subsidiaries all have the U.S. dollar as their functional currency.

These condensed interim consolidated financial statements were approved and authorized by the board of directors of the Company on May 14, 2020.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's condensed interim consolidated 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 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. 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 consolidated financial statements.

3. REVERSE TAKEOVER TRANSACTION

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

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

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

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

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

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

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

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

4. INVENTORY

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

	Capitalized cost	Biological asset fair value adjustment	Carrying amount
Work-in-process - cannabis in cures and final vault	$ 3,979	$ 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	$ 5,235	$ 18,502	$ 23,737
Finished goods - dried cannabis, concentrate and edible products	21,423	40,813	62,236
Accessories and supplies	381	—	381
Carrying amount, March 31, 2020	**$ 27,039**	**$ 59,315**	**$ 86,354**

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

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		19,108
Production costs capitalized		3,518
Transferred to inventories upon harvest		(18,427)
Carrying amount, March 31, 2020	**$**	**17,278**

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 three months ended March 31, 2020 and the year ended December 31, 2019 was $13.07 and $12.51 per gram, respectively;

ii. The stage of plant growth at which point of harvest is determined. As of March 31, 2020 and December 31, 2019, the biological assets were on average 52% and 51% completed, respectively;

iii. Selling and other fulfillment costs were determined by estimating the Company's average cost per gram, which was $2.05 and $2.04 per gram and equivalent gram of cannabis sold as of March 31, 2020 and December 31, 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 as of March 31, 2020 and December 31, 2019 was 151 and 175 grams per plant, respectively.

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

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

			Effect on fair value	
Significant assumptions	**Range of inputs**	**Sensitivity**	**March 31, 2020**	**December 31, 2019**
Selling price per gram	$9.61 to $47.29 per gram*	Increase by $1.00 per gram	$ 1,336	$ 960
Stage of growth	14.1% to 72.7%	Increase by 5%	$ 1,600	$ 1,225
Selling and other fulfillment costs	$0.86 to $8.90 per gram	Increase by $1.00 per gram	$ (1,336)	$ (960)
Expected dry yield per plant	77.9 to 225.7 grams per plant	Increase by 5 grams per plant	$ 560	$ 352

*During the three months ended December March 31, 2020, New York State did not permit dispensaries to sell cannabis flower. Only edibles, tinctures, and solid and semisolid preparations are permitted. The average selling price per gram of $47.29 per gram, selling and other fulfillment costs of $8.90 per gram and expected yield per plant of 157 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 recognition of gain or loss on biological assets in future periods.

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

The Company's biological assets produced 1,786,559 grams and 1,220,729 grams of dried cannabis for the three months ended March 31, 2020 and 2019, respectively.

6. CURRENT AND LONG-TERM DEBT

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

	March 31, 2020	**December 31, 2019**
Term debt	$ 14,250	$ -
Unamortized debt discount	(1,403)	-
Unamortized deferred financing costs	(250)	-
	12,597	-
Less current portion	-	-
Total	$ 12,597	$ -

Term Debt

On March 31, 2020, the Company completed the first tranche of a private offering of notes ("Private Notes") for an aggregate principal amount of $14,250 and incurred financing costs of $250. The Private Notes require 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 are due in full on March 30, 2024. The Company can repay the Private Notes at any time without any premium or penalty. There was no collateral associated with the Private Notes.

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

In connection with the first tranche offering of the Private Notes, the Company issued 1,610,250 common share purchase warrants with an exercise price of $3.10 (Canadian Dollars). Upon initial recognition, the Company recorded $1,403 to equity reserves, reflecting the fair value of the warrants issued, with a corresponding reduction of the carrying value of the loan. The debt discount will be amortized to interest expense over the term of the notes using the effective interest method.

On April 23, 2020, the Company completed the second tranche of a private offering of additional Private Notes for an aggregate principal amount of $1,000. In connection with the second tranche offering of the Private Notes, the Company issued 130,000 common share purchase warrants with an exercise price of $3.10 (Canadian Dollars).

The Private Notes contain customary terms and conditions, representations and warranties, and events of default.

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	0.52%

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

7. PURCHASE AGREEMENTS

CannAscend Agreement

On October 25, 2018, the Company, CannAscend Alternative, LLC ("CAA"), and CannAscend Alternative Logan, LLC ("CAA Logan") entered into a Membership Purchase Option Agreement (the "CannAscend Option Agreement"). CAA and CAA Logan are both Ohio-based limited liability companies that operate dispensaries (collectively the "Target Companies"). Under the terms of the CannAscend Option Agreement, the Company purchased an exclusive option to acquire all outstanding membership interests (the "CannAscend Option") of the Target Companies during the period commencing on the first anniversary (the "Commencement Date") of the date upon which all four of the dispensaries operated by the Target Companies have been issued certificates of operation under Ohio's Medical Marijuana Control Program, which occurred on October 10, 2019, and expiring on the 30th day following said Commencement Date ("CannAscend Option Period").

The price for the CannAscend Option Agreement was approximately $4,124 ("CannAscend Option Deposit"). The CannAscend Option Deposit made by the Company is non-refundable. If the Company exercises the CannAscend Option, the Company will pay a purchase price of $14,150, subject to reduction as provided in the CannAscend Option Agreement. The Company has recorded the $4,124 of the CannAscend Option Deposit paid as long-term deposits on the condensed interim consolidated statement of financial position at March 31,2020 and December 31, 2019.

As part of the CannAscend Option Agreement, the Company entered into an escrow agreement with the Target Companies and deposited $12,026 into an escrow account. As of March 31, 2020 and December 31, 2019, the escrow deposit account had a balance of $10,026 and is recorded as restricted cash on the condensed interim 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 March 31, 2020, and December 31, 2019, the Company recorded a balance of $10,932 and $10,895, respectively, in notes receivable on the condensed interim consolidated statements of financial position related to the balance outstanding from the Target Companies related to the CannAscend Revolving Loan. As of March 31, 2020 and December 31, 2019, outstanding interest on the CannAscend Revolving Loan is $247 and $545, respectively, which is in other non-current assets on the condensed interim consolidated statements of financial position.

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

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

Corsa Verde Agreement

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

The price for the Corsa Verde Option Agreement was approximately $125 (“Corsa Verde Option Deposit”). If the Company exercises the Corsa Verde Option, the Company will pay a purchase price of $2,747, subject to reduction as provided in the Corsa Verde Option Agreement. The Company has recorded the $125 of the Corsa Verde Option Deposit paid as long-term deposits on the condensed interim consolidated statements of financial position as of March 31, 2020 and December 31, 2019. As part of the Corsa Verde Option Agreement, the Company entered into an escrow agreement with Corsa Verde and deposited $1,123 into the escrow account. As of March 31, 2020 and December 31, 2019, the escrow deposit account had a balance of $1,123 and is recorded as restricted cash on the condensed interim consolidated statement of financial position.

The Company provided a revolving loan to Corsa Verde (the “Revolving Loan”), with the principal amount to not exceed $2,000 (the “Loan Amount”). The Corsa Verde Revolving Loan is evidenced by a secured promissory note of Corsa Verde (the “Corsa Verde Note Receivable”), which bears interest at the rate of 7% per annum and matures upon the occurrence of any of the following: a) providing notice to the borrower of an event of default; b) 36 months after the last advance made by the lender to borrower as provided in the Corsa Verde Revolving Loan Agreement, or c) 90 days after the termination of the Corsa Verde Option Agreement. As of March 31, 2020 and December 31, 2019, the Company had a balance of $1,605 and $1,493, respectively, in notes receivable on the condensed interim consolidated statements of financial position related to the balance outstanding from Corsa Verde related to the Corsa Verde Revolving Loan. As of March 31, 2020 and December 31, 2019, outstanding interest on the Corsa Verde Revolving Loan is $55 and $27, respectively, which is in other non-current assets on the condensed interim consolidated statements of financial position.

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

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

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

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

8. RELATED PARTY TRANSACTIONS

Key management personnel

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

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

	Three Months Ended	
	March 31, 2020	**March 31, 2019**
Salaries and benefits	$ 1,042	$ 892
Equity-based compensation	6,229	1,331
	$ 7,271	**$ 2,223**

9. PROPERTY AND EQUIPMENT

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

	March 31, 2020	**December 31, 2019**
Land and buildings	$ 6,701	$ 4,055
Furniture and fixtures	3,737	3,121
Equipment	15,564	13,596
Computers and software	1,593	1,273
Leasehold improvements	68,866	56,900
Construction in process	45,427	41,740
Total property and equipment, gross	141,888	120,685
Less: Accumulated depreciation	(19,831)	(16,651)
Total property and equipment, net	$ 122,057	$ 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							
As of December 31, 2019	$ 4,055	$ 3,121	$ 13,596	$ 1,273	$ 56,900	$ 41,740	$ 120,685
Additions	2,646	235	183	250	1,141	16,911	21,366
Disposals	—	—	—	—	—	(163)	(163)
Transfers	—	381	1,785	70	10,825	(13,061)	—
Balance of March 31, 2020	$ 6,701	$ 3,737	$ 15,564	$ 1,593	$ 68,866	$ 45,427	$ 141,888

	Land and buildings	**Furniture and fixtures**	**Equipment**	**Computers and software**	**Leasehold improvements**	**Construction in process**	**Total**
Accumulated depreciation							
As of December 31, 2019	$ (154)	$ (721)	$ (3,410)	$ (321)	$ (12,045)	$ —	$ (16,651)
Depreciation	(12)	(173)	(737)	(66)	(2,192)	—	(3,180)
Disposals	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—
Balance of March 31, 2020	$ (166)	$ (894)	$ (4,147)	$ (387)	$ (14,237)	$ —	$ (19,831)

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

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

Total depreciation expense for the three months ended March 31, 2020 was $3,180, which included $1,950 recognized as production costs and $1,230 recognized as operating expenses in the condensed interim consolidated statements of operations. Total depreciation expense for the three months ended March 31, 2019 was $1,454, which included $840 recognized as production costs and $614 recognized as operating expenses in the condensed interim consolidated statements of operations.

10. PROMISSORY NOTES RECEIVABLES

The Green Solution

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

In connection with the definitive agreement to acquire TGS, Columbia Care, LLC, a consolidated subsidiary of the Company, issued a secured promissory note (“TGS Note”) with a principal amount of $15,000. The TGS Note bears interest at a rate of 15.0%. The TGS Note matures on the earlier of May 5, 2021 or within 360 days upon termination of the Company’s definitive agreement to acquire TGS. The balance outstanding as of March 31, 2020 and December 31, 2019, is $15,000 and is recorded in notes receivable on the condensed interim consolidated statements of financial position. As of March 31, 2020 and December 31, 2019, outstanding interest on the TGS Note is $912 and $351, respectively, which is in other non-current assets on the condensed interim consolidated statements of financial position.

9244 Balboa Blvd., LLC (“Balboa”)

During the year ended December 31, 2019, Focused Health LLC (“Focused Health”), a consolidated subsidiary of the Company, entered into a lease agreement with Balboa and simultaneously issued a secured promissory note (“Balboa Note”) with a principal amount of $2,420. The Balboa Note is secured by the land and building of the leased premises and bears interest at a rate of 4.5%. The Company’s principal and interest repayments are offset by the Company’s rent payment obligations under the lease agreement with Balboa. The Balboa Note matures in April 2044. The balance outstanding as of March 31, 2020, is $2,370 of which $55 is recorded in prepaid expenses and other current assets and $2,315 is recorded in notes receivable on the condensed interim consolidated statements of financial position. The balance outstanding as of December 31, 2019, is $2,384 of which $55 is recorded in prepaid expenses and other current assets and $2,329 is recorded in notes receivable on the condensed interim consolidated statements of financial position.

11. SHAREHOLDERS' EQUITY

Pre-RTO transactions

Common Units

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

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

- Issued 12,413 common units for a license to cultivate, process and sell cannabis in the state of Florida at a price of $80.56 per units for $1,000;
- Issued 227,338 common units upon the conversion of principal and accrued interest on convertible debt of $16,986;
- Paid $4,045 in cash and issued 7,596 common units as unit issuance costs;
- Completed a private placement, issuing an aggregate of 1,848,120 common units at an average price of $80.47 per unit for aggregate proceeds of $148,730, of which $42,764 was classified as subscription receivable at December 29, 2018 and received subsequent to year end. In connection with the private placement, 764,683 warrants were issued with an average exercisable price of $75.94 over a weighted-average period of 2.9 years
- Recorded $391 in equity in connection with the 2018 Convertible Debt arrangement; and
- Warrants were exercised for 122,416 common units at an average per unit price of $0.01 for nominal gross proceeds.

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

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

Post-RTO transactions

From the Acquisition Date through December 31, 2019, the Company had the following 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 the first half of 2020 with the issuance of additional common shares.
- Repurchased and cancelled 236,900 common shares with the use of $1,015 proceeds under the Company's share repurchase program.
- In connection with the RTO and the issuance of Shares to employees, the Company withheld Shares that were previously issued to satisfy certain shareholders' U.S. federal income tax requirements and made a payment on their behalf in the amount of $1,398. As a result, the Company retired 187,147 Shares.

From January 1, 2020 through March 31, 2020, the Company has the following equity activity:

- Issued warrants to purchase 1,610,250 shares of common stock at an exercise price of $3.10 (Canadian Dollars) as described in Note 6.
- On March 31, 2020, the Company granted 4,911,305 time-based restricted stock units and 1,720,511 performance-based restricted stock units.

Authorized

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

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

Conversion Rights and Transfers

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

The ability to convert proportionate voting shares into common shares is subject to certain conditions in order to maintain the Company’s status as a foreign private issuer under U.S. securities laws. Unless otherwise waived by the Company, the right to convert the proportionate voting shares is subject to the condition that the aggregate number of Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended) may not exceed fifty percent (50%) of the aggregate number of Shares issued and outstanding after giving effect to such conversions.

Rights

Holders of Shares are entitled to one vote on all matters submitted to a vote of the Company’s shareholders. Holders of Shares are entitled to receive dividends, as may be declared by the Company’s board of directors. As of Mach 31, 2020, and December 31, 2019, no cash dividends had been declared or paid.

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

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

	Common Shares	Proportionate Voting Shares (as converted)	Preferred Shares
Balance at December 29, 2018	-	-	-
Existing unitholders transfer	34,563,850	162,337,268	-
Private placement	19,077,096	-	-
Issuance of shares	473,770	-	-
Minority buyouts	621,239	-	-
Share conversion	62,864,293	(62,864,293)	-
Cancellation of restricted stock awards	-	(119,995)	-
Repurchase of shares	(424,047)	-	-
Balance at December 31, 2019	**117,176,201**	**99,352,980**	**-**
Issuance of shares	15,384	-	-
Share conversion	5,552,467	(5,552,467)	-
Cancellation of restricted stock awards	-	(7,534)	-
Balance at March 31, 2020	**122,744,052**	**93,792,979**	**-**

12. WARRANTS

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

Date Exercisable	Number of Shares Issued and Exercisable	Exercise Price (Canadian Dollars)	Expiration
December 6, 2016	3,845,023	$ 2.22	June 6, 2020
July 1, 2017	1,152,191	$ 5.71	July 1, 2020
May 8, 2018	921,753	$ 5.71	May 8, 2021
October 1, 2018	648,783	$ 8.12	October 1, 2025
October 1, 2018	4,855,639	$ 8.12	October 1, 2020
October 17, 2018	809,272	$ 8.12	October 17, 2020
November 7, 2018	2,427,818	$ 8.12	November 7, 2020
June 30, 2019	5,394,945	$ 10.35	April 26, 2024
March 31, 2020	1,610,250	$ 3.10	March 31, 2023
	21,665,674	$ 7.02	

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

	Shares		Units	
	Number of Warrants	Weighted average exercise price (Canadian Dollars)	Number of Warrants	Weighted average exercise price (U.S. Dollars)
Balance as of December 29, 2018	**-**	**$ -**	**1,338,713**	**$ 55.50**
Issued	5,394,945	10.35	-	-
Exercised	-	-	(210,858)	22.46
Expired	-	-	-	-
Conversion from warrant units to warrant shares	14,660,479	6.23	(1,127,855)	61.63
Balance as of December 31, 2019	**20,055,424**	**$ 7.34**	**-**	**$ -**
Issued	1,610,250	3.10	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Balance as of March 31, 2020	**21,665,674**	**$ 7.02**	**-**	**$ -**

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

During the three months ended March 31, 2020, the Company issued 1,610,250 warrants in connection with Private Notes, see Note 6 for further details. During the year ended December 31, 2019 and prior to the RTO, 51,140 common unit warrants were exercised for 51,140 common units for proceeds of $2, and 159,718 warrants were converted to 108,185 common units in a cashless exercise.

13. INCOME TAXES

The Company's statutory U.S. federal income tax rate is 21%. 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.

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

14. EARNINGS PER SHARE

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

	Three Months Ended	
	March 31, 2020	**March 31, 2019**
Numerator:		
Net loss	$ (20,648)	$ (25,132)
Less: Net loss attributable to non-controlling interest	(538)	(272)
Net loss attributable to shareholders	$ (20,110)	$ (24,860)
Denominator:		
Weighted average shares outstanding - basic and diluted	216,539,508	189,952,969
Loss per share - basic and diluted	$ (0.09)	$ (0.13)

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 three months ended March 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.

15. COMMITMENTS AND CONTINGENCIES

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 condensed interim consolidated financial statements.

Legal

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

16. FAIR VALUE MEASUREMENTS

Financial Risk Management

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

The Company's long-term debt approximates fair value due to the market rate of interest used on initial recognition. The carrying value of notes receivable approximates fair value due to their short-term nature and historical collectability.

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 March 31, 2020 and December 31, 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.

Foreign Exchange Risk

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

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

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.

17. INTANGIBLE ASSET

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

The gross value of the intangible asset as of March 31, 2020 was $16,235, consisting of the $11,365 purchase price and the non-controlling interest's portion of $4,870. During the year ended December 31, 2019 the Company changed the estimated useful life of the Florida license from an indefinite life to 15 years. The change in estimate was determined in connection with management's review of the regulatory environment in Florida and industry peers. During the three months ended March 31, 2020, the Company recorded $271 amortization expense.

18. CAPITAL MANAGEMENT

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

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

Capital is comprised of the Company's shareholders' equity. As of March 31, 2020, the Company's shareholders' equity was $256,683. The Company manages its capital structure to maximize its financial flexibility and adjusts it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company currently is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the year ended March 31, 2020.

19. NON-CONTROLLING INTERESTS

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 Eastern Virginia	Leafy Greens, Inc.	Total
Balance at December 29, 2018	**$ (2,485)**	**$ (709)**	**$ (832)**	**$ 500**	**$ (24)**	**$ (49)**	**$ (6)**	**$ 4,542**	**$ -**	**$ -**	**$ 937**
Net income (loss) attributable to NCI	(129)	(111)	(208)	63	(65)	(1,475)	(21)	(2,058)	(36)	(99)	(4,139)
Other adjustments	-	820	1,040		-	-	-	-	-	-	1,860
Balance at December 31, 2019	**$ (2,614)**	**$ -**	**$ -**	**$ 563**	**$ (89)**	**$ (1,524)**	**$ (27)**	**$ 2,484**	**$ (36)**	**$ (99)**	**$ (1,342)**
Net income (loss) attributable to NCI	(80)	-	-	2	(67)	(314)	(10)	10	(14)	(65)	(538)
Balance at March 31, 2020	**$ (2,694)**	**$ -**	**$ -**	**$ 565**	**$ (156)**	**$ (1,838)**	**$ (37)**	**$ 2,494**	**$ (50)**	**$ (164)**	**$ (1,880)**

20. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. During the three months ended March 31, 2020, the Company has recognized $818 of direct expenses attributable to COVID-19 which are included in operating expenses in the condensed interim consolidated statements of operations. At this time, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations.

In May 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 with an exercise price of $2.95 (Canadian Dollars) per underlying common share. As of the preparation of these financial statements, total outstanding 13% senior secured first-lien debt outstanding was $34,365, with 2,424,188 warrants with an exercise price of $2.95 (Canadian Dollars) and 1,723,250 warrants with an exercise price of $3.10 (Canadian Dollars).