MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND JUNE 30, 2018

(Amounts in thousands, except share and per share amounts)

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Columbia Care Inc. ("Columbia Care", the "Company", "us", "our" or "we") is supplemental to, and should be read in conjunction with, Columbia Care's unaudited consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2019 and 2018. Columbia Care's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial information presented in this MD&A is presented in thousands of United States dollars ("$" or "US$"), unless otherwise indicated.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

NON-IFRS MEASURES

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of Columbia Care's financial information reported under IFRS. Columbia Care uses non-IFRS measures including "EBITDA" and "Adjusted EBITDA" which may be calculated differently by other companies. These non-IFRS measures and metrics are used to provide investors with supplemental measures of our operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. Columbia Care also recognizes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies within our industry. Finally, we also use non-IFRS measures and metrics in order to facilitate evaluation of operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of executive compensation.

For a discussion of the use of "EBITDA" and "Adjusted EBITDA" and reconciliations thereof to the most directly comparable IFRS measures, see "*Reconciliation of Non-IFRS Measures.*"

FORWARD-LOOKING STATEMENTS

Some of the information contained in this MD&A contains forward-looking information. This information may relate to anticipated events or results. Particularly, information regarding our expectations of future results, targets, performance achievements, prospects or opportunities is forward-looking information. As the context requires, this may include certain targets as disclosed in the prospectus for our initial public offering, which are based on the factors and assumptions, and subject to the risks, as set out therein and herein. Often but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may" "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. This information is based on management's reasonable assumptions and beliefs in light of the information currently available to us and is made as of the date of this MD&A.

However, we do not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors, including those described in "Risk Factors". Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Company's final prospectus dated March 21, 2019 (the "**Prospectus**"), a copy of which is available under the Company's profile on SEDAR at www.sedar.com. These factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully.

We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. See "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements.

The purpose of the forward-looking statements is to provide the reader with a description of management's current expectations regarding the Company's financial performance and they may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlook, as with forward-looking information generally, are based on current assumptions and subject to risks, uncertainties and other factors. Furthermore, unless otherwise stated, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW OF COLUMBIA CARE

Columbia Care, formerly known as Canaccord Genuity Growth Company ("CGGC"), was incorporated under the laws of the Province of Ontario on August 13, 2018. On April 26, 2019, the Company completed a reverse takeover ("RTO") transaction and private placement. Following the transaction, the Company's common shares were listed on the Aequitas NEO exchange under the symbol "CCHW", on the OTCQX Best Market under the symbol "CCHWF" and on the Frankfurt Stock Exchange under the symbol "3LP". Our principal activity is the production and sale of cannabis as regulated by the regulatory bodies and authorities of the jurisdictions in which we have activities.

Columbia Care is comprised of the following companies: Columbia Care, LLC, Columbia Care NY, LLC, Curative Health, LLC, Curative Health Cultivation, LLC, Salubrious Wellness Clinic, Inc., Columbia Care Arizona Tempe, LLC, 203 Organix, LLC, Columbia Care Arizona Prescott, LLC, Patriot Care Corp., Apelles Investment Management, LLC, Mission Bay, LLC, Focused Health LLC, Columbia Care Delaware, LLC, Columbia Care Puerto Rico, LLC, Columbia Care Pennsylvania, LLC, Columbia Care OH, LLC, Columbia Care MD, LLC, Better-Gro Companies, LLC d/b/a Columbia Care Florida, Columbia Care New Jersey, LLC, Columbia Care Industrial Hemp, LLC and Columbia Care Eastern Virginia LLC.

We strive to be the premier provider of cannabis-related products in each of our markets. Our mission is to improve and revitalize lives and communities through partnership, research, education and the responsible use of our products as a natural means to alleviate symptoms and improve the quality of life of our patients and customers.

HOW WE ASSESS OUR BUSINESS

We utilize several metrics to measure and track the performance and progress of our business. We refer to certain key performance indicators used by us and generally also used by our competitors in the global cannabis industry. Some of the metrics used by us are not defined under IFRS. See *Reconciliation of Non-IFRS Measures*.

Revenue

In accordance with IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which Columbia Care expects to be entitled to receive in exchange for these goods or services. Columbia Care applies the following five-step analysis to determine whether, how much and when revenue is recognised: (1) Identify the contract with the customer; (2) Identify the performance obligation in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligation in the contract; and (5) Recognise revenue when or as Columbia Care satisfies a performance obligation.

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

Gross Profit before Fair Value Adjustments to Biological Assets and Inventory

Gross Profit before Fair Value Adjustments to Biological Assets and Inventory reflects our revenue less our production costs primarily consisting of labor, materials, consumables, supplies, overhead, amortization on production equipment, shipping, packaging and other expenses required to produce cannabis products.

Gross Profit after Fair Value Adjustments to Biological Assets and Inventory

Production costs related to the transformation of biological assets to the point of harvest are capitalized and included in the fair value measurement of the biological assets. Once goods are sold, the associated capitalized costs are recognized as production costs in the statement of operations for the period.

Gross Profit after Fair Value Adjustments to Biological Assets and Inventory is based on Gross Profit before Fair Value Adjustments to Biological Assets and Inventory and includes fair value adjustments to our biological assets, consisting of cannabis plants measured at fair value less cost to sell up to the point of harvest and is inclusive of capitalized production costs. Harvested cannabis is transferred from biological assets at their fair value less cost to sell at harvest, which becomes the deemed cost for inventory which, upon sale, the fair value cost adjustment portion is expensed to finished harvest inventory sold. Gross profit before gain or loss on biological assets represents profit earned before the net impact of fair value adjustments and finished harvest inventory sold cost of sales that result from the transformation of biological assets.

As discussed in the notes to our financial statements, there is no active market for unharvested plants in certain states, and determination of the fair value of the biological assets requires us to make assumptions about how market participants assign fair values to these assets. These assumptions primarily relate to estimating the stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices and expected yields for the plants. See *Critical Accounting Estimates – Biological Assets*.

Operating Expenses

Operating expenses primarily include salaries and benefits, professional fees, rent and facilities expenses, travel-related expenses, advertising and promotion expenses, licenses, fees and taxes, office supplies and pursuit expenses related to outside services, share-based compensation and other general and administrative expenses.

EBITDA

We believe EBITDA is a useful measure to assess the performance of Columbia Care as it provides meaningful operating results by excluding the effects of expenses that are not reflective of our operating business performance. We define EBITDA as net income (loss) before (i) depreciation; (ii) income taxes; and (iii) interest expense and debt amortization. See *Reconciliation of Non-IFRS Measures*.

Adjusted EBITDA

We believe Adjusted EBITDA is a useful measure to assess the performance of Columbia Care as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of our operating business performance and other one-time or non-recurring expenses. We define Adjusted EBITDA as EBITDA before (i) fair value gains or costs arising from biological assets; (ii) share-based compensation expense; and (iii) other non-recurring items deemed unrelated to current operations. See *Reconciliation of Non-IFRS Measures*.

COLUMBIA CARE OBJECTIVES AND FACTORS AFFECTING OUR PERFORMANCE

Our strategy to grow our business is comprised of five key components:

1) Expansion and development within and outside our current footprint
2) Pharmaceutical quality
3) Intellectual property
4) National branding
5) Distribution diversification

Columbia Care's performance and future success is dependent on several factors. These factors are also subject to inherent risks and challenges, some of which are discussed below.

Branding

Columbia Care has established a national branding strategy across each of the jurisdictions in which it operates. Maintaining and growing Columbia Care's brand appeal domestically and internationally is critical to its continued success.

Regulation

Columbia Care is subject to the local and federal laws in the jurisdictions in which it operates. Outside of the United States, Columbia Care's products may be subject to tariffs, treaties and various trade agreements as well as laws affecting the importation of consumer goods. Columbia Care holds all required licenses for the production and distribution of its products in the jurisdictions in which it operates and continuously monitors changes in laws, regulations, treaties and agreements.

Product Innovation and Consumer Trends

Columbia Care's business is subject to changing consumer trends and preferences, which is dependent, in part, on continued consumer interest in new products. The success of new product offerings, depends upon a number of factors, including Columbia Care's ability to (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products; (iv) price products competitively; (v) produce and deliver products in sufficient volumes and on a timely basis; and (vi) differentiate product offerings from those of competitors.

Growth Strategies

Columbia Care has a successful history of growing revenue and it believes it has a strong domestic and international growth strategy aimed at continuing its strong rate of growth. Columbia Care's future depends, in part, on Management's ability to implement its growth strategy including (i) product innovations; (ii) penetration into new markets; (iii) growth in pharmaceutical and distributor partnerships; (iv) future development of e-commerce distribution capabilities; and (v) improvements in operating income, gross profit and operating expense margins. The ability of Columbia Care to implement this growth strategy depends, among other things, on its ability to develop new products that appeal to consumers, maintain and expand brand loyalty, maintain and improve pharmaceutical quality products and brand recognition, maintain and improve competitive position in the markets, and identify and successfully enter and market products in new geographic areas and segments.

RECENT DEVELOPMENTS

Below is a summary of recent developments:

- In April 2019, we completed a merger transaction with CGGC, resulting in our common units being exchanged for shares which are trading on the NEO exchange in Canada.
- In April 2019, we opened our first dispensary in San Diego, marking our entry into the important California market.
- In June 2019, we launched our Columbia National Credit program across the United States and with the program we became the first and only cannabis company in the United States capable of directly accepting a credit card for cannabis purchases.
- In July 2019, we expanded into the highly-regulated and limited license state of Florida with the grand opening of our Gainesville dispensary.

SELECTED FINANCIAL INFORMATION

We report results of operations of our affiliates from the date control commences, either through the purchase of the business or control through a management agreement. The following selected financial information includes only the results of operations following the establishment of control of our affiliates. Accordingly, the information included below may not be representative of the results of operations if such affiliates had included their results of operations for the entire reporting period.

The following table sets forth selected consolidated financial information derived from our unaudited consolidated financial statements, the consolidated financial statements, and the respective accompanying notes prepared in accordance with IFRS.

During the periods discussed herein, we have not made business acquisitions or discontinued operations, and our accounting policies have remained consistent. The selected and summarized consolidated financial information below may not be indicative of Columbia Care's future performance.

Statement of operations:

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Revenues, net	$ 19,297	$ 9,571	$ 32,167	$ 18,420
Production costs	(13,868)	(4,196)	(22,337)	(9,632)
Gross profit excluding change in fair value of biological assets and inventory sold	5,429	5,375	9,830	8,788
Decrease in fair value of inventory sold	(11,373)	(14,498)	(23,229)	(26,239)
Increase in fair value of biological assets	11,178	14,313	16,430	23,858
Gross profit	5,234	5,190	3,031	6,407
Operating expenses	(39,269)	(7,726)	(61,194)	(17,177)
Other income (expense), net	671	(1,177)	282	(1,921)
Provison for income taxes	(354)	(517)	(969)	(1,236)
Net loss	(33,718)	(4,230)	(58,850)	(13,927)
Net loss attributable to non-controlling interest	(76)	(206)	(348)	(467)
Net loss attributable to Columbia Care Inc.	**$ (33,642)**	**$ (4,024)**	**$ (58,502)**	**$ (13,460)**

Summary of balance sheet items:

	June 30, 2019	December 29, 2018
Total Assets	$ 352,618	$ 233,927
Total Liabilities	$ 72,762	$ 30,238
Shareholders' Equity	$ 279,856	$ 203,689

RESULTS OF OPERATIONS

Comparison of the Three and Six Months Ended June 30, 2019 and 2018

The following table summarizes our results of operations for the three and six months ended June 30, 2019 and 2018:

	Three Months ended June 30,				Six Months ended June 30,			
	2019	2018	$ Change	% Change	2019	2018	$ Change	% Change
Revenues, net	$ 19,297	$ 9,571	$ 9,726	102%	$ 32,167	$ 18,420	$ 13,747	75%
Production costs	(13,868)	(4,196)	(9,672)	231%	(22,337)	(9,632)	(12,705)	132%
Gross profit excluding change in fair value of biological assets and inventory sold	5,429	5,375	54	1%	9,830	8,788	1,042	12%
Decrease in fair value of inventory sold	(11,373)	(14,498)	3,125	-22%	(23,229)	(26,239)	3,010	-11%
Increase in fair value of biological assets	11,178	14,313	(3,135)	-22%	16,430	23,858	(7,428)	-31%
Gross profit	5,234	5,190	44	1%	3,031	6,407	(3,376)	-53%
Operating expenses	(39,269)	(7,726)	(31,543)	408%	(61,194)	(17,177)	(44,017)	256%
Loss from operations	(34,035)	(2,536)	(31,499)	1242%	(58,163)	(10,770)	(47,393)	440%
Other income (expense), net	671	(1,177)	1,848	-157%	282	(1,921)	2,203	-115%
Loss before provision for income taxes	(33,364)	(3,713)	(29,651)	799%	(57,881)	(12,691)	(45,190)	356%
Provision for income taxes	(354)	(517)	163	-32%	(969)	(1,236)	267	-22%
Net loss	(33,718)	(4,230)	(29,488)	697%	(58,850)	(13,927)	(44,923)	323%
Net loss attributable to non-controlling interest	(76)	(206)	130	-63%	(348)	(467)	119	-25%
Net loss attributable to Columbia Care Inc.	$ (33,642)	$ (4,024)	$ (29,618)	736%	$ (58,502)	$ (13,460)	$ (45,042)	335%

Revenue

The increase in revenue for the three and six months ended June 30, 2019, as compared to the prior year periods was primarily driven by expansion of our dispensary network and by additional sales through our existing dispensaries.

Gross Profit

The increase in gross profit before fair value adjustments to biological assets and inventory for three and six months ended June 30, 2019, as compared to the prior year periods was due to volume growth of our business.

The decrease in gross profit after changes in the fair value of biological assets and inventory sold for the six months ended June 30, 2019, as compared to the prior year period was due to fair value adjustments related to decreased volume of unharvested plants and inventory.

Operating Expenses

The increase of $31,543 in operating expenses for the three months ended June 30, 2019, as compared to the prior year period, was primarily attributable to $11,071 of listing fee expense, $7,338 increase to share-based compensation due to issuances of equity awards in 2019 as well as forfeitures of awards in 2018, and $4,786 increase to professional fees, partly driven by our RTO transaction and compliance expenses related to being a public company. In addition, salary and benefits costs increased by $4,138 as we expanded our operations and increased the size and scope of our administrative functions. The remaining increase of $4,210 was primarily due to higher facilities and office expenses.

The increase of $44,017 in operating expenses for the six months ended June 30, 2019, as compared to the prior year period, was primarily attributable to $11,328 increase to professional fees, partly driven by transaction expenses related to our RTO, $11,071 listing fee expense, $8,781 increase to share-based compensation and $6,630 increase to salary and benefits costs. The remaining increase of $6,207 was primarily due to higher facilities and office expenses.

Other Income (Expense), Net

The increase in other income (expense), net for the three and six months ended June 30, 2019, as compared to the prior year periods was due to the repayment of the majority of our debt obligations during 2018, a realized foreign exchange gain of $852 in connection with our RTO and increased interest income offset by higher interest expenses recorded due to the adoption of IFRS 16.

Adjusted EBITDA

The decrease in Adjusted EBITDA for the three and six months ended June 30, 2019, as compared to the prior year periods was primarily driven by increases in professional fees and facility costs. See *Non-IFRS Measures*.

Our future financial results are subject to significant potential fluctuations caused by, among other things, fair value adjustments to biological assets and inventory sold, growth of sales volume in new and existing markets, and our ability to control operating expenses. In addition, our financial results may be impacted significantly by changes to the regulatory environment in which we operate, both on a local, state and federal level.

Reconciliation of Non-IFRS Measures

The following table provides a reconciliation of net loss for the period to EBITDA and Adjusted EBITDA for the three and six months ended June 30, 2019 and 2018:

	Three Months ended		Six Months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Net loss	$ (33,718)	$ (4,230)	$ (58,850)	$ (13,927)
Income tax	354	517	969	1,236
Depreciation and amortization	3,159	1,167	6,029	2,148
Interest expense, net and debt amortization	378	846	825	1,565
EBITDA	**$ (29,827)**	**$ (1,700)**	**$ (51,027)**	**$ (8,978)**
Adjustments:				
Share-based compensation	7,157	(180)	11,389	2,608
Net impact, FV of biological assets and inventory sold	195	185	6,799	2,381
Listing fee expense	11,071	-	11,071	-
Adjusted EBITDA	**$ (11,404)**	**$ (1,695)**	**$ (21,768)**	**$ (3,989)**

The adjustment for interest expense, net and debt amortization includes the sum of interest income and interest expense presented on our statements of operations and the revaluation of derivative liability, which is presented on our statements of cash flows. Share-based compensation is the sum of equity-based compensation expense and deferred compensation expense, which are presented in our statements of cash flows.

Liquidity and Capital Resources

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. Our ability to fund our operations, to make capital expenditures, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

As of June 30, 2019, we had $125,310 of cash and $180,264 of working capital (current assets less current liabilities), compared with $46,241 of cash and $144,813 of working capital as of December 29, 2018. The increase of $35,451 in our working capital was primarily due to our reverse takeover transaction.

We expect that our cash on hand and cash provided by operations will allow us to meet our capital requirements and operational needs for the next twelve months. As of June 30, 2019, there were no regulatory capital requirements applicable to our industry.

Recent Financing Transactions

Working Capital Loan

In July 2016, we obtained working capital loans from various lenders, at a stated interest rate of 10% and a maturity date of July 11, 2019. The loans were unsecured. Cash interest was paid in arrears on July 31, 2018 and on each quarterly anniversary thereafter. We could prepay the loans, in whole or in part, upon not less than three business days prior with written notice. In December 2018, $650 in loan principal was repaid while the remaining $300 principal balance was repaid in January 2019.

Term Debt

Real Estate Debt

In January 2016, we entered into a loan and security agreement with various individuals. 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. As of December 29, 2018, the outstanding principal balance was $3,795.

Under the terms of the loan, we issued 11,230 and 31,814 warrants during the years ended December 30, 2017 and December 31, 2016, respectively, at an exercise price of $0.01.

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

In December 2018, $8,005 was repaid or converted to common units while the remaining $3,795 was repaid or converted to common units in January 2019.

Note Payable – Former Member

On July 6, 2016 we purchased a 10% minority interest from a former member in Columbia Care Arizona Tempe DE, LLC, for a total of $1,000, which was payable as follows: $250 upon the execution of the 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 and continuing through January 1, 2020. The note is non-interest bearing and is guaranteed by Columbia Care and its managing members.

The purchase of the non-controlling interest in the amount of $1,000 is reflected in the changes in Stockholders' Equity section of the accompanying financial statements.

As of June 30, 2019, there was $100 remaining in outstanding principal on the note.

Cash Flows

The following table summarizes the sources and uses of cash or each of the periods presented:

	Six Months ended	
	June 30, 2019	June 30, 2018
Net cash used in operating activities	$ (42,294)	$ (14,115)
Net cash used in investing activities	(31,405)	(5,933)
Net cash provided by financing activities	152,768	21,356
Net increase in cash and cash equivalents	$ 79,069	$ 1,308

Operating Activities

During the six months ended June 30, 2019, operating activities used $42,294 of cash, primarily resulting from net loss of $58,850 and net cash used in changes in operating assets and liabilities of $18,831, partially offset by the listing fee expense of $11,071, equity-based compensation expense of $7,648, change in the fair value of biological assets of $6,799, depreciation and amortization of $6,029 and deferred compensation expense of $3,741. Cash used due to changes in operating assets and liabilities was primarily due to increases in non-current assets of $47,161, biological assets of $6,748 and prepaid expenses and other assets of $4,625, partially offset by increases in long-term liabilities of $33,698 and current liabilities of $6,537.

During the six months ended June 30, 2018, operating activities used $14,115 of cash, primarily resulting from net loss of $13,297 and net cash used in changes in operating assets and liabilities of $7,766, partially offset by depreciation and amortization of $2,148, equity-based compensation expense of $504, deferred compensation expense of $2,104, and change in fair value of biological assets of $2,380. Cash used in changes in operating assets and liabilities was primarily due to increases in biological assets of $4,317 and decreases in current liabilities of $2,259.

Investing Activities

During the six months ended June 30, 2019, investing activities used $31,405 of cash, consisting of purchases of property and equipment of $28,587, and cash paid for deposits of $4,131, partially offset by cash received from deposits of $1,759.

During the six months ended June 30, 2018, investing activities used $5,933 of cash, primarily consisting of $4,391 in purchases of property and equipment, and the purchase of Mission Bay of $2,000.

Financing Activities

During the six months ended June 30, 2019, financing activities provided $152,768 of cash, consisting of $157,359 in proceeds received from the issuance of equity, partially offset by lease payments of $2,062 and debt repayment of $1,695.

During the six months ended June 30, 2018, financing activities provided $21,356 of cash, consisting of $14,874 in proceeds received from the issuance of equity and $6,482 in proceeds from the issuance of debt and warrants.

Contractual Obligations and Commitments

The following table summarizes contractual obligations as of June 30, 2019 and the effects that such obligations are expected to have on Columbia Care's liquidity and cash flows in future periods:

	Payments Due by Period			
	Total	Year 1	Years 2-5	Years 5+
Lease commitments (1)	$ 49,949	$ 7,741	$ 22,882	$ 19,326
Debt obligations (2)	100	100	-	-
Total	$ 50,049	$ 7,841	$ 22,882	$ 19,326

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(1) Amounts in the table reflect minimum payments due for Columbia Care's leased facilities under various lease agreements that expire through May 2029.
(2) Amounts in the table reflect minimum payments due for Columbia Care's debt obligations as discussed in the "Recent Financing" discussion above.

Outstanding Share Information

As of August 5, 2019, Columbia Care has 215,960,756 outstanding shares and 244,634,527 shares on a diluted basis.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, we do not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

RELATED PARTY TRANSACTIONS

We finance the construction of facilities and working capital for operations of our not-for-profit subsidiaries. Each not-for-profit subsidiary executes a note in favor of Columbia Care (or its affiliates) which bears interest and has specific repayment terms. Each of the not-for-profit entities has a separate Board of Directors, which include certain stockholders of Columbia Care. Columbia Care earns success fees upon the implementation and successful opening of the facilities, as well as ongoing management fees. These transactions are eliminated in consolidation for financial reporting purposes.

In accordance with IFRS reporting standards, we report compensation, fees, and other benefits and compensation arrangements made to individuals within the organization that fit the definition of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of Columbia Care as a whole. Our key management personnel consist of executive and non-executive stockholders of Columbia Care's Board of Directors and corporate officers and/or companies controlled by those individuals.

Remuneration attributed to key management personnel during the three and six months ended June 30, 2019 and 2018, are summarized in the table below:

	Three Months Ended		Six Months Ended	
	June 30, 2019	**June 30, 2018**	**June 30, 2019**	**June 30, 2018**
Salaries and benefits	$ 846	$ 316	$ 1,491	$ 660
Payments to managing owners	173	199	420	399
Equity-based compensation	1,025	(1,891)	2,356	(986)
	$ 2,044	**$ (1,376)**	**$ 4,267**	**$ 73**

CHANGES IN OR ADOPTION OF ACCOUNTING PRACTICES

The following IFRS standards have been recently issued by the IASB. We are in the process of assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to Columbia Care have been excluded herein.

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. We have adopted IFRS 16 retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application in accordance with paragraphs C7–C13. We apply 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 Columbia Care are comprised only of buildings, office leases and security equipment. 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, we recognized lease assets of $35,070, a corresponding lease liability of $35,737 and derecognized deferred rent of $713 and prepaid expenses of $46.

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. We adopted IFRIC 23 as of January 1, 2019, with no significant impact to the consolidated interim financial statements on adoption of this IFRS.

CRITICAL ACCOUNTING ESTIMATES

We make judgements, estimates and assumptions about the future that affect reported of assets and liabilities, and revenues 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 review affects both current and future periods.

The preparation of our consolidated financial statements requires us 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 review affects both current and future periods.

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

Estimated Useful Lives and Depreciation of Property and Equipment

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

Estimated Useful Lives and Amortization of Intangible Assets

Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

We did not have any intangible assets subject to amortization as of June 30, 2019.

Biological Assets

Biological assets, consisting of unharvested cannabis plants, are dependent upon estimates of future economic benefits resulting from past events to determine the fair value through an exercise of significant judgment by us. In estimating the fair value of an asset or a liability, we use market observable data to the extent it is available. When market observable data is not available, we engage qualified third-party valuation consultants to perform the valuation. With respect to certain biological assets, where there is no active market for the unharvested produce, the valuation committee arrives at the fair value by way of a reverse analysis, working from the value of the inventory.

Our biological assets are unharvested cannabis plants and are presented at their fair values less costs to sell up to the point of harvest. We determine the fair value of biological assets using a specific valuation technique that incorporates interdependent estimates and assumptions including the stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices, and expected yields for the cannabis plants to determine the weighted average fair value deemed cost per gram.

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 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.

Our 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 average selling price for each respective period. Average selling price for the six months ended June 30, 2019 and the year ended December 29, 2018 was $14.15 and $13.85 per gram, respectively;

ii. The stage of plant growth at which point of harvest is determined. As of June 30, 2019, and December 29, 2018, the biological assets were on average 51% and 48% completed, respectively;

iii. Selling and other fulfillment costs were determined by estimating the average cost per gram, which was $2.22 and $2.27 per gram and equivalent gram of cannabis sold as of June 30, 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. Average yield per plant as of June 30, 2019 and December 29, 2018 was 186 grams per plant and 175 grams per plant, respectively.

Non-controlling Interests

Non-controlling interests are classified as a separate component of equity in Columbia Care's consolidated statement of financial positions and statements of stockholders' equity. Net income (loss) attributable to noncontrolling interests are reflected separately from consolidated statement of profits and losses net income (loss) in the consolidated statements of comprehensive loss and stockholders' equity. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. In addition, when a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary will be initially measured at fair value and the difference between the carrying value and fair value of the retained interest will be recorded as a gain or loss.

Share-based Payment Arrangements

We estimate the fair value of each share-based award on its measurement date using either the current market price of the stock, the Black-Scholes option valuation model or the Monte Carlo Simulation valuation model, whichever is most appropriate and includes an estimate of the awards that will be forfeited. The Black-Scholes and Monte Carlo Simulation valuation models incorporate assumptions such as stock price volatility, the expected life of options or awards, a risk-free interest rate and dividend yield. Changes in assumptions used to estimate fair value could result in materially different results.

Deferred Tax Asset and Valuation Allowance

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

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Our financial instruments consist of cash and cash equivalents, accounts payable, accrued expenses and long-term debt. The fair values of cash, accounts payable and accrued expenses approximate their carrying values due to the relatively short-term to maturity. Columbia Care classifies its cash as fair value through profit and loss (FVTPL) and accounts payable, accrued expenses and long-term debt as other financial liabilities. The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

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

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

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

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

Our assets measured at fair value on a nonrecurring basis include investments, long-lived assets and indefinite-lived intangible assets. We review the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually, for indefinite-lived intangible assets. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to be Level 3 measurements.

Financial Risk Management

We are exposed in varying degrees to a variety of financial instrument related risks. Our risk exposures and the impact on our financial instruments is summarized below:

Credit Risk

Credit risk is the risk of a potential loss to us if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at June 30, 2019 and 2018, is the carrying amount of cash and cash equivalents, accounts receivable and notes receivable. We do not have significant credit risk with respect to our customers. All cash deposits with regulated U.S. financial institutions.

We provide 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 our sales are transacted with cash. Through our recently introduced Columbia Care National Credit program, we provide credit to customers in certain markets in which we operate.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations associated with financial liabilities. We manage liquidity risk through the management of our capital structure. Our approach to managing liquidity is to estimate cash requirements from operations, capital expenditures and investments and ensure that we have sufficient liquidity funds our ongoing operations and to settle obligations and liabilities when due.

We expect to incur increased expenditures related to acquisition related costs, marketing and selling expenses and capital expenditures as we expand our presence in current markets and expand into new markets.

To date, we have incurred significant cumulative net losses and we have not generated positive cash flows from our operations. We have therefore depended on financing from sale of our equity and from debt financing to fund our operations. In the near term, we expect our operating cash flows to be impacted negatively by the establishment of operations in new markets, and we expect significant investments in property and equipment as we enter new markets and expand our operations in existing markets. Overall, we do not expect the net cash contribution from our operations and investments to be positive in the near term, and we therefore expect to rely on financing from equity or debt.

Market Risk

In addition to business opportunities and challenges applicable to any business operating in a fast-growing environment, our business operates in a highly regulated and multi-jurisdictional industry, which is subject to potentially significant changes outside of our control as individual states as well as the U.S. federal government may impose restrictions on our ability to grow our business profitably or enact new laws and regulations that open up new markets.

Currency Risk

Our operating results and financial position are reported in U.S. dollars in thousands. Financial transactions entered into could be denominated in currencies other than the U.S. dollar which would result in Columbia Care's operations being subject to currency transaction and translation risks.

As of June 30, 2019 and 2018, we had not entered into any financial transactions that were denominated in currencies different from our reporting currency, the U.S. dollar, except for proceeds from the issuance of shares in conjunction with our reverse takeover transactions. In conjunction with the settlement of our RTO, we recorded a realized foreign exchange gain of $852 in other income (expense), net for the three and six months ended June 30, 2019. In addition, we had no hedging agreements in place with respect to foreign exchange rates. We have not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of our financial instrument will fluctuate because of changes in market interest rates. Our cash deposits bear interest at market rates. Our loan agreements have fixed rates of interest and therefore expose us to a limited non-cash interest risk.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. We are subject to risk of prices of our products due to competitive or regulatory pressures.

Risk Factors

For a detailed description of risk factors associated with Columbia Care, refer to the "Risk Factors" section of our Prospectus, which is available on SEDAR at www.sedar.com.

Disclosure Controls and Internal Control over Financial Reporting

Internal control over financial reporting

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, management is responsible for establishing and maintaining adequate Disclosure Controls and Procedures ("**DCP**") and Internal Control Over Financial Reporting ("**ICFR**"). As we become a reporting issuer in Canada, our CEO and CFO will be required to file certifications relating to DCP and ICFR for Columbia Care in connection with our interim and annual filings, commencing with the first reporting period after becoming a reporting issuer.

Limitations of controls and procedures

Our management, including the CEO and CFO, believes that any DCP or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within Columbia Care have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Additional Information

Additional information relating to Columbia Care, including our Prospectus is available on SEDAR at www.sedar.com. Our common shares are listed for trading on the Aequitas NEO Exchange Inc. under the symbol "CCHW", on the OTCQX Best Market under the symbol "CCHWF" and on the Frankfurt Stock Exchange under the symbol "3LP".