PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

TILRAY, INC.
Condensed Consolidated Balance Sheets
(in thousands of U.S. dollars, except for share and par value data, unaudited)

	March 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 294,205	$ 487,255
Short-term investments	31,229	30,335
Accounts receivable, net of allowance for doubtful accounts of $972 and $292, respectively	19,708	16,525
Other receivables	378	969
Inventory	48,712	16,211
Prepaid expenses and other current assets	5,357	3,007
Total current assets	399,589	554,302
Property and equipment, net	128,963	80,214
Intangible assets, net	364,060	4,486
Goodwill	156,364	—
Investments	19,650	16,911
Deposits and other assets	7,970	754
Total assets	$ 1,076,596	$ 656,667
Liabilities		
Current liabilities		
Accounts payable	$ 17,179	$ 10,649
Accrued expenses and other current liabilities	152,819	14,818
Accrued obligations under capital lease	366	470
Total current liabilities	170,364	25,937
Accrued obligations under capital lease	8,661	8,286
Deferred tax liability	92,220	4,424
Convertible Notes, net of issuance cost	422,868	420,367
Other liabilities	563	—
Total liabilities	$ 694,676	$ 459,014
Stockholders' equity		
Class 1 common stock ($0.0001 par value, 250,000,000 shares authorized; 16,666,667 shares issued and outstanding)	2	2
Class 2 common stock ($0.0001 par value; 500,000,000 shares authorized; 80,131,560 and 76,504,200 shares issued and outstanding, respectively)	8	8
Additional paid-in capital	515,692	302,057
Accumulated other comprehensive income	4,696	3,763
Accumulated deficit	(138,478)	(108,177)
Total stockholders' equity	381,920	197,653
Total liabilities and stockholders' equity	$ 1,076,596	$ 656,667

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

TILRAY, INC.
Condensed Consolidated Statements of Net Loss and Comprehensive Loss
(in thousands of U.S. dollars, except for share and per share data, unaudited)

	Three months ended March 31,	
	2019	**2018**
Revenue	$ 23,038	$ 7,808
Cost of sales	17,653	3,912
Gross margin	5,385	3,896
General and administrative expenses	12,797	4,145
Sales and marketing expenses	7,821	2,263
Depreciation and amortization expense	1,863	222
Stock-based compensation expense	5,306	31
Research and development expenses	1,048	975
Acquisition and integration expenses	4,424	—
Operating loss	(27,874)	(3,740)
Foreign exchange loss, net	179	1,146
Interest expense, net	8,745	416
Finance income from ABG Profit Participation Arrangement	(135)	—
Other income, net	(2,345)	(121)
Loss before income taxes	(34,318)	(5,181)
Deferred income tax recovery	(3,777)	—
Current income tax recovery	(240)	—
Net loss	$ (30,301)	$ (5,181)
Net loss per share - basic and diluted	(0.32)	(0.07)
Weighted average shares used in computation of net loss per share - basic and diluted	94,875,351	75,000,000
Net loss	$ (30,301)	$ (5,181)
Foreign currency translation loss	(475)	(1)
Unrealized gain on cash equivalents and investments	1,408	—
Other comprehensive income (loss)	933	(1)
Comprehensive loss	$ (29,368)	$ (5,182)

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

TILRAY, INC.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands of U.S. dollars, except for share data, unaudited)

	Convertible preferred shares		Common stock					
	Number of shares	Amount	Number of shares	Amount	Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total equity (deficit)
Balance at December 31, 2017	—	$ —	—	$ —	$ 31,736	$ 3,866	$ (40,454)	$ (4,852)
Convertible preferred stock issued, net of issuance costs	7,794,042	1	—	—	52,639	—	—	52,640
Common stock issued	—	—	75,000,000	8	—	—	—	8
Stock-based compensation expense	—	—	—	—	31	—	—	31
Other comprehensive loss	—	—	—	—	—	(1)	—	(1)
Net loss	—	—	—	—	—	—	(5,181)	(5,181)
Balance at March 31, 2018	7,794,042	$ 1	75,000,000	$ 8	$ 84,406	$ 3,865	$ (45,635)	$ 42,645
Balance at December 31, 2018	—	$ —	93,170,867	$ 10	$ 302,057	$ 3,763	$ (108,177)	$ 197,653
Shares issued for Natura acquisition	—	—	180,332	—	15,100	—	—	15,100
Shares issued for Manitoba Harvest acquisition	—	—	1,209,946	—	96,844	—	—	96,844
Shares issued for ABG Profit Participation Arrangement	—	—	1,680,214	—	125,097	—	—	125,097
Receivable for ABG Profit Participation Arrangement, net of finance income	—	—	—	—	(30,292)	—	—	(30,292)
Shares issued under stock option plans	—	—	545,000	—	931	—	—	931
Shares issued for employee compensation			11,868	—	649	—	—	649
Stock-based compensation expense	—	—	—	—	5,306	—	—	5,306
Other comprehensive income	—	—	—	—	—	933	—	933
Net loss	—	—	—	—	—	—	(30,301)	(30,301)
Balance at March 31, 2019	—	$ —	96,798,227	$ 10	$ 515,692	$ 4,696	$ (138,478)	$ 381,920

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

TILRAY, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands of U.S. dollars, unaudited)

	Three months ended March 31,	
	2019	2018
Operating activities		
Net loss	$ (30,301)	$ (5,181)
Adjusted for the following items:		
Foreign currency (gain) loss	(214)	1,099
Provision for doubtful accounts	536	—
Depreciation and amortization expense	2,770	479
Stock-based compensation expense	5,306	31
Non-cash interest (income) expense	(322)	276
Loss on disposal of property and equipment, net	111	—
Deferred taxes	(3,777)	—
Amortization of discount on Convertible Notes	2,501	—
Changes in non-cash working capital:		
Accounts receivable	3,030	(118)
Other receivables	—	(360)
Inventory	(12,983)	(1,259)
Prepaid expenses and other current assets	(2,143)	(387)
Accounts payable	(235)	3,547
Due to related parties	(780)	—
Accrued expenses and other current liabilities	11,660	148
Net cash used in operating activities	(24,841)	(1,725)
Investing activities		
Acquisition of Manitoba Harvest, net of cash acquired	(109,057)	—
Acquisition of Natura, net of cash acquired	(15,083)	—
Investment in ABG Profit Participation Arrangement	(33,333)	—
Increase in deposits and other assets	—	(195)
Purchases of short-term and non-current investments	(2,914)	(29,624)
Proceeds from maturities of short-term investments	—	118
Purchases of property and equipment	(9,017)	(12,856)
Purchases of intangible assets	(92)	(227)
Net cash used in investing activities	(169,496)	(42,784)
Financing activities		
Repayment under Privateer Holdings debt facilities	—	(95)
Advances under Privateer Holdings construction facilities	—	1,536
Minimum lease payments under capital lease	(187)	(171)
Proceeds from exercise of stock options	931	—
Proceeds from issuance of convertible preferred stock, net	—	52,640
Net cash provided by financing activities	744	53,910
Effect of foreign currency translation on cash and cash equivalents	543	416
Cash and cash equivalents		
(Decrease) increase in cash and cash equivalents	(193,050)	9,817
Cash and cash equivalents, beginning of period	487,255	2,323
Cash and cash equivalents, end of period	$ 294,205	$ 12,140
Supplemental Disclosure for Cash Flow Information		
Cash paid for interest	$ 73	$ 242
Non-cash investing activities		
Acquisition of Manitoba Harvest	$ 195,407	$ —
Acquisition of Natura	$ 38,980	$ —
Investment in ABG Profit Participation Arrangement, net of receivable	$ 94,805	$ —
Non-cash financing activities		
Shares issued for employee compensation	$ 649	$ —

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

1. Summary of Significant Accounting Policies

Basis of presentation

The accompanying unaudited condensed consolidated financial statements (the "financial statements") reflect the accounts of Tilray, Inc. and its wholly owned subsidiaries (collectively "Tilray", the "Company", "we", "our", or "us"). The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, these financial statements do not include all the information and footnotes required for annual financial statements and should be read in conjunction with the audited consolidated financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2018 (the "Annual Financial Statements").

These financial statements reflect all adjustments, consisting solely of normal recurring adjustments, which, in the opinion of management, are necessary for a fair presentation of the Company's financial position and results of operations. The results of operations for the three months ended March 31, 2019 and 2018 are not necessarily indicative of results that can be expected for the full year.

The Condensed Consolidated Statement of Net Loss and Comprehensive Loss for the three months ended March 31, 2018 were reclassified to conform to the current period's presentation. Specifically, depreciation and amortization expense as well as acquisition and integration expenses, which were formerly presented as part of general and administrative expenses, are now presented separately.

Other than as described below, there have been no changes to our significant accounting policies described in our Annual Financial Statements that had a material impact on our financial statements and related notes.

Business combinations and goodwill

The Company accounts for business combinations using the acquisition method in accordance with ASC 805 "Business Combinations," which requires recognition of assets acquired and liabilities assumed, including contingent assets and liabilities, at their respective fair values on the date of acquisition. Any excess of the purchase consideration over the net fair value of tangible and identified intangible assets acquired less liabilities assumed is recorded as goodwill. The costs of business acquisitions, including fees for accounting, legal, professional consulting and valuation specialists, are expensed as incurred. Purchase price allocations may be preliminary and, during the measurement period not to exceed one year from the date of acquisition, changes in assumptions and estimates that result in adjustments to the fair value of assets acquired and liabilities assumed are recorded in the period the adjustments are determined.

For business combinations achieved in stages, the Company's previously held interest in the acquiree is remeasured at its acquisition date fair value, with the resulting gain or loss recorded in the Consolidated Statements of Net Loss and Comprehensive Loss. For a pre-existing relationship between the Company and acquiree that is not extinguished on the business combination, such a relationship is considered effectively settled as part of the business combination even if it is not legally cancelled. At the acquisition date, it becomes an intercompany relationship and is eliminated upon consolidation.

The estimated fair value of acquired assets and assumed liabilities are determined primarily by using a discounted cash flow approach, with estimated cash flows discounted at a rate that the Company believes a market participant would determine to be commensurate with the inherent risks associated with the asset and related estimated cash flow streams. Contingent consideration in a business combination is remeasured at fair value each reporting period until the contingency is resolved and any change in the fair value from either the passage of time or events occurring after the acquisition date, is recorded in the Consolidated Statements of Net Loss and Comprehensive Loss.

Intangible assets

The Company records intangible assets acquired at cost, net of accumulated amortization and accumulated impairment losses, if any. Cost is measured based on the fair values of cash consideration paid and equity interests issued. The cost of an intangible asset acquired in a business combination is its acquisition date fair value.

Amortization of definite life intangible assets is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Customer relationships	14 to 16 years
Developed technology	10 years
Website	3 years
Supply contract	3 years
Licenses	2 years

The Company has rights under the ABG Profit Participation Arrangement and trademarks with indefinite life. Intangible assets that are determined to have an indefinite life are not amortized, but tested for impairment annually or more frequently when indicators of impairment exist. If the carrying value of an individual indefinite-lived intangible asset exceeds its fair value, such individual indefinite-life intangible asset is impaired by the amount of the excess.

Stock-based payments

Fully vested, non-forfeitable equity instruments issued to parties other than employees are measured on the date they are issued where there is no specific performance required by the grantee to retain those equity instruments. Share-based payment transactions with non-employees are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. Where fully vested, non-forfeitable equity instruments are granted to parties other than employees in exchange for notes or financing receivable, the note or receivable is presented in additional paid-in capital on the Consolidated Balance Sheets.

Impairment of goodwill and indefinite life intangible assets

Goodwill and indefinite life intangible assets are tested for impairment annually, or more frequently when events or circumstances indicate that impairment may have occurred. As part of the impairment evaluation, the Company may elect to perform an assessment of qualitative factors. If this qualitative assessment indicates that it is more likely than not that the fair value of the indefinite-lived intangible asset or the reporting unit (for goodwill) is less than its carrying value, a quantitative impairment test to compare the fair value to the carrying value and record an impairment charge if the carrying value exceeds the fair value is conducted.

Significant estimates and judgments

The preparation of the Company's financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of revenue, expenses, assets, liabilities, accompanying disclosures and the disclosure of contingent liabilities. These estimates and judgments are subject to change based on experience and new information. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affecting future periods. Estimates and judgments are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Financial statement areas that require significant estimates and judgments are as follows:

Business combinations – The Company uses judgment in applying the acquisition method of accounting for business combinations and estimates to value identifiable assets and liabilities at the acquisition date. Estimates are used to determine cash flow projections, including the period of future benefit, and future growth and discount rates, among other factors. The values allocated to the acquired assets and liabilities assumed affect the amount of goodwill recorded on acquisition. Fair value is typically estimated using the present value of future discounted cash flows, an income approach. Significant estimates in the discounted cash flow model primarily include the discount rate, rates of future revenue growth and profitability of the acquired business, and working capital effects. The discount rate considers the relevant risk associated with business-specific characteristics and the uncertainty related to the ability to achieve the projected cash flows. These estimates and the resulting valuations require significant judgment.

Contingent consideration – Contingent consideration is subject to measurement uncertainty as the financial impact will only be confirmed by the outcome of a future event. The assessment of contingent consideration involves a significant amount of judgment, including determining a reliable estimate of the amount of cash outflow required to settle the obligation based on significant unobservable inputs as well as estimates around the probability and timing of satisfying the future events on which the contingent consideration is based.

Asset impairment – Asset impairment tests require the allocation of assets to asset groups, which requires significant judgment and interpretation with respect to the integration between the assets and shared resources. Asset impairment tests require the determination of whether there is an indication of impairment. The assessment of whether an indication of impairment exists is performed at the end of each reporting period and requires the application of judgment, historical experience, and external and internal sources of information.

Stock-based payments – Stock-based payment transactions are measured and recognized based on estimated fair value, which requires judgment in determining the appropriate valuation model and assumptions, including discount for shares not registered with the Securities Exchange Commission ("SEC") subject to transfer restrictions.

Imputed interest for loans receivable – In connection with the loans obtained as part of the ABG Profit Participation Arrangement, judgment is required to estimate the prevailing market interest rate at each time a loan is issued.

New accounting pronouncements not yet adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), a new standard on revenue recognition. Further, the FASB issued a number of additional ASUs regarding the new revenue recognition standard. The new standard, as amended, will supersede existing revenue recognition guidance and apply to all entities that enter into contracts to provide goods or services to customers. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers – Deferral of the Effective Date, which amends ASU 2014-09 to defer the effective date by one year. For public companies, the new standard is effective for annual reporting periods beginning after December 31, 2017, including interim periods within that reporting period. For all other entities, including emerging growth companies, this standard is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Company is evaluating the impact on the financial statements and expects to implement the provisions of ASU 2014-09 for the annual financial statements for the year ended December 31, 2019.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10) – Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 is intended to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. For public companies, the new standard is effective for annual periods beginning after December 15, 2017, including interim periods within the fiscal year. For all other entities, including emerging growth companies, ASU 2016-01 is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company is evaluating the impact on the financial statements and expects to implement the provisions of ASU 2016-01 for the annual financial statements for the year ended December 31, 2019.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes the current accounting for leases and while retaining two distinct types of leases, finance and operating, (1) requires lessees to record a right of use asset and a related liability for the rights and obligations associated with a lease, regardless of lease classification, and recognize lease expense in a manner similar to current accounting, (2) eliminates most real estate specific lease provisions, and (3) aligns many of the underlying lessor model principles with those in the new revenue standard. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. For public companies, the new standard is effective for annual and interim periods in fiscal years beginning after December 15, 2018. For all other entities, including emerging growth companies, this standard is effective for annual reporting periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 2020. Earlier application is permitted. The Company is evaluating the impact on the financial statements and expects to implement the provisions of ASU 2016-02 for the annual financial statements for the year ended December 31, 2019.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. Adoption of ASU 2016-13 will require financial institutions and other organizations to use forward-looking information to better formulate their credit loss estimates. In addition, the ASU amends the accounting for credit losses on available for sale debt securities and purchased financial assets with credit deterioration. This update will be effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. The Company is evaluating the impact on the financial statements and expects to implement the provisions of ASU 2016-13 for the annual financial statements for the year ended December 31, 2021.

In August 2018, the FASB issued ASU 2018-13, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820). ASU 2018-13 adds, modifies, and removes certain fair value measurement disclosure requirements. ASU 2018-13 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the impact on the financial statements and expects to implement the provisions of ASU 2018-13 as of January 1, 2020.

2. Investments

The classification of investment in equities reported in long-term investments on the Condensed Consolidated Balance Sheets is summarized as follows:

	March 31, 2019	December 31, 2018
Investment in equities under available-for-sale method	$ 3,268	$ 1,845
Investment in equities under the cost method	16,382	15,066
Total investment in equities	$ 19,650	$ 16,911

Total unrealized gain recognized in other comprehensive income related to long-term available-for-sale equity securities from initial recognition until March 31, 2019 was $1,396 (2018 - nil).

3. Fair Value Measurement

The Company complies with ASC 820, Fair Value Measurements, for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability.

The following table presents information about the Company's assets that are measured at fair value on a recurring basis as of March 31, 2019 and December 31, 2018, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value:

	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
March 31, 2019				
Cash equivalents	$ 197,011	$ —	$ —	$ 197,011
Investments				
Treasury bills	30,559	—	—	30,559
Money market fund	670	—	—	670
Investment in equities under available-for-sale method	2,420	848	—	3,268
Total investments	33,649	848	—	34,497
Contingent consideration	—	—	(49,214)	(49,214)
Total	$ 230,660	$ 848	$ (49,214)	$ 182,294
December 31, 2018				
Cash equivalents	$ 203,761	$ —	$ —	$ 203,761
Investments				
Treasury bills	30,335	—	—	30,335
Investment in equities under available-for-sale method	1,163	682	—	1,845
Total investments	31,498	682	—	32,180
Total	$ 235,259	$ 682	$ —	$ 235,941

At March 31, 2019, the carrying amount of cash equivalents, which include money market fund, corporate bonds, commercial paper and treasury bills, includes an unrealized loss of $12 (March 31, 2018 – nil), recorded in comprehensive loss. Contingent consideration is recorded within accrued expenses and other current liabilities and reflects the consideration for: (i) the acquisition of Manitoba Harvest payable in Class 2 common stock contingent on revenues earned in 2019, and (ii) the acquisition of Natura payable in Class 2 common stock contingent on production levels. Refer to Note 13 for details. There were no transfers between fair value measurement hierarchy levels during the three months ended March 31, 2019.

4. Inventory

Inventory is comprised of the following items:

	March 31, 2019	December 31, 2018
Raw materials	$ 11,114	$ 2,132
Work-in-process	31,152	12,812
Finished goods	6,446	1,267
Total	$ 48,712	$ 16,211

Inventory is written down for any obsolescence or when the net realizable value of inventory is less than the carrying value. For the three months ended March 31, 2019, the Company recorded write-downs within work-in-process of $1,626 in cost of sales. There were no write-downs in cost of sales for the comparable period in 2018.

5. Property and Equipment, Net

Property and equipment, net consists of the following:

	March 31, 2019	December 31, 2018
Land	$ 5,715	$ 4,498
Buildings and leasehold improvements	75,502	51,111
Laboratory and manufacturing equipment	20,164	6,131
Office and computer equipment	3,754	970
Assets under capital lease	9,981	9,661
Construction in process	23,011	15,343
	138,127	87,714
Less: accumulated depreciation and amortization	(9,164)	(7,500)
Total	$ 128,963	$ 80,214

For the three months ended March 31, 2019, $305 depreciation expense related to general office space and equipment (March 31, 2018 – $29). In addition, $999 of depreciation expense was included in cost of sales relating to manufacturing equipment and production facilities (March 31, 2018 – $ 372) with the remaining depreciation included in inventory.

No capitalized interest was included in construction-in-progress for the three months ended March 31, 2019 (2018 – $134).

The Company had $46,333 in property and equipment additions related to building and leasehold improvements, laboratory and manufacturing equipment, office and computer equipment and construction during the three months ended March 31, 2019 (2018 – $11,248). Additions to building and leasehold improvements primarily related to the Company's acquisitions of Manitoba Harvest and Natura. Refer to Note 13 for details. Additions to construction in process primarily relate to the ongoing construction of the Company's London, Ontario and Portugal facilities.

6. Intangible Assets

Intangible assets are comprised of the following items:

		March 31, 2019			December 31, 2018		
	Weighted Average Amortization Period (in years)	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Customer relationships	16	$133,834	$ 692	$133,142	$ —	$ —	$ —
Developed technology	10	6,912	57	6,855	—	—	—
Website	3	3,954	2,509	1,445	3,755	2,253	1,502
Supply contract	3	2,529	—	2,529	—	—	—
Cultivation license	2	10,872	553	10,319	—	—	—
Alef license	2	3,986	—	3,986	2,984	—	2,984
Trademarks	Indefinite	54,688	—	54,688	—	—	—
Rights under ABG Profit Participation Arrangement	Indefinite	151,096	—	151,096	—	—	—
Total		$367,871	$ 3,811	$364,060	$6,739	$ 2,253	$4,486

The net carrying value of intangible assets not yet available for use as of March 31, 2019 was $6,515 (December 31, 2018 – $3,027). At March 31, 2019, this consisted of the Alef license and supply contract arising from the acquisition of Natura.

Intangible asset additions for three months ended March 31, 2019 primarily related to customer relationships, developed technology and trademarks as part of the acquisition of Manitoba Harvest as well as cultivation license and supply contract as part of the acquisition of Natura. Refer to Note 13 for details. Moreover, indefinite-lived rights under the ABG Profit Participation Arrangement were acquired in the quarter. Refer to Note 12 for details.

The amortization expense for the next five years on intangibles assets in use are as follows: remaining in 2019 – $12,364; 2020 – $14,914; 2021 – $9,462; 2022 – $9,122; 2023 – $9,120, and thereafter – $96,779.

7. Accounts Payable, Accrued Expenses and Other Current Liabilities

Accounts payable, accrued expenses and other current liabilities are comprised of the following items:

	March 31, 2019	December 31, 2018
Accounts payable - trade	$ 17,019	$ 9,716
Accounts payable - related parties	160	933
Total accounts payable	$ 17,179	$ 10,649
Accrued interest on Convertible Notes	$ 11,281	$ 5,302
Accrued payroll	4,252	3,278
Accrued legal fees	344	565
Consideration payable for acquisition of Manitoba Harvest	69,356	—
Contingent consideration for acquisitions	49,214	—
Other accrued expenses and current liabilities	18,372	5,673
Total accrued expenses and other current liabilities	$ 152,819	$ 14,818

Refer to Note 13 for details on the consideration payable and contingent consideration for the acquisitions of Manitoba Harvest and Natura.

8. Convertible Notes

In October 2018, the Company issued convertible senior notes with a face value of $475,000 (the "Convertible Notes"). The net proceeds from the offering were approximately $460,134, after deducting commissions and other fees and expenses payable by the Company. The Convertible Notes bear interest at a rate of 5.00% per annum, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on April 1, 2019. Additional interest may accrue on the Convertible Notes in specified circumstances. The Convertible Notes will mature on October 1, 2023, unless earlier repurchased, redeemed or converted. There are no principal payments required over the five-year term of the Convertible Notes, except in the case of redemption or events of defaults.

To the extent the Company so elects, the sole remedy for an event of default relating to certain failures by the Company to comply with certain reporting covenants in the Indenture will, for the first 365 days after such event of default, consist exclusively of the right to receive additional interest on the notes. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at the Company's election (the "cash conversion option"). The initial conversion rate for the Convertible Notes is 5.9735 shares of common stock per one thousand dollar principal amount of notes, which is equivalent to an initial conversion price of approximately $167.41 per share of common stock. Throughout the term of the Convertible Notes, the conversion rate may be adjusted upon the occurrence of certain events.

Prior to the close of business on the business day immediately preceding April 1, 2023, the Convertible Notes will be convertible only under the specified circumstances. On or after April 1, 2023 until the close of business on the business day immediately preceding the maturity date, holders may convert all or any portion of their Convertible Notes, in multiples of one thousand dollar principal amount, at the option of the holder regardless of the aforementioned circumstances.

As of March 31, 2019, the Convertible Notes are not yet convertible. The Convertible Notes will become convertible upon the satisfaction of the above circumstances. Transaction costs attributable to the Convertible Notes totaling $13,467 amortized as non-cash interest expense over the term of the Convertible Notes. As of March 31, 2019, the Company was in compliance with all the covenants set forth under the indenture.

The following table sets forth the net carrying amount of the Convertible Notes:

	March 31, 2019	December 31, 2018
5.00% Convertible Notes	$ 475,000	$ 475,000
Unamortized discount	(39,795)	(41,687)
Unamortized transaction costs	(12,337)	(12,946)
Net carrying amount	$ 422,868	$ 420,367

The following table sets forth total interest expense recognized related to the Convertible Notes:

	Three months ended March 31,	
	2019	2018
Contractual coupon interest	$ 5,938	$ —
Amortization of discount	1,892	—
Amortization of transaction costs	609	—
Total	$ 8,439	$ —

9. Stockholders' Equity

Common and Convertible Preferred Stock

The Company's certificate of incorporation authorized the Company to issue the following classes of shares with the following par value and voting rights as of March 31, 2019. The liquidation and dividend rights are identical among Class 1 common stock and Class 2 common stock, and all classes of common stock share equally in our earnings and losses.

	Par Value	Authorized	Voting Rights
Class 1 common stock	$ 0.0001	250,000,000	10 votes for each share
Class 2 common stock	$ 0.0001	500,000,000	1 vote for each share
Convertible preferred stock	$ 0.0001	10,000,000	N/A

In connection with the profit participation agreement with ABG Intermediate Holdings 2, LLC ("ABG"), the Company issued 840,107 Class 2 common stock in January 2019 and 840,107 Class 2 common stock in March 2019 at a deemed issuance price of $79.35 per share. Given that the Class 2 common stock issued to ABG were not registered with the SEC and subject to transfer restrictions, the fair values of the issuances were $89.13 and $59.77 per share, respectively, as recorded in the Condensed Consolidated Statements of Stockholders' Equity. Refer to Note 12 for details.

In February 2019, the Company issued 180,332 Class 2 common stock at a deemed issuance price of $83.73 ($110.91 CAD) per share in connection with the closing of the Natura acquisition. Refer to Note 13 for details.

In March 2019, the Company issued 1,209,946 Class 2 common stock at a deemed issuance price of $80.04 ($105.38 CAD) per share in connection with the closing of the Manitoba Harvest acquisition. Refer to Note 13 for details.

10. General and Administrative Expenses

General and administrative expenses are comprised of the following items:

	Three months ended March 31,	
	2019	2018
Salaries	$ 6,411	$ 1,097
Professional fees	2,457	1,482
Travel expenses	721	165
Other expenses	3,208	1,401
Total	$ 12,797	$ 4,145

11. Stock-based Compensation

Original Stock Option Plan

Certain employees of the Company participate in Privateer Holdings' equity-based compensation plan (the "Original Plan") under the terms and valuation method detailed in our Annual Financial Statements. For the three months ended March 31, 2019, the total stock-based compensation expense associated with the Original Plan was $110 (2018 – $31).

Stock option activity under the Original Plan is as follows:

	Stock options	Weighted-average exercise price	Weighted-average remaining contractual term (years)	Aggregate intrinsic value
Balance December 31, 2018	592,594	$ 4.14	8.1	$ 989
Exercised	(2,234)	4.27		—
Forfeited	(4,521)	4.59		—
Cancelled	(662)	4.18		—
Balance March 31, 2019	585,177	$ 4.33	7.9	$ 37,997
Vested and expected to vest, March 31, 2019	511,841	$ 4.20	7.8	$ 34,096
Vested and exercisable, March 31, 2019	266,636	$ 3.37	7.0	$ 17,983

No stock options were granted under the Original Plan during the three months ended March 31, 2019 or 2018. The total intrinsic values of stock options exercised as of March 31, 2019 was $149 (2018 - $1). As of March 31, 2019, the total remaining unrecognized compensation expense related to non-vested stock options amounted to $577 which will be amortized over the weighted-average remaining requisite service period of approximately 0.9 years. The total fair value of stock options vested as of March 31, 2019 was $95 (December 31, 2018 – $276).

New Stock Option and Restricted Stock Unit Plan

The Company adopted the 2018 Equity Incentive Plan (the "New Plan") as amended and approved by stockholders in May 2018 under the terms and valuation methods detailed in our Annual Financial Statements. As of March 31, 2019, 12,926,172 shares are reserved for issuance under the New Plan. For three months ended March 31, 2019, $5,196 total stock-based compensation expense was associated with the New Plan. There were no stock options, RSUs or restricted stock awards granted under the New Plan as of March 31, 2018.

Stock option and RSU activity under the New Plan are as follows:

Time-based stock option activity

	Stock options	Weighted-average exercise price	Weighted-average remaining contractual term (years)	Aggregate intrinsic value
Balance December 31, 2018	6,015,041	$ 13.54	7.7	$ 342,916
Granted	10,000	70.25		—
Exercised	(50,000)	7.76		—
Forfeited	(6,750)	54.56		—
Balance March 31, 2019	5,968,291	$ 13.63	9.2	$ 309,755
Vested and expected to vest, March 31, 2019	5,712,812	$ 13.43	9.2	$ 297,642
Vested and exercisable, March 31, 2019	1,450,000	$ 7.76	9.1	$ 83,752

The weighted-average fair values of all time-based stock options granted during the three months ended March 31, 2019 was $45.67 per share. As of March 31, 2018, there were no stock options, RSUs or restricted stock awards granted under the New Plan. As of March 31, 2019, the total remaining unrecognized compensation expense related to non-vested stock options amounted to $35,104, which will be amortized over the weighted-average remaining requisite service period of approximately 2.63 years. The total fair value of stock options vested as of March 31, 2019 was $6,085 (2018 – nil).

Performance-based stock option activity

	Stock options		Weighted-average exercise price	Weighted-average remaining contractual term (years)		Aggregate intrinsic value
Balance December 31, 2018	600,000	$	7.76	9.4	$	37,668
Exercised	(70,000)		7.76			—
Balance March 31, 2019	530,000	$	7.76	9.1	$	30,613
Vested and expected to vest, March 31, 2019	525,194	$	7.76	9.1	$	30,335
Vested and exercisable, March 31, 2019	230,000	$	7.76	9.1	$	13,285

No performance-based stock options were granted under the New Plan during the three months ended March 31, 2019 or 2018. As of March 31, 2019, the total remaining unrecognized compensation expense related to non-vested stock options was $340, which will be amortized over the weighted-average remaining requisite service period of approximately 0.3 years. The total fair value of stock options vested as of March 31, 2019 was $955 (2018 – nil).

Time-based RSU activity

	Time-based RSUs		Weighted-average grant-date fair value per share
Non-vested December 31, 2018	237,222	$	49.86
Granted	320,351		70.25
Forfeited	(2,369)		109.12
Non-vested March 31, 2019	555,204	$	61.37

As of March 31, 2019, $29,609 of total unrecognized compensation cost related to non-vested time-based RSUs will be recognized as expense over a weighted-average period of 2.95 years. No time-based RSUs vested during the period.

Performance-based RSUs activity

	Performance-based RSUs		Weighted-average grant-date fair value per share
Non-vested December 31, 2018	1,050,000	$	7.76
Vested	(425,000)		7.76
Non-vested March 31, 2019	625,000	$	7.76

At March 31, 2019, $1,264 of total unrecognized compensation cost related to non-vested performance-based RSUs that will be recognized as expense over a weighted-average period of 1.30 years.

12. ABG Profit Participation Arrangement

On January 14, 2019, the Company entered into a Profit Participation Arrangement with ABG Intermediate Holdings 2, LLC (“ABG”) that offers the Company: (i) participation rights in up to 49% of the net (i.e. post-expense) cannabis revenues from certain existing ABG brands in perpetuity, (ii) guaranteed minimum receipt of $10,000 annually for ten years (prorated based on total consideration paid to ABG) in quarterly payments for participation rights, (iii) preferred supplier rights of all cannabinoid ingredients for products under cannabis-related licenses of certain existing ABG brands in perpetuity, (iv) preferred royalty rates for the Company to license and develop cannabis products for certain existing ABG brands, and (v) first negotiation and matching rights related to participation rights in net cannabis revenues for any additional brands acquired by ABG after entering into the Profit Participation Arrangement.

As consideration for this arrangement, the Company issued 840,107 shares of Class 2 common stock and paid $20,000 in cash in January 2019, paid $13,333 in cash in February 2019, and issued 840,107 shares of Class 2 common stock in March 2019. Under the terms of the arrangement, the Company shall pay $83,333, in a combination of Class 2 common stock and up to $16,667 in cash at ABG's election, upon certain triggers relating to the regulatory status of tetrahydrocannabinol ("THC") in the United States or receipt of $5,000 in participation rights distributions from cannabis products containing THC outside the United States, in accordance with terms outlined in the arrangement. The Company will record a liability related to this contingent payment when the triggers are met and the consideration becomes payable.

Since the arrangement conveys a right for the Company to receive guaranteed minimum cash from ABG over ten years, it meets the definition of a loan pursuant to ASC 310 "Receivables". The portion of the loans relating to cash paid to ABG is recorded on the Condensed Consolidated Balance Sheets as of March 31, 2019 in the amounts of $378 in other receivables and $6,967 in deposits and other assets for the current and non-current portions, respectively. The portion of the loans relating to shares issued to ABG of $30,292 is recorded in additional paid-in capital on the Condensed Consolidated Balance Sheets as of March 31, 2019. The allocation of the loans between the asset and equity portions was determined on a relative fair value basis. As the loans have no stated interest rate, fair value was determined using the present value of the expected cash flows at a 12% discount rate, which reflects an appropriate market rate for each loan at the time it was issued. Interest on the loan is calculated using the effective interest rate method and recognized in finance income from ABG Profit Participation Arrangement on the Condensed Consolidated Statements of Net Loss and Comprehensive Loss for the portion of the loan relating to cash paid to ABG, and in additional paid-in capital on the Condensed Consolidated Balance Sheets for the portion relating to shares issued to ABG.

As of March 31, 2019, the Company recorded an intangible asset with indefinite life in the amount of $151,096 for the participation rights, preferred supplier rights, and preferred royalty rights under the Profit Participation Arrangement, as described above. The cost of this intangible asset was calculated as the fair value of the cash paid and shares issued, less the fair value attributable to the loan described above. As of March 31, 2019, the Company recorded a deferred tax liability of $31,730 relating to this intangible asset.

13. Business Combinations

Acquisition of Manitoba Harvest

On February 28, 2019, the Company completed the acquisition of all issued and outstanding shares of FHF Holdings Ltd. ("Manitoba Harvest"). Manitoba Harvest develops and distributes a diverse portfolio of hemp-based natural food and wellness products and enables the Company to expand into the growing cannabidiol ("CBD") product market in the United States. The preliminary purchase price is calculated as follows:

	February 28, 2019
Cash paid on closing	$ 114,591
Cash payable six months after closing	37,490
Class 2 common stock issued on closing [(1)]	96,844
Class 2 common stock issuable six months after closing [(1)]	31,866
Contingent consideration	29,207
Total fair value of consideration transferred	$ 309,998

(1) 1,209,946 shares of Class 2 common stock were issued on closing. The amount of Class 2 common stock issuable six months after closing will be the determined in accordance with the Manitoba Harvest acquisition agreement based on the trading price of the shares.

As part of the acquisition of Manitoba Harvest, the Company entered into a contingent consideration arrangement whereby the Company may pay a maximum of $37,129 ($49,000 CAD) payable in Class 2 common stock. The payment amount is based on gross branded CBD product sales in the United States for the period from January 1, 2019 to December 31, 2019. The estimated fair value of the contingent consideration is $29,207 and is recorded within accrued expenses and other current liabilities. The contingent consideration was valued using a probability-weighted discounted cash flow model based on internal forecasts and the estimated cost of debt for the Company. The contingent consideration will be reassessed and adjusted to fair value each quarter though other income, net. There was not a material change in the fair value of the contingent consideration from the closing date to March 31, 2019.

The following table summarizes the Company's preliminary allocation of the purchase price to assets acquired and liabilities assumed at the acquisition date. The final purchase price allocation will be adjusted as needed, pending the finalization of customary post-close working capital adjustments and continued review of the estimates and assumptions used in valuing property and equipment and intangible assets, among other identifiable assets acquired and liabilities assumed, and will be finalized no later than one year after the acquisition date.

		February 28, 2019
Assets		
Cash and cash equivalents		$ 5,534
Accounts receivable		6,207
Inventory		15,311
Prepaid expenses and other current assets		1,030
Property and equipment		23,534
Intangible assets:	Estimated useful life	
Trademarks	Indefinite	54,688
Developed technology	10 years	6,912
Customer relationships	14-16 years	133,834
Goodwill		127,993
Total assets		375,043
Liabilities		
Accounts payable		4,652
Accrued expenses and other current liabilities		5,058
Accrued obligations under capital lease		321
Deferred tax liability		55,014
Total liabilities		65,045
Net assets acquired		$ 309,998

The Company incurred acquisition costs of $1,328 for the acquisition of Manitoba Harvest. The goodwill of $127,993 is attributable factors such as market share, reputation with customers and vendors, and the skilled workforce of Manitoba Harvest. Goodwill is not deductible for tax purposes. The gross contractual amount of receivables is $6,340, of which approximately $133 is not expected to be collected.

The financial results of Manitoba Harvest are included in the Company's financial statements since acquisition close. The Condensed Consolidated Statements of Net Loss and Comprehensive Loss include revenue of $5,621 and net loss of $2,176 of Manitoba Harvest.

Supplemental Pro Forma Information (unaudited)

The unaudited pro forma information for the periods set forth below gives effect to the acquisition of Manitoba Harvest as if the acquisition had occurred as of January 1, 2018. The pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the acquisitions been consummated as of that time:

	Three months ended March 31,	
	2019	2018
Revenue	$ 33,242	$ 18,454
Net loss	(31,858)	(6,921)
Net loss per share - basic and diluted	(0.33)	(0.09)

Acquisition of Natura

On February 15, 2019, the Company acquired the remaining 97% issued and outstanding shares of Natura Naturals Holdings Inc. (“Natura”). Natura is licensed to cultivate and produce medical cannabis, expanding the Company’s capacity to supply high-quality branded cannabis products to the Canadian market. The preliminary purchase price is calculated as follows:

		February 15, 2019
Cash paid on closing	$	15,252
Class 2 common stock issued on closing [(1)]		15,100
Contingent consideration		20,007
Fair value of previously held interest [(2)]		1,565
Effective settlement of pre-existing debt [(3)]		2,308
Total fair value of consideration transferred	$	54,232

(1) 180,332 shares of Class 2 common stock issued on closing.
(2) The fair value of the Company’s investment in Natura on the acquisition date was determined based on the fair value of total consideration transferred and reflected book value on the acquisition date.
(3) The Company held $3,000 CAD convertible debt of Natura at the acquisition date. On acquisition, this debt and related accrued interest was effectively settled.

The following table summarizes the Company’s preliminary allocation of the purchase price to assets acquired and liabilities assumed at the acquisition date. The final purchase price allocation will be adjusted as needed, pending the finalization of customary post-close working capital adjustments and continued review of the estimates and assumptions used in valuing property and equipment and intangible assets, among other identifiable assets acquired and liabilities assumed, and will be finalized no later than one year after the acquisition date.

			February 15, 2019
Assets			
Cash and cash equivalents		$	169
Accounts receivable			109
Inventory			3,482
Prepaid expenses and other current assets			166
Property and equipment			17,646
Intangible assets:	Estimated useful life		
Cultivation license	2 years		10,872
Supply contract	3 years [(1)]		2,529
Goodwill			28,371
Total assets			63,344
Liabilities			
Accounts payable			3,280
Accrued expenses and other current liabilities			876
Deferred tax liability			4,956
Total liabilities			9,112
Net assets acquired		$	54,232

(1) The estimated useful life of the supply contract intangible asset is 3 years. Amortization of the asset will commence once supply commences.

The Company incurred acquisition costs of $824 for the acquisition of Natura. The goodwill of $28,371 is attributable factors such as strong supply chain, quality of products and the skilled workforce of Natura. Goodwill is not deductible for tax purposes.

The financial results of Natura are included in the Company’s financial statements since acquisition close. The Condensed Consolidated Statements of Net Loss and Comprehensive Loss include revenue of $2,296 and net loss of $1,820 of Natura.

As part of the acquisition of Natura, the Company entered into a contingent consideration arrangement whereby the Company issued promissory notes with an aggregate principle amount of $26,205 ($34,500 CAD). The ultimate payment amounts are based on production levels of consumer grade dry finished cannabis flower from Natura facilities during four periods from February 1, 2019 to January 31, 2020 and are payable in Class 2 common stock. The Condensed Consolidated Balance Sheet includes $20,007 within accrued expenses and other current liabilities to reflect the estimated fair value of the contingent consideration as of March 31, 2019. The contingent consideration was valued using a discounted cash flow in a Monte Carlo simulation based on internal forecasts, an expected quarterly production distribution function, and a weighted average cost of capital adjusted to account for revenue risk derived at February 15, 2019. The contingent consideration will be reassessed and adjusted to fair value each quarter though other (income) expense, net. There was no material change in the fair value of the contingent consideration from February 15, 2019 to March 31, 2019.

Supplemental Pro Forma Information (unaudited)

The unaudited pro forma information for the periods set forth below gives effect to the acquisition of Natura as if the acquisition had occurred as of January 1, 2018. The pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the acquisitions been consummated as of that time:

	Three months ended March 31,	
	2019	2018
Revenue	$ 23,599	$ 7,831
Net loss	(31,572)	(6,577)
Net loss per share - basic and diluted	(0.33)	(0.09)

14. Financial Instruments

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, accounts receivable and short-term investments.

The Company's cash and cash equivalents are deposited in major financial institutions in Canada, Australia, Portugal, Germany, Netherlands and the United States. To date, the Company has not experienced any losses on its cash deposits. Accounts receivable are unsecured and the Company does not require collateral from its customers.

The Company is also exposed to credit risk from the potential default by any of its counterparties on its financial assets.

The Company evaluates the collectability of its accounts receivable and provides an allowance for potential credit losses as necessary. As of March 31, 2019 and December 31, 2018, the Company is not exposed to any significant credit risk related to counterparty performance of outstanding accounts receivable.

Foreign currency risk

As the Company conducts its business in many areas of the world involving transactions denominated in a variety of currencies, the Company is exposed to foreign currency risk. A significant portion of the Company's assets, revenue, and expenses are denominated in Canadian dollars. A 10% change in the exchange rates for the Canadian dollar would affect the carrying value of net assets by approximately $890 as of March 31, 2019, with a corresponding impact to accumulated other comprehensive income. As of March 31, 2019, the Company had foreign currency loss of $179. This amount was primarily related to the translation of cash and cash equivalents and short-term investments on the Condensed Consolidated Balance Sheets.

Liquidity risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. As of March 31, 2019, the most significant financial liabilities are Convertible Notes, contingent consideration, accounts payable and accrued expenses.

15. Related-Party Transactions

The Company was a wholly owned subsidiary of Privateer Holdings, Inc. ("Privateer Holdings" or "Parent") prior to its Series A preferred stock financing and its IPO.

Privateer Holdings management fees

Management services charged by Privateer Holdings for services performed, including management services, support services, business development services and research and development services for the three months ended March 31, 2019 was $317 (March 31, 2018 – $1,318) were included in operating expenses and accounts payable.

Amounts for the provision of management and support services are charged at cost based on the compensation of the respective employees of Privateer Holdings, which is estimated from the time devoted to the Company. Business development and research and development services are charged at cost plus a 9% markup. In February 2018, the Company entered into an agreement with Privateer Holdings, pursuant to which Privateer Holdings provides the Company with certain general administrative and corporate services on an as-requested basis. Pursuant to this agreement, the Company pays Privateer Holdings a monthly services fee that is based on the proportional share of the actual costs incurred by Privateer Holdings in performing the requested services. Personnel compensation is charged at cost plus a 3.0% markup and other services provided are charged at cost. The interest on the management services fee accrues at a floating rate of 2.54%, reset annually based on the mid-term applicable federal U.S. rate.

16. Business Segment Information

Segment reporting is prepared on the same basis that the Company's Chief Executive Officer, who is the Company's chief operating decision maker, manages the business, makes operating decisions and assesses performance. Management has determined that the Company operates in one segment: the development and sale of cannabis products.

Revenue for the three months ended March 31, 2019 includes $1,559 of excise taxes (2018 – nil). Sources of revenue were as follows:

	Three months ended March 31,	
	2019	**2018**
Dried cannabis	$ 10,422	$ 4,623
Cannabis extracts	6,454	3,106
Food products	6,042	—
Accessories and other	120	79
Total	$ 23,038	$ 7,808

Revenue attributed to geographic region based on the location of the customer was as follows:

	Three months ended March 31,	
	2019	**2018**
Canada	$ 17,002	$ 7,376
United States	4,225	—
Other countries	1,811	432
Total	$ 23,038	$ 7,808

Long-lived assets consisting of property and equipment, net of accumulated depreciation, attributed to geographic regions based on their physical location were as follows:

	March 31, 2019	**December 31, 2018**
Canada	$ 108,821	$ 64,687
Portugal	19,916	15,455
United States	134	—
Other countries	92	72
Total	$ 128,963	$ 80,214

One customer accounted for 13% of our revenue for the three months ended March 31, 2019. One customer accounted for 24% of our revenue for the same period in 2018.

Two customers accounted for 13% and 11% of our accounts receivable balance as of March 31, 2019. Two customers accounted for 16% and 30% of our accounts receivable balance as of December 31, 2018.