



## **Columbia Care to Acquire The Green Solution, Colorado's Largest Vertically Integrated Cannabis Operator**

November 5, 2019

*Combination will bring together best-in-class medical, health & wellness and legalized adult use capabilities and product portfolios*

*Columbia Care to become the leading operator in the \$1.6B Colorado cannabis market – with proforma trailing-twelve month revenue of \$138M, the combination will expand the Company's footprint to 74 dispensaries and 19 cultivation/manufacturing facilities*

NEW YORK--(BUSINESS WIRE)-- Columbia Care Inc. (NEO: CCHW) (OTCQX: CCHWF) (FSE: 3LP) ("Columbia Care" or the "Company"), one of the largest fully integrated operators in the global cannabis industry with licenses across the US and EU, today announced that it has entered into a definitive agreement to acquire The Green Solution ("TGS"), the largest vertically integrated cannabis operator in the State of Colorado, through a transaction initially valued at approximately \$140M, excluding certain performance based milestone payments.

### **Key Transaction Benefits Upon Closing:**

- Establishes Columbia Care as the dominant vertically integrated cannabis company in Colorado's \$1.6B market, leveraging one of the most impressive single-state cannabis operators in the US.
- Increases Columbia Care's US footprint to 93 facilities open or under development, including 74 dispensaries and 19 cultivation and manufacturing locations covering 15 jurisdictions in the US with an addressable population of over 155 million people.
- Creates a robust and comprehensive branded product portfolio capable of addressing the full spectrum of medical, health, wellness and legalized adult-use consumption.
- Combines Columbia Care's disciplined focus on execution and operations with TGS management expertise to ensure an orderly integration and to position Columbia Care for success in legalized adult-use markets.
- Expands the Company's Columbia National Credit (CNC) offering by coupling the nation's first legal cannabis credit card with TGS's successful loyalty rewards program.
- Accelerates profitability, increases LTM Q3 2019 pro forma revenue by \$73.3 million or 112%, compared to Columbia Care pro forma revenue on a stand-alone basis<sup>1</sup>.

Founded in 2010, TGS currently operates 21 revenue-generating dispensaries with two additional stores under development that are expected to open in 4Q 2019. TGS also operates one of the country's largest capacity, single site, automated manufacturing facilities that currently produces over 225,000 units of highly curated, branded products every month. TGS's substantial cultivation footprint encompasses three indoor grows totaling more than 250,000 sq ft, including a five-level, high-tech vertical grow, as well as 16,000 sq ft of greenhouse capacity located on its 140-acre outdoor cultivation complex. Combined, these sites are expected to yield more than 48,000 pounds of the lowest cost, highest quality indoor, outdoor and greenhouse flower in 2019 and nearly 150,000 pounds by 2023. TGS completed over 1.4 million retail transactions in 2018 and recognized revenue in excess of \$73 million on a trailing twelve-month basis ending September 30, 2019. Additionally, The Green Solution has garnered more than 80 awards from cannabis competitions around the world and continues to be one of the most recognized heritage brands in the industry.

### **Management Commentary**

"Since Columbia Care's formation in 2012, we have distinguished ourselves by focusing on disciplined organic growth and return on invested capital, as well as prioritizing cash flow and emphasizing a corporate culture that consistently reflects our mission and values of service, innovation and quality. When it comes to M&A, we've been waiting for the right company, with the right people, in the right market, at the right price. Today, we are proud to announce that The Green Solution, whose founders built their company on the core principles of market depth, differentiated products, brands and capabilities, consumer satisfaction, and scalable infrastructure, will be our first major acquisition," said Nicholas Vita, chief executive officer of Columbia Care. "This transaction further advances Columbia Care's promise to maximize shareholder return by making us even stronger, both financially and operationally, as we expect to see the majority of our existing markets transition to less regulated, legalized operating environments. At a price of 1.6x 2020E revenue, acquiring TGS nearly doubles our LTM revenue, store count, and production capacity, and accelerates our path to profitability while expanding our portfolio to include more health, wellness and adult-use brands."

Kyle Speidell, Co-President of TGS, added, "Given the success and reputation we have built over the last decade, we were approached by nearly every serious operator in the cannabis industry about a potential transaction. We are proud to have chosen Columbia Care, with its patient-centric, data-driven approach to health and wellness, as the ideal partner to trust with our family business. This deal allows us to provide Colorado consumers with Columbia Care's unique portfolio of pharmaceutical-quality products, and also enables us to quickly expand our TGS brands into 14 new US jurisdictions." Eric Speidell, Co-President of TGS, agreed, "Additionally, we can now bring Columbia Care's market-leading advancements, including its CNC credit card, home-delivery service and e-commerce capabilities, to our customers in Colorado, further improving the concierge experience and the exceptional standards of customer service that we have worked so hard to establish. We are thrilled to have forged this partnership with Columbia Care as we head into our next stage of growth."

## Terms of the Agreement

- Columbia Care will purchase from sellers all equity interest in The Green Solution and certain affiliates and subsidiaries.
- Consideration to TGS of \$140M includes \$110M of Columbia Care stock, \$15M in secured debt and a \$15M seller's note with the potential for an additional milestone payment in 2021.
- The transaction is subject to customary representations, warranties and covenants for transactions of this type.
- Closing is subject to all required regulatory approvals, including, but not limited to the Hart Scott Rodino Antitrust Improvements Act ("HSR"), as well as Colorado state and municipal level approvals.
- Following closing, stock-based consideration will be subject to a staggered lockup period over 12 months.
- The transaction is expected to close in 1H 2020, pending regulatory approval.

## Conference Call and Webcast Details

The Company will report complete financial results for the third quarter 2019 on Tuesday, November 5, 2019 at 4:30 p.m. EST. To access the live conference call via telephone, please dial 1-877-407-8914 (U.S. callers) or 1-201-493-6795 (international callers), no passcode is required. A live audio webcast of the call will also be available in the Investor Relations section of the Company's website at <https://ir.col-care.com/>.

A replay of the webcast will be available in the Investor Relations section of the Company's website approximately 2 hours after completion of the call and will be archived for 30 days.

## About Columbia Care Inc.

Columbia Care Inc. is one of the largest and most experienced multi-state operators in the cannabis industry, with licenses in 15 jurisdictions in the US and the EU. With over 1.4 million sales transactions since its inception, Columbia Care is a patient-centered organization setting the standard for compassion, professionalism, quality, caring and innovation, working in collaboration with some of the most renowned and innovative teaching hospitals and medical centers in the world. The Company is committed to providing the type of education and transparency patients deserve and quality of product that clinicians expect. For more information on Columbia Care, please visit [www.col-care.com](http://www.col-care.com).

## About The Green Solution

Since its inception in 2010 as one of the first cannabis companies in Colorado, The Green Solution ("TGS") has grown exponentially into one of the top vertically integrated cannabis operators in Colorado. A family-founded and operated business, TGS is built on a foundation of customer service, education, innovation, product excellence, regulatory compliance and supply chain innovation. TGS has remained an industry leader through proprietary technology and innovation, as well as through continually introducing new verticals, including a family of cannabis brands. The company's technology-centric approach to a real-world cannabis supply chain has resulted in a software stack that culminates in an unprecedented dispensary experience. Continued advancements across the marijuana supply chain and into enterprise technologies keep the company primed for growth. Today, The Green Solution's infrastructure is designed to accommodate dispensary operations at a global scale.

Learn more about The Green Solution at [www.MyGreenSolution.com](http://www.MyGreenSolution.com) or download the (GREEN) Lifestyle App, a quick, convenient rewards and loyalty app developed exclusively by TGS. Follow The Green Solution on [Facebook](#), on [Twitter](#) and [Instagram](#).

## Non-IFRS Financial Measures

In this press release, Columbia Care refers to certain non-IFRS financial measures, such as Adjusted EBITDA and gross profit excluding changes in fair value of biological assets. These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Columbia Care considers certain non-IFRS measures to be meaningful indicators of the performance of its business. A reconciliation of such non-IFRS financial measures to their nearest comparable IFRS measure is included in this press release.

## Caution Concerning Forward-Looking Statements

This press release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Statements concerning Columbia Care's objectives, goals, strategies, priorities, intentions, plans, beliefs, expectations and estimates, and the business, operations, financial performance and condition of the Company are forward-looking statements. The words "believe", "expect", "anticipate", "estimate", "intend", "may", "will", "would", "could", "should", "continue", "plan", "goal", "objective", and similar expressions and the negative of such expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Certain material factors and assumptions were applied in providing these forward-looking statements. Forward-looking information involves numerous assumptions, including the ability of the Company to obtain certain third party consents, permits and approvals; the accuracy of Management's assessment of the effects (financial or otherwise) of the transaction; the ability of Columbia Care to meet its dispensary targets, including its ability to negotiate additional lease arrangements satisfactory to the Company; the ability of the Company to complete its planned construction in a timely manner; and the ability of the Company to identify and attract qualified staff. There can be no assurance that the acquisition will be completed as proposed or at all. Projections may be impacted by macroeconomic factors, in addition to other factors not controllable by the Company, including the transition of the Company's existing markets to less regulated, legalized operating environments. Columbia Care has also made certain general industry assumptions in the preparation of such forward-looking statements. Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, Management can give no assurance that actual results will be consistent with these forward-looking statements. Not all factors which affect the forward-looking information are known, and actual results may vary from the projected results in a material respect and may be above or below the forward-looking information presented in a material respect.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Columbia Care's actual results, performance or achievements, or developments in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. When considering these forward-looking statements, readers should keep in mind the risk factors and other

cautionary statements in Columbia Care's final prospectus dated March 21, 2019 (the "Prospectus") and filed with the applicable Canadian securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com). The risk factors and other factors noted in the Prospectus could cause actual events or results to differ materially from those described in any forward-looking information. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and Columbia Care does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change except as required by applicable securities laws. All of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Columbia Care.

<sup>1</sup> Unaudited.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20191105006165/en/>

**Investors:**

Gary F. Santo, Jr.  
Investor Relations  
+1.212.271.0915  
[gsanto@col-care.com](mailto:gsanto@col-care.com)

**Media:**

Cait Williamson, Ph.D.  
LifeSci Public Relations  
+1.646.751.4366  
[cait@lifescipublicrelations.com](mailto:cait@lifescipublicrelations.com)

Source: Columbia Care Inc.

*Released November 5, 2019*