



Columbia Care Announces Corporate Actions to Accelerate Operational Efficiencies and Cash Flow Generation

July 31, 2023

Initial Phase of Balance Sheet Improvement Plan to Be Completed in Q3 2023

Completion of Final Phase of Corporate Restructuring and Headcount Reduction Plan

Completion of Second Stage of Non-Core Asset Disposition Plan to Improve Profitability, Reduce Debt & Increase Liquidity

Consolidation of Equity Trading Activity on Senior Exchange, Cboe Canada

Completion of Organizational Redesign and Leadership Alignment

Company to Host Conference Call Today, July 31, at 9am ET

NEW YORK--(BUSINESS WIRE)--Jul. 31, 2023-- Columbia Care Inc. (NEO: CCHW) (CSE: CCHW) (OTCQX: CCHWF) (FSE: 3LP) ("Columbia Care" or the "Company"), one of the largest and most experienced cultivators, manufacturers and retailers of cannabis products in the U.S., today provided additional corporate updates following on the separate announcement earlier today.

"Over the past 16 months, we have implemented important changes to Columbia Care that have resulted in a stronger and more efficient company. We have an outstanding portfolio of scaled markets – one of the best in the industry – with key states like New York and Maryland having recently transitioned to adult use, Delaware poised to transition to adult use, and additional retail locations in growth markets such as New Jersey and Virginia under development, all of which should fuel continued topline growth opportunities and facilitate the rollout of our national retail brand, Cannabist, as well as our portfolio of category-leading product brands. In addition, we have taken steps to enhance our liquidity position, reduce interest expense, extend debt maturities, and have continued to reduce costs at the corporate level to enhance profitability. Including the impact of the organizational changes announced today and the recent integration of Green Leaf Medical, LLC, since December 2022, we have eliminated over \$38 million, net, in annual expense, while also improving our organizational design to accelerate decision-making and leverage our scale in markets more effectively. This also sets the stage for the execution of our capital markets strategy and enables us to proactively manage our balance sheet. Over the next 12 months, we intend to launch a number of initiatives to further our goals of ongoing margin improvement, free cash flow generation, driving shareholder value and profitably capturing additional market share across the country," said Nicholas Vita, CEO of Columbia Care.

Vita continued, "With the uncertainty of the past 16 months behind us, along with the enthusiasm and energy that accompanies moments of renewal, our team welcomes the next stage of Columbia Care's growth and expansion. In spite of the challenges we have faced, the team has remained committed to the success of our Company and, as is obvious from the pace of activity, has been engaged at all levels, actively preparing for the future. We are excited to show our stakeholders, communities and one another what we are capable of, and I am grateful to all of my colleagues for keeping our mission and values at the forefront of everything we do."

Business Update

The following capital markets and operational initiatives are intended to drive shareholder value, improve profitability, accelerate the reduction of debt and interest expense, and improve free cash flow:

- The Company has received commitments from several of its largest holders of its 13% senior secured notes due May 2024 (the "2024 notes") to exchange into the Company's 9.5% senior secured notes due February 2026, on a one-for-one basis. The Company is in ongoing discussions with a limited group of additional bondholders to exchange more 2024 notes under the same structure. These private exchange agreements will meaningfully reduce the amount of the \$38.2 million principal of notes due in May 2024, reduce the cash interest cost for the exchanged notes by 350 basis points, and extend the maturity of the converted notes to February 2026. More details will be provided upon closing of the exchange which will be in the third quarter. The Company intends to pursue additional alternatives to reduce debt, reduce interest expense and extend maturities. In that vein, Columbia Care has been contacted by several of the largest debtholders in addition to those holders of the 2024 notes that have already committed to the ongoing exchange, in order to facilitate the Company's balance sheet enhancement efforts.
- Columbia Care has completed the final phase of its previously announced corporate restructuring plan and expects to realize an additional net benefit to EBITDA of approximately \$950,000 in 2023 and approximately \$3.8 million in 2024. The primary source of the additional savings is a 52-person headcount reduction, primarily from gLeaf corporate redundancy, as well as facility rightsizing and dispositions. These operational improvements are expected to be cash flow positive in 2023 and 2024.
- Following the announcement of the first stage of non-core/underperforming asset sales in Missouri, the Company announced today that it has closed on the sale of its Downtown Los Angeles facility, consisting of a single dispensary and approximately 36,000 square feet of cultivation capacity. Gross proceeds are approximately \$9 million, and the Company

expects to net \$3 million after taxes and the repayment of the outstanding mortgage. This sale will not only add to the Company's cash balance but will also reduce overall debt and make permanent a net reduction in annual operating costs of more than \$8.5 million for Columbia Care operations in California. All asset sale proceeds are being prioritized for debt reduction.

- Based on advanced discussions the Company is having with a U.S. senior exchange, Columbia Care is announcing that it will consolidate its equity trading activity onto the Cboe Canada, the new business name of the NEO Exchange. In connection with this corporate action, Columbia Care is submitting a request to voluntarily delist its securities from its secondary, venture exchange, the Canadian Securities Exchange (the "CSE"). The effective date of the CSE delisting will be made public when confirmed and is subject to the CSE's approval. Cboe Canada will remain the Company's primary exchange, as it has been since the Company's initial public listing. As one of two U.S. multistate cannabis operators listed on a senior exchange, the Company remains committed to maintaining its unique access to institutional investors, including inclusion in MSCI¹ equity index benchmarks and their corresponding investors. Focusing trading activity on a single, senior exchange will allow for a more orderly closing price formation and greater transparency for the company and investors. As part of the process to complete an uplisting to a senior U.S. exchange and enhance investor flexibility, based on several factors including uplisting timing, market conditions and normalized trading dynamics, the company intends to pursue a share consolidation, to satisfy margin eligibility or initial listing requirements. The Company already reports in U.S. GAAP and is an SEC registrant in good standing.
- Finally, the Company also announced two senior leadership changes. Effective today, Columbia Care has named David Hart as President & Chief Operating Officer and Jesse Channon as Chief Commercial Officer. Mr. Hart will continue to oversee all revenue-driving functions and Mr. Channon, formerly Chief Growth Officer, will oversee retail, wholesale, technology innovation, marketing, and communications.

Over the next several quarters, Columbia Care looks forward to sharing additional updates to highlight the impact of operational improvements as well as those changes we intend to implement to enhance profitability, beginning with our second quarter earnings release on August 14.

Conference Call and Webcast Details

The Company will host a conference call today, July 31, 2023 at 9:00 a.m. ET to discuss the announcement.

To access the live conference call via telephone, participants must pre-register at <https://register.vevent.com/register/Bld3571a1adc1d4132bae86dd53b2ae85c>. After registering, instructions will be shared on how to join the call for those who wish to dial in. A live audio webcast of the call will also be available in the Investor Relations section of the Company's website at <https://investors.columbia.care/> or at <https://edge.media-server.com/mmc/p/poyxfkhh>.

A replay of the audio 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

Columbia Care is one of the largest and most experienced cultivators, manufacturers and retailers of cannabis products and related services, with licenses in 16 U.S. jurisdictions. Columbia Care operates 125 facilities including 94 dispensaries and 31 cultivation and manufacturing facilities, including those under development. Columbia Care is one of the original multi-state providers of medical cannabis in the U.S. and now delivers industry-leading products and services to both the medical and adult-use markets. In 2021, the company launched Cannabist, its retail brand, creating a national dispensary network that leverages proprietary technology platforms. The company offers products spanning flower, edibles, oils and tablets, and manufactures popular brands including Seed & Strain, Triple Seven, Hedy, gLeaf, Classix, Press, and Amber. For more information on Columbia Care, please visit www.columbia.care.

Caution Concerning Forward-Looking Statements

This press release contains certain statements that constitute forward-looking information or forward looking statements within the meaning of applicable securities laws and reflect the Company's current expectations regarding future events. 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. Forward looking statements in this press release include, among others, statements related to: the Company's standalone capital markets and operational initiatives; expectations related to growth, profitability, cost management and financial numbers including free cash flow; ongoing business expectations; the impact of the Company's initiatives to improve margins, generate free cash flow and capture additional market share; the exchange of certain 2024 notes for the Company's 9.5% senior secured notes due February 2026; the consolidation of the Company's trading on the Cboe Canada and the delisting of the Company's securities from the CSE; the potential listing of the Company's common shares on a U.S. senior exchange; the impact of the Company's corporate restructuring; pursuing additional strategic asset sales; share consolidation; and negotiating with additional classes of noteholders regarding potential refinancing alternatives.

The Company has made assumptions with regard to its ability to execute on initiatives, which although considered reasonable by the Company, may prove to be incorrect and are subject to known and unknown risks and uncertainties that may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied by any forward-looking information. Forward-looking information involves numerous assumptions, including the fact that marijuana remains illegal under federal law; the application of anti-money laundering laws and regulations to the Company; legal, regulatory or political change to the cannabis industry; access to the services of banks; access to public and private

capital for the Company; unfavorable publicity or consumer perception of the cannabis industry; expansion into the adult-use markets; the impact of laws, regulations and guidelines; the impact of Section 280E of the Internal Revenue Code; the impact of state laws pertaining to the cannabis industry, including the transition to adult-use in Delaware; the Company's reliance on key inputs, suppliers and skilled labor; the difficulty of forecasting the Company's sales; constraints on marketing products; potential cyber-attacks and security breaches; net operating loss and other tax attribute limitations; the impact of changes in tax laws; the volatility of the market price of the common shares of the Company; reliance on management; litigation; future results and financial projections; the impact of global financial conditions and disease outbreaks; projected revenue and expected gross margins, capital allocation, EBITDA break even targets and other financial results; growth of the Company's operations via expansion; statements relating to the business and future activities of, and developments related to, the Company after the date of this press release, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations regarding cultivation and manufacturing capacity; expectations regarding receipt of regulatory approvals; expectations that licenses applied for will be obtained; potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Company are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Securityholders should review the risk factors discussed under "Risk Factors" in Columbia Care's Form 10-K for the year ended December 31, 2022, as filed with the applicable securities regulatory authorities and as also described from time to time in other documents filed by the Company with U.S. and Canadian securities regulatory authorities.

The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. In particular, but without limiting the foregoing, disclosure in this press release as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. No undue reliance should be placed on forward-looking statements contained in this press release. Such forward-looking statements are made as of the date of this press release. Columbia Care undertakes 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 law. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

¹ Columbia Care is currently an active component of the MSCI World Micro Cap Index.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20230731441512/en/): <https://www.businesswire.com/news/home/20230731441512/en/>

Investor

Lee Ann Evans
SVP, Capital Markets
ir@col-care.com

Media

Lindsay Wilson
SVP, Communications
+1.978.662.2038
media@col-care.com

Source: Columbia Care Inc.