



March 28, 2025

Dear Shareholder:

As you may be aware, in recent years, The Cannabist Company Holdings Inc. (“**Cannabist**” or the “**Company**”) has faced challenging operating conditions in the cannabis sector and a general deterioration in cannabis capital markets. To off-set these headwinds, the Company has undertaken significant operational restructuring efforts to improve our performance and liquidity position including implementing several cost reduction and portfolio-optimizing initiatives. In this respect, the Company has, among other things: (a) divested and closed underperforming assets in various states which were unprofitable; (b) reduced overall headcount; (c) endeavored to reduce and optimize its retail footprint; and (d) implemented enhanced purchasing and pricing standard operating procedure.

The Company’s initiatives have already showed early signs of success. The Company experienced increased profits despite revenue being down approximately 11% over the past year and its overall operating margins have improved. The full potential value of the Company’s operational initiatives to drive profits and grow strategically will take additional time to implement and realize upon, and given the challenging capital markets environment, will not be sufficient to permit the Company to repay or refinance the 2025 Notes (as defined below) on maturity in June 2025. However, with the benefit of additional time, the Company believes these initiatives will achieve a more sustainable economic model, meaningfully enhance cash flow generation and ultimately, allow the Company to repay or refinance its outstanding indebtedness in the future.

With this backdrop, a special committee of independent directors of the Company undertook an extensive review and consideration of available alternatives to improve liquidity. In connection with this review, the Company began discussions with certain of the Supporting Senior Noteholders (as defined below) to implement a transaction that would provide the Company with additional time and runway to succeed on its business plan and improve the financial position and outlook of Cannabist.

Following these discussions, and after determining that doing so would be in the best interests of Cannabist and its stakeholders, and fair, from a financial point of view, to holders of the Senior Notes (as defined below) and Cannabist’s shareholders, Cannabist and certain of its subsidiaries entered into a support agreement (the “**Support Agreement**”) on February 27, 2025 with holders (“**Supporting Senior Noteholders**”) of approximately 71% of (1) the 6.0% senior secured convertible notes due June 29, 2025 (the “**2025 Notes**”); (2) the 9.5% senior secured first-lien notes due February 3, 2026 (the “**2026 Notes**”); and (3) the 9.0% senior secured convertible notes due March 19, 2027 (the “**2027 Notes**”, and together with the 2025 Notes and the 2026 Notes, the “**Senior Notes**”) co-issued by Cannabist and its wholly-owned subsidiary, The Cannabist Company Holdings (Canada) Inc. (“**Cannabist Canada**” and together with Cannabist, the “**Companies**”).

Pursuant to the Support Agreement, the Companies have been and will continue pursuing a plan of arrangement (the “**Plan**”) under section 192 of the *Canada Business Corporations Act* (the “**CBCA**”). The purpose of this letter is to provide you further background regarding the contemplated transaction (the “**Transaction**”) and proceedings commenced under the CBCA (the “**CBCA Proceedings**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).

The Transaction

The Transaction contemplates a series of steps and transactions that are designed to lead to the successful extension of U.S.\$270 million of Senior Notes until December 31, 2028 (subject to extension in certain circumstances).

Pursuant to the Transaction, that certain trust indenture dated May 14, 2020, as supplemented and amended, governing the Senior Notes (the “**Existing Indenture**”) will be amended and restated (the “**Amended and Restated Indenture**”) and: (1) each holder of 2025 Notes will exchange their 2025 Notes for (a) an equivalent principal amount of new senior notes due December 31, 2028 (the “**New Senior Notes**”) issued by the Companies, and (b) its pro-rata amount of up to 118,209,105 newly issued common shares of Cannabist (the “**New CBST Common Shares**”); (2) each holder of 2026 Notes will exchange their 2026 Notes for (a) an equivalent principal amount of New Senior Notes and (b) its pro-rata amount of the New CBST Common Shares; and (3) each holder of 2027 Notes (the “**2027 Noteholders**”) will elect to exchange their 2027 Notes for either (a) (i) an equivalent principal amount of New Senior Notes and (ii) its pro-rata amount of the New CBST Common Shares, or (b) an equivalent principal amount of new convertible senior notes due December 31, 2028 issued by the Companies (the “**New Convertible Notes**”, and together with the New Senior Notes, the “**New Notes**”). The New Notes will be guaranteed by certain subsidiaries of the Companies pursuant to the Amended and Restated Indenture in accordance with the terms of the Plan.

As part of the Transaction, the Supporting Senior Noteholders as well as those Senior Noteholders (as defined below) who executed a joinder to the Support Agreement prior to 5:00 p.m. (Eastern time) on March 10, 2025 (or such later date as agreed between the Companies and certain Senior Noteholders), in each case, who receive New Senior Notes in connection with the Transaction (collectively, “**Early Supporting Noteholders**”) will also

receive their pro rata share of a \$1,500,000 early consent consideration payable by Cannabist to such Early Supporting Noteholders on closing of the Transaction (the “**Early Consent Consideration**”). The Early Consent Consideration shall be payable by the Companies either: (1) in cash; or (2) by the transfer of common shares in the capital of Verano Holdings Corp. owned by Cannabist, equal to such value as measured by the 30-day volume-weighted average price of such shares, at the option of the Companies. 2027 Noteholders who elect or are deemed to elect to receive New Convertible Notes will not be entitled to any portion of the Early Consent Consideration.

Additionally, and in order to reduce the dilutive effect of the New CBST Common Shares on existing Cannabist shareholders, Cannabist’s existing shareholders (other than, for greater certainty, holders of New CBST Common Shares) will receive new warrants (the “**Anti-Dilutive Warrants**”) to acquire an aggregate of 118,246,947 newly issued common shares of Cannabist (“**CBST Common Shares**”). The Anti-Dilutive Warrants will be exercisable for two years from closing of the Transaction at an exercise price of C\$0.14 per CBST Common Share.

The board of directors of the Company and management believe that the Transaction is in the best interest of Cannabist and fair, from a financial point of view, to Senior Noteholders (as defined below) and Cannabist’s shareholders, and that the Transaction is beneficial and important to Cannabist and Cannabist’s shareholders. The reasons for completing the Transaction, include, among other things:

- **Failure to Complete the Transaction:** The 2025 Notes, which in aggregate have a principal amount of \$59.5 million outstanding, are due June 29, 2025. At this time, Cannabist does not have sufficient cash on its balance sheet to repay the 2025 Notes on maturity and it is unlikely to generate cash by maturity that would allow for both repayment and continuity of business operations. In order to repay the 2025 Notes, Cannabist would likely be required to divest assets in an expedited manner with current unfavourable market conditions, if even possible. Such unfavourable divestitures would likely result in realizations below fair market value to the detriment of Cannabist, the Senior Noteholders, and Cannabist’s stakeholders generally;
- **Upcoming 2026 Maturity:** The 2026 Notes, which in aggregate have a principal amount of \$185 million outstanding, are due February 3, 2026, approximately seven months following the maturity of the 2025 Notes. Cannabist requires a comprehensive solution to address all Senior Notes given the close-dated maturities, which the Transaction provides;
- **Runway Extension:** The Transaction provides Cannabist with an additional three years of runway to implement its business plan given the maturity extensions across the Senior Notes;
- **Fiduciary Out:** The Support Agreement provides Cannabist with a fiduciary out if it is able to enter into a transaction (including a refinancing) that would, when consummated: (1) result in a higher or better outcome for both Cannabist and the Senior Noteholders; or (2) repay in full in cash all obligations under the Senior Notes;
- **Opportunity to Participate in Share Price Upside:** In connection with the Transaction, holders of 2025 Notes, 2026 Notes, and 2027 Notes that validly elect to receive New Senior Notes pursuant to the Plan, will receive New CBST Common Shares;
- **Fairness Opinion:** The Fairness Opinion concludes that, as of the date thereof, and subject to the qualifications set out therein, the Transaction, if implemented, is fair from a financial point of view to the Senior Noteholders and to Cannabist’s shareholders; and
- **Court Approval of Arrangement:** The Plan is subject to a determination of the Court that the terms of the Plan are fair and reasonable, both procedurally and substantively.

The Transaction is subject to a number of conditions precedent, including, among others, approval by the Court as described below. Pending receipt of such approvals and satisfaction of all conditions precedent, Cannabist anticipates that completion of the Transaction will occur in the second quarter of 2025.

Following the delivery of notice of the Transaction to Cboe Canada Inc. (the “**CBOE**”) accompanied by a detailed outline of the Plan and proposed transactions thereunder, the CBOE confirmed to Cannabist that the CBOE does not require the approval of Cannabist’s shareholders to implement the Transaction.

CBCA Proceedings

On March 28, 2025, the Court granted an interim order (the “**Interim Order**”) pursuant to which the Companies will hold a meeting of holders of Senior Notes (the “**Senior Noteholders**”) to consider and vote on the Plan.

If the contemplated arrangement resolution to approve the Transaction is passed at the meeting of Senior Noteholders, the Companies will be seeking a final order (the “**Final Order**”) from the Court in the CBCA Proceedings which will, among other things, approve the Plan, authorize the Companies to take all actions required to complete the Transaction, waive any defaults or change of control provisions arising from the commencement of the CBCA Proceedings or the implementation of the Transaction, and grant various other ancillary relief related to the Plan. The Final Order will also include a request to approve releases contemplated by the Plan in favour of Released Parties (as defined by the Plan) in respect of any claims related to the Transaction and the Senior Notes, among other things. The releases are described in further detail in the Plan and the Circular (as defined below). The hearing before the Court in respect of the Final Order is currently scheduled for **May 12, 2025, at 10:00 a.m. EDT.**

If you or your counsel wish to appear in the CBCA Proceedings, including in respect of the Final Order, you must file a notice of appearance with the Court and serve the notice of appearance on counsel for Cannabist and the Supporting Senior Noteholders as set out in the Interim Order.

Additional Materials

Copies of the Support Agreement, Management Information Circular in respect of the meeting of Senior Noteholders to approve the Transaction (the “**Circular**”), the Interim Order and related material are available on Cannabist’s profile on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov. If you have further questions regarding the Transaction, we urge you to read the Circular and other available material in consultation with your tax, financial, legal or other professional advisors.

You may also contact Cannabist Investor Relations at:

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SVP, Capital Markets
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Yours very truly,

(Signed) “David Hart”

David Hart
CEO and Director
The Cannabist Company Holdings Inc.

