
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): July 31, 2023

COLUMBIA CARE INC.

(Exact Name of Registrant as specified in its charter)

British Columbia
(State or Other Jurisdiction
of Incorporation)

000-56294
(Commission
File Number)

98-1488978
(IRS Employer
Identification No.)

680 Fifth Ave., 24th Floor
New York, New York
(Address of principal executive offices)

10019
(Zip Code)

(212) 634-7100
(Registrant's telephone number, including area code)

Not Applicable
(Registrant's name or former address, if change since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: None.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

As previously disclosed, on March 23, 2022, Columbia Care Inc. (“Columbia Care” or the “Company”) entered into an arrangement agreement, as amended on February 27, 2023 (the “Arrangement Agreement”) with Cresco Labs Inc. (“Cresco Labs”), pursuant to which, Cresco Labs agreed, subject to the terms and conditions thereof, to acquire all of the issued and outstanding common shares and proportionate voting shares of Columbia Care, pursuant to a statutory plan of arrangement under the *Business Corporations Act* (British Columbia) (the “Arrangement”).

As previously disclosed, Columbia Care and Cresco Labs were not able to complete the divestitures necessary to secure all necessary regulatory approvals to close the Arrangement by the outside date specified in the Arrangement Agreement.

On July 31, 2023, Columbia Care and Cresco Labs entered into a termination agreement (the “Termination Agreement”), pursuant to which Columbia Care and Cresco Labs agreed to terminate the Arrangement Agreement. The Termination Agreement provides for the release by each party of certain claims arising from or relating to the Arrangement, the Arrangement Agreement, the transactions contemplated therein or the circumstances relating thereto. There are no penalties or fees related to the mutual agreement to terminate the Arrangement.

The above description of the Termination Agreement is qualified in its entirety by reference to the Termination Agreement, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is hereby incorporated by reference into this Item 1.01.

Item 1.02. Termination of a Material Definitive Agreement.

The disclosure set forth under Item 1.01 of this Current Report is incorporated by reference into this Item 1.02.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 31, 2023, the Company appointed David Hart, 46, as President and Chief Operating Officer of the Company. David Hart joined Columbia Care in 2016 as Chief Risk Officer and became Chief Operating Officer in 2018.

There are no related party transactions with regard to David Hart reportable under Item 404(a) of Regulation S-K.

Item 8.01. Other Events.***Business Update***

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 Green Leaf Medical, LLC 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.

Voluntary Delisting of Common Shares from Canadian Securities Exchange

On July 31, 2023, Columbia Care announced that it will voluntarily delist its common shares from the facilities of the Canadian Securities Exchange ("CSE"), effective as of market close on August 2, 2023. Columbia Care's common shares will continue trading on the Cboe Canada, the new business name of the NEO Exchange. Cboe Canada will remain the Company's primary securities exchange, as it has been since the Company's initial public listing.

Forward Looking Statements

This Current Report on Form 8-K 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 Current Report on Form 8-K include, among others, statements related to: 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; and the impact of the Company's corporate restructuring, pursuit of 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 Current Report on Form 8-K, 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 Current Report on Form 8-K 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 Current Report on Form 8-K. Such forward-looking statements are made as of the date of this Current Report on Form 8-K. 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Termination Agreement, dated July 31, 2023, between Cresco Labs Inc. and Columbia Care Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COLUMBIA CARE INC.

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: Chief Executive Officer

Date: August 3, 2023

TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT (the “**Agreement**”) is made as of July 31, 2023 (the “**Termination Date**”).

BETWEEN:

CRESCO LABS INC., a company existing under the laws of the Province of British Columbia (“**Cresco**”);

- and -

COLUMBIA CARE INC., a company existing under the laws of the Province of British Columbia (“**Columbia Care**”).

WHEREAS Cresco and Columbia Care (each a “**Party**” and together, the “**Parties**”) are parties to an arrangement agreement made as of March 23, 2022, as amended (the “**Arrangement Agreement**”) pursuant to which, among other things, Cresco agreed to acquire all of the issued and outstanding common shares of Columbia Care;

AND WHEREAS the Arrangement Agreement may be terminated by mutual written agreement of the Parties in accordance with Section 7.2(1)(a) thereof;

AND WHEREAS in consideration of the covenants and undertakings contained herein, and subject to and on the terms and conditions set forth herein, the Parties desire to terminate the Arrangement Agreement as of the Termination Date and to abandon the Arrangement Agreement;

AND WHEREAS the Parties wish to confirm and settle the terms on which the Arrangement Agreement shall be terminated in order to avoid any disputes or misunderstandings in relation thereto;

NOW THEREFORE, in consideration of the agreements and covenants contained herein, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

All capitalized terms used in this Agreement that are not defined herein have the meanings ascribed to such terms in the Arrangement Agreement. For purposes of this Agreement:

“**Arrangement Agreement**” shall be deemed to include the Plan of Arrangement;

“**Claims**” means all actions, demands, manner of actions, causes of action, suits, bonds, warranties, contracts, losses, injuries, undertakings, proceedings (in each case, actual or contingent and whether or not previously asserted), executions, judgments, duties, debts, accounts, contracts and covenants (whether express or implied), claims, demands and rights whatsoever for losses, injuries, liabilities, damages, indemnity, costs, expenses, interest or prejudice of every nature and kind whether in law or in equity, whether actual, pending or potential, whether known or unknown (for greater certainty including all claims in tort, contract, law or otherwise);

“Excluded Claims” means any Claims (i) arising under this Agreement, the provisions of the Arrangement Agreement that survive as set forth in Section 2.2 of this Agreement or the Confidentiality Agreement and (ii) arising from any purported obligations to pay any break fee, expense reimbursements or damages to any third party with respect to any agreements executed in connection with any divestitures contemplated under the Arrangement Agreement;

“Related Persons” means, with respect to a Party, any affiliate (as defined in the Arrangement Agreement) or related party (within the meaning of MI 61-101) thereof and each of their respective present and former shareholders, members, partners, officers, directors, employees, auditors, advisors (including financial advisors), legal counsel, agents, consultants, insurers and other representatives; and

“Released Claims” means any and all Claims which any Party has now, or may have in the future, against the other Party or any of such other Party’s Related Persons, whether known or unknown relating to, or arising out of, the Arrangement Agreement, the Arrangement, the transactions contemplated therein or the circumstances relating thereto (including, for greater certainty, any Claim, current or future, for a Company Termination Fee or any payment, for expense reimbursement or otherwise, by a Party to the other Party under the Arrangement Agreement). For greater certainty, **“Columbia Care Released Claims”** means any and all Released Claims which Cresco has now or may have in the future against any Columbia Care Released Person (as defined below), relating to or arising out of any cause, matter or thing whatsoever existing up to and including the date hereof, other than Excluded Claims; and **“Cresco Released Claims”** means any and all Released Claims which Columbia Care has now or may have in the future against any Cresco Released Person (as defined below), relating to or arising out of any cause, matter or thing whatsoever existing up to and including the date hereof, other than Excluded Claims.

ARTICLE 2

TERMINATION AMOUNT

2.1 Termination of the Arrangement Agreement.

The Parties hereby fully and finally terminate the Arrangement Agreement and any and all rights duties or obligations arising thereunder or in connection therewith effective as of the Termination Date in accordance with Section 7.2(1)(a) of the Arrangement Agreement.

2.2 Effect of Termination of the Arrangement Agreement and Survival.

The Arrangement Agreement is hereby void and of no further force or effect, without liability of either Party to the other Party, except that (a) the provisions set out in the Confidentiality Agreement shall survive subject to the terms therein, (b) in accordance with Section 7.3 of the Arrangement Agreement, the following sections of the Arrangement Agreement shall survive: Section 7.3, Section 8.2 through to and including Section 8.16, Section 2.4(3), Section 2.4(7) and Section 4.6(6), and (c) notwithstanding Section 7.3 of the Arrangement Agreement, Section 4.5(1) of the Arrangement Agreement will not survive and no Party will have any liability for any willful and material breach by it of the Arrangement Agreement.

2.3 Expenses.

Each Party agrees that all out-of-pocket expenses of the parties relating to the Arrangement Agreement or the transactions contemplated thereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, stock exchange fees, all disbursements of advisors and printing and mailing costs, shall be paid by the Party that incurred such expenses.

ARTICLE 3
TRANSACTION AND RELEASE

3.1 No Responsibility

This Agreement should not in any way be interpreted as an admission of responsibility of whatever nature it may be on the part of any Party hereto, and is entered into with the sole and unique objective of confirming the termination of the Arrangement Agreement and settling the terms thereof on fair and agreed terms without any disputes or misunderstandings.

3.2 Cresco Released Persons

Columbia Care on behalf of itself and its Related Persons, irrevocably and unconditionally releases and discharges Cresco and Cresco's Related Persons (collectively, the "**Cresco Released Persons**") from any and all Released Claims, except for Excluded Claims. Columbia Care agrees and undertakes not to: (a) encourage, facilitate or instigate any Cresco Released Claims by other Persons against Cresco and Cresco's Related Persons in connection with the Cresco Released Claims; or (b) institute or continue any proceedings by way of action, arbitration or otherwise against any Person who or which might be entitled to claim contribution, indemnity, damages or other relief over or against any of the Cresco Released Persons in connection with the Cresco Released Claims. Columbia Care agrees to fully indemnify and save harmless each of the Cresco Released Persons from and against any losses, liabilities, claims, damages, costs and expenses suffered or incurred by any of the Cresco Released Persons as a result of Columbia Care making or bringing any Cresco Released Claim against any other Person, whether by reason of such other person or entity claiming contribution or indemnity from any of the Cresco Released Persons in respect of such a Cresco Released Claim.

3.3 Columbia Care Released Persons

Cresco on behalf of itself and its Related Persons, irrevocably and unconditionally releases and discharges Columbia Care and Columbia Care's Related Persons (collectively, the "**Columbia Care Released Persons**") from any and all Released Claims, except for Excluded Claims. Cresco agrees and undertakes not to: (a) encourage, facilitate or instigate any Released Claims by other Persons against Columbia Care and Columbia Care's Related Persons in connection with the Columbia Care Released Claims; or (b) institute or continue any proceedings by way of action, arbitration or otherwise against any Person who or which might be entitled to claim contribution, indemnity, damages or other relief over or against any of the Columbia Care Released Persons in connection with the Columbia Care Released Claims. Cresco agrees to fully indemnify and save harmless each of the Columbia Care Released Persons from and against any losses, liabilities, claims, damages, costs and expenses suffered or incurred by any of the Columbia Care Released Persons as a result of Cresco making or bringing any Columbia Care Released Claim against any other Person, whether by reason of such other person or entity claiming contribution or indemnity from any of the Columbia Care Released Persons in respect of such a Columbia Care Released Claim.

3.4 No Assignment

Each of Columbia Care and Cresco, on behalf of itself and its Related Persons, represents, warrants and covenants that it has not assigned and will not assign to any other person or entity any of the Released Claims.

ARTICLE 4
COMMUNICATIONS

4.1 Public Announcement of Termination of the Arrangement Agreement.

As promptly as possible following execution of this Agreement, each Party will issue a joint press release with respect to the termination of the Arrangement Agreement and the entering into of this Agreement, substantially in the respective form set forth in Schedule A hereto. A copy of this Agreement and a material change report relating thereto will be filed by each Party on SEDAR following the issuance of such press release by such Party and a Form 8-K will be filed by Columbia Care on EDGAR following the issuance of such press release by Columbia Care.

4.2 Other Public Communications.

Except as required by applicable Law and as set forth in Section 4.1 or this Section 4.2, neither Party shall issue any press release or make any other public statement or disclosure with respect to this Agreement, the Arrangement Agreement, the transactions contemplated in or terminated by the Arrangement Agreement or hereby or the termination of the Arrangement Agreement without the prior written consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that, in the opinion of outside legal counsel, is required to make disclosure by applicable Law, shall use its best efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on such disclosure (other than with respect to confidential information contained in such disclosure) and if such prior notice is not permitted by applicable Law, shall give such notice immediately following the making of such disclosure. The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel. For the avoidance of doubt, subject to Section 4.3, none of the foregoing shall prevent a Party from making

- (a) internal announcements to employees and having discussions with shareholders, financial analysts and other stakeholders, to the extent not inconsistent with their press release set forth in Schedule A hereto, or
- (b) public announcements that are not inconsistent with their press release set forth in Schedule A hereto.

4.3 Non-Disparagement.

Each Party irrevocably undertakes, for an indefinite period of time, not to make any disparaging, critical or defamatory statements, written or oral, or cause or encourage others to make any such statements, concerning the other Party, its affiliates, and their respective officers, directors, employees, agents and other representatives, both current and former, in connection with this Agreement, the Arrangement Agreement or the transactions contemplated in or terminated by the Arrangement Agreement or hereby.

ARTICLE 5
MISCELLANEOUS

5.1 Governing Law.

- (a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

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- (b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the British Columbia courts situated in the City of Vancouver and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

5.2 Benefit of this Agreement.

Except as expressly permitted by the terms of this Agreement, neither this Agreement nor any of the rights, interests or obligations of any Party under this Agreement may be assigned by a Party without the prior written consent of the other Party.

5.3 Further Assurances.

The Parties will, from time to time, do all acts and things and execute and deliver all such further documents and instruments, as the other Party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

5.4 Entire Agreement.

This Agreement, together with the Arrangement Agreement and the Confidentiality Agreement, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties.

5.5 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.6 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by electronic transmission) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed electronic copy of this Agreement, and such executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Termination Agreement on the date first written above.

COLUMBIA CARE INC.

By: /s/ Nicholas Vita

Name: Nicholas Vita

Title: CEO

CRESCO LABS INC.

By: /s/ Charles Bachtell

Name: Charles Bachtell

Title: CEO

[Signature Page – Termination Agreement]

SCHEDULE A
JOINT PRESS RELEASE

See attached.