MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Amounts in thousands, except share and per share amounts)

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Columbia Care Inc. ("Columbia Care", the "Company", "us", "our" or "we") is supplemental to, and should be read in conjunction with, Columbia Care's condensed interim consolidated financial statements and the accompanying notes for the three and nine months ended September 30, 2021 and 2020. Columbia Care's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial information presented in this MD&A is presented in thousands of United States dollars ("$" or "US$"), unless otherwise indicated.

This MD&A has been prepared as of November 12, 2021 by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

NON-IFRS MEASURES

The Company uses certain non-IFRS measures, referenced in this MD&A. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Accordingly, these measures should not be considered in isolation from nor as a substitute for our financial information reported under IFRS. We use non-IFRS measures including "EBITDA" and "Adjusted EBITDA" which may be calculated differently by other companies. These non-IFRS measures and metrics are used to provide investors with supplemental measures of our operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. We also recognize that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies within our industry. Finally, we use non-IFRS measures and metrics in order to facilitate evaluation of operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of executive compensation.

For a discussion of the use of "EBITDA" and "Adjusted EBITDA" and reconciliations thereof to the most directly comparable IFRS measures, see "*Reconciliation of Non-IFRS Measures.*"

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information. This information may relate to anticipated events or results. Particularly, statements regarding our expectations of future results, targets, performance achievements, prospects or opportunities is forward-looking information. Generally, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may" "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. This information is based on management's reasonable assumptions and beliefs in light of the information currently available to us as of the date of this MD&A.

We do not undertake to update any such forward-looking information, whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors, including those described in "Risk Factors". Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Company's annual information form (the "AIF") dated March 31, 2021, a copy of which is available under the Company's profile on SEDAR at www.sedar.com. These factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully.

We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. See "Risk Factors" in the AIF for a discussion of the uncertainties, risks and assumptions associated with these statements.

The purpose of the forward-looking statements is to provide the reader with a description of management's current expectations regarding the Company's financial performance and they may not be appropriate for other purposes. To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose.

OVERVIEW OF COLUMBIA CARE

The Company's common shares (the "Common Shares") are listed on the NEO Exchange Inc. (formerly, Aequitas NEO Exchange Inc.) ("NEO Exchange") under the symbol "CCHW", on the Canadian Securities Exchange under the symbol "CCHW", on the OTCQX Best Market under the symbol "CCHWF" and on the Frankfurt Stock Exchange under the symbol "3LP". The Company's principal business activity is the production and sale of cannabis as regulated by the regulatory bodies and authorities of the jurisdictions in which we operate.

Columbia Care operates primarily through the following companies: Columbia Care Inc., Columbia Care LLC, Columbia Care – Arizona, Tempe, L.L.C., Salubrious Wellness Clinic, Inc., Columbia Care – Arizona, Prescott, L.L.C., 203 Organix, LLC, Focused Health LLC, Mission Bay, LLC, PHC Facilities Inc., Resource Referral Services, Inc., The Wellness Earth Energy Dispensary Inc., Access Bryant SPC, The Healing Center of San Diego, Inc., The Green Solution LLC, Rocky Mountain Tillage, LLC, Infuzionz, LLC, Columbia Care Delaware, LLC, Columbia Care DE Management LLC, Columbia Care Florida LLC, Curative Health LLC, Curative Health Cultivation LLC, Columbia Care MD LLC, Patriot Care Corp., Columbia Care MO LLC, Columbia Care New Jersey LLC, Columbia Care NY LLC, Columbia Care Industrial Hemp LLC, Columbia Care OH LLC, Columbia Care Pennsylvania LLC, CCUT Pharmacy LLC, Columbia Care UT LLC, Columbia Care Eastern Virginia LLC, Oveom LLC, Columbia Care DC LLC, VentureForth, LLC, Columbia Care Puerto Rico LLC, Columbia Care WV LLC, Beacon Holdings, LLC, TGS Colorado Management, LLC, TGS Global, LLC, 420 On the Block, LLC, High Rise Media, LLC, CannAscend Alternative, LLC, CannAscend Alternative Logan, LLC, Corsa Verde, LLC, Wellness Institute of Maryland, Sugarloaf Enterprises, LLC, Green Leaf Management, LLC, SKD, LLC, Green Leaf Medicals, LLC (PA), Green Leaf Medical, LLC (MD), Green Leaf Medical of Virginia, LLC, Green Leaf Medical of Ohio III LLC, Green Leaf Medical of Ohio II LLC, Columbia Care International Holdco LLC, Columbia Care UK Limited, and Columbia Care Deutschland GmbH.

We strive to be the premier provider of cannabis-related products in each of the markets in which we operate. Our mission is to improve lives by providing cannabis-based health and wellness solutions through community partnerships, research, education and the responsible use of our products as a natural means to improve the quality of life of our patients and customers.

HOW WE ASSESS OUR BUSINESS

We utilize several metrics to measure and track the performance and progress of our business. We refer to certain key performance indicators used by us and generally used by our competitors in the global cannabis industry. Some of the metrics used by us are not defined under IFRS. See *Reconciliation of Non-IFRS Measures*.

Revenue

In accordance with IFRS 15, revenue is recognized at a point in time when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which Columbia Care expects to be entitled to receive in exchange for these goods or services. Columbia Care applies the following five-step analysis to determine whether, how much and when revenue is recognized: (1) Identify the contract with the customer; (2) Identify the performance obligation in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligation in the contract; and (5) Recognize revenue when or as Columbia Care satisfies a performance obligation.

Gross Profit before Fair Value Adjustments to Biological Assets and Inventory

Gross profit before fair value adjustments to biological assets and inventory reflects our revenue less our production costs primarily consisting of labor, materials, rent and facilities, supplies, overhead, depreciation expense for production equipment, shipping, packaging, and other expenses required to grow and manufacture cannabis products.

Gross Profit after Fair Value Adjustments to Biological Assets and Inventory

Production costs related to the transformation of biological assets to the point of harvest are capitalized and included in the fair value measurement of the biological assets. Once goods are sold, the associated capitalized costs are recognized as production costs in the statement of operations for the period.

Gross profit after fair value adjustments to biological assets and inventory is based on gross profit before fair value adjustments to biological assets and inventory and includes: (i) fair value adjustments to our biological assets, consisting of cannabis plants measured at fair value less cost to sell up to the point of harvest and (ii) fair value adjustments relieved from inventory when sold. Harvested cannabis is transferred from biological assets at their fair value less cost to sell at harvest, which becomes the deemed cost for inventory which, upon sale, the fair value cost adjustment portion is expensed to finished harvest inventory sold.

As discussed in the notes to our financial statements, there is no active market for unharvested plants in certain states, and determination of the fair value of the biological assets requires us to make assumptions about how market participants assign fair values to these assets. These assumptions primarily relate to estimating the stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices and expected yields for the plants. See *Critical Accounting Estimate – Biological Assets*.

Operating Expenses

Operating expenses primarily include share-based compensation, salaries and benefits, professional fees, rent and facilities expenses, depreciation and amortization, advertising and promotion expenses, licenses, fees and taxes, pursuit expenses and other general and administrative expenses.

EBITDA

We believe EBITDA is a useful measure to assess the performance of Columbia Care as it provides meaningful operating results by excluding the effects of expenses that are not reflective of our operating business performance. We define EBITDA as net income (loss) before (i) depreciation and amortization; (ii) income taxes; and (iii) interest expense and debt amortization. See *Reconciliation of Non-IFRS Measures*.

Adjusted EBITDA

We believe Adjusted EBITDA is a useful measure to assess the performance of Columbia Care as it provides more meaningful operating results by excluding the effects of certain expenses that are not reflective of our operating business performance and other one-time or non-recurring expenses. We define Adjusted EBITDA as EBITDA before (i) share-based compensation expense; (ii) net impact, fair value of biological assets and inventory sold; (iii) fair value mark-up for acquired inventory; (iv) acquisition and other non-core costs associated with our recent acquisitions, litigation expenses and COVID-19 expenses; (v) fair value changes on derivative liabilities; (vi) impairment on disposal group; (vii) loss on conversion of convertible debt; (viii) gain on remeasurement of contingent consideration; (ix) acquisition and settlement of pre-existing relationships; and (x) loss on disposal group. See *Reconciliation of Non-IFRS Measures*.

COLUMBIA CARE OBJECTIVES AND FACTORS AFFECTING OUR PERFORMANCE

As one of the largest fully integrated operators in the global cannabis industry, our strategy to grow our business is comprised of the following key components:

- Expansion and development within and outside our current markets
- Patient-centric, provider-based medical cannabis model to leverage health and wellness focus
- Consistency of proprietary product portfolio, comprised of branded consumer products as well as quality and proprietary medical cannabis products
- Intellectual property and data-driven innovation

Our performance and future success are dependent on several factors. These factors are also subject to inherent risks and challenges, some of which are discussed below.

Branding

We have established a national branding strategy across each of the jurisdictions in which we operate. Maintaining and growing our brand appeal domestically and internationally is critical to our continued success.

Regulation

We are subject to the local and federal laws in the jurisdictions in which we operate. Outside of the United States, our products may be subject to tariffs, treaties and various trade agreements as well as laws affecting the importation of consumer goods. We hold all required licenses for the production and distribution of our products in the jurisdictions in which we operate and continuously monitor changes in laws, regulations, treaties and agreements.

Product Innovation and Consumer Trends

Our business is subject to changing consumer trends and preferences, which are dependent, in part, on continued consumer interest in new products. The success of new product offerings, depends upon a number of factors, including our ability to (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products; (iv) price products competitively; (v) produce and deliver products in sufficient volumes and on a timely basis; and (vi) differentiate product offerings from those of competitors.

Growth Strategies

We have a successful history of growing revenue and we believe we have a strong domestic and international strategy aimed at continuing our history of expansion in both current and new markets. Our future depends, in part, on our ability to implement our growth strategy including (i) product innovations; (ii) penetration of new markets; (iii) growth of wholesale revenue through third party retailers and distributors; (iv) continuous improvement of e-commerce and home delivery distribution capabilities; and (v) expansion of our cultivation and manufacturing capacity. Our ability to implement this growth strategy depends, among other things, on our ability to develop new products that appeal to consumers, maintain and expand brand loyalty, maintain and improve product quality and brand recognition, maintain and improve competitive position in our current markets, and identify and successfully enter and market products in new geographic areas and segments.

RECENT DEVELOPMENTS

Below is a summary of recent developments:

- In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak of this contagious disease, along with the related adverse public health developments, have negatively affected workforces, economies, and financial markets on a global scale. The Company incurred lower revenues, and additional expenditures related to COVID-19 during the first half of 2020. During the first half of 2020, the Company's operations in Massachusetts were affected by a temporary shutdown of adult-use operations and in Illinois and California by rules related to social distancing and limiting the Company's retail operations to curb-side pick-up. The Company's operating results, with the exception of our California market, were not materially impacted during the first nine months of 2021. Currently, the Company is closely monitoring the impact of the pandemic on all aspects of its business, and it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations.

- In April 2021, we acquired a 34-acre cultivation site in eastern Long Island, New York for consideration comprised of a cash payment of $15,687 and the issuance of 2,545,857 Common Shares. We intend to purchase additional assets at the same location in the last quarter of 2021 for an additional purchase consideration of approximately $12,500.

- In July 2021, we completed the acquisition of CannAscend Alternative LLC and CannAscend Alternative Logan LLC, owner and operator of four dispensaries across Ohio, pursuant to the Membership Interest Purchase option signed on October 25, 2018. All four dispensaries were issued certificates of operation under Ohio's Medical Marijuana Control Program in the last quarter of 2019. The total transaction price was paid from the funds held in the escrow which did not affect the Company's cash outflow in the third quarter of 2021.

- In November 2021, we acquired Medicine Man Denver (“Medicine Man”) for an upfront consideration of $42,000 comprising $8,400 in cash and $33,600 in stock. The transaction terms also include a potential additional milestone payment in 2022 if certain performance targets are met. No amounts have been recorded with respect to this acquisition in the condensed interim consolidated financial statements as of September 30, 2021.

SELECTED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial information derived from our condensed interim consolidated financial statements and the respective accompanying notes prepared in accordance with IFRS.

During the periods discussed herein, our accounting policies have remained consistent. The selected and summarized consolidated financial information below may not be indicative of our future performance.

Statement of operations:

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues, net	$ 132,322	$ 48,703	$ 320,804	$ 103,439
Cost of sales	(67,860)	(29,707)	(176,517)	(66,270)
Cost of sales related to business combination fair value adjustments to inventories	(1,430)	(1,765)	(2,922)	(1,765)
Gross profit excluding change in fair value of biological assets and inventory sold	63,032	17,231	141,365	35,404
Change in fair value of biological assets included in inventory sold	(59,213)	(22,239)	(114,787)	(60,328)
Unrealized gain on changes in fair value of biological assets and inventory	68,467	34,299	144,570	72,625
Gross profit	72,286	29,291	171,148	47,701
Operating expenses	(61,494)	(33,648)	(160,532)	(94,796)
Other expense, net	(60,135)	(6,864)	(76,024)	(11,477)
Income tax benefit (expense)	12,160	(315)	2,021	(949)
Net loss	(37,183)	(11,536)	(63,387)	(59,521)
Net loss attributable to non-controlling interests	(998)	(681)	(1,628)	(4,422)
Net loss attributable to Columbia Care Inc.	$ (36,185)	$ (10,855)	$ (61,759)	$ (55,099)
Loss per share attributable to Columbia Care Inc. - based and diluted	$ (0.11)	$ (0.05)	$ (0.20)	$ (0.25)

Summary of balance sheet items:

	September 30, 2021	December 31, 2020
Total Assets	$ 1,483,860	$ 792,591
Total Liabilities	$ 858,674	$ 470,715
Total Long-Term Liabilities	$ 564,642	$ 321,749
Total Equity	$ 625,186	$ 321,876

RESULTS OF OPERATIONS

Comparison of the three and nine months ended September 30, 2021 and 2020

The following table summarizes our results of operations for the three months ended September 30, 2021:

	Three Months Ended			
	September 30, 2021	**September 30, 2020**	**$ Change**	**% Change**
Revenues, net	$ 132,322	$ 48,703	$ 83,619	172%
Cost of sales related to inventory production	(67,860)	(29,707)	(38,153)	128%
Cost of sales related to business combination fair value adjustments to inventories	(1,430)	(1,765)	335	-19%
Gross profit excluding change in fair value of biological assets and inventory sold	63,032	17,231	45,801	266%
Decrease in fair value of inventory sold	(59,213)	(22,239)	(36,974)	166%
Increase in fair value of biological assets	68,467	34,299	34,168	100%
Gross profit	72,286	29,291	42,995	147%
Selling, general and administrative	(56,501)	(26,430)	(30,071)	114%
Share-based compensation	(4,993)	(7,218)	2,225	-31%
Operating expenses	(61,494)	(33,648)	(27,846)	83%
Income (loss) from operations	10,792	(4,357)	15,149	-348%
Other expense, net	(60,135)	(6,864)	(53,271)	776%
Loss before provision for income taxes	(49,343)	(11,221)	(38,122)	340%
Income tax benefit (expense)	12,160	(315)	12,475	-3960%
Net loss	(37,183)	(11,536)	(25,647)	222%
Net loss attributable to non-controlling interests	(998)	(681)	(317)	47%
Net loss attributable to Columbia Care Inc.	$ (36,185)	$ (10,855)	$ (25,330)	233%

Revenue

The increase in revenue for the three months ended September 30, 2021, as compared to the prior year period was driven by recent acquisitions, expansion of our dispensary network and additional sales through our existing dispensaries.

Gross Profit before Fair Value Adjustments

The increase in gross profit before fair value adjustments to biological assets and inventory for the three months ended September 30, 2021, as compared to the prior year period was due to volume growth of our business.

Change in Fair Value of Biological Assets

Biological asset transformation for the three months ended September 30, 2021 was a net gain of $9,254 as compared to a net gain of $12,060 for the prior year period. This decrease of $2,806 was due to price changes in the market.

Operating Expenses

Operating expenses increased by $27,846 for three months ended September 30, 2021, as compared to the prior year period. The increase was primarily attributable to an increase in depreciation and amortization of $15,387 and salary and benefits costs of $13,017 as we expanded our operations and increased the size and scope of our administrative functions.

Other Expense, Net

The increase of $53,271 in other expense, net for the three months ended September 30, 2021, as compared to the prior year period, was due primarily to an accrual of $75,309 relating to acquisition and settlement of pre-existing relationships and recognition of a loss on disposal group of $2,000 which was partially offset by a change in fair value of contingent consideration of $23,583.

Income tax benefit (expense)

The tax benefit on income tax provision for the three months ended September 30, 2021 was $12,160 compared to an income tax expense of $315 for the prior year period.

The following table summarizes our results of operations for the nine months ended September 30, 2021:

	Nine Months Ended			
	September 30, 2021	**September 30, 2020**	**$ Change**	**% Change**
Revenues, net	$ 320,804	$ 103,439	$ 217,365	210%
Cost of sales related to inventory production	(176,517)	(66,270)	(110,247)	166%
Cost of sales related to business combination fair value adjustments to inventories	(2,922)	(1,765)	(1,157)	66%
Gross profit excluding change in fair value of biological assets and inventory sold	141,365	35,404	105,961	299%
Decrease in fair value of inventory sold	(114,787)	(60,328)	(54,459)	90%
Increase in fair value of biological assets	144,570	72,625	71,945	99%
Gross profit	171,148	47,701	123,447	259%
Selling, general and administrative	142,699	72,455	70,244	97%
Share-based compensation	17,833	22,341	(4,508)	-20%
Operating expenses	(160,532)	(94,796)	(65,736)	69%
Loss from operations	10,616	(47,095)	57,711	-123%
Other expense, net	(76,024)	(11,477)	(64,547)	562%
Loss before provision for income taxes	(65,408)	(58,572)	(6,836)	12%
Income tax benefit (expense)	2,021	(949)	2,970	-313%
Net loss	(63,387)	(59,521)	(3,866)	6%
Net loss attributable to non-controlling interests	(1,628)	(4,422)	2,794	-63%
Net loss attributable to Columbia Care Inc.	$ (61,759)	$ (55,099)	$ (6,660)	12%

Revenue

The increase in revenue of for the nine months ended September 30, 2021, as compared to the prior year period was driven by recent acquisitions, expansion of our dispensary network and additional sales through our existing dispensaries.

Gross Profit before Fair Value Adjustments

The increase in gross profit before fair value adjustments to biological assets and inventory for the nine months ended September 30, 2021, as compared to the prior year period was due to volume growth of our business.

Change in Fair Value of Biological Assets

Biological asset transformation for the nine months ended September 30, 2021 was a net gain of $29,783 as compared to net gain of $12,297 for the prior year period. This increase of $17,486 was due to recent acquisitions and an increase in the volume of unharvested plants and inventory.

Operating Expenses

Operating expenses increased by $65,736 for the nine months ended September 30, 2021, as compared to the prior year period. This increase was primarily attributable to an increase in salary and benefits costs of $30,212, depreciation and amortization of $23,993, operating office and general expenses of $7,257 and advertising and promotion expenses of $6,250 as we expanded our operations and increased the size and scope of our administrative functions.

Other Expense, Net

The increase in other expense, net for the nine months ended September 30, 2021, as compared to the prior year period, was due to additional borrowings and expansion of our operations which resulted in higher interest expense on debt of $13,172 and higher interest expense on leases of $7,448. We accrued $75,309 relating to acquisition and settlement of pre-existing relationships and recognized a loss on disposal group of $2,000. This increase in expenses was partially offset by a change in fair value of the contingent consideration of $23,583 and the decrease in fair value of derivative liability of $9,316 during the nine months ended September 30, 2021, as compared to the prior year period.

Income tax benefit (expense)

The tax benefit on income tax provision for nine months ended September 30, 2021 was $2,021 compared to an income taxes expense of $949 for the prior year period.

Adjusted EBITDA

The increase in Adjusted EBITDA for three and nine months ended September 30, 2021, as compared to the prior year periods, was primarily driven by a greater operating income. See *Reconciliation of Non-IFRS Measures*.

Our future financial results are subject to significant potential fluctuations caused by, among other things, fair value adjustments to biological assets and inventory sold, growth of sales volume in new and existing markets and our ability to control operating expenses. In addition, our financial results may be impacted significantly by changes to the regulatory environment in which we operate, both on a local, state and federal level.

Reconciliation of Non-IFRS Measures

The following table provides a reconciliation of net loss for the period to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net loss	$ (37,183)	$ (11,536)	$ (63,387)	$ (59,521)
Income tax	(12,160)	315	(2,021)	949
Depreciation and amortization	20,107	7,895	45,266	19,525
Interest expense, net and debt amortization	11,201	4,308	27,409	6,789
EBITDA	$ (18,035)	$ 982	$ 7,267	$ (32,258)
Adjustments:				
Share-based compensation	4,993	7,218	17,833	22,341
Net impact, fair value of biological assets and inventory sold	(9,254)	(12,060)	(29,783)	(12,297)
Fair value mark-up for acquired inventory	1,430	1,765	2,922	1,765
Adjustments for acquisition and other non-core costs*	3,009	2,616	8,102	3,483
Fair value changes on derivative liabilities	(4,847)	2,556	(6,760)	2,556
Impairment of disposal group	2,000	—	2,000	1,969
Loss on conversion of Convertible Debt	—	—	1,580	—
Gain on remeasurement of contingent consideration	(23,583)	—	(23,583)	—
Acquisition and settlement of pre-existing relationships	75,309	—	75,309	—
Adjusted EBITDA	$ 31,022	$ 3,077	$ 54,887	$ (12,441)

*Acquisition and other non-core costs include costs associated with our recent acquisitions, litigation and COVID-19 expenses.

Liquidity and Capital Resources

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures and for general corporate purposes. Historically, we have relied on external financing as our primary source of liquidity. Our ability to fund our operations and to make capital expenditures depends on our ability to successfully secure financing through issuance of debt or equity, as well as our ability to improve our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

We are currently meeting our obligations as they become due and are earning revenues from our operations. However, we have sustained losses since inception, and we may require additional capital in the future. We estimate that based on our current business operations and working capital, we will continue to meet our obligations as they become due in the short term. As we continue to seek growth through expansion or acquisition, our cash flow requirements and obligations could materially change. As of September 30, 2021, we did not have any significant external capital requirements.

Recent Financing Transactions

In January 2021, we closed a public offering of 18,572,000 Common Shares at a price of $8.05 (Canadian Dollars) per Common Share for aggregate proceeds of $111,789, which included the exercise in full of the over-allotment option granted to the underwriters, before deducting the underwriters' fees and estimated offering expenses. The offering was conducted in each of the provinces of Canada, other than Québec, pursuant to a prospectus supplement to our base shelf prospectus dated September 2, 2020 and elsewhere outside of Canada on a private placement basis.

In February 2021, we sold, on a bought deal private placement basis, 3,220,000 Common Shares at a price of $9.00 (Canadian Dollars) per Common Share for aggregate gross proceeds of $21,770.

In April 2021, we offered an incentive program to the holders of the 5% Convertible Notes issued in 2020, pursuant to which, we would issue to each noteholder that surrendered its 5% Convertible Notes for conversion on or before May 28, 2021, 20 Common Shares of the Company on a private placement basis for each US$1,000 aggregate principal amount of Notes surrendered for conversion. Pursuant to this incentive program, 4,550,139 shares were issued as a result of conversion of $13,160 of 5% Convertible Notes.

On June 29, 2021, we closed a private placement offering issuing $74,500 aggregate principal amount of 6% Convertible Notes due 2025. The 6% Convertible Notes are senior secured obligations of the Company and accrue interest payable semiannually in arrears and mature on June 29, 2025, unless earlier converted, redeemed or repurchased. The conversion rate will be 154 Common Shares of the Company per $1,000 principal amount of Notes (equivalent to a price of approximately US$6.49 per Common Share), subject to customary adjustments. The conversion price of the 6% Convertible Notes represents a premium of approximately 25% over the closing price of the Common Shares on the NEO Exchange on June 17, 2021. We may redeem the 6% Convertible Notes at par, in whole or in part, on or after June 29, 2023, if the volume weighted average price of the Common Shares trading on the Canadian Stock Exchange or the NEO Exchange for 15 of the 30 trading days immediately preceding the day on which the Company exercises its redemption right, exceeds 120% of the conversion price of the 6% Convertible Notes. The 6% Convertible Notes were offered for sale on a private placement basis in certain provinces of Canada pursuant to applicable exemptions from the prospectus requirements of Canadian securities laws.

Cash Flows

The following table summarizes the sources and uses of cash for each of the periods presented:

	Nine Months Ended	
	September 30, 2021	**September 30, 2020**
Net cash provided by (used in) operating activities	$ 4,289	$ (35,627)
Net cash used in investing activities	(125,389)	(23,909)
Net cash provided by financing activities	176,920	54,214
Net increase (decrease) in cash and cash equivalents	$ 55,820	$ (5,322)

Operating Activities

During the nine months ended September 30, 2021, operating activities provided $4,289 of cash, primarily from change in operating assets and liabilities of $73,801, noncash addbacks like depreciation and amortization of $45,266, equity-based compensation expense of $17,833, impairment of disposal group, obsolete inventory and other assets of $4,284, debt amortization expense of $4,129 , loss on conversion of Convertible Notes of $1,580, that offset net loss of $63,387, gain on remeasurement of contingent consideration of $23,583, changes in deferred taxes of $19,340, adverse changes in fair values of biological assets and derivative liability of $29,783 and $6,760, respectively. The increase in cash due to changes in operating assets and liabilities was primarily due to an increase in accounts payable, accrued expenses and other current liabilities of $57,836, increase in income taxes payable of $27,514, decrease in prepaid expenses and other current assets of $5,316 and biological assets of $2,789 which was partially offset by increase in inventory of $17,493, and decrease in other long-term liabilities of $4,273.

During the nine months ended September 30, 2020, operating activities used $35,627 of cash, primarily resulting from net loss of $59,521, partially offset by equity-based compensation expense of $22,341 and depreciation and amortization of $19,525. Cash used due to changes in operating assets and liabilities was primarily due to increases in inventory of $21,406 and non-current assets of $36,958, partially offset by increases in long-term liabilities of $35,306 and biological assets of $8,564.

Investing Activities

During the nine months ended September 30, 2021 investing activities used $125,389 of cash, primarily for purchases of property and equipment of $72,323, cash paid for business acquisitions of $33,744, purchase of other assets of $15,770 and deposits paid in cash of $2,880.

During the nine months ended September 30, 2020, investing activities used $23,909 of cash, primarily caused by purchases of property and equipment of $39,708 offset by sale leaseback proceeds of $12,385.

Financing Activities

During the nine months ended September 30, 2021, financing activities provided $176,920 of cash, primarily from $133,151 in net proceeds received from the issuance of equity, $71,310 from issuance of convertible debt partially offset by lease payments of $15,106, debt repayment of $9,550 and taxes paid on equity-based compensation of $4,786.

During the nine months ended September 30, 2020, financing activities provided $54,214 of cash, consisting of $55,078 in net proceeds received from the issuance of debt and the sale of membership interest of a subsidiary of $5,509 partially offset by lease liability payments of $5,751.

Contractual Obligations and Commitments

The following table summarizes contractual obligations as of September 30, 2021 and the effects that such obligations are expected to have on our liquidity and cash flows in future periods:

	Payments Due by Period			
	Total	**Year 1**	**Year 2-5**	**Year 6 and Beyond**
Lease commitments	$ 820,610	$ 47,539	$ 180,330	$ 592,740
Term debt (principal)	69,965	—	69,965	—
Acquisition related term debt (principal)	3,339	99	440	2,800
Interest on term debt	19,416	9,226	9,156	1,034
Convertible debt (principal)	80,100	—	80,100	—
Interest on convertible debt	18,510	4,750	13,760	—
Closing promissory note (principal)	5,250	1,875	3,375	—
Closing promissory note (interest)	787	450	337	—
Project Cannabis real estate notes (principal)	7,000	—	7,000	—
Project Cannabis real estate notes (interest)	1,290	540	750	—
Medicine Man acquisition	8,400	8,400	—	—
Acquisition and settlement of pre-existing relationships	22,850	22,850	—	—
Acquisition of real estate property in New York	750	750	—	—
Total contractual obligations	$ 1,058,267	$ 96,480	$ 365,213	$ 596,574

Amounts in the table reflect minimum payments due for our leased facilities under various lease agreements that expire through December 2034. The above table excludes purchase orders for inventory in the normal course of business.

Outstanding Share Information

As of November 9, 2021, Columbia Care has 370,693,310 issued and outstanding Common Shares and 413,256,487 Common Shares on a diluted basis, assuming in all cases, conversion of all proportionate voting shares of the Company into Common Shares.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, we do not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

RELATED PARTY TRANSACTIONS

In accordance with IFRS reporting standards, we report compensation, fees, and other benefits and compensation arrangements made to individuals within the organization that fit the definition of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of Columbia Care as a whole. Our key management personnel consist of executive and non-executive shareholders, our board of directors and corporate officers and/or companies controlled by those individuals.

Remuneration attributed to key management personnel during the three and nine months ended September 30, 2021 and 2020, are summarized in the table below:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Salaries and benefits	$ 1,223	$ 1,091	$ 3,483	$ 3,403
Equity-based compensation	3,428	8,157	12,838	18,575
	$ 4,651	$ 9,248	$ 16,321	$ 21,978

CHANGES IN OR ADOPTION OF ACCOUNTING PRACTICES

We have not adopted any new accounting policies during the three and nine months ended September 30, 2021. Also, there have been no changes to the previously adopted accounting practices.

CRITICAL ACCOUNTING ESTIMATES

We make judgments, estimates and assumptions about the future that affect reported amounts of assets and liabilities, and revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Judgments, estimates and assumptions with the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Business Combinations

We account for business combinations under the acquisition method of accounting, which requires us to recognize separately from goodwill, the assets acquired and the liabilities assumed at their acquisition date fair values. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recognized in our consolidated statements of operations. Accounting for business combinations requires management to make significant estimates and assumptions, especially at the acquisition date including estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies, and contingent consideration, where applicable. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based, in part, on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Critical estimates in valuing certain acquired intangible assets under the income approach include growth in future expected cash flows from product sales, customer contracts, revenue growth rate, customer ramp-up period and discount rates. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

Biological Assets

The valuation of biological assets, consisting of unharvested cannabis plants, are dependent upon estimates of future economic benefits resulting from past events to determine the fair value through an exercise of significant judgment by us. In estimating the fair value of an asset or a liability, we use market observable data to the extent it is available. When market observable data is not available, we may rely on qualified third-party valuation consultants to perform the valuation. With respect to certain biological assets, where there is no active market for the unharvested produce, we estimate the fair value by way of a reverse analysis, working from the value of the inventory.

Our biological assets are unharvested cannabis plants and are presented at their fair values less costs to sell up to the point of harvest. We determine the fair value of biological assets using a specific valuation technique that incorporates interdependent estimates and assumptions including the stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices, and expected yields for the cannabis plants to determine the weighted average fair value deemed cost per gram.

The valuation of biological assets is based on a market approach where fair value at the point of harvest is estimated based on future selling prices less the costs to sell at harvest. For in-process biological assets, the estimated fair value at point of harvest is adjusted based on the plants' stage of growth. Stage of growth is determined by reference to days remaining to harvest over the average growth cycle.

Our estimates are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

These estimates include the following assumptions:

i Selling prices per gram were determined by estimating average selling price for each respective period. Average selling price for the nine months ended September 30, 2021 and 2020 was $4.09 and $8.56 per gram, respectively;

ii The stage of plant growth at which point of harvest is determined. As of September 30, 2021, and December 31, 2020, the biological assets were on average 60% and 54% completed, respectively;

iii Selling and other fulfillment costs were determined by estimating the average cost per gram, which was $0.53 and $2.72 per gram and equivalent gram of cannabis sold for the nine months ended September 30, 2021 and 2020, respectively;

iv Expected yield per plant varies by strain and is estimated through historical growing results or grower estimate if historical results are not available. Average dry yield per plant for the nine months ended September 30, 2021 and 2020 was 169 and 178 grams per plant, respectively.

Non-controlling Interests

Non-controlling interests are classified as a separate component of equity in Columbia Care's consolidated statements of financial position and statements of changes in equity. Net income (loss) attributable to non-controlling interests are reflected separately in the consolidated statements of comprehensive loss and changes in equity. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. In addition, when a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary will be initially measured at fair value and the difference between the carrying value and fair value of the retained interest will be recorded as a gain or loss.

Deferred Tax Assets and Liabilities

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the respective tax bases of our assets and liabilities. We measure deferred tax assets and liabilities using current enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. We routinely evaluate the likelihood of realizing the benefit of our deferred tax assets and may record a valuation allowance if, based on all available evidence, we determine that some portion of the tax benefit will not be realized.

In evaluating the ability to recover deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of operations. In projecting future taxable income, we consider historical results and incorporate assumptions about the amount of future state, federal and foreign pretax operating income adjusted for items that do not have tax consequences. Our assumptions regarding future taxable income are consistent with the plans and estimates that are used to manage our underlying businesses. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income/(loss). The income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect our best assessment of estimated current and future taxes to be paid. Deferred tax asset valuation allowances and liabilities for unrecognized tax benefits require significant judgment regarding applicable statutes and their related interpretation, the status of various income tax audits and our particular facts and circumstances. Although we believe that the judgments and estimates discussed herein are reasonable, actual results, including forecasted COVID-19 business recovery, could differ, and we may be exposed to losses or gains that could be material. To the extent we prevail in matters for which a liability has been established or are required to pay amounts in excess of the established liability, the effective income tax rate in a given financial statement period could be materially affected.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Our financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, deposits and other current assets, accounts payable, accrued expenses, current taxes payable and other current liabilities like interest payable and payroll liabilities, derivative liability, debt and lease liabilities. The fair values of cash and cash equivalents, accounts and notes receivable, deposits and other current assets, accounts payable, accrued expenses, current taxes payable and other current liabilities like interest payable and payroll liabilities, short-term debt and lease liabilities approximate their carrying values due to the relatively short-term to maturity or because of the market rate of interest used on initial recognition. Columbia Care classifies its derivative liability as fair value through profit and loss (FVTPL).

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels contained within the hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Our assets measured at fair value on a nonrecurring basis include investments, assets and liabilities held for sale, long-lived assets and indefinite-lived intangible assets. We review the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually, for indefinite-lived intangible assets. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered Level 3 measurements.

Financial Risk Management

We are exposed in varying degrees to a variety of financial instrument related risks. Our risk exposures and the impact on our financial instruments is summarized below:

Credit Risk

Credit risk is the risk of a potential loss to us if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at September 30, 2021, is the carrying amount of cash and cash equivalents, accounts receivable and notes receivable. We do not have significant credit risk with respect to our customers. All cash deposits are made with regulated U.S. financial institutions.

The majority of our sales are transacted with cash. We have established credit evaluation and monitoring processes to mitigate credit risk but have limited risk. Through our Columbia Care National Credit program, we provide credit to customers in certain markets in which we operate.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations associated with financial liabilities. We manage liquidity risk through the management of our capital structure. Our approach to managing liquidity is to estimate cash requirements from operations, capital expenditures and investments and ensure that we have sufficient liquid funds for our ongoing operations and to settle obligations and liabilities when due.

We expect to incur increased expenditures related to our operations, including marketing and selling expenses and capital expenditures as we expand our presence in current markets and expand into new markets.

To date, we have incurred significant cumulative net losses and we have not generated significant positive cash flows from our operations. We have therefore depended on financing from sale of our equity and from debt financing to fund our operations. Overall, we do not expect the net cash contribution from our operations and investments to be positive in the near term, and we therefore expect to rely on financing from equity or debt.

Market Risk

In addition to business opportunities and challenges applicable to any business operating in a fast-growing environment, our business operates in a highly regulated and multi-jurisdictional industry, which is subject to potentially significant changes outside of our control as individual states as well as the U.S. federal government may impose restrictions on our ability to grow our business profitably or enact new laws and regulations that open up new markets.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Our cash deposits bear interest at market rates.

Currency Risk

Our operating results and financial position are reported in thousands of U.S. dollars. We may enter into financial transactions denominated in other currencies, which would result in Columbia Care’s operations and financial position being subject to currency transaction and translation risks.

As of September 30, 2021, we had no hedging agreements in place with respect to foreign exchange rates. We have not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. We are subject to price risk for our products due to competitive or regulatory pressures.

Risk Factors; Commitments and Contingencies

For a detailed description of risk factors associated with Columbia Care, refer to the "Risk Factors" section of our AIF, which is available on SEDAR at www.sedar.com. For information regarding contingent liabilities and other potential commitments, including, without limitation, legal and indemnification matters, refer to the "Commitments and Contingencies" section of our condensed interim consolidated financial statements and the accompanying notes for three and nine months ended September 30, 2021 and 2020.

Disclosure Controls and Internal Control over Financial Reporting

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), management is responsible for establishing and maintaining adequate Disclosure Controls and Procedures ("**DCP**") and Internal Control Over Financial Reporting ("**ICFR**").

Disclosure Controls and Procedures

In accordance with NI 52-109, management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of Columbia Care, have evaluated the effectiveness of the Company's DCP. Based upon the results of that evaluation, the Company's CEO and CFO have concluded that as of September 30, 2021, the Company's DCP were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported within the appropriate time periods and forms.

Internal control over financial reporting

ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. Internal control over financial reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of our assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial instruments.

The Company's management, with the participation of the CEO and CFO, assessed the effectiveness of the Company's ICFR and concluded that as of September 30, 2021, the Company's ICFR was effective.

There were no changes to the Company's ICFR during the three months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of controls and procedures

Our management, including the CEO and CFO, believes that any DCP or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within Columbia Care have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Additional Information

Additional information relating to Columbia Care, including our AIF, is available on SEDAR at www.sedar.com. Our Common Shares are listed for trading on the NEO Exchange under the symbol “CCHW”, on the Canadian Securities Exchange under the symbol “CCHW”, on the OTCQX Best Market under the symbol “CCHWF” and on the Frankfurt Stock Exchange under the symbol “3LP”.