

Columbia Care Reports Third Quarter 2019 Financial Results Including 123% Revenue Growth on a Year-over-Year Basis

Third quarter 2019 revenue of \$22.1 million, an increase of 123% over prior year period

Continued organic growth in key markets with 26 dispensaries now operational across 12 jurisdictions, including recent openings in Delaware, Florida and Maryland

The Company has entered into its first M&A transaction with the signing of a definitive agreement to acquire The Green Solution, Colorado's largest vertically integrated cannabis company

NEW YORK--(BUSINESS WIRE)-- Columbia Care Inc. (NEO:CCHW) (OTCQX:CCHWF) (FSE:3LP) ("Columbia Care" or the "Company"), one of the largest fully integrated operators in the global medical cannabis industry with licenses across the US and EU, today reported financial and operating results for its third quarter ended September 30, 2019. All financial information is provided in US dollars unless otherwise indicated.

Third Quarter 2019 Financial Highlights

- Revenue of \$22.1 million, an increase of 123% from the prior year period, and a sequential increase of 25% for retail sales and 15% in aggregate over the second quarter of 2019
- Adjusted EBITDA of (\$11.3) million compared to (\$4.2) million for the prior year period, reflecting on-going execution against the Company's 2019 growth initiatives, including new and existing market expansion, post-construction/pre-approval facility operating expenses, organizational growth and professional fees
- Net loss of \$19.9 million compared to \$5.3 million for the prior year period, reflecting an increase in non-cash expenses as well as the Company's investment in its growth initiatives and the funding of new markets being brought on-line
- Completed and staffed 11 additional dispensaries; requested and awaiting final regulatory approval to operate
- Completed its consolidation of minority interests in the Company's Illinois operations
- \$84.5 million cash on hand as of September 30, 2019, and no debt

Subsequent to the end of the Third Quarter 2019, the Company:

- Announced that it has entered into a definitive agreement to acquire The Green Solution through a stock and note transaction initially valued at \$140 million.
- Launched operations in Maryland while expanding its dispensary footprint in Delaware and Florida. Columbia Care is now operational in 12 of its 15 licensed jurisdictions with additional expansion activities on-going.
- Received approval to operate all 11 dispensaries (including Delaware, Florida, Puerto

Rico and Maryland) that were awaiting final approval at the end of Q3

- Entered into an exclusive agreement with Moeller Pharma GmbH for the development of proprietary, plant-based combination cannabinoid functional health and wellness products
- Entered into voluntary lockup extensions with company founders, board members and its leadership team covering approximately 60% of those shares subject to the Company's original lockup agreement

"We are delighted to report such strong financial and operational performance for the quarter. Despite continued regulatory challenges, we have maintained our focus on driving towards profitability in existing markets, opening new markets, and innovating to ensure we have better and differentiated products and services. In addition, Columbia Care continues to deliver on its key initiatives, and with today's announcement of our first acquisition, The Green Solution, we enter a new phase of the Company's growth cycle, using disciplined M&A as a complement to our core strategy. The combination of these approaches will enable us to maintain our dominant position in the US and global cannabis marketplace," said Nicholas Vita, chief executive officer of Columbia Care. "Our fundamentals continue to be strong with \$22.1M revenue reported in the third quarter, a 123% increase from the prior year, and with almost \$85M in cash and no debt on our balance sheet at quarter end, Columbia Care stands apart in its ability to fund existing growth initiatives while having access to multiple financing options for opportunistic activities. By maintaining financial discipline and focusing on our operational execution, we expect our efforts to translate into strong results for the remainder of 2019 and beyond."

Discussion of Third Quarter 2019 and First Nine Months 2019 Results

Revenue for the third quarter of 2019 totaled \$22.1 million, an increase of 123% compared to the third quarter of 2018. Revenue for the nine-month period ended September 30, 2019 was \$54.3 million, an increase of 92% compared the prior year period.

Revenue increased due to the Company's organic growth in its licensed jurisdictions coupled with higher consumer demand for Columbia Care's medical and wellness cannabis products.

Excluding the impact of fair value adjustments for biological assets, gross profit for the third quarter of 2019 was \$5.3 million, an increase of 42% compared to the third quarter of 2018. For the nine-month period ended September 30, 2019, gross profit, excluding the impact of fair value adjustments for biological assets, was \$15.1 million, an increase of 21% compared to the prior year period.

The Company's gross profit for the third quarter of 2019 was \$15.7 million, an increase of 39% compared to the third quarter of 2018. For the nine-month period ended September 30, 2019, gross profit was \$18.7 million, an increase of 6% compared to the prior year period.

Net loss for the third quarter of 2019 was \$19.9 million, compared to \$5.3 million for the prior year period, primarily due to higher operating expenses related to equity-based compensation expense, salary and benefit expenses and professional fees. Net loss for the nine-month period ended September 30, 2019 was \$78.7 million, compared to \$19.2 million for the prior year period, primarily due to equity-based compensation expense, professional fees, listing fee expense and salary and benefit expense.

Adjusted EBITDA for the third quarter of 2019 was (\$11.3) million, compared to (\$4.2) million for the prior year period. Adjusted EBITDA for the nine-month period ended September 30, 2019 was (\$33.0) million, compared to (\$8.2) million for the prior year period. Changes in Adjusted EBITDA were primarily driven by higher operating expenses. See “Non-IFRS Financial Measures.”

As of September 30, 2019, the Company had \$84.5 million cash on hand and carried no debt.

Conference Call and Webcast Details

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

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

Non-IFRS Financial Measures

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

About Columbia Care Inc.

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

Caution Concerning Forward-Looking Statements

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

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

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Columbia Care's actual results, performance or achievements, or developments in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. When considering these forward-looking statements, readers should keep in mind the risk factors and other cautionary statements in Columbia Care's final prospectus dated March 21, 2019 (the "Prospectus") and filed with the applicable Canadian securities regulatory authorities on SEDAR at www.sedar.com. The risk factors and other factors noted in the Prospectus could cause actual events or results to differ materially from those described in any forward-looking information. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and Columbia Care does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change except as required by applicable securities laws. All of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Columbia Care.

TABLE 1 - CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in US \$ thousands, except share and per share figures, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 29, 2018	September 30, 2019	September 29,
Revenue	\$ 22,120	\$ 9,925	\$ 54,287	\$ 28
Production costs	(16,830)	(6,189)	(39,167)	(15)

Gross profit before fair value adjustments	5,290	3,736	15,120	12
Fair value adjustments biological assets, net	10,389	7,575	3,590	5
Gross profit	15,679	11,311	18,710	17
Operating expenses	(33,819)	(15,056)	(95,013)	(32)
Operating loss	(18,140)	(3,745)	(76,303)	(14)
Other expense, net	(458)	(1,664)	(176)	(3)
Income tax (expense) benefit	(1,264)	95	(2,233)	(1)
Net loss	(19,862)	(5,314)	(78,712)	(19)
Net loss attributable to non-controlling interests	(1,599)	(368)	(1,947)	
Net loss attributable to Columbia Care shareholders \$	(18,263) \$	(4,946) \$	(76,765) \$	(18)
Weighted average common shares outstanding - basic and diluted	216,269,530	163,352,801	207,729,060	161,564

Earnings per
common
share
attributable
to Columbia
Care
shareholders
- basic and
diluted

\$ (0.08) \$ (0.03) \$ (0.37) \$ (

TABLE 2 - RECONCILIATION OF IFRS TO NON-IFRS MEASURES

(in US \$ thousands, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 29, 2018	September 30, 2019	September 29, 2018
Net loss	\$ (19,862)	\$ (5,314)	\$ (78,712)	\$ (19,241)
Income tax expense (benefit)	1,264	(95)	2,233	1,141
Depreciation and amortization	4,231	1,238	10,260	3,386
Net interest and debt amortization	350	1,662	1,175	3,227
EBITDA	\$ (14,017)	\$ (2,509)	\$ (65,044)	\$ (11,487)
Share-based compensation	13,150	5,910	24,539	8,518
Fair value adjustments biological assets, net	(10,389)	(7,575)	(3,590)	(5,194)
Listing fee expense	-	-	11,071	-
Adjusted EBITDA	\$ (11,256)	\$ (4,174)	\$ (33,024)	\$ (8,163)

TABLE 3 - CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(in US \$ thousands, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 29, 2018	September 30, 2019	September 29, 2018
Net cash used in operating activities	\$ (11,332)	\$ (2,892)	\$ (53,626)	\$ (17,007)
Net cash used in investment activities	(26,714)	(1,361)	(58,119)	(7,294)
Net cash (used in) provided by financing activities	(2,758)	12,561	150,010	33,917
Net (decrease) increase in cash	(40,804)	8,308	38,265	9,616
Cash balance - beginning of period	125,310	14,605	46,241	13,297
Cash balance - end of period	84,506	22,913	84,506	22,913

**TABLE 4 - CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(SELECT ITEMS)**

(in US \$ thousands, unaudited)

	September 30, 2019	December 29, 2018
Cash	\$ 84,506	\$ 46,241
Total current assets	172,286	160,122
Property and equipment, net	95,274	39,794
Right of use assets	42,156	-
Total assets	356,974	233,927
Total current liabilities	29,129	15,309
Total liabilities	71,382	30,238
Total equity	285,592	203,689

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