

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___ to ___

Commission File Number: 000-56294



THE CANNABIST COMPANY HOLDINGS INC.
(Exact Name of Registrant as Specified in its Charter)

British Columbia
(State or other jurisdiction of
incorporation or organization)
680 Fifth Ave., 24th Floor
New York, New York
(Address of principal executive offices)

98-1488978
(I.R.S. Employer
Identification No.)
10019
(Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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 provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of November 8, 2023, there were 419,187,861 shares of common stock, no par value per share (the "Common Shares"), outstanding.

Table of Contents

	<u>Page</u>
FORWARD-LOOKING STATEMENTS	2
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Interim Balance Sheets	3
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss	4
Condensed Consolidated Interim Statements of Changes in Equity	5
Condensed Consolidated Interim Statements of Cash Flows	7
Notes to Condensed Consolidated Interim Financial Statements	8
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3. Quantitative and Qualitative Disclosures About Market Risk	31
Item 4. Controls and Procedures	31
PART II. OTHER INFORMATION	32
Item 1. Legal Proceedings	32
Item 1A. Risk Factors	32
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	32
Item 3. Defaults Upon Senior Securities	32
Item 4. Mine Safety Disclosures	32
Item 5. Other Information	32
Item 6. Exhibits	32
Signatures	34

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” regarding The Cannabist Company Holdings Inc. and its subsidiaries (collectively referred to as “Cannabist Company,” “we,” “us,” “our,” or the “Company”). We make forward-looking statements related to future expectations, estimates, and projections that are uncertain and often contain words such as, but not limited to, “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or other similar words or phrases. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and assumptions that are difficult to predict. Particular risks and uncertainties that could cause our actual results to be materially different from those expressed in our forward-looking statements include those listed below:

- the impact of the termination of the Cresco Transaction (as defined herein) on the Company’s current and future operations, financial condition and prospects;
- the costs of the Cresco Transaction (as defined herein);
- the impact of the Company’s corporate restructuring plan;
- 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 public and private capital;
- unfavorable publicity or consumer perception of the cannabis industry;
- expansion to 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;
- 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;
- reliance on management;
- litigation;
- future results and financial projections; and
- the impact of global financial conditions.

The list of factors above is illustrative and by no means exhaustive. Additional information regarding these risks and other risks and uncertainties we face is contained in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2022. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended.

We urge readers to consider these risks and uncertainties in evaluating our forward-looking statements. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

THE CANNABIST COMPANY HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited)
(Expressed in thousands of U.S. dollars, except share data)

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash	\$ 60,273	\$ 48,154
Accounts receivable, net of allowances of \$3,293 and \$3,142, respectively	24,990	10,087
Inventory	118,146	127,905
Prepaid expenses and other current assets	27,320	21,942
Assets held for sale	100	29,089
Total current assets	<u>230,829</u>	<u>237,177</u>
Property and equipment, net	326,725	357,993
Right of use assets - operating leases, net	183,570	174,472
Right of use assets - finance leases, net	38,781	45,423
Deferred taxes	3,467	—
Goodwill	19,274	19,274
Intangible assets, net	127,590	145,265
Other non-current assets	18,158	15,122
Total assets	<u>\$ 948,394</u>	<u>\$ 994,726</u>
Liabilities and Equity		
Current liabilities:		
Accounts payable	41,492	\$ 23,775
Accrued expenses and other current liabilities	55,946	64,574
Income tax payable	44,739	33,961
Current portion of lease liability - operating leases	9,839	6,762
Current portion of lease liability - finance leases	7,154	6,552
Current portion of long-term debt, net	38,098	47,315
Liabilities held for sale	—	20,179
Total current liabilities	<u>\$ 197,268</u>	<u>\$ 203,118</u>
Long-term debt, net	294,401	281,705
Deferred taxes	—	2,903
Long-term lease liability - operating leases	183,083	174,312
Long-term lease liability - finance leases	45,743	50,586
Derivative liability	290	235
Other long-term liabilities	76,823	74,964
Total liabilities	<u>797,608</u>	<u>787,823</u>
Stockholders' Equity:		
Common Stock, no par value, unlimited shares authorized as of September 30, 2023 and December 31, 2022, respectively, 418,915,272 and 391,238,484 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Preferred Stock, no par value, unlimited shares authorized as of September 30, 2023 and December 31, 2022, respectively, none issued and outstanding as of September 30, 2023 and December 31, 2022	—	—
Proportionate voting shares, no par value, unlimited shares authorized as of September 30, 2023 and December 31, 2022, respectively; 9,955,661 and 10,009,819 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Additional paid-in-capital	1,159,007	1,117,287
Accumulated deficit	(1,006,931)	(904,003)
Equity attributable to The Cannabist Company Holdings Inc.	<u>152,076</u>	<u>213,284</u>
Non-controlling interest	(1,290)	(6,381)
Total equity	<u>150,786</u>	<u>206,903</u>
Total liabilities and equity	<u>\$ 948,394</u>	<u>\$ 994,726</u>

The accompanying notes are an integral part of these Condensed Consolidated Interim Balance Sheets.

THE CANNABIST COMPANY HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in thousands of U.S. dollars, except for number of shares and per share amounts)

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenues, net of discounts	\$ 129,183	\$ 132,733	\$ 382,962	\$ 385,391
Cost of sales related to inventory production	(92,041)	(80,462)	(246,617)	(225,645)
Cost of sales related to business combination fair value adjustments to inventory	-	(136)	—	(136)
Gross Margin	\$ 37,142	\$ 52,135	\$ 136,345	\$ 159,610
Selling, general and administrative expenses	(56,472)	(70,845)	(163,895)	(215,093)
Loss from operations	(19,330)	(18,710)	(27,550)	(55,483)
Other expense:				
Interest expense on leases	(1,029)	(1,365)	(3,186)	(4,161)
Interest expense	(13,471)	(12,974)	(38,770)	(35,702)
Other (income) expense, net	(53)	1,321	(12,992)	791
Total other expense	(14,553)	(13,018)	(54,948)	(39,072)
Loss before provision for income taxes	(33,883)	(31,728)	(82,498)	(94,555)
Income tax expense	(2,297)	(6,575)	(19,291)	(25,909)
Net loss and comprehensive loss	(36,180)	(38,303)	(101,789)	(120,464)
Net income (loss) attributable to non-controlling interests	545	(2,872)	1,139	(4,569)
Net loss attributable to shareholders	\$ (36,725)	\$ (35,431)	\$ (102,928)	\$ (115,895)
Weighted-average number of shares used in earnings per share - basic and diluted	409,113,721	399,227,935	405,472,948	389,966,408
Loss attributable to shares (basic and diluted)	\$ (0.09)	\$ (0.09)	\$ (0.25)	\$ (0.30)

The accompanying notes are an integral part of these unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Loss.

THE CANNABIST COMPANY HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in thousands of U.S. dollars, except for number of shares)

	Common Shares	Proportionate Voting Shares	Additional Paid-in Capital	Accumulate d Deficit	Total The Cannabist Company Holdings Inc. Shareholders' Equity	Non- Controlling Interest	Total Equity
Balance as of December 31, 2022	391,238,484	10,009,819	\$ 1,117,287	\$ (904,003)	\$ 213,284	\$ (6,381)	\$ 206,903
Equity-based compensation (1)	2,116,944	—	6,611	—	6,611	—	6,611
Conversion between classes of shares	54,158	(54,158)	—	—	—	—	—
Deconsolidation of subsidiary	—	—	—	—	—	4,383	4,383
Net loss	—	—	—	(37,340)	(37,340)	768	(36,572)
Balance as of March 31, 2023	393,409,586	9,955,661	\$ 1,123,898	\$ (941,343)	\$ 182,555	\$ (1,230)	181,325
Equity-based compensation (1)	3,413,933	—	2,939	—	2,939	—	2,939
Distributions to non-controlling interest holders	—	—	—	—	—	(431)	(431)
Net loss	—	—	—	(28,863)	(28,863)	(174)	(29,037)
Balance, June 30, 2023	396,823,519	9,955,661	\$ 1,126,837	\$ (970,206)	\$ 156,631	\$ (1,835)	154,796
Equity-based compensation (1)	204,513	—	8,298	—	8,298	—	8,298
Issuance of shares	21,887,240	—	23,872	—	23,872	—	23,872
Net loss	—	—	—	(36,725)	(36,725)	545	(36,180)
Balance, September 30, 2023	418,915,272	9,955,661	\$ 1,159,007	\$ (1,006,931)	\$ 152,076	\$ (1,290)	\$ 150,786

(1) The amounts shown are net of any shares withheld by the Company to satisfy certain tax withholdings in connection with vesting of equity-based awards.

The accompanying notes are an integral part of these unaudited Condensed Consolidated Interim Statements of Changes in Equity.

THE CANNABIST COMPANY HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
(Unaudited)
(Expressed in thousands of U.S. dollars, except for number of shares)

	Common Shares	Proportionate Voting Shares	Additional Paid-in Capital	Accumulate d Deficit	Total The Cannabist Company Holdings Inc. Shareholders' Equity	Non- Controlling Interest	Total Equity
Balance as of December 31, 2021	361,423,270	14,729,636	\$ 1,039,726	\$ (468,335)	\$ 571,391	\$ (20,568)	\$ 550,823
Equity-based compensation(1)	237,486	—	6,358	—	6,358	—	6,358
Warrants exercised	180,000	—	425	—	425	—	425
Net loss	—	—	—	(26,636)	(26,636)	(1,270)	(27,906)
Balance as of March 31, 2022	361,840,756	14,729,636	\$ 1,046,509	\$ (494,971)	\$ 551,538	\$ (21,838)	\$ 529,700
Equity-based compensation (1)	21,034,418	—	49,346	—	49,346	—	49,346
Issuance of shares in connection with acquisitions	1,099,549	—	3,178	—	3,178	—	3,178
Cancellation of restricted stock awards	—	—	—	—	—	—	—
Conversion of convertible notes	—	—	—	—	—	—	—
Conversion between classes of shares	2,431,508	(2,431,508)	—	—	—	—	—
Non-controlling interest buyout	—	—	—	(19,663)	(19,663)	19,663	—
Warrants exercised	—	—	—	—	—	—	—
Net loss	—	—	—	(53,828)	(53,828)	(427)	(54,255)
Balance, June 30, 2022	386,406,231	12,298,128	\$ 1,099,033	\$ (568,462)	\$ 530,571	\$ (2,602)	\$ 527,969
Equity-based compensation (1)	—	—	6,780	—	6,780	—	6,780
Issuance of shares in connection with acquisitions	983,040	—	4,431	—	4,431	—	4,431
Conversion between classes of shares	284,239	(284,239)	—	—	—	—	—
Cancellation of restricted stock awards	—	—	—	—	—	—	—
Net loss	—	—	—	(35,431)	(35,431)	(2,872)	(38,303)
Balance, September 30, 2022	387,673,510	12,013,889	\$ 1,110,244	\$ (603,893)	\$ 506,351	\$ (5,474)	\$ 500,877

The amounts shown are net of any shares withheld by the Company to satisfy certain tax withholdings in connection with vesting of equity-based awards.

The accompanying notes are an integral part of these unaudited Condensed Consolidated Interim Statements of Changes in Equity.

THE CANNABIST COMPANY HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(expressed in thousands of U.S. dollars)

	Nine months ended	
	September 30, 2023	September 30, 2022
Cash flows from operating activities:		
Net loss	\$ (101,789)	\$ (120,464)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation and amortization	47,607	63,077
Equity-based compensation	18,304	20,649
Debt amortization expense	7,366	6,278
Earnout adjustment	—	349
Loss on disposal group	10,750	—
Provision for obsolete inventory and other assets	8,126	5,040
(Gain) / loss on remeasurement of contingent consideration	—	(37,362)
Change in fair value of derivative liability	55	(5,940)
Loss on deconsolidation of subsidiary	2,473	—
Deferred taxes	(6,475)	(4,749)
Other	646	682
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable	(15,718)	5,526
Inventory	652	(40,346)
Prepaid expenses and other current assets	(4,933)	7,623
Other assets	12,270	977
Accounts payable	20,092	(8,821)
Payroll liabilities	(86)	—
Accrued expenses and other current liabilities	(7,264)	12,899
Income taxes payable	11,306	(20,636)
Other long-term liabilities	(5,291)	(1,335)
Net cash used in operating activities	(1,909)	(116,553)
Cash flows from investing activities:		
Purchases of property and equipment	(8,260)	(69,362)
Cash paid for acquisitions, net of cash acquired	—	19
Proceeds from sale of plant, property and equipment	3,189	358
Proceeds from deconsolidation of Missouri entity	3,040	—
Proceeds for stock issuance	23,872	—
Cash received (paid) on deposits, net	97	(2,973)
Net cash provided by (used in) investing activities	21,938	(71,958)
Cash flows from financing activities:		
Proceeds from issuance of debt and warrants	—	153,250
Payment of debt issuance costs	(220)	(7,699)
Payment of lease liabilities	(6,153)	(2,965)
Repayment of sellers note	(1,125)	(1,500)
Repayment of debt	(5,592)	(457)
Issuance of Mortgage	8,050	16,500
Distributions to non-controlling interest holders	(431)	—
Exercise of warrants	—	425
Taxes paid on equity based compensation	(456)	(218)
Net cash provided by (used in) financing activities	(5,927)	157,336
Net increase (decrease) in cash	14,102	(31,175)
Cash and restricted cash at beginning of the period	49,488	82,533
Cash and restricted cash at end of period	<u>\$ 63,590</u>	<u>\$ 51,358</u>
Reconciliation of cash and cash equivalents and restricted cash:		
Cash	\$ 60,273	\$ 50,023
Restricted cash	\$ 3,317	\$ 1,335
Cash and restricted cash, end of period	<u>\$ 63,590</u>	<u>\$ 51,358</u>
Supplemental disclosure of cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 19,833	\$ 18,862
Operating cash flows from finance leases	\$ 3,184	\$ 4,355
Financing cash flows from finance leases	\$ 5,084	\$ 4,305
Cash paid for interest on other obligations	\$ 31,274	\$ 24,545
Cash paid for income taxes	\$ 14,979	\$ 51,435
Lease liabilities arising from the recognition of finance right-of-use assets	\$ 1,016	\$ 20,046
Lease liabilities arising from the recognition of operating right-of-use assets	\$ 8,210	\$ 1,891
Supplemental disclosure of non-cash investing and financing activities:		
Non-cash fixed asset additions within accounts payable and accrued expenses	\$ 31	\$ 2,513
Non-cash equity issuance costs within accrued expenses and accounts payable	\$ 147	\$ 7,609

The accompanying notes are an integral part of these unaudited Condensed Consolidated Interim Statements of Cashflows.

THE CANNABIST COMPANY HOLDINGS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023, AND 2022

(Expressed in thousands of U.S. dollars, except for share and per share amounts)

(Unaudited)

1. OPERATIONS OF THE COMPANY

The Cannabist Company Holdings Inc. (“the Company”, “the Parent”, or “Cannabist Company”), formerly known as Columbia Care Inc., was incorporated under the laws of the Province of Ontario on August 13, 2018. The Company’s principal mission is to improve lives by providing cannabis-based health and wellness solutions and derivative products to qualified patients and consumers. The Company’s head office and principal address is 680 Fifth Ave. 24th Floor, New York, New York 10019. The Company’s registered and records office address is 666 Burrard St #1700, Vancouver, British Columbia V6C 2X8.

On April 26, 2019, the Company completed a reverse takeover (“RTO”) transaction and private placement. Following the RTO, the Company’s Common Shares were listed on Cboe Canada (formerly known as the NEO Exchange), trading under the symbol “CCHW”. Effective September 19, 2023, the Company changed its name from “Columbia Care Inc.” to “The Cannabist Company Holdings Inc.” (the “Name Change”). In connection with the Name Change, on September 21, 2023, the Company’s Common Shares and warrants began trading under the ticker symbols “CBST” and “CBST.WT”, respectively, on Cboe Canada. On September 26, 2023, the Company’s Common Shares began trading on the OTCQX Best Market under the ticker symbol “CBSTF”. The Company’s Common Shares are also listed on the Frankfurt Stock Exchange under the symbol “3LP”.

Recent Developments

Mutual Termination of Arrangement Agreement with Cresco Labs:

As previously disclosed, on March 23, 2022, Cannabist Company entered into a definitive arrangement agreement, as amended on February 27, 2023 (the “Arrangement Agreement”) with Cresco Labs LLC (“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 Cannabist Company, pursuant to a statutory plan of arrangement under the *Business Corporations Act* (British Columbia) (the “Arrangement”).

As previously disclosed, Cannabist Company 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 (June 30, 2023) specified in the Arrangement Agreement.

On July 31, 2023, Cannabist Company and Cresco Labs entered into a termination agreement (the “Termination Agreement”), pursuant to which Cannabist Company 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.

Voluntary Delisting of Common Shares from Canadian Securities Exchange:

The Company voluntarily delisted its Common Shares from the facilities of the Canadian Securities Exchange, effective as of market close on August 2, 2023. Cannabist Company’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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP” or “GAAP”) for interim financial information and the rules and regulations of the Securities and Exchange Commission (the “SEC”).

The accompanying unaudited condensed consolidated interim financial statements contain all normal and recurring adjustments necessary to state fairly the consolidated financial condition, results of operations, comprehensive income, statement of shareholders’ equity, and cash flows of the Company for the interim periods presented. Except as otherwise disclosed, all such adjustments consist only of those of a normal recurring nature. Operating results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for the current year ending December 31, 2023. The financial data presented herein should be read in conjunction with the audited consolidated financial statements and accompanying notes as of and for the years ended December 31, 2022, and 2021 included in the Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 Form 10-K”).

The preparation of these unaudited condensed consolidated interim financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from those estimates.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC and the instructions to Form 10-Q.

The unaudited condensed consolidated interim financial statements are presented in United States dollars except as otherwise indicated. All references to C\$, CAD\$ and CDN\$ are to Canadian dollars.

Significant Accounting Judgments, Estimates and Assumptions

The Company’s significant accounting policies are described in Note 2 to the Company’s 2022 Form 10-K, filed with the SEC, on March 29, 2023. There have been no material changes to the Company’s significant accounting policies.

Revenue

The Company’s revenues are disaggregated as follows:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Dispensary	\$ 113,487	\$ 111,960	\$ 336,681	\$ 328,070
Cultivation and wholesale	15,694	20,754	46,246	57,223
Other	2	19	35	98
	<u>\$ 129,183</u>	<u>\$ 132,733</u>	<u>382,962</u>	<u>\$ 385,391</u>

During the three and nine months ended September 30, 2023, the Company netted discounts of \$34,248 and \$102,012, respectively, against the revenues. During the three and nine months ended September 30, 2022, the Company netted discounts of \$26,156 and \$74,775, respectively, against the revenues, respectively. Discounts are provided by the Company during promotional days or weekends. Discounts are also provided to employees, seniors and other categories of customers and may include price reductions and coupons.

Income taxes

The Company calculated its actual effective tax rate for the interim period and applied that rate to the interim period results. In accordance with ASC 740-270, at the end of each interim period the Company is required to determine its best estimate of its annual effective tax rate and apply that rate in providing income taxes on an interim period. However, in certain circumstances when the Company concludes it is unable to reliably estimate the annual effective tax rate for the year, the actual effective tax rate for the interim period may be used. The Company believes that, at this time, the use of the actual effective tax rate is more appropriate than the estimated annual effective tax rate method as the estimated annual effective tax rate method is not reliable due to the high degree of uncertainty in estimating annual pre-tax income due to the stage of growth of the business, and the correlation of Selling, General, and Administrative (“SG&A”) expenses to revenue that are permanently disallowed via Section 280E of the Internal Revenue Code.

Modification of debt

The Company accounts for modifications of debt arrangements in accordance with ASC 470-50 Modifications and Extinguishments (“ASC 470-50”). As such, the Company continues to amortize any remaining unamortized debt discount as of the debt modification

date over the term of the amended debt. The Company expenses any fees paid to third parties and capitalizes creditor fees associated with the modification as a debt discount and amortizes them over the term of the amended debt. There have been no related modifications of the Company's debt for the three and nine month periods ended September 30, 2023.

Business Combinations

We include the results of operations of the businesses that we acquire as of the acquisition date. We allocate the purchase price of the acquisitions to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the fair values of identifiable assets and liabilities is recorded as goodwill. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

3. INVENTORY

Details of the Company's inventory are shown in the table below:

	September 30, 2023	December 31, 2022
Accessories and supplies	\$ 1,570	\$ 1,506
Work-in-process - cannabis in cures and final vault	87,646	92,963
Finished goods - dried cannabis, concentrate and edible products	28,930	33,436
Total inventory	\$ 118,146	\$ 127,905

The inventory values are net of inventory write-downs as a result of obsolescence or unmarketability charged to cost of sales. As a result of certain restructuring efforts, there were write-downs of \$7,489 and \$8,126, respectively, during the three and nine months ended September 30, 2023 compared to \$4,760 and \$7,160 respectively during the three and nine months ended September 30, 2022.

4. CURRENT AND LONG-TERM DEBT

Current and long-term obligations, net, are shown in the table below:

	September 30, 2023	December 31, 2022
2026 Notes	\$ 185,000	\$ 185,000
Term debt	38,215	38,215
2025 Convertible Notes	74,500	74,500
Mortgage Note	43,640	35,965
2023 Convertible Notes	5,600	5,600
Acquisition related real estate notes	—	7,000
Acquisition related promissory notes	1,875	3,000
Acquisition related term debt	—	3,214
	\$ 348,830	352,494
Unamortized debt discount	(7,733)	(12,483)
Unamortized deferred financing costs	(8,598)	(11,016)
Unamortized debt premium	—	25
Total debt, net	\$ 332,499	329,020
Less current portion, net*	(38,098)	(47,315)
Long-term portion	\$ 294,401	\$ 281,705

*The current portion of the debt includes scheduled payments on the mortgage notes, acquisition related promissory notes and acquisition related notes payable, net of corresponding portions of the unamortized debt discount and unamortized deferred financing costs.

The Company was in compliance with all financial covenants and was not in default of any provisions under any of its debt arrangements as of September 30, 2023.

2025 Convertible Notes

On June 29, 2021, the Company completed an offering of 6.0% Secured Convertible Notes Due 2025 ("2025 Convertible Notes") for an aggregate principal amount of \$74,500. The 2025 Convertible Notes are senior secured obligations of the Company and will

accrue interest payable semiannually in arrears and mature on June 29, 2025, unless earlier converted, redeemed or repurchased. The 2025 Convertible Notes shall be convertible, at the option of the holder, from the date of issuance until the date that is 10 days prior to their maturity date into Common Shares of the Company at a conversion price equal to \$6.49 payable on the business day prior to the date of conversion, adjusted downwards for any cash dividends paid to holders of Common Shares and other customary adjustments. The Company may redeem the 2025 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 Cboe Canada for 15 of the 30 trading days immediately preceding the day on which the Company exercises its redemption right, exceeds 120.0% of the conversion price of the 2025 Convertible Notes at a Redemption Price equal to 100.0% of the principal amount of the 2025 Convertible Notes redeemed, plus accrued but unpaid interest, if any, up to but excluding the Redemption Date.

The 2025 Convertible Notes require interest-only payments until June 29, 2025, at a rate of 6.0% per annum, payable semi-annually in June and December and commencing in December 2021. The 2025 Convertible Notes are due in full on June 29, 2025. The Company incurred financing costs of \$3,190 in connection with the 2025 Convertible Notes. The principal amount of the 2025 Convertible Notes and the conversion price are denominated in U.S. dollars. As the functional currency of the Company is Canadian dollars, the amount of the liability to be settled depends on the applicable foreign exchange rate on the date of settlement. The 2025 Convertible Notes therefore represent an obligation to issue a fixed number of shares for a variable amount of liability. Due to this conversion feature within the 2025 Convertible Notes, the Company is unable to obtain an exception from derivative accounting. Accordingly, this conversion feature was accounted for as an embedded derivative liability and measured at fair value of \$15,099 on the date of issuance of debt with a corresponding debt discount, reflected as a reduction to the carrying value of the Convertible Notes. The Company fair values the derivative liability at each balance sheet date. Changes in fair value of the embedded derivative are recognized in the consolidated statements of operations and comprehensive loss. The debt discount is amortized over the term of the 2025 Convertible Notes.

2023 Convertible Notes

On June 19, 2020, the Company completed the first tranche of an offering of senior secured convertible notes (“2023 Convertible Notes”) for an aggregate principal amount of \$12,800. During July 2020, the Company completed subsequent tranches for an aggregate principal amount of \$5,960. The 2023 Convertible Notes can be exchanged into Common Shares at a conversion price of C\$3.79. For the purposes of determining the number of Common Shares issuable upon conversion of the 2023 Convertible Notes, the principal amount of the 2023 Convertible Notes surrendered for conversion shall be deemed converted from U.S. Dollars into Canadian Dollars, using the end-of-day exchange rate published by the Bank of Canada on the date immediately preceding the date that the 2023 Convertible Note is surrendered for conversion. The 2023 Convertible Notes require interest-only payments until December 19, 2023, at a rate of 5.0% per annum, payable semi-annually on June 30 and December 31 commencing on December 31, 2020. The 2023 Convertible Notes are due in full on December 19, 2023. The Company incurred financing costs of \$175 in connection with issuance of the 2023 Convertible Notes. The Company determined that the 2023 Convertible Notes represent an obligation to issue a variable number of shares for a variable amount of liability, as the amount of the liability to be settled depends on the applicable foreign exchange rate at the date of settlement. In accordance with ASC 480 – Distinguishing Liabilities from Equity, a conversion feature within a financial instrument to issue a variable number of equity units fails to meet the definition of equity. Accordingly, such a conversion feature must be accounted for as an embedded derivative liability and measured at fair value with changes in fair value recognized in the consolidated statements of operations and comprehensive loss. Upon initial recognition, the Company recorded a derivative liability of \$5,364 within other long-term liabilities in the consolidated balance sheets and a corresponding debt discount, reflected as a reduction to the carrying value of the 2023 Convertible Notes. The Company fair values the derivative liability at each balance sheet date. Changes in fair value of the embedded derivative are recognized in the consolidated statements of operations and comprehensive loss. The debt discount is amortized over the term of the 2023 Convertible Notes.

Private Placement

On February 3, 2022, Cannabist Company closed a private placement (the “February 2022 Private Placement”) of \$185,000 aggregate principal amount of 9.50% senior-secured first-lien notes due 2026 (the “2026 Notes”) and received aggregate gross proceeds of \$153,250. The 2026 Notes are senior secured obligations of the Company and were issued at 100.0% of face value. The 2026 Notes accrue interest in arrears which is payable semi-annually and mature on February 3, 2026, unless earlier redeemed or repurchased. The Company may redeem the 2026 Notes at par, in whole or in part, on or after February 3, 2024, as more particularly described in the fourth supplemental trust indenture governing the 2026 Notes. In connection with the offering of the 2026 Notes, the Company exchanged \$31,750 of the Company’s existing 13.0% senior secured first-lien notes (the “13.0% Term Debt”), pursuant to private agreements in accordance with the trust indenture, for an equivalent amount of 2026 Notes plus accrued but unpaid interest and any negotiated premium thereon.

The premium and paid interest were paid out of funds raised from the February 2022 Private Placement. The total unamortized debt and debt issuance costs of \$2,153, related to the modified portion of the 13.0% Term Debt, will be amortized over the term of the

2026 Notes using the effective interest method. The Company incurred \$7,189 in creditor fees in connection with the modified 13.0% Term Debt and 2026 Notes and \$301 in third-party legal fees related to 2026 Notes which were capitalized and will be amortized over the term of the 2026 Notes using the effective interest rate method.

Conversion of Convertible notes

In April 2021, the Company offered an incentive program to the holders of the 2023 Convertible Notes, pursuant to which, the Company would issue to each noteholder that surrendered its 2023 Convertible Notes for conversion on or before May 28, 2021, 20 Common Shares of the Company on a private placement basis for each one-thousand US dollars aggregate principal amount of 2023 Convertible Notes surrendered for conversion. Pursuant to this incentive program, 4,550,139 shares were issued upon conversion of \$13,160 of 2023 Convertible Notes. These conversions resulted in recognition of a loss on conversion of \$1,580, write down of derivative liability, debt discount and debt amortization of \$12,127, \$2,855 and \$93, respectively and a corresponding credit to paid in capital of \$23,919. Holders of \$5,600 aggregate principal amount of the 2023 Convertible Notes did not convert their debt into Common Shares and as of September 30, 2023, \$5,600 of the convertible debt issued in 2020 was still outstanding.

Mortgages

In December 2021, the Company entered into a term loan and security agreement with a bank. The agreement provides for \$20,000 mortgage on real property in New York and carries interest at a variable rate per annum equal to the Wall Street Prime Rate (“Index”) plus 2.25%. The debt is repayable in 59 monthly installments and a final balloon payment due on January 1, 2027, which is estimated at \$18,133 as of September 30, 2023. In connection with this mortgage, the Company incurred financing costs of \$655.

In June 2022, the Company entered into a term loan and security agreement with a bank. The agreement provides for \$16,500 mortgage on real property in New Jersey and carries interest at a variable rate per annum equal to the Index plus 2.25%. The debt is repayable in 59 monthly installments and a final balloon payment due on July 15, 2027, which is estimated at \$15,734 as of September 30, 2023. In connection with this mortgage, the Company incurred financing costs of \$209.

On August 10, 2023, the Company entered into two term loans and security agreements with a bank as follows:

- The first agreement provides for a \$6,250 mortgage on real property in Maryland and carries interest at a variable rate per annum equal to the Index plus 2.25%. The debt is repayable in 59 monthly installments and matures in August 2028. In connection with this mortgage, the Company incurred financing costs of \$195 and netted \$2,903 after the repayment of a prior outstanding mortgage on the property.
- The second agreement provides for \$1,800 mortgage on real property in Delaware and carries interest at a variable rate per annum equal to the Index plus 2.25%. The debt is repayable in 59 monthly installments and matures in August 2028. In connection with this mortgage, the Company incurred financing costs of \$77 and netted \$1,723.

Debt Transactions

The Company entered into a non-binding agreement with the September 2023 Investors (as defined in Note 10 below) with respect to the repurchase by the Company of up to \$25 million of principal amount of their holdings in the 6.0% senior secured convertible notes due June 2025 of the Company (the “2025 Convertible Notes”). The purchase price is expected to be payable in Common Shares. Completion of these transactions are subject to definitive documentation and receipt of all necessary regulatory approvals.

Partial Redemption of 13% Notes due 2024

As described further in Note 10, on October 23, 2023, the Company retired \$25 million of its 13% Notes due May 2024 (the “2024 Notes”) through a proportional redemption process. This action supersedes and replaces the prior commitments received from several holders of the 2024 notes to exchange into the Company’s 9.5% senior secured notes due February 2026, on a one-for-one basis.

Term debt

On March 31, 2020 and April 23, 2020, the Company completed the first and second tranches of a private placement of notes (“Private Notes”) for an aggregate principal amount of \$14,250 and \$1,000, respectively. The Private Notes required interest-only payments through March 30, 2024, at a rate of 9.9% per annum, payable semi-annually on March 31 and September 30 commencing

on September 30, 2020. The Private Notes were due in full on March 30, 2024. In connection with the first and second tranche offerings of the Private Notes, the Company issued 1,723,250 common share purchase warrants at an exercise price of C\$3.10.

On May 14, 2020, the Company completed a private placement of an aggregate of 19,115 senior secured first-lien note units (the “May Units”) for aggregate gross proceeds of \$19,115, each May Unit being comprised of (i) \$1,000 principal amount of 2024 Notes and (ii) 120 Common Share purchase warrants (the “May Warrants”) with an exercise price of C\$2.95 per underlying Common Share (the “May Private Placement”). Concurrent with the closing of the May Private Placement, the Private Notes were exchanged for 2024 Notes. In addition, holders of Private Notes were issued additional 130,388 May Warrants with an exercise price of C\$2.95.

On July 2, 2020, the Company completed a second private placement of an aggregate of 4,000 units (the “July Units”) for aggregate gross proceeds of \$4,000, each July Unit being comprised of (i) \$1,000 Notes and (ii) 75 Common Share purchase warrants (the “July Warrants”) with an exercise price of C\$4.53 per underlying Common Share.

On October 29, 2020, November 10, 2020 and November 27, 2020, the Company completed private placements of an aggregate of 20,000, 8,400 and 3,000 units (the “Early November Units”), respectively, for aggregate gross proceeds of \$32,054, each unit being comprised of (i) \$1,000 Notes and (ii) 60 Common Share purchase warrants (the “Fall Warrants” and together with the May Warrants and July Warrants, the “Warrants”) with an exercise price of C\$5.84 per underlying Common Share.

On November 30, 2020, the Company completed another private placement of an aggregate of 200 units (the “Late November Units”) and together with the May Units, the July Units and the Early November Units, respectively for aggregate gross proceeds of \$200, each unit being comprised of (i) \$1,000 Notes and (ii) 125 Fall Warrants.

At the option of the holder, each Warrant could be exchanged for one Common Share. The Warrants expired on May 14, 2023.

The 2024 Notes require interest-only payments through May 14, 2024, at a rate of 13.0% per annum, payable semi-annually on May 31 and November 30, which commenced on November 30, 2020. The 2024 Notes are due in full on May 14, 2024. The Company incurred financing costs of \$3,373 in connection with the issuance of these 2024 Notes. The 2024 Notes contain customary terms and conditions, representations and warranties, and events of default.

Upon initial recognition, the Company recorded \$6,298 to equity reserves, reflecting the fair value of the Warrants issued, with a corresponding reduction to the carrying value of the 2024 Notes. The debt discount will be amortized to interest expense over the term of the 2024 Notes using the effective interest method.

Total interest and amortization expense on the Company’s debt obligations during the three and nine months ended September 30, 2023 and 2022 are as follows:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Interest expense on debt	\$ 10,713	\$ 10,801	\$ 31,746	\$ 29,653
Amortization of debt discount	1,997	1,325	4,648	3,922
Amortization of debt premium	—	(38)	—	(125)
Amortization of debt issuance costs	884	917	2,718	2,481
Other interest income, net	(123)	(31)	(342)	(229)
Total interest expense, net	\$ 13,471	\$ 12,974	\$ 38,770	\$ 35,702

The weighted average interest rate on the Company’s indebtedness was 9.2%.

5. RECENT ACQUISITIONS

Futurevision Holdings, Inc., Futurevision 2020, LLC and Medicine Man Longmont, LLC

On November 1, 2021, the Company acquired (the “Medicine Man Transaction”) a 100% ownership interest in Futurevision Holdings, Inc. and Futurevision 2020, LLC (collectively, “Medicine Man”), through the Agreement and Plan of Merger (the “Merger Agreement”). Concurrently with the Merger Agreement, the Company was granted an option (the “Option”) to purchase Medicine Man Longmont, LLC (“Medicine Man Longmont”). The option was exercised on August 12, 2022 upon completion of the sale of the TGS Longmont location as required under the Merger Agreement, with the correspondent measurement period adjustments applied subsequently to the period of acquisition against goodwill from the acquisition.

Medicine Man was formed in 2010 for the purpose of selling medicinal and recreational cannabis products in the state of Colorado. Medicine Man owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the state of Colorado. The Company executed the Medicine Man Transaction in order to continue to grow revenues; expand its cultivation facilities, manufacturing facilities and dispensaries; and enter, or expand in the Colorado market.

6. PROPERTY AND EQUIPMENT

Details of the Company's property and equipment and related depreciation expense are summarized in the tables below:

	September 30, 2023	December 31, 2022
Land and buildings	\$ 115,276	\$ 128,389
Furniture and fixtures	11,131	8,773
Equipment	43,248	38,467
Computers and software	4,107	3,537
Leasehold improvements	208,654	193,454
Construction in process	52,963	56,398
Total property and equipment, gross	435,379	429,018
Less: Accumulated depreciation	(108,654)	(71,025)
Total property and equipment, net	\$ 326,725	\$ 357,993

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Total depreciation expense for year ended	\$ 10,612	\$ 8,583	\$ 26,109	\$ 23,715
Included in:				
Costs of sales related to inventory production	\$ 6,154	\$ 4,865	15,379	13,353
Selling, general and administrative expenses	\$ 4,458	\$ 3,718	10,730	10,362

Non-core Asset Sales

Following the announcement of the first stage of non-core/underperforming asset sales in Missouri, during the quarter ended September 30, 2023 the Company closed on the sale of its Downtown Los Angeles facility, consisting of a single dispensary and a cultivation facility. Gross proceeds were approximately \$9 million, with net proceeds approximately \$3 million after taxes and the repayment of the outstanding mortgage.

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Details of the Company's prepaid expenses and other current assets are summarized in the table below:

	September 30, 2023	December 31, 2022
Prepaid expenses	\$ 8,687	7,151
Short term deposits	2,615	1,814
Other current assets	15,708	12,286
Excise and sales tax receivable	310	691
Prepaid expenses and other current assets	\$ 27,320	\$ 21,942

8. OTHER NON-CURRENT ASSETS

Details of the Company's other non-current assets are summarized in the table below:

	September 30, 2023	December 31, 2022
Long term deposits	\$ 8,694	\$ 8,090
Indemnification receivable	2,774	2,774
Investment in affiliates	774	775
Restricted cash	3,317	1,335
Notes receivable	2,599	2,148
Other non-current assets	\$ 18,158	\$ 15,122

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Details of the Company's accrued expenses and other current liabilities are summarized in the table below:

	September 30, 2023	December 31, 2022
Accrued acquisition and settlement of pre-existing relationships	\$ —	\$ 100
Taxes - property and other	10,125	9,306
Other accrued expenses	24,902	29,021
Payroll liabilities	14,421	14,516
Other current liabilities	6,498	10,011
Construction in progress	—	1,620
Accrued expenses and other current liabilities	\$ 55,946	\$ 64,574

As of September 30, 2023, other accrued expenses include approximately \$14,529 relating to a combination of indemnification claims, notices and demand letters received by the Company, including, without limitation, potential disputes arising out of the Green Leaf Transaction, together with a general accrual for estimated fees anticipated to close these matters. The outcome of any of these matters cannot yet be determined with any certainty and the Company will continue to rigorously defend any claims made against it.

10. SHAREHOLDERS' EQUITY

The Company had the following activity during the nine months ended September 30, 2023:

- Issued 5,735,390 Common Shares upon vesting of Restricted Stock Units (RSUs) during the nine months ended September 30, 2023.
- Issued 21,887,240 Common Shares in connection with the September 2023 Offering (as defined below).

September 2023 Offering

On September 18, 2023, the Company entered into subscription agreements with institutional investors (the "September 2023 Investors") for the purchase and sale of 22,244,210 units of the Company (the "September 2023 Units") at a price of C\$1.52 per September 2023 Unit (the "Issue Price") pursuant to a private placement (the "September 2023 Offering"), for aggregate gross proceeds of approximately C\$33.8 million or approximately \$25 million (the "Initial Tranche"). Each September 2023 Unit consists of one Common Share (or Common Share equivalent) and one half of one warrant that entitles the holder to acquire one Common Share at a price of C\$1.96 per Common Share, a 29% premium to issue, for a period of three years following the closing of the Initial Tranche (each full warrant, a "September 2023 Warrant"). The Initial Tranche consisted of an aggregate of 21,887,240 Common Shares, 11,122,105 September 2023 Warrants and 356,970 pre-funded warrants that provide the holder the right to purchase one Common Share at an exercise price of C\$0.0001 per Common Share (the "September 2023 Pre-Funded Warrants"). The September 2023 Offering closed on September 21, 2023.

The Company used the proceeds from the September 2023 Offering to reduce its outstanding indebtedness, as described further in Note 19 below.

The September 2023 Investors had the option to purchase \$25 million in additional September 2023 Units at a price equal to the Issue Price, upon written notice to the Company at any time up to November 2, 2023, which was not exercised. In connection with the September 2023 Offering, the Company and the September 2023 Investors entered into a customary registration rights agreement, pursuant to which the Company filed a registration statement on Form S-1 on October 17, 2023, which became effective on October 26, 2023, to register the resale of the Common Shares underlying the September 2023 Units. The September 2023 Units are subject to limited lock-up requirements.

11. WARRANTS

As of September 30, 2023 and December 31, 2022, outstanding equity-classified warrants to purchase Common Shares consisted of the following:

Expiration	September 30, 2023		December 31, 2022	
	Number of Shares Issued and Exercisable	Exercise Price (Canadian Dollars)	Number of Shares Issued and Exercisable	Exercise Price (Canadian Dollars)
May 8, 2021	—	5.71	—	5.71
October 1, 2025	648,783	8.12	648,783	8.12
April 26, 2024	5,394,945	10.35	5,394,945	10.35
March 31, 2023	—	3.10	1,723,250	3.10
May 14, 2023	—	2.95	1,818,788	2.95
May 14, 2023	—	4.53	—	4.53
May 14, 2023	—	5.84	1,897,000	5.84
	<u>6,043,728</u>	\$ 10.11	<u>11,482,766</u>	\$ 7.22

Warrant activity for the nine months ended September 30, 2023 and 2022 are summarized in the table below:

	Number of Warrants	Weighted average exercise price (Canadian Dollars)
Balance as of December 31, 2021	11,662,766	\$ 7.15
Exercised	(180,000)	2.95
Balance as of September 30, 2022	11,482,766	7.22
Balance as of December 31, 2022	11,482,766	7.22
Exercised	—	—
Expired	(5,439,038)	4.01
Balance as of September 30, 2023	6,043,728	10.11

12. LOSS PER SHARE

Basic and diluted net loss per share attributable to the Company was calculated as follows:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Numerator:				
Net loss	\$ (36,180)	\$ (38,303)	\$ (101,789)	\$ (120,464)
Less: Net loss attributable to non-controlling interests	545	(2,872)	1,139	(4,569)
Net loss attributable to shareholders	<u>\$ (36,725)</u>	<u>\$ (35,431)</u>	<u>\$ (102,928)</u>	<u>\$ (115,895)</u>
Denominator:				
Weighted average shares outstanding - basic and diluted	409,113,721	399,227,935	405,472,948	389,966,408
Loss per share - basic and diluted	<u>\$ (0.09)</u>	<u>\$ (0.09)</u>	<u>\$ (0.25)</u>	<u>\$ (0.30)</u>

Certain share-based equity awards were excluded from the computation of dilutive loss per share because inclusion of these awards would have had an anti-dilutive effect.

13. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners, and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and senior management that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited.

The Green Leaf Transaction closed on June 11, 2021. By letters dated April 22, 2022, June 1, 2022 and March 14, 2023, the Company notified the shareholder representative (“SRS”) for the former Green Leaf shareholders that the Company was seeking indemnification of approximately \$11 million for certain preclosing taxes paid by the Company on behalf of the former Green Leaf shareholders. By letter dated July 14, 2022, SRS notified the Company that the former Green Leaf shareholders were making an indemnification claim to the Company for \$17.6 million related to alleged damages arising out of certain alleged undisclosed and under-disclosed litigation matters. By letter dated October 6, 2022, SRS sent an updated demand letter seeking in excess of \$75 million from the Company. In addition to the claims raised in SRS’s July 14, 2022 letter, SRS demanded payment of at least \$58 million for Green Leaf’s purported achievement of a milestone payout contemplated in the Green Leaf Transaction for the time period July 1, 2021 to June 30, 2022. The Company, based on a third-party assessment, determined that the milestone was not achieved. The parties engaged in preliminary negotiations, including a non-binding mediation, about the possibility of entering into a global resolution of outstanding disputes. On March 2, 2023, SRS filed a complaint in the Circuit Court for Baltimore City, Maryland (the “Court”) against the Company, a Company subsidiary, the Company’s Chairman, CEO and CFO, as well as the third-party firm that prepared the aforementioned assessment, seeking in excess of \$72 million in damages, in addition to punitive damages, based on asserted legal claims of breach of contract, fraud and intentional misrepresentation, negligent misrepresentation, tortious interference with a contract, breach of a fiduciary duty, aiding and abetting a breach of a fiduciary duty and civil conspiracy. On August 29, 2023, the Court dismissed all claims in the Complaint other than the breach of contract claim, thereby resulting in the Company’s Chairman, CEO and CFO, as well as the third-party firm that prepared the aforementioned assessment, no longer being parties in the lawsuit. On October 20, 2023, SRS as well as certain former Green Leaf executives, as individuals and on behalf of former Green Leaf shareholders, filed an amended complaint against the Company and a subsidiary of the Company asserting breach of contract claims. The Company will assert defenses with respect to the claims in the amended complaint. However, there can be no assurance that such defenses will be successful and, if they are not successful, that the direct or indirect losses will not be material. Separately, the Company intends to continue to pursue legal recourse against the former Green Leaf shareholders with respect to the approximately \$11 million owed to the Company for certain preclosing tax payments.

Additionally, the Company may be contingently liable with respect to other claims incidental to the ordinary course of its operations. In the opinion of management, and based on management’s consultation with legal counsel, the ultimate outcome of such other matters will not have a materially adverse effect on the Company. Accordingly, no provision has been made in these consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise.

14. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Fair Value Measurements

The following table presents the Company’s financial instruments that are measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
September 30, 2023				
Derivative liability	\$ —	\$ —	\$ (290)	\$ (290)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (290)</u>	<u>\$ (290)</u>
December 31, 2022				
Derivative liability	\$ —	\$ —	\$ (235)	\$ (235)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (235)</u>	<u>\$ (235)</u>

During the period included in these financial statements, there were no transfers of amounts between levels.

The following table summarizes the valuation techniques and key inputs used in the fair value measurement of Level 3 financial instruments:

Financial asset/financial liability	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Derivative liability	Market approach	Conversion Period	Increase or decrease in conversion period will result in an increase or decrease in fair value

The carrying amounts of cash and restricted cash, accounts receivable, and other current assets, accounts payable, accrued expenses, and other current liabilities, current portion of long-term debt and lease liability as of September 30, 2023 and December 31, 2022 approximate their fair values because of the short-term nature of these items and are not included in the table above. The Company’s other long-term payables, long-term debt and lease liabilities approximate fair value due to the market rate of interest used on initial recognition.

In addition to the disclosures for assets and liabilities required to be measured at fair value at the balance sheet date, companies are required to disclose the estimated fair values of all financial instruments, even if they are not presented at their fair value on the consolidated balance sheet. The fair values of financial instruments are estimates based upon market conditions and perceived risks as of September 30, 2023 and December 31, 2022. These estimates require management's judgment and may not be indicative of the future fair values of the assets and liabilities.

15. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

	September 30, 2023	December 31, 2022
Goodwill	\$ 189,917	\$ 189,917
Less: Accumulated impairment on goodwill	(170,643)	(170,643)
Total goodwill, net	<u>19,274</u>	<u>19,274</u>
Licenses	154,948	156,911
Trademarks	45,936	45,936
Customer Relationships	15,263	16,944
Total intangible assets	216,147	219,791
Less: Accumulated amortization	(88,557)	(74,526)
Total intangible assets, net	<u>\$ 127,590</u>	<u>\$ 145,265</u>

The amortization expense for the three and nine months ended September 30, 2023 and 2022 are as follows:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Amortization expenses	4,577	10,936	14,031	33,594

16. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses are summarized in the table below:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Salaries and benefits	\$ 29,603	\$ 32,651	\$ 83,360	\$ 97,471
Professional fees	3,806	4,580	9,943	16,254
Depreciation and amortization	9,716	14,881	26,768	44,809
Operating facilities costs	10,207	10,056	31,282	31,151
Operating office and general expenses	1,911	2,491	5,949	8,124
Advertising and promotion	974	3,204	4,144	11,566
Other fees and expenses	255	2,982	2,449	5,718
Total selling, general and administrative expenses	<u>\$ 56,472</u>	<u>\$ 70,845</u>	<u>\$ 163,895</u>	<u>\$ 215,093</u>

17. OTHER (INCOME) EXPENSE, NET

Other expense, net is summarized in the table below:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Change in fair value of the derivative liability	\$ 25	(243)	\$ 55	\$ (5,940)
Acquisition and settlement of pre-existing relationships	—	(37,362)	—	(37,362)
Loss on deconsolidation	—	—	2,473	—
Earnout adjustment	—	(127)	—	349
Restructuring expense	568	—	3,812	—
Other (income) expense, net	17	37,369	(93)	44,775
Loss on disposal of group	40	—	9,089	—
Rental income	(597)	(958)	(2,344)	(2,613)
Total other (income) expense, net	\$ 53	\$ (1,321)	\$ 12,992	\$ (791)

During the year 2022, the Company implemented three separate rounds of restructuring initiatives. The first round of restructuring initiatives, Round 1, began in May 2022, with the decision to close the Company's Europe-based operations. The third and final round of 2022, Round 3, began in early November 2022 and involved headcount and canopy reduction.

During the nine months ended September 30, 2023 the Company recorded \$3,812 in restructuring expense. As of September 30, 2023 the balance outstanding on the Company's restructuring reserve was \$2,412.

18. DIVESTITURE

Columbia Care MO, LLC is licensed to sell medical and adult-use marijuana at its dispensary, as well as produce medical and adult-use marijuana products at its processing facility. The Company supported Columbia Care MO, LLC through management services agreements. In 2022, the Company began considering strategic options for Columbia Care MO, LLC, including the potential for the sale of its associated assets and liabilities (the "Missouri Business"). On March 13, 2023, a definitive agreement was signed to sell the Missouri Business, which is considered non-core, and the Company no longer operated the Missouri Business as of that date. The assets of the Missouri Business are comprised of one dispensary and one processing facility and are being divested for gross proceeds of approximately \$7 million, approximately \$3 million of which is outstanding as of September 30, 2023.

As of September 30, 2023, no assets or liabilities of the disposed-of business remained on our consolidated balance sheets. The table below summarizes the operating results of Columbia Care MO, LLC for the nine and three months ended September 30, 2023, and 2022:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue	\$ —	\$ 159	\$ 221	\$ 403
Expenses	\$ —	\$ 1,783	\$ 1,668	\$ 2,779

19. SUBSEQUENT EVENTS

Debt Redemption

As described in Note 10 above, on September 18, 2023, the Company raised gross proceeds of approximately \$25 million through the issuance of additional equity. On October 23, 2023, the Company used these proceeds to retire \$25 million of its 13% Notes due May 2024 through a proportional redemption process.

Divestiture of non-core Asset

On October 6, 2023, the Company entered into a definitive agreement, subject to closing conditions, to dispose of its Utah operations (the "Utah Business") which are considered non-core and comprised of one dispensary and one cultivation facility. The Utah Business is being divested for gross proceeds of approximately \$6.6 million, with approximately \$4 million due on closing of the transaction, and a \$2.6 million seller note payable to the Company not later than July 2025.

Share buy-back Authorization

On November 6, 2023, the Company's Board of Directors authorized a normal course issuer bid (the "NCIB") to repurchase up to 15 million of its issued and outstanding Common Shares, but in no event to exceed \$5 million in total over the course of the NCIB. The NCIB is subject to the approval of the CBOE Canada Exchange (the "CBOE") and will be in effect for up to the next 12 months.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

This management’s discussion and analysis (“MD&A”) of the financial condition and results of operations of The Cannabist Company Holdings Inc. (“Cannabist Company”, the “Company”, “us”, “our” or “we”) is supplemental to, and should be read in conjunction with, Cannabist Company’s unaudited condensed consolidated interim financial statements and the accompanying notes for the three and nine months ended September 30, 2023 and 2022. Except for historical information, the discussion in this section contains forward-looking statements that involve risks and uncertainties. Future results could differ materially from those discussed below for many reasons, including the risks described in “Disclosure Regarding Forward-Looking Statements,” “Item 1A-Risk Factors” and elsewhere in the Company’s 2022 Form 10-K filed with the SEC on March 29, 2023 and subsequent securities filings.

Cannabist Company’s financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). Financial information presented in this MD&A is presented in thousands of United States dollars (“\$” or “US\$”), unless otherwise indicated.

OVERVIEW OF CANNABIST COMPANY

Our principal business activity is the production and sale of cannabis. 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.

CANNABIST COMPANY OBJECTIVES AND FACTORS AFFECTING OUR PERFORMANCE

As one of the largest fully integrated operators in the 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 and customer-centric, leveraging health and wellness focus
- Consistency and quality of proprietary product portfolio, including branded consumer 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 is critical to our continued success. Effective September 2023, the Company changed its name from “Columbia Care Inc.” to “The Cannabist Company Holdings Inc.” reflecting the Company’s “Cannabist” national retail brand that was established in 2021.

Regulation

We are subject to the local and federal laws in the jurisdictions in which we operate. 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 is 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 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) future development 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.

SELECTED FINANCIAL INFORMATION

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

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, 2023	September 30, 2022	\$ Change	% Change	September 30, 2023	September 30, 2022	\$ Change	% Change
Revenues	\$129,183	\$132,733	\$(3,550)	(3)%	\$382,962	\$385,391	\$(2,429)	(1)%
Cost of sales related to inventory production	(92,041)	(80,462)	(11,579)	14%	(246,617)	(225,645)	(20,972)	9%
Cost of sales related to business combination fair value adjustments to inventories	—	(136)	136	(100)%	—	(136)	136	(100)%
Gross profit	\$37,142	\$52,135	\$(14,993)	(29)%	\$136,345	\$159,610	\$(23,265)	(15)%
Selling, general and administrative expenses	(56,472)	(70,845)	14,373	(20)%	(163,895)	(215,093)	51,198	(24)%
Loss from operations	(19,330)	(18,710)	(620)	3%	(27,550)	(55,483)	27,933	(50)%
Other expense, net	(14,553)	(13,018)	(1,535)	12%	(54,948)	(39,072)	(15,876)	41%
Income tax expense	(2,297)	(6,575)	4,278	(65)%	(19,291)	(25,909)	6,618	(26)%
Net loss	(36,180)	(38,303)	2,123	(6)%	(101,789)	(120,464)	18,675	(16)%
Net income (loss) attributable to non-controlling interests	545	(2,872)	3,417	(119)%	1,139	(4,569)	5,708	(125)%
Net loss attributable to The Cannabist Company Holdings Inc.	\$(36,725)	\$(35,431)	\$(1,294)	4%	\$(102,928)	\$(115,895)	\$12,967	(11)%
Loss per share attributable to The Cannabist Company Holdings Inc.—based and diluted	\$(0.09)	\$(0.09)	\$(0.00)	1%	\$(0.25)	\$(0.30)	\$0.04	(15)%
Weighted average number of shares outstanding—basic and diluted	409,113,721	399,227,935			405,472,948	389,966,408		

Summary of Balance Sheet items:

	September 30, 2023	December 31, 2022
Total Assets	\$ 948,394	\$ 994,726
Total Liabilities	\$ 797,608	\$ 787,823
Total Long-Term Liabilities	\$ 600,340	\$ 584,705
Total Equity	\$ 150,786	\$ 206,903

RESULTS OF OPERATIONS

Comparison of the three and nine months ended September 30, 2023 and 2022

The following table summarizes our results of operations for the three months ended September 30, 2023 and 2022:

	For the three months ended			
	September 30, 2023	September 30, 2022	\$ Change	% Change
Revenues	\$ 129,183	\$ 132,733	\$ (3,550)	(3)%
Cost of sales related to inventory production	(92,041)	(80,462)	(11,579)	14%
Cost of sales related to business combination fair value adjustments to inventories	—	(136)	136	(100)%
Gross profit	\$ 37,142	\$ 52,135	\$ (14,993)	(29)%
Selling, general and administrative expenses	(56,472)	(70,845)	14,373	(20)%
Loss from operations	(19,330)	(18,710)	(620)	3%
Other expense, net	(14,553)	(13,018)	(1,535)	12%
Loss before provision for income taxes	(33,883)	(31,728)	(2,155)	7%
Income tax expense	(2,297)	(6,575)	4,278	(65)%
Net loss	(36,180)	(38,303)	2,123	(6)%
Net income (loss) attributable to non-controlling interests	545	(2,872)	3,417	(119)%
Net loss attributable to The Cannabist Company Holdings Inc.	\$ (36,725)	\$ (35,431)	\$ (1,294)	4%

Revenues

The decrease in revenue of \$3,550 for the three months ended September 30, 2023, as compared to the prior year period, was driven by the net decline in revenue of \$9,804 in our existing retail and wholesale operations and a decline of \$4,215 from the sale or closure of certain operations. This was partly offset by the expansion of new retail facilities which contributed to a revenue growth of \$10,469 during the three months ended September 30, 2023, as compared to the prior period.

Cost of Sales

The increase in cost of sales of \$11,579 for the three months ended September 30, 2023, as compared to the prior year period, was driven by a cost of sales increase of \$12,030 in our existing retail and wholesale operations, including from inventory impairment, and by \$3,363 from the expansion of new retail facilities. This was partly offset by a decline of \$3,813 from the sale or closure of certain operations during the three months ended September 30, 2023, as compared to the prior period.

Gross Profit

The decrease in gross profit of \$14,993 for the three months ended September 30, 2023, as compared to the prior year period, was primarily driven by a gross profit decrease of \$19,956 in our existing wholesale and retail facilities, including from inventory impairment, and a decrease of \$402 from the sale or closure of certain operations. This was offset by an expansion of new retail facilities contributing gross profit growth of \$5,365 during the three months ended September 30, 2023, as compared to the prior period.

Operating Expenses

The decrease of \$14,373 in operating expenses for the three months ended September 30, 2023, as compared to the prior year period, was primarily attributable to a decrease in salary and benefits expenses of \$3,048, depreciation and amortization of \$5,165, professional fees of \$774, advertisement and promotion expenses of \$2,230, and operating office and general expenses of \$2,727.

Other Expense, Net

The increase in other expense, net of \$1,535 for the three months ended September 30, 2023, as compared to the prior year period, was primarily due to an increase in interest expense on debt of \$497, loss on disposal of group of \$40, restructuring expense of \$568, decrease in acquisition and settlement of pre-existing relationships of \$37,362, decrease in rental income of \$361, decrease in change in fair value of the derivative liability of \$268, and decrease in earnout adjustment income of \$127. This was partially offset by a decrease in other expenses of \$37,352, and interest on lease of \$336.

Provisions for Income Taxes

The Company recorded income tax expense of \$2,297 for the three months ended September 30, 2023, as compared to an income tax expense of \$6,575 for the three months ended September 30, 2022.

At September 30, 2023 the company has a Deferred Tax Asset of approximately \$16,661 related to its acquisition of VentureForth LLC, which occurred during 2022. The consideration paid to acquire 100% of the VentureForth Holdings LLC partnership interests was expensed for book purposes. For tax purposes, such consideration is capitalized as the transaction is treated as a deemed asset purchase for tax purposes. Such treatment results in a Deferred Tax Asset. However, because of the limitations of Section 280E of the Internal Revenue Code, the company does not expect to recognize the full tax benefit for this specific deferred tax asset.

The following table summarizes our results of operations for the nine months ended September 30, 2023 and 2022:

	For the Nine months ended			
	September 30, 2023	September 30, 2022	\$ Change	% Change
Revenues	\$ 382,962	\$ 385,391	\$ (2,429)	(1)%
Cost of sales related to inventory production	(246,617)	(225,645)	(20,972)	9%
Cost of sales related to business combination fair value adjustments to inventories	—	(136)	136	(100)%
Gross profit	\$ 136,345	\$ 159,610	\$ (23,265)	(15)%
Selling, general and administrative expenses	(163,895)	(215,093)	51,198	(24)%
Loss from operations	(27,550)	(55,483)	27,933	(50)%
Other expense, net	(54,948)	(39,072)	(15,876)	41%
Loss before provision for income taxes	(82,498)	(94,555)	12,057	(13)%
Income tax expense	(19,291)	(25,909)	6,618	(26)%
Net loss	(101,789)	(120,464)	18,675	(16)%
Net income (loss) attributable to non-controlling interests	1,139	(4,569)	5,708	(125)%
Net loss attributable to The Cannabist Company Holdings Inc.	<u>\$ (102,928)</u>	<u>\$ (115,895)</u>	<u>\$ 12,967</u>	<u>(11)%</u>

Revenues

The decrease in revenue of \$2,429 for the nine months ended September 30, 2023, as compared to the prior year period, was driven by the net decline in revenue of \$18,339 in our existing retail and wholesale operations and a decline of \$10,369 from the sale or closure of certain operations. This was partly offset by the expansion of new retail facilities which contributed to a revenue growth of \$26,279 during the nine months ended September 30, 2023, as compared to the prior period.

Cost of Sales

The increase in cost of sales of \$20,972 for the nine months ended September 30, 2023, as compared to the prior year period, was driven by a cost of sales increase of \$21,312 in our existing retail and wholesale operations, including from inventory impairment, and by \$8,361 from the expansion of new retail facilities. This was partly offset by a decline of \$8,323 from the sale or closure of certain operations during the nine months ended September 30, 2023, as compared to the prior period.

Gross Profit

The decrease in gross profit of \$23,265 for the nine months ended September 30, 2023, as compared to the prior year period, was primarily driven by a gross profit decrease of \$35,352 in our existing wholesale and retail facilities, including from inventory impairment, and a decrease of \$2,046 from the sale or closure of certain operations. This was offset by an expansion of new retail facilities contributing gross profit growth of \$14,133 during the nine months ended September 30, 2023, as compared to the prior period.

Operating Expenses

The decrease of \$51,198 in operating expenses for the nine months ended September 30, 2023, as compared to the prior year period, was primarily attributable to a decrease in salary and benefits expenses of \$14,111, depreciation and amortization of \$18,041, professional fees of \$6,311, advertisement and promotion expenses of \$7,422, operating office and general expenses of \$2,175, and other fees and expenses of \$3,269. This was partially offset by an increase in operating facilities costs of \$131.

Other Expense, Net

The increase in other expense, net of \$15,876 for the nine months ended September 30, 2023, as compared to the prior year period, was primarily due to an increase in interest expense on debt of \$3,068, loss on disposal of group of \$9,089, loss on deconsolidation of \$2,473, restructuring expense of \$3,812, decrease in acquisition and settlement of pre-existing relationships of \$37,362, decrease in rental income of \$269, and decrease in change in fair value of the derivative liability of \$5,995. This was partially offset by a decrease in other expenses of \$44,868, earnout adjustment of \$349, and interest on lease of \$975.

Provisions for Income Taxes

The Company recorded income tax expense of \$19,291 for the nine months ended September 30, 2023, as compared to an income tax expense of \$25,909 for the nine months ended September 30, 2022.

At September 30, 2023 the company has a Deferred Tax Asset of approximately \$16,661 related to its acquisition of VentureForth LLC, which occurred during 2022. The consideration paid to acquire 100% of the VentureForth Holdings LLC partnership interests was expensed for book purposes. For tax purposes, such consideration is capitalized as the transaction is treated as a deemed asset purchase for tax purposes. Such treatment results in a Deferred Tax Asset. However, because of the limitations of Section 280E of the Internal Revenue Code, the company does not expect to recognize the full tax benefit for this specific deferred tax asset.

Non-GAAP Measures

We use certain non-GAAP measures, referenced in this MD&A. These measures are not recognized measures under GAAP and do not have a standardized meaning prescribed by GAAP 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 GAAP. We use non-GAAP measures including EBITDA, Adjusted EBITDA and Adjusted EBITDA margin which may be calculated differently by other companies. These non-GAAP 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 GAAP measures. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented. We also recognize that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of companies within our industry. Finally, we use non-GAAP 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.

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, 2023, and 2022:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net loss	\$ (36,180)	\$ (38,303)	\$ (101,789)	\$ (120,464)
Income tax	2,297	6,575	19,291	25,909
Depreciation and amortization	17,929	21,808	47,607	63,077
Interest expense, net and debt amortization	14,500	14,339	41,956	38,507
EBITDA (Non-GAAP measure)	\$ (1,454)	\$ 4,419	\$ 7,065	\$ 7,029
Adjustments:				
Share-based compensation	8,321	6,597	18,304	20,649
Fair-value mark-up for acquired inventory	—	136	—	136
Transaction and other non-core costs, including costs associated with the Cresco transaction, litigation expenses and other costs related to restructuring	1,720	10,084	4,502	28,097
Fair-value changes on derivative liabilities	25	(243)	55	(5,940)
Restructuring expense	11,147	—	14,391	—
Loss on deconsolidation	694	—	3,167	—
Impairment on disposal group	40	—	9,689	—
Adjusted EBITDA (Non-GAAP measure)	\$ 20,493	\$ 20,993	\$ 57,173	\$ 49,971
Revenue	\$ 129,183	\$ 132,733	\$ 382,962	\$ 385,391
Adjusted EBITDA (Non-GAAP measure)	20,493	20,993	57,173	49,971
Adjusted EBITDA margin (Non-GAAP measure)	15.9 %	15.8 %	14.9 %	13.0 %
Revenue	\$ 129,183	\$ 132,733	\$ 382,962	\$ 385,391
Gross profit	37,142	52,135	136,345	159,610
Gross margin	28.8 %	39.3 %	35.6 %	41.4 %

Adjusted EBITDA

The decrease in Adjusted EBITDA for the three months ended September 30, 2023, as compared to the prior year period, was primarily driven by declines in gross profit in the ongoing wholesale and retail operations and through restructuring and disposal activity, partially offset by improved leverage of revenues across selling, general, and administrative expenses such as facility costs, salary costs, and benefit costs.

The increase in Adjusted EBITDA for the nine months ended September 30, 2023, as compared to the prior year period, was primarily driven by improved leverage of revenues across selling, general, and administrative expenses, such as facility costs, salary costs, and benefit costs, primarily achieved through restructuring activities. This was partially offset by gross profit declines in the ongoing wholesale and retail operations.

Our future financial results are subject to significant potential fluctuations caused by, among other things, 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, on a local, state and federal level.

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 and are earning revenues from our operations. However, we have sustained losses since inception and 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 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, 2023, we did not have any significant external capital requirements.

Recent Financing Transactions

Private Placement

On February 3, 2022, Cannabist Company closed a private placement of \$185,000 aggregate principal amount of 9.50% senior-secured first-lien notes due 2026 (the “2026 Notes”) and received aggregate gross proceeds of \$153,250. The 2026 Notes are senior secured obligations of the Company and were issued at 100.0% of face value. The 2026 Notes accrue interest in arrears which is payable semi-annually and mature on February 3, 2026, unless earlier redeemed or repurchased. The Company may redeem the 2026 Notes at par, in whole or in part, on or after February 3, 2024, as more particularly described in the fourth supplemental trust indenture governing the 2026 Notes. In connection with the offering of the 2026 Notes, the Company exchanged \$31,750 of the Company’s existing 13.0% Term Debt, pursuant to private agreements in accordance with the trust indenture, for an equivalent amount of 2026 Notes plus accrued but unpaid interest and any negotiated premium thereon.

The premium and paid interest were paid out of funds raised from the February 2022 Private Placement. The total unamortized debt and debt issuance costs of \$2,153, related to the modified portion of the 13.0% Term Debt, will be amortized over the term of the 2026 Notes using the effective interest method. The Company incurred \$7,189 in creditor fees in connection with the modified 13.0% Term Debt and 2026 Notes and \$301 in third-party legal fees related to 2026 Notes which were capitalized and will be amortized over the term of the 2026 Notes using the effective interest rate method.

September 2023 Offering

On September 18, 2023, the Company entered into subscription agreements with institutional investors (the “September 2023 Investors”) for the purchase and sale of 22,244,210 units of the Company (the “September 2023 Units”) at a price of C\$1.52 per September 2023 Unit (the “Issue Price”) pursuant to a private placement (the “September 2023 Offering”), for aggregate gross proceeds of approximately C\$33.8 million or approximately \$25 million (the “Initial Tranche”). Each September 2023 Unit consists of one Common Share (or Common Share equivalent) and one half of one warrant that entitles the holder to acquire one Common Share at a price of C\$1.96 per Common Share, a 29% premium to issue, for a period of three years following the closing of the Initial Tranche (each full warrant, a “September 2023 Warrant”). The Initial Tranche consisted of an aggregate of 21,887,240 Common Shares, 11,122,105 September 2023 Warrants and 356,970 pre-funded warrants that provide the holder the right to purchase one Common Share at an exercise price of C\$0.0001 per Common Share (the “September 2023 Pre-Funded Warrants”). The September 2023 Offering closed on September 21, 2023.

The Company used the proceeds from the September 2023 Offering to reduce its outstanding indebtedness.

The September 2023 Investors had the option to purchase \$25 million in additional September 2023 Units at a price equal to the Issue Price, upon written notice to the Company at any time up to November 2, 2023, which was not exercised. In connection with the September 2023 Offering, the Company and the September 2023 Investors entered into a customary registration rights agreement, pursuant to which the Company filed a registration statement on Form S-1 on October 17, 2023 to register the resale of the Common Shares underlying the September 2023 Units. The September 2023 Units are subject to limited lock-up requirements.

Cash Flows

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

	Nine months ended	
	September 30, 2023	September 30, 2022
Net cash used in operating activities	\$ (1,909)	\$ (116,553)
Net cash provided by (used in) investing activities	21,938	(71,958)
Net cash provided by (used in) financing activities	(5,927)	157,336
Net increase (decrease) in cash	\$ 14,102	\$ (31,175)

Operating Activities

During the nine months ended September 30, 2023, operating activities used \$1,909 of cash, primarily resulting from a net loss of \$101,789 and a change in deferred taxes of \$6,475; this was partially offset by depreciation and amortization of \$47,607, equity-based compensation expense of \$18,304, loss on disposal group of \$10,750, loss on deconsolidation of subsidiary of \$2,473, debt amortization expense of \$7,366, provision for obsolete inventory and other assets of \$8,126, and net changes in operating assets and liabilities of \$11,028. The net change in operating assets and liabilities was primarily due to a decrease in other assets of \$12,270, an increase in accounts payable of \$20,092, and an increase in income tax payable of \$11,306; this was offset by an increase in accounts receivable of

\$15,718, an increase in prepaid expenses and other current assets of \$4,933, a decrease in other long-term liabilities of \$5,291, and other current liabilities of \$7,264.

During the nine months ended September 30, 2022, operating activities used \$116,553 of cash, primarily resulting from a net loss of \$120,464, net changes in operating assets and liabilities of \$44,113, and a gain on remeasurement of contingent consideration of \$37,362; this was partially offset by depreciation and amortization of \$63,077, equity-based compensation expense of \$20,649, and debt amortization expense of \$6,278.

Investing Activities

During the nine months ended September 30, 2023, investing activities provided \$21,938 of cash mainly due to proceeds from sale of plant, property and equipment of \$3,189, proceeds for stock issuance of \$23,872, proceeds from deconsolidation of Missouri entity of \$3,040, and net cash received on deposits of \$97. This was partially offset by cash used in purchases of property and equipment of \$8,260.

During the nine months ended September 30, 2022, investing activities used \$71,958 of cash pursuant to purchases of property and equipment of \$69,362 and cash paid on deposits of \$2,973. This was partially offset by proceeds from the sale of property and equipment of \$358.

Financing Activities

During the nine months ended September 30, 2023, financing activities used \$5,927 of cash, mainly due to the payment of lease liabilities of \$6,153, distributions to non-controlling interest holders of \$431, taxes paid on equity-based compensation of \$456, repayment of a seller's note of \$1,125, repayment of debt of \$5,592. This was partially offset by cash provided by issuance of mortgage of \$8,050.

During the nine months ended September 30, 2022, financing activities provided \$157,336 of cash, mainly due to \$153,250 in net proceeds received from the issuance of debt and the issuance of a mortgage of \$16,500; this was partially offset by a debt issuance cost of \$7,699 and lease liability payments of \$2,965.

Contractual Obligations and Commitments

The following table summarizes contractual obligations as of September 30, 2023 and the effects that such obligations are expected to have on our liquidity and cash flows in future periods:

	Payments Due by Period						
	Total	Less than 1 year	Year 1	Year 2	Year 3	Year 4	Year 5 and beyond
Lease commitments	\$ 394,406	\$ 6,344	\$ 36,286	\$ 32,134	\$ 29,711	\$ 29,258	\$ 260,673
Sale-Leaseback commitments	\$ 200,425	\$ 2,467	\$ 10,082	\$ 10,407	\$ 10,743	\$ 11,090	\$ 155,636
2026 Notes	\$ 185,000	\$ —	\$ —	\$ —	\$ 185,000	\$ —	\$ —
Term debt (principal)	\$ 38,215	\$ —	\$ 38,215	\$ —	\$ —	\$ —	\$ —
Interest on term debt	\$ 50,567	\$ 2,484	\$ 20,059	\$ 17,575	\$ 10,449	\$ —	\$ —
Convertible debt (principal)	\$ 80,100	\$ 5,600	\$ —	\$ 74,500	\$ —	\$ —	\$ —
Interest on convertible debt	\$ 7,734	\$ 1,041	\$ 4,470	\$ 2,223	\$ —	\$ —	\$ —
Mortgage notes (principal)	\$ 43,640	\$ 219	\$ 593	\$ 670	\$ 746	\$ 33,698	\$ 7,714
Mortgage notes (interest)	\$ 17,660	\$ 2,095	\$ 4,671	\$ 4,595	\$ 4,518	\$ 1,150	\$ 631
Closing promissory note (principal)	\$ 1,875	\$ 375	\$ 1,500	\$ —	\$ —	\$ —	\$ —
Closing promissory note (interest)	\$ 112	\$ 37	\$ 75	\$ —	\$ —	\$ —	\$ —
Total contractual obligations	\$ 1,019,734	\$ 20,662	\$ 115,951	\$ 142,103	\$ 241,167	\$ 75,195	\$ 424,654

The above table excludes purchase orders for inventory in the normal course of business.

Effects of Inflation

Rising inflation rates have had a substantial impact on our financial performance to date and may have an impact on our financial performance in the future as our ability to pass on an increase in costs is not entirely within our control.

Critical Accounting Estimates

We make judgements, estimates and assumptions about the future that affect 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.

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

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 restricted cash, accounts and notes receivable, deposits, accounts payable and accrued expenses 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. Cannabist Company 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 of fair value 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, 2023 and December 31, 2022, is the carrying amount of cash and cash equivalents, subscription receivable, accounts receivable and notes receivable. We do not have significant credit risk with respect to our customers. All cash deposits are with regulated U.S. financial institutions.

We provide credit to our customers in the normal course of business and have established credit evaluation and monitoring processes to mitigate credit risk but have limited risk as the majority of our sales are transacted with cash. Through our Cannabist Company 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 liquidity to fund our ongoing operations and to settle obligations and liabilities when due.

To date, we have incurred significant cumulative net losses and we have not generated 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 instrument 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 your operations and financial position becoming subject to currency transaction and translation risks.

As of September 30, 2023, and December 31, 2022, 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 the risk of price variability pursuant to our products due to competitive or regulatory pressures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant material changes to the market risks as disclosed in the Company's 2022 Form 10-K. See also Financial Risk Management in Part I, Item 2 of this Form 10-Q.

Item 4. Controls and Procedures.*Disclosure Controls and Procedures*

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that it is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended) during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

A discussion of our litigation matters occurring in the period covered by this report is found in Reference to Part I, Item 1, [Note 13, Commitments and Contingencies](#) in the Notes to Unaudited Interim Consolidated Financial Statements of this Form 10-Q.

Item 1A. Risk Factors

As of the date of this filing, except as noted below, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of the Company's 2022 Form 10-K, which is incorporated by reference herein.

Item 2. Unregistered Sales of Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Securities Trading Plans of Directors and Executive Officers

During the three and nine months ended September 30, 2023, none of our directors or executive officers adopted or terminated any contract, instruction, or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

Item 6. Exhibit Index

Exhibit Number	Description
2.1	Arrangement Agreement, dated March 23, 2022, between Cresco Labs Inc. and Columbia Care Inc. (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K, filed with the SEC on March 29, 2022)
2.2	Amending Agreement, dated February 27, 2023, between Cresco Labs Inc. and Columbia Care Inc. (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K, filed with the SEC on February 28, 2023)
3.1	Articles, dated April 26, 2019 (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K, filed with the SEC on September 22, 2023)
3.2	Certificate of Change of Name, dated September 19, 2023 (incorporated by reference to Exhibit 3.2 of the Registrant's Form 8-K, filed with the SEC on September 22, 2023)
4.1	Warrant Agency Agreement dated September 20, 2018 between Canaccord Genuity Growth Corp. and Odyssey Trust Company (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form 10, filed with the SEC on December 14, 2021)
4.2	Warrant Agreement dated April 26, 2019 between Columbia Care Inc. and Canaccord Genuity Corp. (incorporated by reference to Exhibit 4.2 of the Registrant's Registration Statement on Form 10, filed with the SEC on December 14, 2021)
4.3	Trust Indenture made as of March 31, 2020 between Columbia Care Inc. and Odyssey Trust Company (incorporated by reference to Exhibit 4.3 of the Registrant's Registration Statement on Form 10, filed with the SEC on December 14, 2021)
4.4	Warrant Indenture dated March 31, 2020 between Columbia Care Inc. and Odyssey Trust Company (incorporated by reference to Exhibit 4.4 of the Registrant's Registration Statement on Form 10, filed with the SEC on December 14, 2021)
4.5	Trust Indenture made as of May 14, 2020 between Columbia Care Inc. and Odyssey Trust Company (incorporated by reference to Exhibit 4.5 of the Registrant's Registration Statement on Form 10, filed with the SEC on December 14, 2021)

- 4.6 [Warrant Indenture dated May 14, 2020 between Columbia Care Inc. and Odyssey Trust Company \(incorporated by reference to Exhibit 4.6 of the Registrant’s Registration Statement on Form 10, filed with the SEC on December 14, 2021\)](#)
- 4.7 [First Supplemental Indentures dated as of June 19, 2020 between Columbia Care Inc and Odyssey Trust Company \(incorporated by reference to Exhibit 4.7 of the Registrant’s Registration Statement on Form 10, filed with the SEC on December 14, 2021\)](#)
- 4.8 [Warrant Indenture dated July 2, 2020 between Columbia Care Inc. and Odyssey Trust Company \(incorporated by reference to Exhibit 4.8 of the Registrant’s Registration Statement on Form 10, filed with the SEC on December 14, 2021\)](#)
- 4.9 [Warrant Indenture dated October 29, 2020 between Columbia Care Inc. and Odyssey Trust Company \(incorporated by reference to Exhibit 4.9 of the Registrant’s Registration Statement on Form 10, filed with the SEC on December 14, 2021\)](#)
- 4.10 [Second Supplemental Indenture dated June 29, 2021 between Columbia Care Inc. and Odyssey Trust Company \(incorporated by reference to Exhibit 4.10 of the Registrant’s amended Registration Statement on Form 10, filed with the SEC on January 28, 2022\)](#)
- 4.11 [Third Supplemental Indenture dated February 2, 2022 between Columbia Care Inc. and Odyssey Trust Company \(incorporated by reference to Exhibit 4.11 of the Registrant’s amended Registration Statement on Form 10, filed with the SEC on February 15, 2022\)](#)
- 4.12 [Fourth Supplemental Indenture dated February 3, 2022 between Columbia Care Inc. and Odyssey Trust Company \(incorporated by reference to Exhibit 4.12 of the Registrant’s amended Registration Statement on Form 10, filed with the SEC on February 15, 2022\)](#)
- 4.13 [Fifth Supplemental Indenture dated May 5, 2022 between Columbia Care Inc. and Odyssey Trust Company \(incorporated by reference to Exhibit 4.1 of the Registrant’s Form 8-K, filed with the SEC on May 11, 2022\)](#)
- 4.14 [Extension Notice dated March 28, 2023 to Odyssey Trust Company \(incorporated by reference to Exhibit 4.14 of the Registrant’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on March 29, 2023\)](#)
- 10.1 [Transition and Release of Claims Agreement, between Columbia Care Inc. and Rosemary Mazanet, dated August 31, 2023 \(incorporated by reference to Item 5.02 of the Registrant’s Form 8-K, filed with the SEC on September 12, 2023\)](#)
- 10.2* [Transition and Release of Claims Agreement, between Columbia Care Inc. and Rosemary Mazanet, dated August 31, 2023](#)
- 31.1* [Certification of Principal Executive Officer Pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2* [Certification of Principal Financial Officer Pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1‡ [Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2‡ [Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS* Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
- 101.SCH* Inline XBRL Taxonomy Extension Schema Document
- 101.CAL* Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF* Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB* Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104* Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

‡ Document has been furnished, is not deemed filed and is not to be incorporated by reference into any of the Company’s filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in any such filing.

SIGNATURES

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

THE CANNABIST COMPANY HOLDINGS INC.

Date: November 14, 2023

By: _____ /s/ Nicholas Vita
Nicholas Vita
Chief Executive Officer and Director

Date: November 14, 2023

By: _____ /s/ Derek Watson
Derek Watson
Chief Financial Officer

TRANSITION AND RELEASE OF CLAIMS AGREEMENT

This Transition and Release of Claims Agreement ("Agreement") is entered into as of August 31, 2023, hereinafter "Effective Date," by and between Rosemary Mazanet, Rosemary Mazanet's marital community (if any), heirs, and assigns (hereinafter "Mazanet" or "Executive"), and Columbia Care LLC, a Delaware Corporation, its affiliates (including, without limitation, any parent, subsidiary companies, or related companies such as Columbia Care Inc.), its successors and assigns (hereinafter the "Company"). Mazanet and the Company are sometimes collectively referred to as the "Parties."

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. Mazanet's employment with the Company as its Chief Scientific Officer shall terminate on August 31, 2023 (hereinafter "Separation Date"), on which date Mazanet shall cease being an employee of the Company and will be promptly appointed as director of the Board of Directors of Columbia Care Inc., a non-employee position. Except as specifically set forth below, the Company expressly disclaims any liability to Mazanet. In exchange for the consideration described herein, Mazanet hereby represents and warrants the following:

- (a) Mazanet has authority to enter into this Agreement.
- (b) Mazanet has not transferred, in whole or in part, any rights related to Mazanet's employment with the Company.
- (c) Mazanet hereby settles any and all claims that Mazanet may have against the Company as a result of the Company's hiring of Mazanet, Mazanet's employment with the Company and the termination of Mazanet's employment with the Company, as and to the extent set forth in Paragraph 4 below.
- (d) Mazanet has not and will not transfer any of the Company's confidential information.
- (e) Mazanet acknowledges and agrees that, upon receipt of the consideration described in Paragraph 2 below, Mazanet will have been paid for all severance or other obligations owing to Mazanet under the terms of Mazanet's April 26, 2019 Employment Agreement, as amended on January 1, 2022 ("Employment Agreement") upon the termination of Mazanet's employment, including but not limited to, any accrued but unused paid time off.

2. The Company agrees to provide Mazanet the following consideration, after Mazanet executes this Agreement, provided Mazanet has not revoked Mazanet's agreement as described in Paragraph 13 below:

- (a) Starting on the next regular payroll date after the expiration of the revocation period described in Paragraph 13 below, the Company will pay Mazanet severance at a rate of \$26,250.00 per month, less applicable taxes and withholdings, for 18 months (the "Severance Amount"). For the avoidance of doubt, Mazanet will not be eligible for a bonus for 2023 performance or any later year. Upon mutual agreement of the Company and Mazanet, at any time during the 18-month period described in this paragraph, the Company may issue, and

Mazanet may agree to accept, all or any portion of the Severance Amount in the form of Restricted Share Units ("RSUs" or "RSU Awards") rather than cash.

- (b) the Company shall pay its share of the COBRA premiums necessary to continue Mazanet's health insurance coverage in effect for Mazanet and Mazanet's eligible dependents (as of the date of this Agreement) for eighteen (18) months from the date of this Agreement; Mazanet hereby elects continued coverage under COBRA following the date hereof;
- (c) All of Mazanet's unvested RSUs and all of Mazanet's earned, but unvested Performance Share Units ("PSUs" or "PSU Awards") as summarized in Exhibit A, shall continue to vest in their normal course, subject to any applicable performance conditions and Mazanet's continued service as a director on the Board through any applicable vesting dates.

Mazanet specifically acknowledges and agrees that this consideration exceeds the amount Mazanet would otherwise be entitled to receive upon termination of Mazanet's employment, and that it is in exchange for entering into this Agreement. Mazanet will not at any time seek additional consideration in any form from the Company except as expressly set forth in this Agreement. Mazanet specifically acknowledges and agrees that the Company has made no representations to Mazanet regarding the tax consequences of any amounts received by Mazanet or for Mazanet's benefits pursuant to this Agreement. Mazanet agrees to pay all taxes and/or tax assessments due to be paid by Mazanet, and to indemnify the Company for any claims, costs and/or penalties caused by Mazanet's failure to pay such taxes and/or tax assessments. In the event of Mazanet's death, any payments or benefits payable under this Paragraph 2 will be made to the estate or legal representative of Mazanet.

3. Mazanet represents that Mazanet has not filed, and will not file, any complaints, lawsuits, or charges relating to Mazanet's employment with, or termination from, the Company.

4. Mazanet agrees to release the Company, its Board of Directors, officers, employees, agents and assigns, from any and all claims, charges, complaints, causes of action or demands of whatever kind or nature that Mazanet now has or has ever had against the Company, whether known or unknown, arising from or relating to Mazanet's employment with or discharge from the Company. This release includes but is not limited to: wrongful or tortious termination; constructive discharge; implied or express employment contracts and/or estoppel; discrimination and/or retaliation under any federal, state or local statute or regulation, specifically including any claims Mazanet may have under the Fair Labor Standards Act, the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e, et seq., as amended, the Genetic Information Nondiscrimination Act of 2008; the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, 29 U.S.C. § 621, et seq., Section 1981 of U.S.C. Title 42, the Equal Pay Act, the Family and Medical Leave Act, the Corporate and Criminal Fraud Accountability Act of 2002, 18 U.S.C. § 1514A, also known as the Sarbanes-Oxley Act, the Rehabilitation Act of 1973, 29 U.S.C. § 703, et seq., Executive Orders 11246 or 11141, the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, et seq., the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101, et seq., and COBRA, 29 U.S.C. 1161, et seq.; New York State Human Rights Law, N.Y. Exec. Law §§ 290–301; Rights of Persons with Disabilities Law, N.Y. Civ. Rights Law § 47-a–47-c (disability discrimination); N.Y. Civ. Rights Law §§ 48–48-b (genetic disorder employment protection); N.Y. Civ. Rights Law §§ 40–45 (equal rights); N.Y. Lab. Law §§ 194–199-a (equal pay); N.Y. Lab. Law §§ 740–741, 215 (whistleblower protection for private employees); N.Y. Civ. Serv. Law § 75-b

(whistleblower protection for public employees); N.Y. Jud. Law § 519 (jury duty); N.Y. Elec. Law § 3-110 (voter leave up to 2 hours); Disability Benefits Law and the Paid Family Leave Benefits Law, N.Y. Workers' Comp. Law §§ 200–242; any claims brought under any federal, state, or local statute or regulation for non-payment of wages or other compensation, including expense reimbursements and/or bonuses due after the Separation Date, stock grants or stock options; ownership interests in Company subsidiaries and libel, slander, or breach of contract other than the breach of this Agreement. This release specifically excludes claims, charges, complaints, causes of action or demand that post-date the Separation Date or the Effective Date of this Agreement, whichever is later, and that are based on factual allegations that do not arise from or relate to Mazanet's present employment with or termination from the Company.

5. Notwithstanding Paragraphs 3 and 4, Mazanet does not release any rights she has under Sections 10 and 11 of the Employment Agreement and under the Company's constituent documents, and the Company hereby reaffirms its obligations under such Sections and documents. Simultaneous with the execution of this Agreement, Columbia Care, Inc. and Mazanet agree to execute the Indemnification Agreement, substantially in the form attached as Exhibit B.

6. The Company represents that to its knowledge it does not have any claims, charges, complaints, causes of action or demands of whatever kind or nature against Mazanet.

7. Mazanet agrees that Mazanet will keep the terms and amount of this Agreement completely confidential, and that Mazanet will not hereafter disclose such information to anyone except Mazanet's spouse or current significant other, Mazanet's attorneys and their current law firm employees, Mazanet's accountant, or as may be required by law, court order or in proceedings relating to the parties' rights or obligations under this Agreement. Mazanet agrees to provide reasonable written notice within 7 days to the Company in the event that a person or entity not a party hereto attempts to compel from Mazanet the production of this Agreement or the contents thereof, so that the Company may contest such disclosure at its discretion. Nothing in this Agreement shall be interpreted to prohibit Mazanet from disclosing or discussing conduct that Mazanet reasonably believes to be illegal harassment, illegal discrimination, illegal retaliation, wage and hour violations, or sexual assault, that is recognized as illegal under state, federal, or common law, or that is recognized as against a clear mandate of public policy, occurring in the workplace, at work-related events coordinated by or through the employer, between employees, or between an employer and an employee, whether on or off the employment premises. Nothing in this Agreement shall be deemed to prohibit Mazanet from reporting possible violations of federal securities law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, Securities and Exchange Commission, Congress, Inspector General and any federal agency, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Mazanet does not need the prior authorization of the Company to make any such reports or disclosures, and Mazanet is not required to notify the Company that she has made such reports or disclosures.

8. Mazanet acknowledges and affirms that Mazanet's continuing non-solicitation, non-competition, confidentiality and non-disclosure obligations, as described in Exhibit A to Mazanet's Employment Agreement survive and are not affected by this Transition and Release of Claims Agreement.

9. Mazanet warrants that no promise or inducement has been offered for this Agreement other than as set forth herein and that this Agreement is executed without reliance upon any other promises or representations, oral or written. Any modification of this Agreement must be made in writing and be signed by Mazanet and the Company. This Agreement supersedes all prior

understandings between the Parties and represents the entire Agreement between the Parties with respect to all matters involving Mazanet's employment with or termination from the Company, except as set forth in Paragraphs 5 and 8 above and Paragraph 12 below. No oral representations have been made or relied upon by the Parties.

10. Mazanet will direct all employment verification inquiries to the Company's Chief People and Administrative Officer.

11. If any provision of this Agreement or compliance by Mazanet or the Company with any provision of this Agreement constitutes a violation of any law, or is or becomes unenforceable or void, then such provision, to the extent only that it is in violation of law, unenforceable or void, will be deemed modified to the extent necessary so that it is no longer in violation of law, unenforceable or void, and such provision will be enforced to the fullest extent permitted by law. If such modification is not possible, said provision, to the extent that it is in violation of law, unenforceable or void, will be deemed severable from the remaining provisions of this Agreement, which provisions will remain binding on both Mazanet and the Company. This Agreement is governed by the laws of the State of New York without regard to principles of conflicts of law.

12. The Parties agree that Sections 8 and 10 of the Employment Agreement shall apply to any disputes, controversies or claims arising under, relating to or in connection with this Agreement that the Parties cannot resolve themselves.

13. Mazanet specifically agrees and acknowledges: (A) that Mazanet's waiver of rights under this Agreement is knowing and voluntary as required under the Older Workers Benefit Protection Act; (B) that Mazanet understands the terms of this Agreement; (C) that Mazanet is hereby advised by the Company to consult with an attorney prior to executing this Agreement; (D) that the Company has given Mazanet a period of up to twenty-one (21) days within which to consider this Agreement; and (E) that, following Mazanet's execution of this Agreement, Mazanet has seven (7) days in which to revoke Mazanet's agreement to this Agreement and that, if Mazanet chooses not to so revoke, this Agreement shall then become effective and enforceable and the payments described above shall then be made to Mazanet in accordance with the terms of this Agreement; and (F) nothing in this Agreement shall be construed to prohibit Mazanet from filing a charge or complaint, including a challenge to the validity of the waiver provision of this Agreement, with the Equal Employment Opportunity Commission or participating in any investigation conducted by the Equal Employment Opportunity Commission. However, Mazanet has waived any right to monetary relief, except for awards pursuant to Section 21F of the Securities Act, which Mazanet remains entitled to pursue under this Agreement. To cancel this Agreement, Mazanet understands that Mazanet must give a written revocation to Company headquarters either by hand delivery, email or certified mail within the seven-day period. If Mazanet rescinds this Agreement, it will not become effective or enforceable and Mazanet will not be entitled to any of the benefits set forth within.

14. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be deemed to have been given: (i) when hand-delivered if delivered by personal delivery or by Federal Express or similar courier service; (ii) on the date of receipt, refusal or non-delivery indicated on the return receipt if deposited in the United States mail, registered or certified, return receipt requested and with proper postage prepaid; or (iii) when acknowledged, if sent by email, and if not acknowledged, the date of delivery by one of the methods in clauses (i) and (ii). All notices shall be addressed to the Company or Mazanet at their respective addresses set forth below, or to such other address as either party may designate for itself or himself/herself

by written notice to the other given from time to time in accordance with the provisions of this Agreement:

To Executive: Rosemary Mazanet
2442 Beacon Street Chestnut Hill, MA 02467
Email: rosemary.mazanet@columbia.care

To Company: Bryan Olson
Chief People and Administrative Officer Columbia Care LLC
321 Billerica Road, Suite 204
Chelmsford, MA 01824 Email: bryan.olson@columbia.care

15. Mazanet understands and agrees that Mazanet's employment with the Company is terminated effective on the Separation Date and that Mazanet is not entitled to any reinstatement or reemployment with the Company following the Separation Date.

16. The Parties agree that, in conjunction with Mazanet's transition from employee / officer to a director of the Board of Columbia Care Inc., the Company will issue a public disclosure promptly following the Separation Date.

17. Mazanet agrees not to disparage the Company and its current and former officers, directors, managers, members, partners, employees, shareholders, investors, affiliates and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. The Company covenants and agrees that the current directors and executive officers of Columbia Care, Inc. will not disparage Mazanet, in any manner likely to be harmful to her or her business reputation or personal reputation.

18. The provisions of this Agreement shall be binding upon and shall inure to the benefit of Mazanet, her heirs, executors, and administrators, and the Company, its successors and assigns (other than as expressly provided in Paragraph 2(c)), except that Mazanet may not assign any of her rights or duties hereunder without the prior written consent of the Company, which consent may be withheld by the Company in its sole discretion. The Company may assign its rights, together with its obligations hereunder, to any parent, subsidiary or successor, or in connection with any sale, transfer or other disposition of all or substantially all of its business and assets; provided, however, that any such assignee assumes the Company's obligations hereunder.

19. This Agreement may be executed via electronic mail and in one or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument, binding on the parties.

20. So long as Mazanet remains a director of Columbia Care Inc., Mazanet shall be allowed to continue using Mazanet's Company email address.

21. Mazanet's continued service as a director of Columbia Care Inc., shall be at the discretion of the shareholders of Columbia Care Inc. Nothing in the Agreement shall prevent the Company, in its discretion, from removing Mazanet or changing Mazanet's status as an officer,

directo, manager or other corporate official of subsidiaries or corporate entities below Columbia Care Inc.

22.MAZANET ACKNOWLEDGES AND AGREES THAT MAZANET HAS CAREFULLY READ AND VOLUNTARILY SIGNED THIS AGREEMENT, THAT MAZANET HAS HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF MAZANET'S CHOICE, AND THAT MAZANET SIGNS THIS AGREEMENT WITH THE INTENT OF RELEASING COMPANY AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY AND ALL CLAIMS.

ACCEPTED AND AGREED TO:

COMPANY

/s/ Nicholas Vita

By: Nicholas Vita

Its: Chief Executive Officer

/s/ Rosemary Mazanet

Rosemary Mazanet

Dated: August 31, 2023

Dated: August 31, 2023

EXHIBIT A

Equity Vehicle:	Unvested Shares (as of Effective Date):
Time-Vested RSUs	1,279,695
2021 PSUs	37,709
SPAC PSUs	174,139
Total	1,491,543

EXHIBIT B
INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT is made effective on the 31st day of August, 2023.

BETWEEN:

Columbia Care Inc., a company continued under the laws of British Columbia and having its registered office at 666 Burrard St #1700, Vancouver, BC V6C 2X8;

(the “**Company**”)

AND:

Rosemary Mazanet, a resident of the State of Massachusetts

(the “**Indemnified Party**”)

WHEREAS:

- A. The Indemnified Party is willing to serve or to continue to serve for and on behalf of the Company;
- B. The board of directors of the Company (the “**Board**”) has determined that the Company should act to assure the Indemnified Party of reasonable protection through indemnification against certain risks arising out of service to, and activities on behalf of, the Company to the extent permitted by the Business Corporations Act (as defined below) and the Company’s Articles; and
- C. It is reasonable and prudent for the Company to obligate itself contractually to indemnify such persons (including the Indemnified Party) to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company.

NOW THEREFORE, IN CONSIDERATION OF the premises and mutual covenants herein contained, and in consideration of the Indemnified Party’s service or continued service as a director and/or an officer of the Company or any Affiliate (as defined below), the receipt and sufficiency of which consideration is hereby acknowledged, the Company and the Indemnified Party do hereby covenant and agree as follows.

ARTICLE 1: DEFINITIONS

1.1 In this Agreement:

- (a) “**Affiliate**” means any corporation, partnership, trust, joint venture or other unincorporated entity (i) in the case of a corporation, which is an affiliate (as defined in the Business Corporations Act) of the Company, or (ii) in which the Indemnified Party is a director or an officer at the request of the Company;
- (b) being a “**director**” or an “**officer**” of an Affiliate includes holding an equivalent position to a director or an officer of an Affiliate that is not a corporation;
- (c) “**Business Corporations Act**” means the *Business Corporations Act* (British Columbia) and its regulations;

- (d) “**Business Day**” means a day excluding Saturday, Sunday and any other day which is a statutory holiday in the jurisdiction of the person to whom a notice or other communication is mailed;
- (e) “**Court**” means the Supreme Court of British Columbia;
- (f) “**Expenses**” means all losses, liabilities, claims, damages, costs, charges, statutory obligations, professional fees, Taxes and other expenses of whatever nature or kind, provided that any costs, expenses and professional fees included as Expenses under this Agreement must be reasonable;
- (g) “**Indemnitees**” means the Indemnified Party and his/her heirs and personal or other legal representatives;
- (h) “**Postal Interruption**” means a cessation of normal public postal service in Canada or the United States of America or in any part of Canada or the United States of America affecting the Company or the Indemnitees that is or may reasonably be expected to be of more than forty-eight (48) hours duration;
- (i) “**proceeding**” includes any legal proceeding (including a civil, arbitral, criminal, quasi-criminal, administrative or regulatory action or proceeding) or investigative action, whether current, threatened, pending or completed; and
- (j) “**Taxes**” includes any assessment, reassessment, claim or other amount for taxes, charges, duties, levies, imposts or similar amounts, including any interest and penalties in respect thereof.

ARTICLE 2: AGREEMENT TO SERVE

2.1 The Indemnified Party agrees to become and serve as or continue to be and serve as, as the case may be, a director and/or an officer of the Company and, if requested by the Company and provided it is agreeable to the Indemnified Party, the Indemnified Party also agrees to become and serve as or continue to be and serve as, as the case may be, a director and/or an officer of any Affiliate designated by the Company.

ARTICLE 3: INDEMNIFICATION

3.1 Except as otherwise provided herein, the Company agrees to indemnify and save harmless the Indemnitees to the fullest extent authorized and permitted by the Business Corporations Act against all judgments, penalties and fines awarded or imposed in, and all amounts paid in settlement (collectively, “**settlement amounts**”) of, any proceeding in which any of the Indemnitees:

- (a) is or may be joined as a party, or
- (b) is or may be liable for or in respect of a judgment, penalty or fine in, or Expenses related to, such proceeding,

by reason of the Indemnified Party being or having been a director or an officer of the Company or an Affiliate, and all Expenses actually and reasonably incurred by the Indemnitees in respect of a proceeding identified in this Section 3.1, provided that:

- (c) in relation to the subject matter of the proceeding the Indemnified Party acted honestly and in good faith with a view to the best interests of the Company or the Affiliate, as applicable; and
-

- (d) in the case of a proceeding other than a civil proceeding, the Indemnified Party had reasonable grounds for believing that his/her conduct in respect of which the proceeding was brought was lawful.

3.2 For greater certainty, a settlement amount subject to indemnification pursuant to Section 3.1 shall include any Taxes which the Indemnitees may be subject to or suffer or incur as a result of, in respect of, arising out of or referable to any indemnification of the Indemnitees by the Company pursuant to this Agreement.

3.3 To the extent permitted by the Business Corporations Act, at the request of the Indemnitees, the Company will pay all Expenses actually and reasonably incurred by the Indemnitees in respect of a proceeding identified in Section 3.1 as they are incurred from time to time in advance of the final disposition of that proceeding, on receipt of the following:

- (a) a written undertaking, in form and on terms satisfactory to the Company acting reasonably, by or on behalf of the Indemnitees to repay such amount(s) if it is ultimately determined by the Court or another tribunal of competent jurisdiction that the Company is prohibited under the Business Corporations Act from paying such Expenses; and
- (b) satisfactory evidence as to the amount of such Expenses.

For greater certainty, subject as hereinafter provided in Article 4, it shall not be necessary for the Indemnitees to pay such Expenses and then seek reimbursement; the Indemnitees shall provide satisfactory evidence to the Company for direct payment by the Company. The Company shall make payment to the Indemnitees (or as the Indemnitees may direct) within ten (10) days after the Company has received the foregoing information from the Indemnitees. If any portion of the Expenses is subject to dispute in accordance with Article 4, the Company shall promptly pay to the Indemnitees the undisputed portion of any disputed Expenses.

3.4 The written certification of any of the Indemnitees, together with a copy of a receipt, or a statement indicating the amount paid or to be paid by the Indemnitees, will constitute satisfactory evidence of any Expenses for the purposes of Section 3.3.

3.5 Notwithstanding any other provision herein to the contrary, the Company will not be obligated under this Agreement to indemnify the Indemnitees:

- (a) in respect of any matters for which the Indemnified Party must not be indemnified under the Business Corporations Act, or in respect of any liability that the Indemnitees may not be relieved from under the Business Corporations Act or otherwise at law, unless in any of those cases the Court has made an order authorizing the indemnification;
 - (b) with respect to any proceeding initiated or brought voluntarily by the Indemnitees (including against the Company or any Affiliate) or in which the Indemnified Party is joined as a plaintiff without the written agreement of the Company, except for any proceeding brought to establish or enforce a right to indemnification under this Agreement;
 - (c) for any Expenses or settlement amounts which have been paid to, or on behalf of, the Indemnitees under any applicable policy of insurance or any other arrangements maintained or made available by the Company or any Affiliate for the benefit of its respective directors or officers and, for greater certainty, the indemnity provided hereunder will only apply with respect to any Expenses or settlement amounts which the Indemnitees
-

may suffer or incur which would not otherwise be paid or satisfied under such insurance or other arrangements maintained or made available by the Company or such Affiliate; or

- (d) in respect of claims by the Company or any Affiliate for the forfeiture and recovery by the Company or any Affiliate of bonuses or other compensation received by the Indemnified Party from the Company or any Affiliate due to the Indemnified Party's violation of applicable laws, the Company's policies and/or terms of the Indemnified Party's employment agreement.

3.6 It is the intent of the parties hereto that (i) in the event of any change, after the date of this Agreement, in any applicable law which expands the right of the Company or an Affiliate to indemnify or make Expense advances to a director or officer to a greater degree than would be afforded currently under the Company's Articles and this Agreement at the date hereof, the Indemnified Party shall receive the greater benefits afforded by such change, and (ii) this Agreement be interpreted and enforced so as to provide obligatory indemnification and expense advances under such circumstances as set forth in this Agreement, if any, in which the providing of indemnification or Expense advances would otherwise be discretionary. It is acknowledged that the Company or an Affiliate may enter into indemnity agreements with other directors and officers of the Company or an Affiliate. In the event that the terms or conditions of any other indemnity agreement include or are amended after the date hereof to include broader protections than those which are provided under this Agreement, the Indemnified Party, to the extent he/she is still a director or officer of the Company or any Affiliates, shall be notified promptly of such development and he/she shall have at his/her option, the opportunity to have this Agreement amended so as to ensure that this Agreement, as amended, includes such broader protections.

3.7 Notwithstanding any other provision of this Agreement, to the extent that the Indemnified Party is, by reason of the fact that the Indemnified Party is or was a director or an officer of the Company or any Affiliate, a witness or participant other than as a named party in a proceeding, the Company shall pay to the Indemnified Party all out-of-pocket Expenses actually and reasonably incurred by the Indemnified Party or on the Indemnified Party's behalf in connection therewith.

3.8 The Company shall have the burden of establishing that any Expense it wishes to challenge is not reasonable.

3.9 Notwithstanding anything to the contrary contained herein, the Company hereby acknowledges that the Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by or on behalf of an Affiliated Entity. The Company hereby agrees that, with respect to the Indemnitee, the Company, on behalf of itself and its subsidiaries, their respective successors and assigns and persons claiming through any of them, (i) is, relative to each Affiliated Entity, the indemnitor of first resort (i.e., its obligations to the Indemnitee under this Agreement are primary and any duplicative, overlapping or corresponding obligations of an Affiliated Entity are secondary), (ii) shall be required to make all advances and other payments under this Agreement, and shall be fully liable therefor, without regard to any rights the Indemnitee may have against his or her Affiliated Entity, and (iii) irrevocably waives, relinquishes and releases any such Affiliated Entity from any and all claims against such Affiliated Entity for contribution, subrogation or any other recovery of any kind in respect of any claim by the Indemnitee under this Agreement, the Company's certificate of incorporation or its bylaws. The Company further agrees, on behalf of itself and its subsidiaries, their respective successors and assigns and persons claiming through any of them, that (i) no advancement or payment by an Affiliated Entity on behalf of the Indemnitee with respect to any claim for which the Indemnitee has sought indemnification from the Company shall affect the foregoing, (ii) any such Affiliated Entity shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of the Indemnitee against the Company and (iii) Indemnitee will not be obligated to seek indemnification from or expense advancement

or reimbursement by any Affiliated Entity with respect to any claim. The Company agrees that each Affiliated Entity is an express third party beneficiary of the terms of this Section 3.9. For purposes of this Agreement, "Affiliated Entity" means, with respect to the Indemnitee, any investment fund, institutional investor, management company, managed account or other financial intermediary which employs or engages, or is affiliated with, the Indemnitee, to whom Indemnitee provides services, or in whom Indemnitee has a direct or indirect equity or similar interest.

ARTICLE 4: DENIAL OF INDEMNIFICATION

4.1 If indemnification under this Agreement is not paid in full by the Company within thirty (30) days after a written claim therefor has been received by it and the applicable approval of the Court has been obtained where required, whichever is later, the Indemnitees may any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if wholly successful on the merits or otherwise or substantially successful on the merits, the Indemnitees will also be entitled to be paid all Expenses incurred in connection with the prosecution of such claim including, for greater certainty, legal fees (including reasonable disbursements) as between solicitor and own client on a full indemnity basis. It will be a defence to any such action that the Indemnified Party has not met the standards of conduct which make it permissible under this Agreement, the Business Corporations Act or applicable law for the Company to indemnify the Indemnitees for the amount claimed, but the burden of proving such defence will be on the Company.

ARTICLE 5: CONDUCT OF DEFENCE

5.1 Promptly after receiving notice from any of the Indemnitees of any proceeding identified in Section 3.1, the Company may, and upon the written request of the Indemnitees will, promptly assume conduct of the defence thereof and, at the Company's expense, retain counsel on behalf of the Indemnitees who is satisfactory to the Indemnitees, acting reasonably, to represent the Indemnitees in respect of the proceeding. If the Company assumes conduct of the defence on behalf of the Indemnitees, the Indemnified Party hereby consents to the conduct thereof and to any action taken by the Company, in good faith, in connection therewith and the Indemnified Party will fully cooperate in such defence including, without limitation, providing documents, attending examinations for discovery, making affidavits, meeting with counsel, testifying and divulging to the Company all information reasonably required to defend or prosecute the proceeding.

5.2 In connection with any proceeding in respect of which the Indemnitees may be entitled to be indemnified hereunder, the Indemnitees will have the right to employ separate counsel of their choosing and to participate in the defence thereof but the legal fees and disbursements of such counsel will be at the sole expense of the Indemnitees unless:

- (a) the Indemnitees reasonably determine that there are legal defences available to the Indemnitees that are different from or in addition to those available to the Company or any Affiliate, as the case may be, or that a conflict of interest exists which makes representation by counsel chosen by the Company not advisable;
- (b) the Company has not assumed the defence of the proceeding and employed counsel therefor satisfactory to the Indemnitees, acting reasonably, within a reasonable period of time after receiving notice thereof; or
- (c) employment of such other counsel has been authorized in writing by the Company;

in which event the reasonable legal fees and disbursements of such counsel will be paid by the Company, subject to the terms hereof. In any such proceeding, the Company will fully cooperate in the defence of the Indemnitees including, without limitation, providing documents and causing its representatives to attend

examinations for discovery, make affidavits, meet with counsel and testify and divulge all information in the Company's possession reasonably required to defend or prosecute the proceeding.

ARTICLE 6: SETTLEMENT

6.1 The Company may, with the prior written consent of the Indemnitees (which consent shall not be unreasonably withheld, conditioned or delayed), enter into a settlement or other agreement to settle or compromise a proceeding. In seeking such consent, the Company will provide the Indemnitees with a reasonable period of time, in light of the circumstances, to consider the terms of a proposed settlement.

6.2 If the Indemnitees refuse after being requested by the Company to give consent to the terms of a proposed settlement which is otherwise acceptable to the Company, acting reasonably, the Company cannot settle but may require the Indemnitees to negotiate or defend the proceeding independently of the Company at the Indemnitees' expense. In such event any amount recovered by the claimant in excess of the amount for which settlement could have been made by the Company shall not be recoverable under this Agreement or otherwise, it being further agreed by the parties that in such event the Company shall only be responsible for Expenses up to the time at which such settlement could have been made.

6.3 The Company shall not be liable for any settlement of any proceeding effected without its prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

6.4 The Indemnitees shall have the right to negotiate a settlement in respect of any proceeding, provided, however, that in such circumstances, unless the Company approves such settlement, the Indemnitees shall pay any compensation, Expenses or other payment to be made under the settlement and the Expenses of negotiating and implementing the settlement, and shall not seek indemnity from the Company in respect of such compensation, Expenses or other payment.

ARTICLE 7: COURT APPROVAL

7.1 In the event of any claim for indemnification or payment of Expenses with respect to a proceeding brought against an Indemnitee by or on behalf of the Company or an Affiliate, provided that the Indemnified Party has fulfilled the conditions set forth in paragraphs 3.1(c) and 3.1(d) of Section 3.1, the Company will with best efforts apply to the Court for an order approving the indemnification of, or payment of Expenses to, the Indemnitees.

ARTICLE 8: NO PRESUMPTIONS AS TO ABSENCE OF GOOD FAITH

8.1 Termination of any proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, or similar or other result, will not, of itself, create any presumption for the purposes of this Agreement that the Indemnified Party did not act honestly and in good faith with a view to the best interests of the Company or an Affiliate, as the case may be, or, in the case of a proceeding other than a civil proceeding, that he/she did not have reasonable grounds for believing that his/her conduct was lawful (unless the judgment or order of a court or another tribunal of competent jurisdiction specifically finds otherwise). Neither the failure of the Company (including the Board, its independent legal counsel or its shareholders) to have made a determination that indemnification of the Indemnitees is proper in the circumstances because the Indemnified Party has met the applicable standard of conduct, nor an actual determination by the Company (including the Board, its independent legal counsel or its shareholders) that the Indemnified Party has not met such applicable standard of conduct, will be a defence to any action brought by the Indemnitees against the Company to recover the amount of any indemnification claim, nor create a presumption that the Indemnified Party has not met the applicable standard of conduct.

8.2 For purposes of any determination under this Agreement, the Indemnified Party will be deemed, subject to compelling evidence to the contrary, to have acted in good faith and in the best interests of the Company or any Affiliate. The Company will have the burden of establishing the absence of good faith.

8.3 The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Company or any Affiliate will not be imputed to the Indemnified Party for purposes of determining the right to indemnification under this Agreement.

ARTICLE 9: RESIGNATION

9.1 Nothing in this Agreement will prevent or restrict the Indemnified Party from, at any time, changing his/her title or position within the Company or any Affiliate or from resigning as a director or an officer of the Company or any Affiliate. The Company and any Affiliate will have no obligation under this Agreement to continue the Indemnified Party as a director or an officer.

ARTICLE 10: DEATH

10.1 For greater certainty, if the Indemnified Party is deceased and is or becomes entitled to indemnification under any of the provisions of this Agreement, the Company agrees to indemnify and hold harmless the Indemnified Party's estate and the Indemnitees to the same extent as it would indemnify the Indemnified Party, if alive, hereunder.

ARTICLE 11: OTHER RIGHTS AND REMEDIES

11.1 The indemnification provided for in this Agreement will not derogate from, exclude or reduce any other rights or remedies, in law or in equity, to which the Indemnitees may be entitled by operation of law or under any statute, rule, regulation or ordinance or by virtue of any available insurance coverage, including, but not limited to, the following:

- (a) the Business Corporations Act;
- (b) the constating documents of the Company or an Affiliate;
- (c) any vote of the shareholders or disinterested directors of the Company or an Affiliate; or
- (d) any applicable insurance policies of the Company,

both as to matters arising out of the capacity of the Indemnified Party as a director or an officer of the Company or an Affiliate or as to matters arising out of another capacity with the Company or an Affiliate, while being a director or an officer of the Company or an Affiliate, or as to matters arising by reason of his/her being or having been at the request of the Company, a director, officer or employee of any other legal entity of which the Company is or was an equity owner or creditor.

ARTICLE 12: NOTICE OF PROCEEDING

12.1 The Indemnitees agree to give written notice to the Company as soon as reasonably practicable after being served with any statement of claim, writ, notice of motion, indictment or other document commencing or continuing any proceedings against the Indemnitees as a party. Any failure of the Indemnitees to give notice as herein provided shall not derogate from, exclude or reduce any of the rights or remedies, to which the Indemnitees are entitled to pursuant to any of the provisions of this Agreement, provided the Company has not suffered any actual damage from the failure of the Indemnitees to give notice as herein provided.

12.2 If the Company receives notice from any other source of any matter of which the Indemnitees would otherwise be obligated hereunder to give notice to the Company, then the Indemnitees will be relieved of the obligation hereunder to give notice to the Company, provided that the Company has not suffered any actual damage from the failure of the Indemnitees to give notice as herein provided. The Company will give notice of such matter to the Indemnitees as soon as reasonably practicable.

ARTICLE 13: CO-OPERATION AND INVESTIGATION

13.1 The Company shall forthwith conduct such investigation of each proceeding of which it receives written notice pursuant to Article 12 as it deems is reasonably necessary or appropriate in the circumstances and shall pay all costs of such investigation. The Indemnified Party will cooperate fully with the investigation provided that the Indemnified Party shall not be required to provide assistance that would materially prejudice his/her defence or infringe any constitutional or other right he/she may be entitled to assert under law.

ARTICLE 14: EFFECTIVE DATE

14.1 The right to be indemnified or to the reimbursement or advancement of Expenses pursuant to this Agreement is intended to be retroactive and shall be available with respect to events occurring prior to the execution hereof. For greater certainty, this Agreement shall be effective as and from the first day that the Indemnified Party became or becomes a director or an officer of the Company or an Affiliate or began serving in a capacity similar thereto for the Company or an Affiliate.

ARTICLE 15: INSOLVENCY

15.1 It is the intention of the parties hereto that this Agreement and the obligations of the Company will not be affected, discharged, impaired, mitigated or released by reason of any bankruptcy, insolvency, receivership or other similar proceeding of creditors of the Company and that in such event any amount owing to the Indemnitees hereunder will be treated in the same manner as the other fees or expenses of the directors and officers of the Company.

ARTICLE 16: SURVIVAL

16.1 Notwithstanding any merger, amalgamation, business combination, reorganization, sale of assets, insolvency proceeding or other corporate change, the obligations of the Company under this Agreement, other than Article 17, shall continue until the later of:

- (a) fifteen (15) years after the Indemnified Party ceases to be a director or an officer of the Company or any Affiliate; and
- (b) one year after the final termination of all proceedings with respect to which the Indemnitees are entitled to claim indemnification under this Agreement.

16.2 The obligations of the Company under Article 17 of this Agreement shall continue for six (6) years after the Indemnified Party ceases to be a director or an officer of the Company or any Affiliate.

ARTICLE 17: INSURANCE

17.1 The Company shall use its reasonable best efforts to obtain and maintain a policy of insurance that has been approved by the Board with respect to liability relating to its directors or officers, which policy shall pursuant to its terms extend to the Indemnified Party in his/her capacity as a director or an officer of the Company. The Company will use its reasonable best efforts to include the Indemnified Party as an insured under such policy to the maximum extent reasonably possible and will provide the Indemnified Party with

a copy of such policy upon the Indemnified Party being so included as an insured. In the event the Indemnified Party is not named under such policy, the Company shall immediately provide written notice of such fact to the Indemnified Party. Further, the Company shall advise the Indemnified Party promptly after it becomes aware of any material change in, cancellation, termination or lapse in coverage of the aforementioned insurance policy. In the event an insurable event occurs, the Indemnitees will be indemnified promptly as provided in this Agreement regardless of whether the Company has received the insurance proceeds. The Indemnitees are entitled to full indemnification as provided in this Agreement notwithstanding any deductible amounts or policy limits contained in any such insurance policy.

17.2 In the event the Company is sold or enters into any business combination as a result of which the directors' and officers' liability insurance policy is terminated and not replaced with a substantially similar policy equally applicable to the Indemnified Party, the Company shall use its reasonable best efforts to cause run off "tail" insurance to be purchased for the benefit of the Indemnified Party with substantially the same coverage for the balance of the six (6) year term set out in Section 16.2.

ARTICLE 18: TAX ADJUSTMENT

18.1 Should any payment made pursuant to this Agreement, including the payment of insurance premiums or any payment made by an insurer under an insurance policy, be deemed to constitute a taxable benefit or otherwise be or become subject to any Taxes or levy, then the Company shall pay any amount necessary to ensure that the amount received by or on behalf of the Indemnitees, after the payment of or withholding for Taxes, fully reimburses the Indemnitees for the actual cost, expense or liability incurred by or on behalf of the Indemnitees.

ARTICLE 19: SUBROGATION

19.1 To the extent permitted by law, the Company shall be subrogated to all rights which the Indemnitees may have under all policies of insurance or other contracts pursuant to which the Indemnitees may be entitled to reimbursement of, or indemnification in respect of any Expenses borne by the Company pursuant to this Agreement. Nothing in this Agreement shall be deemed to diminish or otherwise restrict the right of the Company or the Indemnitees to proceed or collect against any insurers or be deemed to give such insurers any rights against the Company under or with respect to this Agreement, including without limitation any right to be subrogated to the Indemnitees' rights hereunder, unless otherwise expressly agreed to by the Company in writing, and the obligation of such insurers to the Company and the Indemnified Party shall not be deemed to be reduced or impaired in any respect by virtue of the provisions of this Agreement.

ARTICLE 20: NOTICE

20.1 Any notice or other communication required or permitted to be given hereunder will be in writing and will be either hand delivered, or will be sent by registered mail, all charges prepaid, to the address set out on the first page hereof.

20.2 In the case of registered mail, any notice or other communication will be deemed to be received on the fourth (4th) Business Day following the day of mailing, provided there is no Postal Interruption at the time of mailing or at any time during the five (5) days either preceding or following the day of mailing, in which case any such notice or communication will be deemed to be received only upon actual receipt thereof.

20.3 Any party hereto may, from time to time, modify or change its address by providing written notice to the other party, and thereafter the address as modified or changed will be deemed to be the address of the person specified above.

ARTICLE 21: SEVERABILITY

21.1 If any portion of a provision of this Agreement is held to be invalid, illegal or unenforceable, in whole or in part, for any reason whatsoever:

- (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, with limitation, all portions of any sections of this Agreement containing any such provision held to be invalid, illegal or unenforceable that are not of themselves in the whole invalid, illegal or unenforceable) will not in any way be affected or impaired thereby; and
- (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any sections of this Agreement containing any such provisions held to be invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested by the provision which is held to be invalid, illegal or unenforceable.

ARTICLE 22: SUBMISSION TO JURISDICTION

22.1 Each party to this Agreement submits to the non-exclusive jurisdiction of any British Columbia courts sitting in Vancouver in any action, application, reference or other proceeding arising out of or relating to this Agreement and consents to all claims in respect of any such action, application, reference or other proceeding being heard and determined in such British Columbia courts.

ARTICLE 23: MODIFICATIONS AND WAIVERS

23.1 No supplement, modification or amendment of this Agreement will be binding unless executed in writing by both of the parties hereto.

23.2 This Agreement and the obligations of the Company hereunder will not be affected, discharged, impaired, mitigated or released by reason of any waiver, extension of time or indulgence by the Indemnitees of any breach or default in performance by the Company of any terms, covenants or conditions of this Agreement, nor will any waiver, indulgence or extension of time constitute a waiver of:

- (a) any other provisions hereof (whether or not similar); or
- (b) any subsequent or continuing breach or non-performance,

nor will the failure by the Indemnitees to assert any of their rights or remedies hereunder in a timely fashion be construed as a waiver or acquiescence or affect the Indemnitees' right to assert any such right or remedy thereafter.

ARTICLE 24: ENTIRE AGREEMENT

24.1 This Agreement will supersede and replace any and all prior or contemporaneous agreements between the parties (except any written agreement of employment or consulting between the Company or an Affiliate and the Indemnified Party, which agreement of employment or consulting, if in existence, will remain in full effect except to the extent augmented or amended herein) and discussions between the parties hereto respecting the matters set forth herein, and will constitute the entire agreement between the parties hereto with respect to the matters set forth herein.

ARTICLE 25: SUCCESSORS AND ASSIGNS

25.1 This Agreement will be binding upon and enure to the benefit of the Company, its successors and assigns, and also the Indemnitees.

ARTICLE 26: FURTHER ASSURANCES

26.1 Each of the parties hereto will at all times and from time to time hereafter and upon every reasonable written request so to do, make, do, execute and deliver, or cause to be made, done, executed and delivered, all such further acts, documents, assurances and things as may be reasonably required for more effectually implementing and carrying out the provisions and the intent of this Agreement.

26.2 The Company hereby covenants to the Indemnified Party that it shall not take any action, including through an amendment of its Articles or otherwise, that would diminish the rights of the Indemnified Party under this Agreement. No amendment of this Agreement, the Articles of the Company or any Affiliate, or other constating documents of the Company or any Affiliate shall limit or eliminate the right of Indemnified Party to the benefits, including indemnification and advancement of Expenses set forth in this Agreement.

ARTICLE 27: INTERPRETATION

27.1 Headings will not be used in any way in construing or interpreting any provision hereof.

27.2 Whenever the singular or masculine or neuter is used in this Agreement, the same will be construed as meaning plural or feminine or body politic or corporate or vice versa, as the context so requires.

27.3 Words such as herein, therefrom and hereinafter reference and refer to the whole Agreement and are not restricted to the clause in which they appear.

ARTICLE 28: COUNTERPARTS

28.1 This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument.

Remainder of page left intentionally blank. Signature page follows.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

COLUMBIA CARE INC.

Per. /s/ Nicholas Vita
Name: Nicholas Vita
Title: Chief Executive Officer

/s/ Rosemary Mazanet
Rosemary Mazanet

CONSENT TO ACT AS DIRECTOR

To: Columbia Care Inc. (the “Company”)

I consent to act as a director of the Company and agree to my re-election or re-appointment from time to time without further notice.

I certify that I am not disqualified from acting as a director under the provisions of subsection 124(2) of the *Business Corporations Act* (British Columbia), the text of which is set out below.

I acknowledge that the Company may be required to file certain documentation with various regulatory authorities, including securities regulatory authorities, in order to meet its obligations under applicable law. In doing so, the Company may be required to disclose certain personal information about me. I consent to the disclosure of such personal information and acknowledge that such information may be made available to the public under securities and other regulatory legislation.

Dated as of August 31, 2023.

/s/ Rosemary Mazanet

Name: Rosemary Mazanet

Delivery Address:

2442 Beacon Street

Chestnut Hill, MA 02467

DELIVERY ADDRESS means an address where documents can be delivered during regular business hours but does not include a past office box.

PERSONS DISQUALIFIED AS DIRECTORS

Section 124(2) of the *Business Corporations Act* (British Columbia)

An individual is not qualified to become or act as a director of a company if that individual is

- (a) under the age of 18 years;
- (b) found by a court, in Canada or elsewhere, to be incapable of managing the individual's own affairs;
- (c) an undischarged bankrupt; or
- (d) convicted in or out of the British Columbia of an offense in Connection with Promotion, Formation or management of a corporation or unincorporated business, or of an offence involving fraud, unless:
 - (i) the court orders otherwise;
 - (ii) 5 years have elapsed since the last to occur of
 - (A) the expiration of the period set for suspension of the passing of sentence without a sentence having been passed,
 - (B) the imposition of a fine;
 - (C) the conclusion of the term of any Imprisonment, and
 - (D) the conclusion of the term of any probation imposed, or
 - (iii) a pardon was granted or issued, or a record suspension was ordered, under the *Criminal Records Act* (Canada) and the pardon or record under suspension, as the case may be, has not yet been revoked or ceased to have effect.

Section 426(3) of the *Business Corporations Act* (British Columbia) provides that "an individual who acts as a director of a company and who, under section 124(2), is not qualified to act as a director of a company commits an offence*.

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nicholas Vita, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Cannabist Company Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

By: _____

/s/ Nicholas Vita

**Name: Nicholas Vita
Chief Executive Officer**

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Derek Watson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Cannabist Company Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

By:

/s/ Derek Watson

**Derek Watson
Chief Financial Officer**
