

# Columbia Care Reports Record Third Quarter 2021 Results

- Record Quarterly Revenue of \$132.3 Million, an Increase of 144% YoY, 21% QoQ
- Record Quarterly Adjusted Gross Profit of \$64.5 Million, an Increase of 205% YoY, 35% QoQ
- Record Adjusted Gross Margin of 49%, an Increase of 965bps YoY, 527bps QoQ
- Record Adjusted EBITDA of \$31.0 Million, an increase of 634% YoY, 89% QoQ
- Record Adjusted EBITDA Margin of 23%, an increase of 1,564bps YoY, 848bps QoQ
- Revises 2021 Guidance to \$470M - \$485M Revenue, \$85M - \$95M Adjusted EBITDA and 46% Adjusted Gross Margin for Full Year 2021

NEW YORK--(BUSINESS WIRE)-- Columbia Care Inc. (NEO: CCHW) (CSE: CCHW) (OTCQX: CCHWF) (FSE: 3LP) (“Columbia Care” or the “Company”) today reported financial and operating results for the third quarter ended September 30, 2021. All financial information is unaudited and provided in US dollars unless otherwise indicated.

“We are pleased to report accelerating momentum and another record quarter for Columbia Care as fundamentals continue to improve and we execute on our national strategy,” said Nicholas Vita, CEO of Columbia Care. “With sequential revenue growth of over 20%, Columbia Care has continued to outpace the market while also maintaining margin discipline to achieve record company profitability, reflected in increased EBITDA margin and gross margin for the quarter.”

Vita continued, “In the third quarter, we opened new dispensaries in New Jersey and Missouri, and, in line with our technology roll out, we progressed with the launch of Cannabist locations, with eight conversions completed to date, including Downtown Boston. We continued to gain market share and grow margins in Florida, where we will be converting all our dispensaries to Cannabist from Columbia Care. As expected, we are seeing tangible operational benefits driven by our proprietary technology solutions, such as Forage.”

“Our team continues to execute on our strategic objectives and to be the first to seize upon tactical milestones as they materialize. We were the first operator to offer whole flower in Virginia and New York, and we are prepared to be among the first to transition in scale to adult use in New Jersey, New York, and Virginia – all of which are expected to grow into multi-billion dollar markets. In October, we choreographed the largest single-day national flower brand launch in the history of the industry. Furthermore, we have growth initiatives underway throughout the country that will accelerate our trajectory and profitability at each inflection point in the coming quarters. We see momentum building into 2022 and beyond as we optimize our national portfolio and launch brands throughout our markets.”

**Third Quarter 2021 Financial Highlights** (in \$ thousands, excl. margin items):

	Q3 2021 <sup>(2)</sup>	Q2 2021 <sup>(3)</sup>	Q3 2020 <sup>(3)</sup>	%QoQ	%YoY
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Revenue	\$ 132,322	\$ 109,744	\$ 54,162	21%	144%
Adj. Gross Profit <sup>[1]</sup>	\$ 64,462	\$ 47,678	\$ 21,157	35%	205%
Adj. Gross Margin <sup>[1]</sup>	49%	43%	39%	527 bps	965 bps
Adj. EBITDA	\$ 31,022	\$ 16,422	\$ 4,226	89%	634%

<sup>[1]</sup> Excludes changes in fair value of biological assets and inventory sold for all periods presented, as well as \$1.4 million in Q3 2021 and Q2 2021 and \$1.8 million in Q3 2020 related to the mark-up of inventory acquired in acquisitions.

<sup>[2]</sup> Represents Reported Results

<sup>[3]</sup> Represents Combined Results, which include dispensary operations in Ohio.

Third quarter 2021 results include a full quarter of Green Leaf Medical. Since the close of the CannAscend transaction on July 1, 2021, the Company will no longer report Combined results.

**Top 5 Markets by Revenue<sup>[4]</sup>:** California, Colorado, Massachusetts, Ohio, Pennsylvania

**Top 5 Markets by Adjusted EBITDA<sup>[4]</sup>:** Illinois, Maryland, Massachusetts, Pennsylvania, Virginia

<sup>[4]</sup> Markets are listed alphabetically

## Select Market Highlights

### California:

- Cultivation upgrades to increase yield, efficiency, and quality of production in light of wholesale market softness and pricing pressure are nearly complete; awaiting approval for additional indoor cultivation capacity
- Sequential revenue down 10% due to lower wholesale revenue, pricing pressure at the wholesale and retail level offset by record retail transaction volume
- Gross margin impacted by declining wholesale prices due to supply glut and planned lower biomass output during cultivation upgrade efforts that were completed in early October; seeing early indications of gross margin improvement into Q4

### Colorado:

- Sequential revenue declined slightly due to retail softness from ADS contraction offset by increased transaction volume, up 160% YoY
- Gross margin stable as upgrades were completed in Steele indoor cultivation facility; first significant harvest occurred in October
- Harvesting underway in Trinidad with record grams per plant and THC levels vs historical metrics

### Florida:

- Q3 revenue increased 241% over Q3 2020; following standout 46% increase in

revenue sequentially in Q2, sequential revenue declined 7% in Q3 due to discounting pressures and softer ADS as we worked through existing legacy biomass and strains

- Nearly 1,700bps increase in gross margin quarter over quarter due to continued scale and yield improvements and discounting discipline; Florida is now a Top 5 Market by Adj. Gross Margin
- Continued focused on expanding product lines, increasing supply of edibles and other manufactured products across retail footprint to support continued market share gain

#### **Illinois:**

- Sequential revenue increased 14% in Q3 and 159% YoY, primarily driven by increased retail sales with transaction volumes up 23% sequentially, offset by a decline in ADS
- Production efficiencies resulting in >30% THC products and strong terpene profiles
- Jefferson Park dispensary expansion to triple the size of the space is expected to be completed in Q4 2021

#### **Maryland:**

- With incorporation of gLeaf, sequential revenue increased more than 380%; Maryland was a Top 5 contributor to EBITDA in Q3
- Vertical integration and robust wholesale distribution supported significant improvement in gross and EBITDA margins

#### **Massachusetts:**

- Sequential revenue growth of 6% and 19% YoY with record transaction volume and record wholesale revenue in the quarter
- Adult use sales began at Boston Cannabist co-located dispensary in August
- Addition of automation equipment for flower and pre-roll, showed positive financial impact in Q3

#### **New Jersey:**

- Revenue increased 45% sequentially in Q3; gross margin continued to improve, increasing more than 2,700bps sequentially with record transaction volume and ADS
- Deptford Cannabist dispensary opened in August; third location in Hamilton Township expected to open in Q1 2022
- Second cultivation and production facility in Vineland is under development and will provide 250,000sqft of additional canopy, manufacturing, and distribution space to support medical and adult-use in 2022

#### **New York:**

- Revenue up 4% sequentially and 43% YoY; gross margin improved 600bps with third consecutive quarter of increased ADS
- Cultivation operations began at Long Island cultivation facility (~1M sqft) in September, with expected initial harvest in Q4
- Flower sales began on October 25; Columbia Care was first operator to offer whole flower sales in New York
- As an existing Registered Organization, we are in the process of locating four

incremental medical dispensaries to add to our current four medical dispensaries; three of the added dispensaries will be co-located with adult-use for a total of eight dispensaries in New York

## Ohio:

- Revenue increased 17% sequentially and 83% YoY
- Record transaction volumes offset by a decline in ADS
- CannAscend and Corsa Verde acquisitions closed July 1, no longer reporting Combined metrics
- Columbia Care flower is available via wholesale in more than 90% of all dispensaries in state
- Mt. Orab cultivation facility to have incremental canopy available by Q1 2022

## Pennsylvania:

- Revenue increased 51% sequentially and 85% YoY, including a full quarter of gLeaf
- Gross margin improved 1,350bps sequentially, as Columbia Care is now vertically integrated in PA with the gLeaf's 174,000sqft expansion underway, for a total of 274,000sqft upon completion
- gLeaf currently wholesales to nearly all dispensaries in Pennsylvania (+95%)
- Introducing award winning Columbia Care brands and formats in PA in Q4 2021

## Virginia:

- Flower sales began September 9, which has driven revenue increase of 225% QoQ, including gLeaf contribution following June 10 acquisition closing with record transaction volume and ADS
- Sequential gross margin improvement of more than 5,500bps
- Third dispensary opened in Richmond suburb on November 8, with two additional dispensaries expected to open by year-end; actively pursuing dispensary locations, for a total of 12 dispensaries between Columbia Care and gLeaf

## 2021 Outlook

Metric	Previous Guidance	Revised Guidance
Revenue	\$500M - \$530M	\$470M - \$485M
Adjusted Gross Margin	47%+	46%+
Adjusted EBITDA	\$95M - \$105M	\$85M - \$95M

The Company is revising its guidance for 2021, primarily driven by the impact of unanticipated regulatory delays, for example delays in opening of dispensaries in Massachusetts (Boston), New Jersey and West Virginia; delayed approvals for dispensary expansion in Illinois; delayed implementation of adult use in New Jersey; and a later than expected close of the Medicine Man transaction. In addition, wholesale pricing dynamics in some markets, such as California and Pennsylvania, and competitive market share dynamics in Florida have also impacted results and expectations. See "Caution Concerning Forward-Looking Statements" below for further discussion.

## Conference Call and Webcast Details

The Company will host a conference call on Friday, November 12, 2021 at 8:00 a.m. ET to discuss its financial and operating results for the third quarter of 2021.

To access the live conference call via telephone, please dial 1-877-407-8914 (US callers) or 1-201-493-6795 (international callers). A live audio webcast of the call will also be available in the Investor Relations section of the Company's website at <https://ir.col-care.com/> or at <https://78449.themediaframe.com/dataconf/productusers/colc/mediaframe/46646/indexl.html>.

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

### **Non-IFRS Financial Measures**

In this press release, Columbia Care refers to certain non-IFRS financial measures, including Adjusted EBITDA, Adjusted EBITDA Margin and gross profit excluding changes in fair value of biological assets and inventory sold. These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Columbia Care considers certain non-IFRS measures to be meaningful indicators of the performance of its business. A reconciliation of such non-IFRS financial measures to their nearest comparable IFRS measure is included in this press release and a further discussion of some of these items is contained in the Company's Management's Discussion and Analysis for the three months ended September 30, 2021.

### **About Columbia Care Inc.**

Columbia Care is one of the largest and most experienced cultivators, manufacturers and providers of cannabis products and related services, with licenses in 18 U.S. jurisdictions and the EU. Columbia Care operates 131 facilities including 99 dispensaries and 32 cultivation and manufacturing facilities, including those under development. Columbia Care is one of the original providers of medical cannabis in the U.S. and now delivers industry-leading products and services to both the medical and adult-use markets. In 2021, the company launched Cannabist, its new retail brand, creating a national dispensary network that leverages proprietary technology platforms. The company offers products spanning flower, edibles, oils, and tablets, and manufactures popular brands including Seed & Strain, Triple Seven, gLeaf, Classix, Plant Sugar, Press, Amber and Platinum Label CBD. For more information on Columbia Care, please visit [www.col-care.com](http://www.col-care.com).

### **Caution Concerning Forward-Looking Statements**

This press release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Statements concerning Columbia Care's objectives, goals, strategies, priorities, intentions, plans, beliefs, expectations and estimates, and the business, operations, financial performance and condition of Columbia Care as well as statements under the heading "2021 Outlook" are forward-looking statements. The words "believe", "expect", "anticipate", "estimate", "intend", "may", "will", "would", "could", "should", "continue", "plan", "goal", "objective", and similar expressions and the negative of such expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Certain material factors and assumptions were applied in providing these forward-looking statements. Forward-looking information involves numerous assumptions, including assumptions on revenue and expected gross margins, capital allocation, EBITDA break even targets and other financial results; growth of its operations via expansion; expectations for the potential benefits of any transactions including the acquisition of Green Leaf Medical; statements relating to the business and future activities of, and developments related to, the Company after the date of this press release, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations that planned acquisitions will be completed as previously announced; expectations regarding cultivation and manufacturing capacity; expectations regarding receipt of regulatory approvals; expectations that licenses applied for will be obtained; potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Company are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the available funds of the Company and the anticipated use of such funds; the availability of financing opportunities; legal and regulatory risks inherent in the cannabis industry; risks associated with economic conditions, and currency risk; risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to contracts with third-party service providers; risks related to the enforceability of contracts; reliance on the expertise and judgment of senior management of the Company, and ability to retain such senior management; risks related to proprietary intellectual property and potential infringement by third parties; risks relating to the management of growth; increasing competition in the industry; risks inherent in an agricultural business; risks relating to energy costs; risks associated with cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of current or future litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effecting service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; limited research and data relating to cannabis; as well as those risk factors discussed under "Risk Factors" in Columbia Care's Annual Information Form dated March 31, 2021 and filed with the applicable Canadian securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com), and as described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. In particular, but without limiting the foregoing, disclosure in this press release as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. No undue reliance should be placed on forward-looking statements contained in this press release. Such forward-looking statements are made as of the date of this press release. Columbia Care undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Columbia Care's Revenue, Gross Margins and Adjusted EBITDA, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this document was approved by management as of the date of this document and was provided for the purpose of providing further information about Columbia Care's future business operations. Columbia Care disclaims any intention or obligation to update or revise any FOFI contained in this document, whether because of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.

**TABLE 1 - CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in US \$ thousands, except share and per share figures, unaudited)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Sept 30, 2021</b>	<b>Sept 30, 2020</b>	<b>Sept 30, 2021</b>	<b>Sept 30, 2020</b>
Revenue	\$ 132,322	\$ 48,703	\$ 320,804	\$ 103,439
Production costs	(69,290)	(31,472)	(179,439)	(68,035)
Gross profit before fair value adjustments	63,032	17,231	141,365	35,404
Fair value adjustments biological assets and inventory, net	9,254	12,060	29,783	12,297
Gross profit	72,286	29,291	171,148	47,701
Operating expenses	(61,494)	(33,648)	(160,532)	(94,796)
Income (loss) from operations	10,792	(4,357)	10,616	(47,095)
Other expense, net	(60,135)	(6,864)	(76,024)	(11,477)
Income tax benefit (expense)	12,160	(315)	2,021	(949)
Net loss	(37,183)	(11,536)	(63,387)	(59,521)

Net loss attributable to non-controlling interests	(998)	(681)	(1,628)	(4,422)
Net loss attributable to Columbia Care shareholders	(36,185)	(10,855)	(61,759)	(55,099)
Weighted average common shares outstanding - basic and diluted	325,416,684	235,682,767	311,446,922	223,461,261
Earnings per common share attributable to Columbia Care shareholders - basic and diluted	\$ (0.11)	\$ (0.05)	\$ (0.20)	\$ (0.25)

## TABLE 2 - RECONCILIATION OF IFRS TO NON-IFRS MEASURES

(in US \$ thousands, unaudited)

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

**TABLE 3 - CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

(in US \$ thousands, unaudited)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Sept 30, 2021</b>	<b>Sept 30, 2020</b>	<b>Sept 30, 2021</b>	<b>Sept 30, 2020</b>
Net cash used in operating activities	\$ 19,256	\$ (7,103)	\$ 4,289	\$ (35,627)
Net cash used in investment activities	(41,469)	5,810	(125,389)	(23,909)
Net cash provided by financing activities	(9,606)	1,085	176,920	54,214
Net (decrease) increase in cash	(31,819)	(208)	55,820	(5,322)
Cash balance - beginning of period	148,750	42,350	61,111	47,464
Cash balance - end of period	116,931	42,142	116,931	42,142

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

(in US \$ thousands, unaudited)

	<b>Sept 30, 2021</b>	<b>Dec 31, 2020</b>
Cash	\$ 116,931	\$ 61,111
Total current assets	402,568	213,698
Property and equipment, net	258,730	114,400
Right of use assets	229,624	187,715
Total assets	1,483,860	792,591
Total current liabilities	294,032	148,966
Total liabilities	858,674	470,715
Total equity	625,186	321,876

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