# The Cannabist Company Announces Agreement to Extend the Maturity Date of its Senior Secured Notes to December 2028, with Options to Extend through 2029

February 27, 2025

NEW YORK--(BUSINESS WIRE)--Feb. 27, 2025-- The Cannabist Company Holdings Inc. (Cboe CA: CBST) (OTCQX: CBSTF) (FSE: 3LP) ("The Cannabist Company" or the "Company"), one of the most experienced cultivators, manufacturers and retailers of cannabis products in the U.S., announced today that it has entered into a support agreement dated February 27, 2025 (the "Support Agreement") with holders (the "Supporting Noteholders") representing approximately 61% of the aggregate principal amount of issued Senior Notes (as defined below) regarding the exchange of their notes for new notes having a later maturity date and additional covenants, all as described herein (the "Transaction").

"At the beginning of 2024, we launched a midterm strategy designed to transform our business through footprint optimization, improved operational efficiency, and proactive balance sheet management. Over the past year, we have successfully implemented meaningful corporate restructuring and strategic asset divestitures. As the next step in our process, we are pleased to announce a mutual agreement with our bondholders to extend the maturities of our senior debt until December 2028, with the option to extend through 2029. Through this transaction, we have proactively positioned the Company with runway to continue to execute against its strategic plan, which includes continued operational improvements, finalizing the footprint rationalization initiative, targeting further cost-saving efficiencies across the organization, and capitalizing on growth opportunities in 2025 and beyond. We are grateful for the partnership with our bondholders and look forward to making further progress as we build a better business," said David Hart, CEO of The Cannabist Company.

In addition to certain real property mortgages, the Company's secured debt generally consists of: (i) the six percent (6.0%) Senior Secured Convertible Notes due June 29, 2025 for an aggregate amount of U.S. $59.5 million (the "2025 Notes"); (ii) the nine and one half percent (9.5%) Senior Secured First-Lien Notes due February 3, 2026 for an aggregate amount of U.S. $185 million (the "2026 Notes"); and (iii) the nine percent (9.0%) Senior Secured Convertible Notes due March 19, 2027 for an aggregate amount of U.S. $25.55 million (the "2027 Notes", and together with the 2025 Notes and the 2026 Notes, the "Senior Notes").

Under the terms of the Transaction, the holders of the 2025 Notes and the 2026 Notes will exchange their Senior Notes for an equal principal amount of 9.25% senior secured notes due December 31, 2028 (subject to two six-month extension options available to the Company upon payment of a 0.50% fee, payable in cash) (the "New Senior Notes") and the holders of the 2027 Notes will be given the right to elect to receive either (i) an equal principal amount of New Senior Notes or (ii) an equal principal amount of newly issued 9.0% convertible notes, which will have the same conversion price as the existing 2027 Notes but will have the same extended maturity date as the New Senior Notes (the "New Convertible Notes", and together with the New Senior Notes, the "New Notes").

The Transaction will be subject to approval by the Ontario Superior Court of Justice pursuant to a plan of arrangement (the "Plan") under the *Canada Business Corporations Act* (the "CBCA"). The Transaction will also be subject to customary conditions, including approval by the requisite majority of holders of Senior Notes and the receipt of any necessary regulatory approvals, including state cannabis regulators, if applicable.

***Transaction Details***

The Support Agreement contemplates, among other things, the following terms:

- *Senior Note Exchange*: The holders of the Senior Notes will receive, pursuant to the Plan, an equal principal amount of New Notes in an aggregate amount of approximately US$270 million, which will be guaranteed by the Company and each of its direct and indirect subsidiaries (other than certain existing unrestricted subsidiaries), and the New Notes shall be secured by all or substantially all of the assets and properties of the Company and each guaranteeing subsidiary, subject to certain exemptions. The New Notes will also contain new covenants including a net consolidated leverage ratio requirement, minimum liquidity requirement, consent fees for asset sales and incurrence covenants.
- *Issuance of New Shares:* The Company will also issue 118,209,105 common shares (the "New Shares"), representing 24.99% of the issued and outstanding shares of the Company, on a pro rata basis to holders of Senior Notes who elect to receive New Senior Notes (the "Share Payment"). Holders of 2027 Notes who elect to receive New Convertible Notes will not be entitled to any portion of the Share Payment. 100% of the New Shares will be subject to a 6-month contractual lock-up from the closing of the Transaction, and 50% of the New Shares will be subject to a 12-month contractual lock-up from the closing of the Transaction.
- *Early Consent Consideration:* Supporting Noteholders and any other holder of Senior Notes who executes a joinder to the Support Agreement prior to 5:00 p.m. (New York time) on March 10, 2025 (or such later date as may be agreed by the Company and certain Supporting Noteholders) (collectively, "Early Supporting Noteholders") who receive New Senior Notes will also receive their pro rata share of a $1,500,000 early consent fee payable by the Company to such Early Supporting Noteholders on closing of the Transaction (the "Early Consent Consideration"). The Early Consent Consideration shall be payable by the Company in cash or through transfer of publicly traded securities of a third-party issuer owned by the Company, at the Company's option. Holders of 2027 Notes, including Early Supporting Noteholders, who elect to receive New Convertible Notes will not be entitled to any portion of the Early Consent Consideration.
- *Additional Early Consent Fee:* Early Supporting Noteholders who receive New Senior Notes will also receive their pro rata

share of a $1,500,000 asset sale consent fee (the “Asset Sale Early Consent Fee”) payable by the Company to such Early Supporting Noteholders in two equal instalments on: (i) the date on which the Company has received aggregate asset sale proceeds for certain pending or contemplated asset sales disclosed to and approved by the Supporting Noteholders (“Approved Sales”) equal to or greater than $15,000,000; and (ii) the date on which the Company has received aggregate sale proceeds for Approved Sales equal to or greater than $20,000,000. Holders of 2027 Notes, including Early Supporting Noteholders, who elect to receive New Convertible Notes will not be entitled to any portion of the Asset Sale Early Consent Fee.

- *Convertible Notes*: The New Convertible Notes will retain the same conversion price and features as the 2027 Notes, though the maturity date of the New Convertible Notes issued pursuant to the Plan will be extended to the same maturity as the New Senior Notes.
- *Anti-Dilutive Warrants:* In order to reduce the dilutive effect of the New Shares on existing shareholders of the Company, the existing shareholders of the Company (excluding the recipients of the New Shares) will be granted new common share purchase warrants (the “Anti-Dilutive Warrants”) to acquire an aggregate of 118,246,947 million newly issued common shares, representing approximately 20% of the common shares on a pro forma, diluted basis (after taking into consideration the issuance of the New Shares). The Anti-Dilutive Warrants will be exercisable at $Cdn.0.14 per common share for a period of two years from the closing of the Transaction.
- *Governance Rights*: At closing of the Transaction, the Company will select two (2) qualified independent directors with no affiliation to competitors (the “Independent Directors”) from a slate of candidates provided by the Supporting Noteholders, to be added to the board of directors of the Company (the “Board”). Until the New Notes are refinanced or repaid in full, the Supporting Noteholders shall have the right to nominate two (2) Independent Directors for election to the Board, beginning as of the Company’s 2025 annual general meeting. Four (4) of The Cannabist Company’s director positions will be eliminated as of the 2025 annual general meeting if closing has occurred by such meeting, resulting in a seven-person board (pro forma for the addition of two (2) new Independent Directors described above). The Chair of the Board shall be subject to approval by the independent directors of the Board.

Pursuant to the Plan, the Company expects to call a meeting of holders of Senior Notes to approve the Transaction and is targeting closing the Transaction in the first half of 2025, subject to the satisfaction of closing conditions, including court approval of the Plan and the receipt of any necessary state cannabis regulatory approvals. The Company intends to mail a proxy circular in the upcoming weeks to holders of Senior Notes.

The Board has unanimously determined, after receiving financial and legal advice and following the receipt of a unanimous recommendation of a special committee of independent directors, that the Transaction is in the best interests of the Company. The Board obtained an independent fairness opinion from Koger Valuations Inc. which provides that, as at the date of such opinion and based upon and subject to the assumptions, procedures, factors, limitations and qualifications set forth therein, the Transaction is fair, when viewed as a whole and from a financial point of view, to the shareholders of the Company and to holders of the Senior Notes.

Any holder of Senior Notes who is interested in executing a joinder to the Support Agreement in order to become an Early Supporting Noteholder and participate in the Early Consent Consideration and Asset Sale Early Consent Fee should contact Moelis & Company LLC at the address below.

Moelis & Company LLC
399 Park Avenue, 4th Floor
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Moelis & Company LLC is serving as exclusive financial advisor to the Company. Stikeman Elliott LLP and Dorsey & Whitney LLP are acting as the Company’s Canadian and U.S. legal counsel, respectively. Goodmans LLP and Feuerstein Kulick LLP are acting as the Supporting Noteholders’ Canadian and U.S. legal counsel, respectively, with Ducera Partners LLC serving as the financial advisor to the Supporting Noteholders’ legal counsel.

**About The Cannabist Company (f/k/a Columbia Care)**

The Cannabist Company, formerly known as Columbia Care, is one of the most experienced cultivators, manufacturers and providers of cannabis products and related services, with licenses in 14 U.S. jurisdictions. The Company operates 89 facilities including 70 dispensaries and 19 cultivation and manufacturing facilities, including those under development. Columbia Care, now The Cannabist Company, is one of the original multi-state providers of 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 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 dreamt, Seed & Strain, Triple Seven, Hedy, gLeaf, Classix, Press, and Amber. For more information, please visit www.cannabistcompany.com.

**Caution Concerning Forward Looking Statements**

Certain information contained in this news release may be forward-looking statements within the meaning of applicable securities laws. Forward-looking statements are often, but not always, identified by the use of words such as “target”, “expect”, “anticipate”, “believe”, “foresee”, “could”, “would”, “estimate”, “goal”, “outlook”, “intend”, “plan”, “seek”, “will”, “may”, “tracking”, “pacing” and “should” and similar expressions or words suggesting future outcomes. This news release includes forward-looking information and statements pertaining to, among other things, future payments to creditors, the holding of the meeting of the holders of Senior Notes, the implementation of the Transaction pursuant to a plan of arrangement under the CBCA, including the receipt of all necessary Senior Noteholder, exchange, court, and regulatory approvals (including any necessary state cannabis regulatory approvals), the execution of operational improvements and footprint rationalization initiative, completion of cost-saving initiatives, and capitalizing on growth opportunities in 2025 and beyond. Numerous risks and uncertainties could cause the actual events and results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to the Company may not receive the necessary approvals to complete the Transaction. Forward-looking estimates and assumptions involve known and unknown risks and uncertainties that may cause actual results to differ materially. The Company also cautions readers that the forward-looking financial information contained in this news release are only provided to assist readers in understanding management’s current expectations relating to future periods and, as such, are not appropriate for any other purpose. In addition, securityholders should review the risk factors discussed under “Risk Factors” in the Company’s Form 10-K for the year ended December 31, 2023, as filed with Canadian and U.S. securities regulatory authorities and described from time to time in subsequent documents filed with applicable securities regulatory authorities.

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