



Columbia Care Reports First Quarter 2019, Fourth Quarter and Full Year 2018 Financial Results

May 14, 2019

- *First quarter 2019 revenue increase of 45% over prior year*
- *Completion of go-public transaction provides capital to fund long-term growth prospects*
- *Expansion of US footprint with 13 lease signings in Florida, dispensary openings in Brooklyn, NY and San Diego, CA, reinforcing organic growth strategy in key markets*

NEW YORK--(BUSINESS WIRE)-- Columbia Care Inc. (NEO: CCHW) ("Columbia Care", or the "Company"), one of the largest multi-state operators in the medical cannabis industry, with licenses in 15 jurisdictions in the US and the EU, today reported financial results for its first quarter ended March 31, 2019 and fourth quarter and full year ended December 31, 2018. All financial information is provided in US dollars unless otherwise indicated.

First Quarter 2019 Financial Highlights

- Revenue of \$12.9 million, an increase of 45% from the prior year period
- Gross profit, excluding changes in the fair value of biological assets and inventory sold, of \$4.4 million, an increase of 29% over the prior year period
- Net loss of (\$25.1) million compared to (\$9.7) million for the prior year period, reflecting the Company's investment in its growth initiatives
- Adjusted EBITDA of (\$10.4) million compared to (\$2.3) million for the prior year period, reflecting new market expansion, pre-opening facility expenses, organizational growth and expenses related to the Company's go-public transaction¹
- Pro-forma cash as of March 31, 2019 of \$169.6 million including proceeds from the closing of the Company's go-public transaction on April 26, 2019 with zero debt

Subsequent to the end of the first quarter 2019, Columbia Care has launched a new line of industrial hemp-based CBD products in conjunction with the opening of its newest dispensaries in Brooklyn, NY and San Diego, CA. Additionally, since the beginning of the year, Columbia Care has entered into lease agreements for dispensaries in Delaware, the District of Columbia and 13 new facilities in targeted markets in Florida.

"Our strong year over year growth in 2018 has continued into 2019 with the launch of our state-of-the-art dispensary in Brooklyn as well as our entry into two of the largest medical cannabis markets in the United States, California and Florida," said Nicholas Vita, Chief Executive Officer of Columbia Care. "Access to the public capital markets will allow us to accelerate growth as we expand operations in 12 of our 14 existing jurisdictions and enables us to expedite the commercialization of our hemp-based CBD brands into traditional consumer retail channels. By leveraging our extensive patient data and institutional experience, we are committed to delivering products, services and brands designed to meet the needs of consumers in markets where we believe we can have the largest impact."

Discussion of First Quarter 2019, Fourth Quarter 2018 and Full Year 2018 Results

Revenue for the first quarter of 2019 totaled \$12.9 million, compared to \$8.8 million for the first quarter of 2018, representing an increase of 45%. Fourth quarter and full year 2018 revenue was \$11.0 million and \$39.3 million respectively, compared to fourth quarter and full year 2017 revenue of \$8.1 million and \$29.2 million, representing increases of 36% and 35%, respectively, over the prior year periods.

Revenue increased exclusively due to the Company's organic growth in its licensed jurisdictions coupled with higher consumer demand for Columbia Care's wide array of proprietary medical cannabis products, curated third-party products and wholesale operations.

Excluding changes in the fair value of biological assets and inventory sold, gross profit was \$4.4 million in the first quarter of 2019, or an increase of 29% over the prior year period. For the fourth quarter and full year 2018, gross profit excluding changes in the fair value of biological assets and inventory sold was \$3.9 million and \$16.5 million, or an increase of 1% and 20%, respectively, over the prior year periods.

The Company's gross profit for the first quarter of 2019 was (\$2.2) million, compared to \$1.2 million or a decrease of \$3.4 million from the prior year period. Fourth quarter and full year 2018 gross profit was (\$0.6) million and \$17.1 million respectively, compared to fourth quarter and full year gross profit of \$20.0 million and \$53.7 million respectively. The overall decrease reflects increased gross profit before fair value adjustments related to increased demand for the Company's product offerings, offset by adjustments for unharvested biological assets.

Net loss for the first quarter of 2019 was (\$25.1) million, compared to (\$9.7) million, an increase of \$15.4 million compared to the prior year period, primarily due to higher operating expenses related to the Company's expansion in both new and existing markets. Net loss for the fourth quarter and full year 2018 was (\$20.4) million and (\$39.7) million, respectively, compared to net income of \$2.8 million and \$2.9 million for same periods in 2017,

primarily due to fair value adjustments as well as the Company's on-going investment in its growth initiatives.

Adjusted EBITDA for the first quarter of 2019 was (\$10.4) million, compared to (\$2.3) million, a decrease of \$8.1 million compared to the prior year period. Adjusted EBITDA for the fourth quarter and full year 2018 was (\$7.5) million and (\$15.6) million, respectively, compared to Adjusted EBITDA of (\$1.5) million and (\$4.7) million for same periods in 2017. Changes in Adjusted EBITDA were primarily driven by higher operating expenses related to the Company's expansion in both new and existing markets. See "Non-IFRS Financial Measures".

As of March 31, 2019, the Company had \$59.1 million cash on hand. On a pro forma basis, incorporating the closing of its go-public transaction, the Company had \$169.6 million cash on hand as of March 31, 2019 with no debt.

Conference Call and Webcast Details

The Company will report complete financial results for the first quarter 2019 and fourth quarter and full year 2018 on Tuesday, May 14th, 2019 at 8:00 a.m. EDT. To access the live conference call via telephone, please dial 1-877-407-8914 (US Callers) or 1-201-493-6795 (international callers), no passcode is required. A live audio webcast of the call will also be available in the Investor Relations section of the Company's website at <https://ir.col-care.com/>.

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

Non-IFRS Financial Measures

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

About Columbia Care Inc.

Columbia Care Inc. ("Columbia Care" or the "Company") is one of the largest and most experienced multi-state operators in the medical cannabis industry, with licenses in 15 jurisdictions in the US and the EU. With over 1,000,000 successful sales transactions since its inception, Columbia Care is a patient-centered organization setting the standard for compassion, professionalism, quality, caring and innovation, working in collaboration with some of the most renowned and innovative teaching hospitals and medical centers in the world. The Company is committed to providing the type of education and transparency patients deserve and quality of product that clinicians expect. In New York, among the many products Columbia Care manufactures and sells, EleCeed™, TheraCeed™ and ClaraCeed™ are the flagship pharmaceutical product lines and are available in table vaporization, tincture, suppository and topical formulations. For more information on Columbia Care, please visit www.col-care.com.

Forward-Looking Statements

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation which are based upon Columbia Care's current internal expectations, estimates, projections, assumptions and beliefs and views of future events. Forward-looking information can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may", "would" or "will" happen, or by discussions of strategy. Forward-looking information include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance or other statements that are not statements of fact. Any forward-looking information speaks only as of the date on which it is made, and, except as required by law, Columbia Care does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for Columbia Care to predict all such factors. When considering these forward-looking statements, readers should keep in mind the risk factors and other cautionary statements in Columbia Care's final prospectus dated March 21, 2019 and filed with the applicable Canadian securities regulatory authorities on SEDAR at www.sedar.com. The risk factors and other factors noted in Columbia Care's Annual Information Form could cause actual events or results to differ materially from those described in any forward-looking information.

1 See "Non-IFRS Financial Measures"

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

First Quarter 2019	Q1 2019	Q1 2018
Revenue	\$ 12,870	\$ 8,849
Production costs	<u>(8,469)</u>	<u>(5,436)</u>
Gross profit before fair value adjustments	\$ 4,401	\$ 3,413
Fair value adjustments biological assets, net	<u>(6,604)</u>	<u>(2,196)</u>
Gross profit	\$ (2,203)	\$ 1,217
Operating expenses	<u>\$ (21,925)</u>	<u>\$ (9,451)</u>

Operating loss	\$ (24,128)	\$ (8,234)
Other income (expense), net	(389)	(744)
Provision for income taxes	<u>(615)</u>	<u>(719)</u>
Net income (loss)	\$ (25,132)	\$ (9,697)
Net loss attributable to non-controlling interests	<u>(272)</u>	<u>(261)</u>
Net income (loss) attributable to Columbia Care members	\$ (24,860)	\$ (9,436)
Weighted average common units outstanding - basic	14,613,453	12,254,119
Weighted average common units outstanding - diluted	14,613,453	12,254,119
Earnings (loss) per common unit attributable to Columbia Care members - basic	\$ (1.70)	\$ (0.77)
Earnings (loss) per common unit attributable to Columbia Care members - diluted	\$ (1.70)	\$ (0.77)

Fourth Quarter and Full Year 2018	Q4 2018	Q4 2017	FY 2018	FY 2017
Revenue	\$ 10,983	\$ 8,057	\$ 39,328	\$ 29,183
Production costs	<u>(7,053)</u>	<u>(4,161)</u>	<u>(22,874)</u>	<u>(15,513)</u>
Gross profit before fair value adjustments	\$ 3,930	\$ 3,896	\$ 16,454	\$ 13,670
Fair value adjustments biological assets, net	<u>(4,521)</u>	<u>16,087</u>	<u>673</u>	<u>40,046</u>
Gross profit	\$ (591)	\$ 19,983	\$ 17,127	\$ 53,716
Operating expenses	<u>\$ (18,557)</u>	<u>\$ (10,090)</u>	<u>\$ (50,790)</u>	<u>\$ (37,389)</u>
Operating loss	\$ (19,148)	\$ 9,893	\$ (33,663)	\$ 16,327
Other income (expense), net	419	(2,056)	(3,166)	(8,265)
Provision for income taxes	<u>(1,690)</u>	<u>(5,016)</u>	<u>(2,831)</u>	<u>(5,203)</u>
Net income (loss)	\$ (20,419)	\$ 2,821	\$ (39,660)	\$ 2,859
Net loss attributable to non-controlling interests	<u>(28)</u>	<u>(116)</u>	<u>(863)</u>	<u>(502)</u>
Net income (loss) attributable to Columbia Care members	\$ (20,391)	\$ 2,937	\$ (38,797)	\$ 3,361
Weighted average common units outstanding - basic	14,087,999	12,069,792	12,893,741	11,819,891
Weighted average common units outstanding - diluted	14,087,999	12,735,559	12,893,741	12,286,848
Earnings (loss) per common unit attributable to Columbia Care members - basic	\$ (1.45)	\$ 0.24	\$ (3.01)	\$ 0.28
Earnings (loss) per common unit attributable to Columbia Care members - diluted	\$ (1.45)	\$ 0.23	\$ (3.01)	\$ 0.27

TABLE 2 - RECONCILIATION OF IFRS TO NON-IFRS MEASURES
(in US \$ thousands, unaudited)

First Quarter 2019	Q1 2019	Q1 2018
Net income (loss)	\$(25,132)	\$ (9,697)
Provision for income taxes	615	719
Depreciation and amortization	2,870	987
Net interest and debt amortization	<u>447</u>	<u>745</u>
EBITDA	\$(21,200)	\$ (7,246)
Unit-based compensation	4,232	2,788
Fair value adjustments biological assets, net	<u>6,604</u>	<u>2,196</u>
Adjusted EBITDA	\$(10,364)	\$ (2,262)

Fourth Quarter and Full Year 2018	Q4 2018	Q4 2017	FY 2018	FY 2017
Net income (loss)	\$(20,419)	\$ 2,821	\$(39,660)	\$ 2,859
Provision for income taxes	1,690	5,016	2,831	5,203
Depreciation and amortization	1,291	1,207	4,677	3,898
Net interest and debt amortization	<u>(88)</u>	<u>2,054</u>	<u>3,165</u>	<u>8,264</u>
EBITDA	\$(17,526)	\$ 11,098	\$(28,987)	\$ 20,224
Unit-based compensation	5,540	3,519	14,058	15,164
Fair value adjustments biological assets, net	<u>4,521</u>	<u>(16,087)</u>	<u>(673)</u>	<u>(40,046)</u>
Adjusted EBITDA	\$ (7,465)	\$ (1,470)	\$(15,602)	\$ (4,658)

TABLE 3 - CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(in US \$ thousands, unaudited)

First Quarter 2019	Q1 2019	Q1 2018
Net cash used in operating activities	\$(15,073)	\$ (6,212)
Net cash used in investment activities	(12,399)	(642)
Net cash provided by financing activities	40,295	7,585
Net increase in cash	12,823	731
Cash balance - beginning of period	46,241	13,297
Cash balance - end of period	59,064	14,028

Fourth Quarter and Full Year 2018	Q4 2018	Q4 2017	FY 2018	FY 2017
Net cash used in operating activities	\$ (7,759)	\$ (1,696)	\$(24,766)	\$ (9,467)
Net cash used in investment activities	(20,428)	(4,731)	(27,872)	(23,766)
Net cash provided by financing activities	51,515	10,346	85,582	44,288
Net increase in cash	23,328	3,919	32,944	11,055
Cash balance - beginning of period	22,913	9,378	13,297	2,242
Cash balance - end of period	46,241	13,297	46,241	13,297

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

(in US \$ thousands, unaudited)

	MARCH 31 2019	DECEMBER 29 2018
Cash	\$ 59,064	\$ 46,241
Total current assets	131,169	160,122
Property and equipment, net	51,554	39,794
Right of use assets	33,654	-
Total assets	254,215	233,927
Total current liabilities	24,589	15,309
Total liabilities	70,798	30,238
Total equity	183,417	203,689

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