



Columbia Care Implements Efficiency Initiatives to Enhance Profitability

January 19, 2023

NEW YORK--(BUSINESS WIRE)--Jan. 19, 2023-- [Columbia Care Inc.](#) (NEO: CCHW) (CSE: CCHW) (OTCQX: CCHWF) (FSE: 3LP) ("Columbia Care" or the "Company"), one of the largest and most experienced cultivators, manufacturers and retailers of cannabis products in the U.S., announced today that it has undertaken a number of initiatives to increase efficiency, decrease expenses and transition to cash flow positive in order to further strengthen its operations and financial performance. The Company closed four unprofitable dispensaries in California (1) and Colorado (3) and consolidated cultivation operations in California, Colorado and Pennsylvania to improve their Adjusted EBITDA contribution. In addition, the Company has decreased corporate headcount by approximately 25%. As a result, the Company expects to show a sustained improvement in its long-term expense ratio as well as a decrease in its cash burn. Excluding the impact of today's announced changes, Columbia Care ended 2022 with more than \$48 million in cash on the balance sheet, highlighting a free cash flow burn rate of less than \$2 million in the fourth quarter, a sequential improvement of approximately \$30 million.

CEO Nicholas Vita commented, "As Columbia Care continues to grow and evolve, we constantly reassess our operations to objectively determine whether changes are required to drive the business forward. In light of unprecedented inflation and persistent economic headwinds, the current dislocation in the capital markets, and the political and regulatory structures that allow the illicit market to proliferate in some jurisdictions, we have made the decision to restructure targeted areas of our business. As a result, we have elected to proactively manage our operations to enhance profitability, competitiveness and overall success as a market leader in a hyper-dynamic environment."

Vita continued, "We are grateful to all Columbia Care employees, past and present, for their passion and commitment to our company and industry. Our choice to rationalize and consolidate our portfolio of facilities in several key markets, as well as to reduce our corporate headcount, was reached after a methodical and iterative review process with consideration for our employees, our partners, and our shareholders. The changes implemented position Columbia Care to operate more efficiently and maintain its leadership position. Optimizing our operations for current patient and consumer trends demonstrates our ability to be proactive and nimble as the cannabis landscape rapidly evolves."

Vita concluded, "As we have previously indicated, one of our operational priorities is to position our organization as a market leader by achieving capital self-sufficiency. As one of the largest operators in the industry, we remain more optimistic than ever for the future of cannabis. The outlook for Columbia Care is bright, thanks to the embedded organic growth in our strategic footprint, the operational excellence we've developed over 12 years, and the strength of the profitability we intend to deliver to Cresco Labs. We continue to look forward to our merger with Cresco Labs and to providing updates as the transaction progresses, and as we deliver on our commitment to be one of the best companies in the sector."

About Columbia Care

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. Columbia Care operates 128 facilities including 95 dispensaries and 33 cultivation and manufacturing facilities, including those under development. Columbia Care is one of the original multi-state 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, Hedy, gLeaf, Classix, Press, and Amber. For more information on Columbia Care, please visit www.columbia.care.

Caution Concerning Forward-Looking Statements

This press release contains certain statements that constitute "forward-looking information" or "forward-looking statements" within the meaning of applicable securities laws and reflect the Company's current expectations regarding future events. Forward-looking statements or information contained in this release include, but are not limited to, statements or information with respect to the Company's financial condition, the financial and operational impact of the corporate restructuring, the status of the planned combination with Cresco Labs and the outlook for the cannabis industry. These forward-looking statements or information, which although considered reasonable by the Company, may prove to be incorrect and are subject to known and unknown risks and uncertainties that may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied by any forward-looking information. These risks, uncertainties and other factors include, among others, favorable operating and economic conditions; obtaining and maintaining all required licenses and permits; favorable production levels and sustainable costs from the Company's operations; and the level of demand for cannabis products, including the Company's products sold by third parties. In addition, securityholders should review the risk factors discussed under "Risk Factors" in Columbia Care's Form 10 dated May 9, 2022, filed with the applicable securities regulatory authorities and described from time to time in documents filed by the Company with Canadian and U.S. securities regulatory authorities.

Non-GAAP Financial Measures

In this press release, Columbia Care refers to certain non-GAAP financial measures, including Adjusted EBITDA. These measures do not have any standardized meaning in accordance with U.S. GAAP and may not be comparable to similar measures presented by other companies. Columbia Care considers certain non-GAAP measures to be meaningful indicators of the performance of its business. These measures are not recognized measures under GAAP, do not have a standardized meaning prescribed by GAAP and may not be comparable to (and may be calculated differently by) other companies that present similar measures. Accordingly, these measures should not be considered in isolation from nor as a substitute for our financial information reported under GAAP.

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Investors

Lee Ann Evans
Capital Markets
ir@col-care.com

Media

Lindsay Wilson
Communications
+1.978.662.2038
media@col-care.com

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