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 March 31, 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

Columbia Care

COLUMBIA CARE INC.
(Exact Name of Registrant as Specified in its Charter)

British Columbia	**98-1488978**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
680 Fifth Ave., 24th Floor New York, New York	**10019**
(Address of principal executive offices)	**(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**

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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☒		

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 May 11, 2023, there were 406,779,180 shares of common stock, no par value per share (the "Common Shares"), outstanding.

Table of Contents

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" regarding Columbia Care Inc. and its subsidiaries (collectively referred to as "Columbia Care," "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 satisfaction of the conditions precedent to the closing of the Cresco Transaction (as defined herein);
- the receipt of any necessary regulatory approvals in connection with the Cresco Transaction (as defined herein);
- the impact of the Cresco Transaction (as defined herein) on the Company's current and future operations, financial condition and prospects;
- the value of the Cresco Labs Shares (as defined herein);
- the costs of the Cresco Transaction (as defined herein) and potential payment of a termination fee in connection with the Cresco Transaction (as defined herein);
- the ability to successfully integrate with the operations of Cresco Labs (as defined herein) and realize the expected benefits of the Cresco Transaction (as defined herein);
- 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 the services of banks for the Company, Cresco Labs or buyers of divestiture assets in relation to the Cresco Transaction (as defined herein);
- the ability to complete divestitures in connection with the Cresco Transaction, including the closing of the Combs Transaction (as defined herein);
- 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.

COLUMBIA CARE INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited)
(Expressed in thousands of U.S. dollars, except share data)

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash	$ 40,159	$ 48,154
Accounts receivable, net of allowances of $2,642 and, $2,504, respectively	12,250	10,087
Inventory	132,624	127,905
Prepaid expenses and other current assets	24,339	21,942
Assets held for sale	29,107	29,089
Total current assets	238,479	237,177
Property and equipment, net	348,581	357,993
Right of use assets - operating leases, net	168,370	174,472
Right of use assets - finance leases, net	42,381	45,423
Goodwill	19,274	19,274
Intangible assets, net	140,461	145,265
Other non-current assets	15,475	15,122
Total assets	$ 973,021	$ 994,726
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 29,917	$ 23,775
Accrued expenses and other current liabilities	58,130	64,574
Income tax payable	42,628	33,961
Current portion of lease liability - operating leases	7,342	6,762
Current portion of lease liability - finance leases	6,572	6,552
Current portion of long-term debt, net	7,595	47,315
Liabilities held for sale	20,179	20,179
Total current liabilities	$ 172,363	$ 203,118
Long-term debt, net	323,147	281,705
Deferred taxes	3,774	2,903
Long-term lease liability - operating leases	168,309	174,312
Long-term lease liability - finance leases	48,603	50,586
Derivative liability	265	235
Other long-term liabilities	75,235	74,964
Total liabilities	791,696	787,823

Stockholders' Equity:		
Common Stock, no par value, unlimited shares authorized as of March 31, 2023 and December 31, 2022, respectively, 393,409,586 and 391,238,484 shares issued and outstanding as of March 31, 2022 and December 31, 2022, respectively	—	—
Preferred Stock, no par value, unlimited shares authorized as of March 31, 2023 and December 31, 2022, respectively, none issued and outstanding as of March 31, 2023 and December 31, 2022	—	—
Proportionate voting shares, no par value, unlimited shares authorized as of March 31, 2023 and December 31, 2022, respectively; 9,955,661 and 10,009,819 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	—	—
Additional paid-in-capital	1,123,898	1,117,287
Accumulated deficit	(941,343)	(904,003)
Equity attributable to Columbia Care Inc.	182,555	213,284
Non-controlling interest	(1,230)	(6,381)
Total equity	181,325	206,903
Total liabilities and equity	$ 973,021	$ 994,726

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

COLUMBIA CARE 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	
	March 31, 2023	**March 31, 2022**
Revenues, net of discounts	$ 124,535	$ 123,087
Cost of sales related to inventory production	(77,454)	(66,460)
Gross Margin	47,081	56,627
Selling, general and administrative expenses	$ (55,350)	(71,292)
Total operating costs	(55,350)	(71,292)
Loss from operations	(8,269)	(14,665)
Other expense:		
Interest expense on leases	(1,098)	(1,426)
Interest expense	(12,573)	(11,244)
Other (expense) income, net	(3,943)	61
Total other expense	(17,614)	(12,609)
Loss before provision for income taxes	(25,883)	(27,274)
Income tax expense	(10,689)	(632)
Net loss and comprehensive loss	(36,572)	(27,906)
Net (income) loss attributable to non-controlling interests	768	(1,270)
Net loss attributable to shareholders	$ (37,340)	$ (26,636)
Weighted-average number of shares used in earnings per share - basic and diluted	401,438,546	376,397,260
Loss attributable to shares (basic and diluted)	$ (0.09)	(0.07)

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

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

	Units	Common Shares	Proportionate Voting Shares	Additional Paid-in Capital	Accumulated Deficit	Total Columbia Care 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**

	Units	Common Shares	Proportionate Voting Shares	Additional Paid-in Capital	Accumulated Deficit	Total Columbia Care 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**

(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 Statements of Changes in Equity.

COLUMBIA CARE INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(expressed in thousands of U.S. dollars)

	Three months ended	
	March 31, 2023	**March 31, 2022**
Cash flows from operating activities:		
Net loss	$ (36,572)	$ (27,906)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation and amortization	15,063	21,210
Equity-based compensation	6,515	6,374
Debt amortization expense	2,291	1,936
Loss on deconsolidation of subsidiary	2,473	—
Provision for obsolete inventory and other assets	615	156
Deferred taxes	766	(4,560)
Change in fair value of derivative liability	30	683
Other	134	217
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable	(2,322)	1,726
Inventory	(6,315)	(14,851)
Prepaid expenses and other current assets	(2,442)	1,942
Other assets	6,126	(6,111)
Accounts payable	8,134	(12,072)
Accrued expenses and other current liabilities	(4,874)	(8,037)
Income taxes payable	9,194	5,172
Other long-term liabilities	(2,221)	6,299
Net cash used in operating activities	(3,405)	(27,822)
Cash flows from investing activities:		
Purchases of property and equipment	(5,724)	(29,511)
Proceeds from sale of plant, property and equipment	—	179
Proceeds from deconsolidation of MO entity	3,040	—
Cash received (paid) on deposits, net	132	(223)
Net cash used in investing activities	(2,552)	(29,555)
Cash flows from financing activities:		
Proceeds from issuance of debt and warrants	—	153,250
Payment of debt issuance costs	—	(7,266)
Repayment of debt	(170)	(122)
Payment of lease liabilities	(1,588)	(1,642)
Repayment of sellers note	(375)	(375)
Exercise of warrants	—	424
Taxes paid on equity based compensation	96	(16)

Net cash (used in)/provided by financing activities	(2,037)	144,253
Net (decrease)/increase in cash	(7,994)	86,876
Cash and restricted cash at beginning of the period	49,488	82,533
Cash and restricted cash at end of period	$ 41,494	$ 169,409
Reconciliation of cash and cash equivalents and restricted cash:		
Cash	$ 40,159	$ 168,424
Restricted cash	$ 1,335	$ 985
Cash and restricted cash, end of period	$ 41,494	$ 169,409
Supplemental disclosure of cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 5,716	$ 6,209
Operating cash flows from finance leases	$ 1,081	$ 1,457
Financing cash flows from finance leases	$ 1,588	$ 1,642
Cash paid for interest on other obligations	$ 12,607	$ 5,302
Cash paid for income taxes	$ 729	$ 70
Lease liabilities arising from the recognition of finance right-of-use assets	$ 24	$ 1,597
Lease liabilities arising from the recognition of operating right-of-use assets	$ 3,264	$ 551
Supplemental disclosure of non-cash investing and financing activities:		
Non-cash fixed asset additions within accounts payable and accrued expenses	$ 478	$ 11,010
Non-cash equity issuance costs within accrued expenses and accounts payable	$ —	$ 223

1. OPERATIONS OF THE COMPANY

Columbia Care Inc. ("the Company" or "the Parent"), 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 the Aequitas NEO exchange, trading under the symbol "CCHW". As of the time of this report, the Company's Common Shares are also listed on the Canadian Securities Exchange (the "CSE") under the symbol "CCHW", the OTCQX Best Market under the symbol "CCHWF" and on the Frankfurt Stock Exchange under the symbol "3LP".

On March 23, 2022, the Company jointly announced with Cresco Labs LLC ("Cresco Labs") that the Company and Cresco Labs have entered into a definitive arrangement agreement (the "Arrangement Agreement") pursuant to which Cresco Labs will acquire all of the issued and outstanding shares (the "Company Shares") of the Company (the "Cresco Transaction"). Subject to closing conditions and necessary regulatory approvals, closure of the Cresco Transaction must occur no later than June 30, 2023 per the terms of the Arrangement Agreement, as amended. Under the terms of the Arrangement Agreement, shareholders of the Company (the "Company Shareholders") will receive 0.5579 of a subordinate voting share of Cresco Labs (each whole share, a "Cresco Labs Share") for each Company common share (or equivalent) held, subject to adjustment, representing total consideration enterprise value of approximately US$2.0 billion based on the closing price of Cresco Labs Shares on the CSE as of March 22, 2022. After giving effect to the Cresco Transaction, Company Shareholders will hold approximately 35% of the pro forma Cresco Labs Shares (on a fully diluted in-the-money, treasury method basis).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying unaudited condensed interim consolidated 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 interim consolidated 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 months ended March 31, 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 interim consolidated 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.

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			
	March 31, 2023		March 31, 2022	
Dispensary	$	109,156	$	105,816
Cultivation and wholesale		15,362		17,123
Other		17		148
	$	124,535	$	123,087

During the three months ended March 31, 2023, and March 31, 2022 the Company netted discounts of $33,225 and $20,520 respectively, against the revenues. 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, the correlation of Selling, General, and Administrative ("SG&A") expenses to revenue that are permanently disallowed via Section 280E of the Internal Revenue Code, and the timing of the completion of the Cresco transaction.

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.

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:

	March 31, 2023		December 31, 2022	
Accessories and supplies	$	1,629	$	1,506
Work-in-process - cannabis in cures and final vault		90,538		92,963
Finished goods - dried cannabis, concentrate and edible products		40,457		33,436
Total inventory	$	132,624	$	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 was a $601 write-down during the three months ended March 31, 2023. There were no material write-downs during the three months ended March 31, 2022.

4. CURRENT AND LONG-TERM DEBT

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

	March 31, 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	35,820	35,965
2023 Convertible Notes	5,600	5,600
Acquisition related real estate notes	7,000	7,000
Acquisition related promissory notes	2,625	3,000
Acquisition related term debt	3,188	3,214
	351,948	352,494
Unamortized debt discount	(11,112)	(12,483)
Unamortized deferred financing costs	(10,094)	(11,016)
Unamortized debt premium	—	25
Total debt, net	330,742	329,020
Less current portion, net*	(7,595)	(47,315)
Long-term portion	$ 323,147	$ 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 March 31, 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 US$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 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 the NEO Exchange 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 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 (“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 Convertible Notes can be exchanged into Common Shares at a conversion price of $3.79 (Canadian Dollars). For the purposes of determining the number of Common Shares issuable upon conversion of the Convertible Notes, the principal amount of the 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 Convertible Note is surrendered for conversion. The 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 Convertible Notes are due in full on December 19, 2023. The Company incurred financing costs of $175 in connection with issuance of the Convertible Notes. The Company determined that the 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 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, Columbia Care 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 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 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 Convertible Notes, pursuant to which, the Company would issue to each noteholder that surrendered its 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 Convertible Notes surrendered for conversion. Pursuant to this incentive program, 4,550,139 shares were issued upon of conversion of $13,160 of 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. Convertible note holders of $5,600 of the convertible debt issued in 2020 did not convert their debt into Common Shares and as of September 30, 2021, $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 $18,047 as of March 31, 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 Wall Street Prime Rate (“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 $15,705 as of March 31, 2023. In connection with this Mortgage, the Company incurred financing costs of $209.

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 $3.10 (Canadian Dollars).

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 13.0% senior secured first-lien notes (“Notes”) and (ii) 120 Common Share purchase warrants (the “May Warrants”) with an exercise price of $2.95 (Canadian Dollars) per underlying Common Share (the “May Private Placement”). Concurrent with the closing of the May Private Placement, the Private Notes were exchanged for Notes. In addition, holders of Private Notes were issued additional 130,388 May Warrants with an exercise price of $2.95 (Canadian Dollars).

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 $4.53 (Canadian Dollars) 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 $5.84 (Canadian Dollars) 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 (the “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 can be exchanged for one Common Share. The Warrants expire on May 14, 2023.

The Notes require interest-only payments through May 14, 2023, at a rate of 13.0% per annum, payable semi-annually on May 31 and November 30, which commenced on November 30, 2020. The Notes are due in full on May 14, 2024. The Company incurred financing costs of $3,373 in connection with the issuance of these Notes. The 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 Notes. The debt discount will be amortized to interest expense over the term of the notes using the effective interest method.

Total interest and amortization expense on the Company’s debt obligations during the three months ended March 31, 2023 and 2022 are as follows:

	Three months ended	
	March 31, 2023	March 31, 2022
Interest expense on debt	$ 10,395	$ 9,426
Amortization of debt discount	1,376	1,296
Amortization of debt premium	(26)	(49)
Amortization of debt issuance costs	941	689
Other interest (expense) income, net	(113)	(118)
Total interest expense, net	$ 12,573	$ 11,244

The weighted average interest rate on the Company’s indebtedness was 8.79%.

5. ACQUISITIONS

a) Green Leaf Medical

On June 11, 2021, the Company acquired (the “Green Leaf Transaction”) a 100% ownership interest in Green Leaf Medical, LLC (“Green Leaf”). On July 7, 2021, the Company acquired (“the Green Leaf-Ohio Transaction”) a residual 49% ownership interest (constituting 949,379 Common Shares) in Green Leaf Medical of Ohio II, LLC (“Green Leaf-Ohio”).

Green Leaf was formed in April 2014 for the purpose of selling medicinal and recreational cannabis products in the states of Maryland, Pennsylvania, Ohio, and Virginia. Green Leaf owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the states of Maryland, Pennsylvania, Ohio, and Virginia. The Company executed the Green Leaf Transaction in order to continue to grow revenues; expand its cultivation facilities, manufacturing facilities and dispensaries; and enter, or expand in the Maryland, Pennsylvania, Ohio, and Virginia markets.

b) 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.

c) The Healing Center San Diego (THCSD)

On January 6, 2021, the Company acquired a 100% ownership interest in The Healing Center of San Diego, Inc. ("THCSD").
THCSD was formed in 2016 for the purpose of selling recreational and related cannabis products in San Diego, California, where it owns and operates a dispensary. The Company executed the THCSD Transaction in order to continue to grow revenues; expand its dispensaries; and penetrate the San Diego market.

d) Project Cannabis

On December 1, 2020, the Company acquired (the "Project Cannabis Transaction") a 100% ownership interest in Resource Referral Services Inc., PHC Facilities Inc. and Wellness Earth Energy Dispensary, Inc., and acquired a 49.9% ownership interest in Access Bryant SPC (collectively, "Project Cannabis").

Project Cannabis was formed in August 2014 for the purpose of selling medicinal and recreational cannabis products in the state of California, on both a wholesale and retail basis. Project Cannabis owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the state of California. The Company executed the Project Cannabis Transaction in order to continue to grow revenues; expand its cultivation facilities, manufacturing facilities and dispensaries; and penetrate the California market.

e) Corsa Verde

On May 4, 2021, the Company acquired Corsa Verde, LLC ("Corsa Verde"). Corsa Verde is an Ohio-based limited liability company formed in October 2017 that operates a medical marijuana processing facility.

f) CannAscend

On October 25, 2018, the Company, CannAscend Alternative, LLC ("CAA), and CannAscend Alternative Logan, LLC ("CAA Logan") entered into a Membership Interest Purchase Option Agreement. CAA and CAA Logan are both Ohio-based limited liability companies formed in November 2017 that operate four dispensaries. The Company closed the acquisition on July 1, 2021.

6. PROPERTY AND EQUIPMENT

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

	March 31, 2023	December 31, 2022
Land and buildings	$ 128,389	$ 128,389
Furniture and fixtures	8,749	8,773
Equipment	38,530	38,467
Computers and software	3,565	3,537
Leasehold improvements	191,733	193,454
Construction in process	55,954	56,398
Total property and equipment, gross	426,920	429,018
Less: Accumulated depreciation	(78,339)	(71,025)
Total property and equipment, net	$ 348,581	$ 357,993

	Three months ended	
	March 31, 2023	March 31, 2022
Total depreciation expense for year ended	$ 7,853	$ 7,328
Included in:		
Costs of sales related to inventory production	$ 4,726	$ 4,127
Selling, general and administrative expenses	$ 3,127	$ 3,201

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	March 31, 2023	December 31, 2022
Prepaid expenses	$ 5,683	7,151
Short term deposits	2,447	1,814
Other current assets	15,665	12,286
Excise and sales tax receivable	544	691
Prepaid expenses and other current assets	$ 24,339	$ 21,942

8. OTHER NON-CURRENT ASSETS

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

	March 31, 2023	December 31, 2022
Long term deposits	$ 7,960	$ 8,090
Indemnification receivable	2,774	2,774
Investment in affiliates	775	775
Restricted cash	1,335	1,335
Notes receivable	2,631	2,148

Other non-current assets	$ 15,475	$ 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:

	March 31, 2023	December 31, 2022
Accrued acquisition and settlement of pre-existing relationships	$ 50	$ 100
Taxes - property and other	9,682	9,306
Other accrued expenses	26,698	29,021
Payroll liabilities	11,537	14,516
Other current liabilities	10,097	10,011
Construction in progress	66	1,620
Accrued expenses and other current liabilities	$ 58,130	$ 64,574

As of March 31, 2023, other accrued expenses include approximately $15,231 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 three months ended March 31, 2023:

- Issued 2,116,944 Common Shares upon vesting of Restricted Stock Units (RSUs) during the three months ended March 31, 2023.

11. WARRANTS

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

	March 31, 2023			December 31, 2022		
Expiration	**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	1,818,788		2.95	1,818,788		2.95
May 14, 2023	—		4.53	—		4.53
May 14, 2023	1,897,000		5.84	1,897,000		5.84
	9,759,516	$	7.95	11,482,766	$	7.22

Warrant activity for the three months ended March 31, 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 March 31, 2022	11,482,766		**7.22**
Balance as of December 31, 2022	11,482,766		7.22
Exercised	—		—
Expired	(1,723,250)		3.10
Balance as of March 31, 2023	9,759,516		**7.95**

12. LOSS PER SHARE

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

	Three months ended	
	March 31, 2023	**March 31, 2022**

Numerator:		
Net loss	$ (36,572)	$ (27,906)
Less: Net loss attributable to non-controlling interests	768	(1,270)
Net loss attributable to shareholders	$ (37,340)	$ (26,636)
Denominator:		
Weighted average shares outstanding - basic and diluted	401,438,546	376,397,260
Loss per share - basic and diluted	$ (0.09)	$ (0.07)

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, including a director of the Company, 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 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. The Company (and the other named parties) will assert defenses with respect to the claims in the 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
March 31, 2023				
Derivative liability	$ —	$ —	$ (265)	$ (265)
	$ —	$ —	$ (265)	$ (265)
December 31, 2022				
Derivative liability	$ —	$ —	$ (235)	$ (235)
	$ —	$ —	$ (235)	$ (235)

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 March 31, 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 March 31, 2023 and December 31, 2022. These estimates require management's judgement 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:

	March 31, 2023	December 31, 2022
Goodwill	$ 189,917	$ 189,917
Less: Accumulated impairment on goodwill	(170,643)	(170,643)
Total goodwill, net	19,274	19,274
Licenses	156,911	156,911
Trademarks	45,936	45,936
Customer Relationships	16,944	16,944
Total intangible assets	219,791	219,791
Less: Accumulated amortization	(79,330)	(74,526)
Total intangible assets, net	$ 140,461	$ 145,265

The amortization expense for the three months ended March 31, 2023 and 2022 are as follows:

	Three months ended	
	March 31, 2023	March 31, 2022
Amortization expenses	4,803	12,204

16. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	Three months ended	
	March 31, 2023	March 31, 2022
Salaries and benefits	$ 28,566	$ 30,371
Professional fees	2,853	6,809
Depreciation and amortization	8,589	15,710
Operating facilities costs	10,284	10,037
Operating office and general expenses	2,213	2,777
Advertising and promotion	1,939	4,257
Other fees and expenses	906	1,331
Total selling, general and administrative expenses	$ 55,350	$ 71,292

17. OTHER EXPENSE, NET

Other expense, net is summarized in the table below:

	Three months ended	
	March 31, 2023	March 31, 2022
Change in fair value of the derivative liability	$ 30	683
Loss on deconsolidation	2,473	—
Restructuring expense	3,178	—
Other (income) expense, net	(296)	18
Gain on disposal of group	(600)	—
Rental income	(842)	(762)
Total other expense, net	$ 3,943	$ (61)

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, Round 3, began in early November 2022 and involved significant headcount and canopy reduction.

The Company has booked an amount of $3,178 on account of the restructuring expense; the balance outstanding on account of the restructuring reserve amounts to $3,647.

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.

As of March 31, 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 three months ended March 31, 2023, and 2022:

	Three months ended	
	March 31, 2023	**March 31, 2022**
Revenue	$221	$124
Expenses	$1,668	$589

19. SUBSEQUENT EVENT

As disclosed in Note 11, Warrants, outstanding equity-classified warrants to purchase 3,715,788 Common Shares expired as of May 14, 2023.

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 Columbia Care Inc. ("Columbia Care", the "Company", "us", "our" or "we") is supplemental to, and should be read in conjunction with, Columbia Care's unaudited condensed interim consolidated financial statements and the accompanying notes for the three months ended March 31, 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.

Columbia Care'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 COLUMBIA CARE

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.

COLUMBIA CARE OBJECTIVES AND FACTORS AFFECTING OUR PERFORMANCE

As one of the largest fully integrated operators in the global medical 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.

<u>Branding</u>

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.

<u>Regulation</u>

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.

<u>Product Innovation and Consumer Trends</u>

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.

<u>Growth Strategies</u>

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 interim consolidated 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			
	March 31, 2023	March 31, 2022	$ Change	% Change
Revenues	$ 124,535	$ 123,087	$ 1,448	1 %
Cost of sales related to inventory production	(77,454)	(66,460)	(10,994)	17 %
Gross profit	47,081	56,627	(9,546)	(17)%
Selling, general and administrative expenses	(55,350)	(71,292)	15,942	(22)%
Operating expenses	(55,350)	(71,292)	15,942	(22)%
Other (expense) income, net	(17,614)	(12,609)	(5,005)	40 %
Income tax expense	(10,689)	(632)	(10,057)	1591 %
Net loss	(36,572)	(27,906)	(8,666)	31 %
Net loss attributable to non-controlling interest	768	(1,270)	2,038	(160)%
Net loss attributable to Columbia Care Inc.	$ (37,340)	$ (26,636)	$ (10,704)	40 %
Loss per share attributable to Columbia Care Inc.—based and diluted	$ (0.09)	$ (0.07)	$ (0.02)	31 %
Weighted average number of shares outstanding—basic and diluted	401,438,546	376,397,260		

Summary of Balance Sheet items:

	March 31, 2023	December 31, 2022
Total Assets	$ 973,021	$ 994,726
Total Liabilities	$ 791,696	$ 787,823
Total Long-Term Liabilities	$ 619,333	$ 584,705
Total Equity	$ 181,325	$ 206,903

RESULTS OF OPERATIONS

Comparison of the three months ended March 31, 2023 and 2022

The following tables summarizes our results of operations for the three months ended March 31, 2023 and 2022:

	For three months ended			
	March 31, 2023	March 31, 2022	$ Change	% Change
Revenues	$ 124,535	$ 123,087	$ 1,448	1 %
Cost of sales related to inventory production	(77,454)	(66,460)	(10,994)	17 %
Gross profit	47,081	56,627	(9,546)	(17)%
Selling, general and administrative expenses	(55,350)	(71,292)	15,942	(22)%
Operating expenses	(55,350)	(71,292)	15,942	(22)%
Loss from operations	(8,269)	(14,665)	6,396	(44)%
Other (expense) income, net	(17,614)	(12,609)	(5,005)	40 %
Loss before provision for income taxes	(25,883)	(27,274)	1,391	(5)%
Income tax expense	(10,689)	(632)	(10,057)	1591 %
Net loss	(36,572)	(27,906)	(8,666)	31 %
Net loss attributable to non-controlling interest	768	(1,270)	2,038	(160)%
Net loss attributable to Columbia Care Inc.	$ (37,340)	$ (26,636)	$ (10,704)	40 %

Revenues

The increase in revenue of $1,448 for the three months ended March 31, 2023, as compared to the prior year period, was driven by the expansion of new wholesale and retail facilities which contributed to a revenue growth of $4,914 as compared to the prior period and our acquisition of Medicine Man Longmont which contributed an additional $1,772 of revenue during the three months ended March 31, 2023, as compared to the prior period. This was offset by a net decline in revenue of $5,238 in our Legacy Columbia Care network, our 2020 acquisitions of The Green Solution and Project Cannabis, and our 2021 acquisitions of The Healing Center, Corsa Verde, Cannascend, Medicine Man (excluding Longmont), and Green Leaf.

Cost of Sales

The increase in cost of sales of $10,994 for the three months ended March 31, 2023, as compared to the prior year period, was driven by a cost of sales increase of $5,992 in our Legacy Columbia Care network, our 2020 acquisitions of The Green Solution and Project Cannabis, and our 2021 acquisitions of The Healing Center, Corsa Verde, Cannascend, Medicine Man (excluding Longmont), and Green Leaf. The expansion of new wholesale and retail facilities contributed to a cost of sales growth of $3,911 as compared to the prior period and our acquisition of Medicine Man Longmont contributed to an additional $1,091 of cost of sales during the three months ended March 31, 2023, as compared to the prior period.

Gross Profit

The decrease in gross profit of $9,546 for the three months ended March 31, 2023, as compared to the prior year period, was primarily driven by a gross profit decrease of $11,230 in our Legacy Columbia Care network, our 2020 acquisitions of The Green Solution and Project Cannabis, and our 2021 acquisitions of The Healing Center, Corsa Verde, Cannascend Medicine Man (excluding Longmont), and Green Leaf. This was offset by an expansion of new wholesale and retail facilities contributing gross profit growth of $1,003 as compared to the prior period and our acquisition of Medicine Man Longmont that contributed an additional $681 of gross profit during the three months ended March 31, 2023, as compared to the prior period.

Operating Expenses

The decrease of $15,942 in operating expenses for the three months ended March 31, 2023, as compared to the prior year period, was primarily attributable to a decrease in salary and benefits expenses of $1,805, depreciation and amortization of $7,121, professional fees of $3,956, advertisement and promotion expenses of $2,318, operating office and general expenses of $564, and other fees and expenses of $425. This was offset by an increase in operating facility cost of $247.

Other Expense, Net

The increase in other expense, net of $5,005 for the three months ended March 31, 2023, as compared to the prior year period, was primarily due to a increase in interest expense on debt of $969, amortization of debt issuance costs of $252, loss on deconsolidation of $2,473, and restructuring expense of $3,178. This was partially offset by a gain on disposal of group of $600, a decrease in change in fair valuation of the derivative liability of $653, other expenses of $314, and interest expense on leases of $328.

Provisions for Income Taxes

The Company recorded income tax expense of $10,689 for the three months ended March 31, 2023, as compared to an income tax expense of $632 for the three months ended March 31, 2022.

For the period ended March 31, 2023 the company has a Deferred Tax Asset of approximately $16,900 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 months ended March 31, 2023, and 2022:

	Three months ended	
	March 31, 2023	**March 31, 2022**
Net loss	$ (36,572)	$ (27,906)
Income tax	10,689	632
Depreciation and amortization	15,063	21,210
Interest expense, net and debt amortization	13,671	12,670
EBITDA (Non-GAAP measure)	$ 2,851	$ 6,606
Adjustments:		
Share-based compensation	6,515	6,374
Transaction and other non-core costs, including costs associated with the Cresco transaction, litigation expenses and other costs related to restructuring	1,317	3,169
Fair-value changes on derivative liabilities	30	683
Restructuring expense	3,178	—
Loss on deconsolidation	2,473	—
Adjusted EBITDA (Non-GAAP measure)	$ 16,364	$ 16,832
Revenue	$ 124,535	$ 123,087
Adjusted EBITDA (Non-GAAP measure)	16,364	16,832
Adjusted EBITDA margin (Non-GAAP measure)	13.1 %	13.7 %
Revenue	$ 124,535	$ 123,087
Gross profit	47,081	56,627
Gross margin	37.8 %	46.0 %

Adjusted EBITDA

The decrease in Adjusted EBITDA for the quarter ended March 31, 2023, as compared to the prior year period, was primarily driven by margin pressures across the portfolio offset by improved leverage of revenues across selling, general, and administrative expenses such as facility costs, salary costs, and benefit costs.

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, both 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 March 31, 2023, we did not have any significant external capital requirements.

Recent Financing Transactions

Private Placement

On February 3, 2022, Columbia Care 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 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 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.

Cash Flows

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

	Three months ended	
	March 31, 2023	March 31, 2022
Net cash used in operating activities	$ (3,405)	$ (27,822)
Net cash used in investing activities	(2,552)	(29,555)
Net (used in)/cash provided by financing activities	(2,037)	144,253
Net (decrease)/increase in cash and cash equivalents	$ (7,994)	$ 86,876

Operating Activities

During the three months ended March 31, 2023, operating activities used $3,405 of cash, primarily resulting from a net loss of $36,572, and net changes in operating assets and liabilities of $5,280; this was partially offset by depreciation and amortization of $15,063, equity-based compensation expense of $6,515, loss on deconsolidation of subsidiary of $2,473, and debt amortization expense of $2,291. The net change in operating assets and liabilities was primarily due to an decrease in other assets of $6,126, an increase in accounts payable of $8,134, and an increase in income tax payable of $9,194, which is offset by an increase in inventory of $6,315, an increase in accounts receivable of $2,322, an increase in prepaid expenses, an increase in other current assets of $2,442, a decrease in accrued expenses of $4,874, and a decrease other long term liabilities of $2,221.

During the three months ended March 31, 2022, operating activities used $27,822 of cash, primarily resulting from a net loss of $27,906, and net changes in operating assets and liabilities of $25,932, partially offset by depreciation and amortization of $21,210, equity-based compensation expense of $6,374, debt amortization expense of $1,936, change in fair value of derivative liability of $683 partially offset by change in deferred taxes of $4,560.

Investing Activities

During the three months ended March 31, 2023, investing activities used $2,552 of cash pursuant to purchases of property and equipment of $5,724. This was partially offset by proceeds from the deconsolidation of the Company's Missouri entity of $3,040 and cash received from deposits of $132.

During the three months ended March 31, 2022, investing activities used $29,555 of cash, purchases of property and equipment of $29,511 partially offset by proceeds from sale of property and equipment of $179.

Financing Activities

During the three months ended March 31, 2023, financing activities used $2,037 of cash, mainly due to the payment of lease liabilities of $1,588 and repayment of a seller's note of $375.

During the three months ended March 31, 2022, financing activities provided $144,253 of cash, $145,984 in net proceeds received from issuance of debt partially offset by lease liability payments of $1,642.

Contractual Obligations and Commitments

The following table summarizes contractual obligations as of March 31, 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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and beyond
Lease commitments	$ 378,118	$ 21,878	$ 32,267	$ 28,721	$ 26,322	$ 25,825	$ 243,105
Sale-Leaseback commitments	$ 205,308	$ 9,844	$ 10,162	$ 10,490	$ 10,829	$ 11,179	$ 152,804
2026 Notes	$ 185,000	$ —	$ —	$ 185,000	$ —	$ —	$ —
Term debt (principal)	$ 38,215	$ —	$ 38,215	$ —	$ —	$ —	$ —
Acquisition related term debt	$ 3,188	$ 106	$ 110	$ 114	$ 119	$ 124	$ 2,615
Interest on term debt	$ 61,322	$ 22,669	$ 18,281	$ 17,692	$ 1,701	$ 107	$ 872
Convertible debt (principal)	$ 80,100	$ 5,600	$ —	$ 74,500	$ —	$ —	$ —
Interest on convertible debt	$ 11,334	$ 4,672	$ 4,470	$ 2,192	$ —	$ —	$ —
Mortgage notes (principal)	$ 35,820	$ 513	$ 577	$ 639	$ 18,465	$ 15,626	$ —
Mortgage notes (interest)	$ 14,504	$ 3,659	$ 3,596	$ 3,534	$ 3,173	$ 542	$ —
Closing promissory note (principal)	$ 2,625	$ 1,125	$ 1,500	$ —	$ —	$ —	$ —
Closing promissory note (interest)	$ 210	$ 135	$ 75	$ —	$ —	$ —	$ —
Acquisition related real estate notes (principal)	$ 7,000	$ 2,000	$ 5,000	$ —	$ —	$ —	$ —
Acquisition related real estate notes (interest)	$ 435	$ 375	$ 60	$ —	$ —	$ —	$ —
Total contractual obligations	$ 1,023,179	$ 72,576	$ 114,313	$ 322,882	$ 60,609	$ 53,403	$ 399,396

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. Columbia Care 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 March 31, 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 Columbia Care 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 Columbia Care's operations and financial position to be subject to currency transaction and translation risks.

As of March 31, 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 March 31, 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.

Not applicable.

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)
3.1	Articles of Columbia Care Inc. (incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form 10, filed with the SEC on December 14, 2021)
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 Agreement between Columbia Care Inc. and Michael Abbott (incorporated by reference to Exhibit 10.17 of the Registrant's Annual Report on Form 10-K, filed with the SEC on March 29, 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)

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* 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.

Management contract, compensatory plan or arrangement required to be filed pursuant to Item 601(b)(10)(iii)(A) of Regulation S-K.

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.

	COLUMBIA CARE INC
Date: May 15, 2023	By: /s/ Nicholas Vita **Nicholas Vita** **Chief Executive Officer and Director**
Date: May 15, 2023	By: /s/ Derek Watson **Derek Watson** **Chief Financial Officer**