

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, 2024

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



THE CANNABIST COMPANY HOLDINGS INC.
(Exact Name of Registrant as Specified in its Charter)

British Columbia
(State or other jurisdiction of
incorporation or organization)

98-1488978
(I.R.S. Employer
Identification No.)

680 Fifth Ave., 24th Floor
New York, New York
(Address of principal executive offices)

10019
(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 | <input type="checkbox"/> | Accelerated filer | <input checked="" type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input checked="" type="checkbox"/> | | |

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 7, 2024, there were 448,544,488 shares of common stock, no par value per share (the "Common Shares"), outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” regarding The Cannabist Company Holdings Inc. and its subsidiaries (collectively referred to as “The Cannabist Company,” “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 impact of the termination of the Cresco Labs Inc. transaction on the Company’s current and future operations, financial condition and prospects;
- the impact of the Company’s corporate restructuring plan;
- 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 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, 2023. 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.

THE CANNABIST COMPANY HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited)
(Expressed in thousands of U.S. dollars, except share data)

| | March 31, 2024 | December 31, 2023 |
|---|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 44,473 | \$ 35,764 |
| Accounts receivable, net of allowances of \$6,993 and \$6,512, respectively | 10,217 | 15,601 |
| Inventory | 111,498 | 111,633 |
| Prepaid expenses and other current assets | 23,599 | 22,777 |
| Assets held for sale | 100 | 1,752 |
| Total current assets | <u>189,887</u> | <u>187,527</u> |
| Property and equipment, net | 291,125 | 298,498 |
| Right of use assets - operating leases, net | 179,581 | 181,823 |
| Right of use assets - finance leases, net | 34,087 | 36,450 |
| Intangible assets, net | 73,177 | 76,767 |
| Deferred taxes | 23,804 | 22,970 |
| Notes Receivable | 6,071 | 3,960 |
| Other non-current assets | 15,099 | 15,116 |
| Total assets | <u>\$ 812,831</u> | <u>\$ 823,111</u> |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 36,575 | \$ 29,797 |
| Accrued expenses and other current liabilities | 51,289 | 58,659 |
| Income tax payable | 56,255 | 47,358 |
| Current portion of lease liability - operating leases | 9,616 | 9,711 |
| Current portion of lease liability - finance leases | 7,362 | 7,339 |
| Current portion of long-term debt, net | 4,882 | 5,905 |
| Liabilities held for sale | — | 1,275 |
| Total current liabilities | <u>\$ 165,979</u> | <u>\$ 160,044</u> |
| Long-term debt, net | 304,637 | 297,478 |
| Long-term lease liability - operating leases | 180,351 | 182,001 |
| Long-term lease liability - finance leases | 42,105 | 43,890 |
| Derivative liability | 2,466 | 119 |
| Other long-term liabilities | 74,385 | 74,227 |
| Total liabilities | <u>769,923</u> | <u>757,759</u> |
| Stockholders' Equity: | | |
| Common Stock, no par value, unlimited shares authorized as of March 31, 2024 and December 31, 2023, respectively, 448,216,620 and 420,265,306 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | — | — |
| Preferred Stock, no par value, unlimited shares authorized as of March 31, 2024 and December 31, 2023, respectively, none issued and outstanding as of March 31, 2024 and December 31, 2023 | — | — |
| Proportionate voting shares, no par value, unlimited shares authorized as of March 31, 2024 and December 31, 2023, respectively; 7,701,826 and 9,807,881 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | — | — |
| Additional paid-in-capital | 1,159,336 | 1,146,154 |
| Accumulated deficit | (1,115,413) | (1,079,282) |
| Equity attributable to The Cannabist Company Holdings Inc. | <u>43,923</u> | <u>66,872</u> |
| Non-controlling interest | (1,015) | (1,520) |
| Total equity | <u>42,908</u> | <u>65,352</u> |
| Total liabilities and equity | <u>\$ 812,831</u> | <u>\$ 823,111</u> |

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

THE CANNABIST COMPANY HOLDINGS 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, 2024 | March 31, 2023 |
| Revenues, net of discounts | \$ 122,611 | \$ 124,535 |
| Cost of sales related to inventory production | (80,074) | (77,454) |
| Gross Margin | \$ 42,537 | \$ 47,081 |
| Selling, general and administrative expenses | (53,273) | (55,350) |
| Loss from operations | (10,736) | (8,269) |
| Other expense: | | |
| Interest expense on leases | (940) | (1,098) |
| Interest expense | (9,034) | (12,573) |
| Other (income), net | (4,990) | (3,943) |
| Total other expense | (14,964) | (17,614) |
| Loss before provision for income taxes | (25,700) | (25,883) |
| Income tax expense | (8,868) | (10,689) |
| Net loss and comprehensive loss | (34,568) | (36,572) |
| Net loss attributable to non-controlling interests | 505 | 768 |
| Net loss attributable to shareholders | \$ (35,073) | \$ (37,340) |
| Weighted-average number of shares used in earnings per share - basic and diluted | 445,633,865 | 401,438,546 |
| Loss attributable to shares (basic and diluted) | \$ (0.08) | \$ (0.09) |

The accompanying notes are an integral part of these unaudited Condensed Consolidated Interim Financial Statements.

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

| | Common Shares | Proportionate Voting Shares | Additional Paid-in Capital | Accumulate d Deficit | Total The Cannabist Company Holdings 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 |

| | Common Shares | Proportionate Voting Shares | Additional Paid-in Capital | Accumulate d Deficit | Total The Cannabist Company Holdings Inc. Shareholders' Equity | Non- Controlling Interest | Total Equity |
|--|--------------------|--------------------------------|----------------------------------|----------------------------|---|---------------------------------|------------------|
| Balance as of December 31, 2023 | 420,265,306 | 9,807,881 | \$ 1,146,154 | \$ (1,079,282) | \$ 66,872 | \$ (1,520) | \$ 65,352 |
| Equity-based compensation ⁽¹⁾ | — | — | 3,182 | — | 3,182 | — | 3,182 |
| Conversion of convertible notes | 25,845,259 | — | 10,000 | — | 10,000 | — | 10,000 |
| Conversion between classes of shares | 2,106,055 | (2,106,055) | — | — | — | — | — |
| Deconsolidation of subsidiary | — | — | — | (1,058) | (1,058) | — | (1,058) |
| Net loss | — | — | — | (35,073) | (35,073) | 505 | (34,568) |
| Balance as of March 31, 2024 | 448,216,620 | 7,701,826 | \$ 1,159,336 | \$ (1,115,413) | \$ 43,923 | \$ (1,015) | \$ 42,908 |

(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 Interim Financial Statements.

THE CANNABIST COMPANY HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(expressed in thousands of U.S. dollars)

| | Three months ended | |
|---|--------------------|----------------|
| | March 31, 2024 | March 31, 2023 |
| Cash flows from operating activities: | | |
| Net loss | \$ (34,568) | \$ (36,572) |
| Adjustments to reconcile net loss to net cash (used in) operating activities: | | |
| Depreciation and amortization | 13,964 | 15,063 |
| Equity-based compensation | 3,182 | 6,515 |
| Debt amortization expense | 1,857 | 2,291 |
| Loss on deconsolidation of subsidiary | 211 | 2,473 |
| Provision for obsolete inventory and other assets | 5,430 | 615 |
| Change in fair value of derivative liability | 2,347 | 30 |
| Deferred taxes | (834) | 766 |
| Other | (92) | 134 |
| Changes in operating assets and liabilities, net of acquisitions | | |
| Accounts receivable | 1,012 | (2,322) |
| Inventory | (5,297) | (6,315) |
| Prepaid expenses and other current assets | (823) | (2,442) |
| Other assets | 129 | 6,126 |
| Accounts payable | 7,351 | 8,134 |
| Accrued expenses and other current liabilities | (7,391) | (4,874) |
| Income taxes payable | 8,898 | 9,194 |
| Other long-term liabilities | (1,587) | (2,221) |
| Net cash used in operating activities | (6,211) | (3,405) |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (965) | (5,724) |
| Proceeds from sale of license | 329 | — |
| Proceeds from deconsolidation of MO entity | — | 3,040 |
| Net proceeds from sale of UT business | 2,999 | — |
| Cash paid on deposits, net | 40 | 132 |
| Net cash provided by (used in) investing activities | 2,403 | (2,552) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of convertible debt | 15,600 | — |
| Payment of debt issuance costs | (802) | — |
| Payment of lease liabilities | (1,762) | (1,588) |
| Repayment of sellers note | (375) | (375) |
| Repayment of debt | — | (170) |
| Repayment of mortgage notes | (144) | — |
| Taxes paid on equity based compensation | — | 96 |
| Net cash provided by (used in) financing activities | 12,517 | (2,037) |
| Net increase (decrease) in cash | 8,709 | (7,994) |
| Cash and restricted cash at beginning of the period | 39,337 | 49,488 |
| Cash and restricted cash at end of period | \$ 48,046 | \$ 41,494 |
| Reconciliation of cash and cash equivalents and restricted cash: | | |
| Cash | \$ 44,473 | \$ 40,159 |
| Restricted cash | \$ 3,573 | \$ 1,335 |
| Cash and restricted cash, end of period | \$ 48,046 | \$ 41,494 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | \$ 6,776 | \$ 5,716 |
| Operating cash flows from finance leases | \$ 940 | \$ 1,081 |
| Financing cash flows from finance leases | \$ 1,762 | \$ 1,588 |
| Cash paid for interest on other obligations | \$ 13,414 | \$ 12,607 |
| Cash paid for income taxes | \$ 50 | \$ 729 |
| Lease liabilities arising from the recognition of finance right-of-use assets | \$ — | \$ 24 |
| Lease liabilities arising from the recognition of operating right-of-use assets | \$ 1,678 | \$ 3,264 |
| Supplemental disclosure of non-cash investing and financing activities: | | |
| Non-cash fixed asset additions within accounts payable and accrued expenses | \$ 572 | \$ 478 |
| Discount on issuance of convertible debt | \$ (5,150) | \$ — |
| Reduction in debt from debt to equity conversion | \$ (10,000) | \$ — |
| Increase in equity from debt to equity conversion | \$ 10,000 | \$ — |
| Assets held for sale | \$ (1,652) | \$ — |
| Liabilities held for sale | \$ 1,274 | \$ — |

The accompanying notes are an integral part of these unaudited Condensed Consolidated Interim Financial Statements.

THE CANNABIST COMPANY HOLDINGS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024, AND 2023

(Expressed in thousands of U.S. dollars, except for share and per share amounts)

(Unaudited)

1. OPERATIONS OF THE COMPANY

The Cannabist Company Holdings Inc. (“the Company”, “the Parent”, or “The Cannabist Company”), formerly known as Columbia Care Inc., 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 Cboe Canada (formerly known as the NEO Exchange), trading under the symbol “CCHW”. Effective September 19, 2023, the Company changed its name from “Columbia Care Inc.” to “The Cannabist Company Holdings Inc.” (the “Name Change”). In connection with the Name Change, on September 21, 2023, the Company’s Common Shares and warrants began trading under the ticker symbols “CBST” and “CBST.WT”, respectively, on Cboe Canada. On September 26, 2023, the Company’s Common Shares began trading on the OTCQX Best Market under the ticker symbol “CBSTF”. The Company’s Common Shares are also listed on the Frankfurt Stock Exchange under the symbol “3LP”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying unaudited condensed consolidated interim 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 consolidated interim 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, 2024 are not necessarily indicative of the results that may be expected for the current year ending December 31, 2024. 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, 2023, and 2022 included in the Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Form 10-K”).

The preparation of these unaudited condensed consolidated interim 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.

The unaudited condensed consolidated interim financial statements are presented in United States dollars except as otherwise indicated. All references to C\$, CAD\$ and CDN\$ are to Canadian dollars.

Significant Accounting Judgments, Estimates and Assumptions

The Company’s significant accounting policies are described in Note 2 to the Company’s 2023 Form 10-K, filed with the SEC, on March 13, 2024. 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, 2024 | March 31, 2023 |
| Dispensary | \$ 107,238 | \$ 109,156 |
| Cultivation and wholesale | 15,373 | 15,362 |
| Other | — | 17 |
| | <u>\$ 122,611</u> | <u>\$ 124,535</u> |

During the three months ended March 31, 2024, and March 31, 2023 the Company netted discounts of \$36,379 and \$33,225 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.

3. INVENTORY

Details of the Company's inventory are shown in the table below:

| | March 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| Accessories and supplies | \$ 1,429 | \$ 1,158 |
| Work-in-process - cannabis in cures and final vault | 89,177 | 86,396 |
| Finished goods - dried cannabis, concentrate and edible products | 20,892 | 24,079 |
| Total inventory | <u>\$ 111,498</u> | <u>\$ 111,633</u> |

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 \$5,430 and \$601 write-down during the three months ended March 31, 2024 and March 31, 2023 respectively.

4. CURRENT AND LONG-TERM DEBT

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

| | March 31, 2024 | December 31, 2023 |
|--------------------------------------|-------------------|-------------------|
| 2026 Notes | \$ 185,000 | \$ 185,000 |
| 2024 Notes | 13,228 | 13,228 |
| 2027 Convertible Notes | 25,750 | — |
| 2025 Convertible Notes | 59,500 | 74,500 |
| Mortgage Note | 43,356 | 43,500 |
| Acquisition related promissory notes | 1,125 | 1,500 |
| | <u>327,959</u> | <u>317,728</u> |
| Unamortized debt discount | (10,743) | (6,598) |
| Unamortized deferred financing costs | (7,697) | (7,747) |
| Total debt, net | <u>309,519</u> | <u>303,383</u> |
| Less current portion, net* | (4,882) | (5,905) |
| Long-term portion | <u>\$ 304,637</u> | <u>\$ 297,478</u> |

*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, 2024.

2026 Notes

On February 3, 2022, the Company closed a private placement (the "February 2022 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% senior secured first-lien notes (the "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 13.0% 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 13.0% 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.

2024 Notes

As further described in Note 4 under the sub-heading "Term debt" of the Financial Statements incorporated by reference in the Company's Form 10-K for the year ended December 31, 2023, on October 23, 2023, the Company retired \$25 million of its 13% Notes due May 2024 (the "2024 Notes") through a proportional redemption process.

The 2024 Notes require interest-only payments through May 14, 2024, at a rate of 13.0% per annum, payable semi-annually on May 31 and November 30, which commenced on November 30, 2020. The 2024 Notes are due in full on May 14, 2024. The Company incurred financing costs of \$3,373 in connection with the issuance of these 2024 Notes. The 2024 Notes contain customary terms and conditions, representations and warranties, and events of default.

2027 Convertible Notes

On March 19, 2024, the Company closed a private placement (the "March 2024 Private Placement") of \$25,750 aggregate principal amount of 9.0% senior-secured first-lien notes due 2027 (the "2027 Notes") and received aggregate gross proceeds of \$15,600. The 2027 Notes are senior secured obligations of the Company and were issued at 80.0% of face value. The 2027 Notes accrue interest in arrears which is payable semi-annually and mature on March 19, 2027. In connection with the offering of the 2027 Notes, the Company exchanged \$5,000 of the Company's existing 6.0% 2025 Convertible Notes.

The principal amount of the 2027 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 2027 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 2027 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 \$2,632 on the date of issuance of debt with a corresponding debt discount and debt issuance costs of \$5,952, reflected as a reduction to the carrying value of the 2027 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 condensed consolidated statements of operations and comprehensive loss. The debt premium and debt issuance costs is amortized over the term of the 2027 Notes.

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 \$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 2025 Convertible 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 Cboe Canada 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 2025 Convertible 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 2025 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.

January 2024 Debt Exchange

On January 22, 2024, the Company entered into the Exchange Agreement with certain Holders of the Company's 6.0% senior secured 2025 Convertible Notes, pursuant to which the Company agreed to the Repurchase of up to \$25 million principal amount of the 2025 Convertible Notes in exchange for Common Shares (the "January 2024 Debt Exchange").

Pursuant to the terms of the Exchange Agreement, the Holders shall:

- by January 31, 2024, transfer \$5 million principal amount of Notes in consideration of Common Shares issued at a price per Common Share equal to the greater of C\$0.41 per Common Share and the 12.5% discount to the 5-day volume weighted average price of the Common Shares on Cboe prior to receipt of a Transfer notice;
- provided that the five-day volume weighted average price of the Common Shares on the Exchange is greater than C\$0.47 as of the close of trading at 4:01pm on January 31, 2024, transfer \$5 million principal amount of 2025 Convertible Notes in consideration of Common Shares issued at the Initial Exchange Price on or prior to February 29, 2024; and
- provided that the February Exchange is completed and the daily volume weighted average price of the Common Shares on Cboe is greater than C\$0.87 for 5 consecutive trading days, provided that, the trading volume of the Common Shares on Cboe was equal to or greater than 600,000 Common Shares on the applicable trading dates, from the period commencing on January 1, 2024 and ending on June 30, 2024, transfer in three separate equal tranches, an aggregate of \$15 million principal amount of 2025 Convertible Notes in consideration of Common Shares issued at a price per Common Share equal to the greater of C\$0.57 per Common Share and the 12.5% discount to the 5-day volume weighted average price of the Common Shares on Cboe prior to receipt of a Transfer notice, in each case, subject to adjustment in certain instances, on or prior to June 30, 2024.

In the event the conditions are fulfilled and the Holders fail to Transfer their 2025 Convertible Notes in accordance with the terms of the Exchange Agreement, the Company has the right, but not the obligation, to require the Holders to Transfer some or all of the portion of the \$25 million principal amount of 2025 Convertible Notes still held by the Holders. Assuming all of the conditions are fulfilled, and the entire \$25 million principal amount of 2025 Convertible Notes are Transferred for Common Shares issued at the minimum prices set out in the Exchange Agreement, a maximum of 68,564,698 Common Shares would be issued in connection with the Repurchase. Through March 31, 2024, \$10 million of the potential \$25 million exchange has been completed.

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 \$18,133 as of September 30, 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 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 \$15,734 as of September 30, 2023. In connection with this mortgage, the Company incurred financing costs of \$209.

On August 10, 2023, the Company entered into two term loans and security agreements with a bank as follows:

- The first agreement provides for a \$6,250 mortgage on real property in Maryland and carries interest at a variable rate per annum equal to the Index plus 2.25%. The debt is repayable in 59 monthly installments and matures in August 2028. In connection with this mortgage, the Company incurred financing costs of \$195 and netted \$2,903 after the repayment of a prior outstanding mortgage on the property.

- The second agreement provides for \$1,800 mortgage on real property in Delaware and carries interest at a variable rate per annum equal to the Index plus 2.25%. The debt is repayable in 59 monthly installments and matures in August 2028. In connection with this mortgage, the Company incurred financing costs of \$77 and netted \$1,723.

Total interest and amortization expense on the Company's debt obligations during the three months ended March 31, 2024 and 2023 are as follows:

| | Three months ended | |
|--------------------------------------|---------------------------|-----------------------|
| | March 31, 2024 | March 31, 2023 |
| Interest expense on debt | \$ 7,315 | \$ 10,395 |
| Amortization of debt discount | 1,214 | 1,376 |
| Amortization of debt premium | — | (26) |
| Amortization of debt issuance costs | 643 | 941 |
| Other interest (expense) income, net | (138) | (113) |
| Total interest expense, net | \$ 9,034 | \$ 12,573 |

The weighted average interest rate on the Company's indebtedness was 9.06%.

5. PROPERTY AND EQUIPMENT

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

| | March 31, 2024 | December 31, 2023 |
|--|-----------------------|--------------------------|
| Land and buildings | \$ 115,277 | \$ 115,277 |
| Furniture and fixtures | 10,981 | 10,981 |
| Equipment | 43,429 | 43,123 |
| Computers and software | 3,985 | 4,033 |
| Leasehold improvements | 236,976 | 207,846 |
| Construction in process | 5,006 | 33,429 |
| Total property and equipment, gross | 415,654 | 414,689 |
| Less: Accumulated depreciation | (124,529) | (116,191) |
| Total property and equipment, net | \$ 291,125 | \$ 298,498 |

| | Three months ended | |
|---|---------------------------|-----------------------|
| | March 31, 2024 | March 31, 2023 |
| Total depreciation expense for three months ended | \$ 8,338 | \$ 7,853 |
| Included in: | | |
| Costs of sales related to inventory production | \$ 5,201 | \$ 4,726 |
| Selling, general and administrative expenses | \$ 3,137 | \$ 3,127 |

6. 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, 2024 | December 31, 2023 |
|--|-----------------------|--------------------------|
| Prepaid expenses | \$ 9,899 | 8,486 |
| Short term deposits | 1,438 | 1,148 |
| Other current assets | 11,937 | 12,023 |
| Excise and sales tax receivable | 325 | 367 |
| Prepaid taxes | — | 753 |
| Prepaid expenses and other current assets | \$ 23,599 | \$ 22,777 |

7. OTHER NON-CURRENT ASSETS

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

| | March 31, 2024 | December 31, 2023 |
|---------------------------------|------------------|-------------------|
| Long term deposits | \$ 8,686 | \$ 8,686 |
| Investment in affiliates | 775 | 775 |
| Restricted cash | 3,573 | 3,573 |
| Notes receivable | 2,065 | 2,082 |
| Other non-current assets | \$ 15,099 | \$ 15,116 |

8. 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, 2024 | December 31, 2023 |
|---|------------------|-------------------|
| Taxes - property and other | \$ 9,359 | \$ 12,067 |
| Other accrued expenses | 22,587 | 26,323 |
| Payroll liabilities | 10,994 | 13,260 |
| Other current liabilities | 8,349 | 7,009 |
| Accrued expenses and other current liabilities | \$ 51,289 | \$ 58,659 |

As of March 31, 2024, other accrued expenses include approximately \$14,529 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.

9. SHAREHOLDERS' EQUITY

The Company had the following activity during the three months ended March 31, 2024:

- Issued 25,845,259 Common Shares in connection with the January 2024 Debt Exchange (as defined below and further detailed in Note 4).

10. WARRANTS

As of March 31, 2024 and December 31, 2023, outstanding equity-classified warrants to purchase Common Shares consisted of the following:

| Expiration | March 31, 2024 | | December 31, 2023 | |
|--------------------|---|-----------------------------------|---|-----------------------------------|
| | Number of Shares Issued and Exercisable | Exercise Price (Canadian Dollars) | Number of Shares Issued and Exercisable | Exercise Price (Canadian Dollars) |
| September 21, 2026 | 11,122,105 | 1.96 | 11,122,105 | 1.96 |
| October 1, 2025 | 648,783 | 8.12 | 648,783 | 8.12 |
| April 26, 2024 | 5,394,945 | 10.35 | 5,394,945 | 10.35 |
| | <u>17,165,833</u> | \$ 4.83 | <u>17,165,833</u> | \$ 4.83 |

Warrant activity for the three months ended March 31, 2024 and 2023 are summarized in the table below:

| | Number of Warrants | Weighted average exercise price (Canadian Dollars) |
|--|-----------------------|--|
| 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 |
| Balance as of December 31, 2023 | 17,165,833 | 4.83 |
| Exercised | — | — |
| Expired | — | — |
| Balance as of March 31, 2024 | 17,165,833 | 4.83 |

11. LOSS PER SHARE

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

| | Three months ended | |
|--|--------------------|--------------------|
| | March 31, 2024 | March 31, 2023 |
| Numerator: | | |
| Net loss | \$ (34,568) | \$ (36,572) |
| Less: Net loss attributable to non-controlling interests | 505 | 768 |
| Net loss attributable to shareholders | <u>\$ (35,073)</u> | <u>\$ (37,340)</u> |
| Denominator: | | |
| Weighted average shares outstanding - basic and diluted | 445,633,865 | 401,438,546 |
| Loss per share - basic and diluted | <u>\$ (0.08)</u> | <u>\$ (0.09)</u> |

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.

12. 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.

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.

13. 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, 2024 | | | | |
| Derivative liability | \$ — | \$ — | \$ (2,466) | \$ (2,466) |
| | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (2,466)</u> | <u>\$ (2,466)</u> |
| December 31, 2023 | | | | |
| Derivative liability | \$ — | \$ — | \$ (119) | \$ (119) |
| | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (119)</u> | <u>\$ (119)</u> |

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, 2024 and December 31, 2023 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 liabilities and long-term debt 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, 2024 and December 31, 2023. These estimates require management's judgment and may not be indicative of the future fair values of the assets and liabilities.

14. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

| | March 31, 2024 | December 31, 2023 |
|--|------------------|-------------------|
| Goodwill | \$ — | \$ 19,274 |
| Less: Accumulated impairment on goodwill | — | (19,274) |
| Total goodwill, net | <u>—</u> | <u>—</u> |
| Licenses | 108,371 | 108,700 |
| Trademarks | 45,936 | 45,936 |
| Customer Relationships | 15,263 | 15,263 |
| Total intangible assets | 169,570 | 169,899 |
| Less: Accumulated amortization | (96,393) | (93,132) |
| Total intangible assets, net | <u>\$ 73,177</u> | <u>\$ 76,767</u> |

The amortization expense for the three months ended March 31, 2024 and 2023 are as follows:

| | Three months ended | |
|-----------------------|--------------------|----------------|
| | March 31, 2024 | March 31, 2023 |
| Amortization expenses | 3,261 | 4,803 |

15. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

| | Three months ended | |
|---|--------------------|------------------|
| | March 31, 2024 | March 31, 2023 |
| Salaries and benefits | \$ 25,774 | \$ 28,566 |
| Professional fees | 2,556 | 2,853 |
| Depreciation and amortization | 7,080 | 8,589 |
| Operating facilities costs | 11,080 | 10,284 |
| Operating office and general expenses | 5,372 | 2,213 |
| Advertising and promotion | 1,005 | 1,939 |
| Other fees and expenses | 406 | 906 |
| Total selling, general and administrative expenses | \$ 53,273 | \$ 55,350 |

16. OTHER (INCOME) EXPENSE, NET

Other expense, net is summarized in the table below:

| | Three months ended | |
|--|--------------------|-----------------|
| | March 31, 2024 | March 31, 2023 |
| Change in fair value of the derivative liability | \$ 2,347 | 30 |
| Loss on deconsolidation | — | 2,473 |
| Restructuring expense | 2,576 | 3,178 |
| Other income, net | (87) | (296) |
| Loss on disposal of group | 211 | (600) |
| Rental income | (57) | (842) |
| Total other (income) expense, net | \$ 4,990 | \$ 3,943 |

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

During the three months ended March 31, 2024 and 2023 the Company recorded \$2,576 and \$3,178 in restructuring expense. As of March 31, 2024, the balance outstanding on the Company's restructuring reserve was \$4,922.

17. DIVESTITURE

Utah Business Divestiture

On October 6, 2023, the Company entered into a definitive agreement, subject to closing conditions, to dispose of its Utah operations (the "Utah Business") which are considered non-core and comprised of one dispensary and one cultivation facility. The Utah Business was divested for gross proceeds of approximately \$6.5 million, with approximately \$3.9 million due on closing of the transaction, and a \$2.6 million Seller note payable to the Company not later than July 2025. The sale of the Utah assets was completed on March 7, 2024.

As of March 31, 2024, 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 UT, LLC for the three months ended March 31, 2024, and 2023:

| | Three months ended | |
|----------|--------------------|----------------|
| | March 31, 2024 | March 31, 2023 |
| Revenue | \$ 943 | \$ 1,199 |
| Expenses | \$ 822 | \$ 1,202 |

18. SUBSEQUENT EVENTS

On May 6, 2024, the Company resolved a previously disclosed lawsuit relating to the Green Leaf Transaction, as further described in relevant detail in Part II – Other Information, Item 1. Legal Proceedings below.

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 The Cannabist Company Holdings Inc. (“The Cannabist Company”, the “Company”, “us”, “our” or “we”) is supplemental to, and should be read in conjunction with, The Cannabist Company’s unaudited condensed consolidated interim financial statements and the accompanying notes for the three months ended March 31, 2024 and 2023. 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 2023 Form 10-K filed with the SEC on March 13, 2024 and subsequent securities filings.

The Cannabist Company’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 THE CANNABIST COMPANY

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.

THE CANNABIST COMPANY OBJECTIVES AND FACTORS AFFECTING OUR PERFORMANCE

As one of the largest fully integrated operators in the 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.

Branding

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. Effective September 2023, the Company changed its name from “Columbia Care Inc.” to “The Cannabist Company Holdings Inc.” reflecting the Company’s “Cannabist” national retail brand that was established in 2021.

Regulation

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.

Product Innovation and Consumer Trends

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.

Growth and Profitability Strategies

We have a successful history of growing revenue and we believe we have a strong strategy aimed at increasing profitability. Our future depends, in part, on our ability to implement our strategy including (i) product innovations; (ii) penetration of current and new markets; (iii) growth of wholesale revenue through third party retailers and distributors; (iv) future development of e-commerce and home delivery distribution capabilities; (v) expansion of our cultivation and manufacturing capacity; and (vi) controlling costs. Our ability to implement this 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 consolidated interim 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, 2024 | March 31, 2023 | \$ Change | % Change |
| Revenues | \$122,611 | \$124,535 | \$(1,924) | (2)% |
| Cost of sales related to inventory production | (80,074) | (77,454) | (2,620) | 3% |
| Gross profit | \$42,537 | \$47,081 | \$(4,544) | (10)% |
| Selling, general and administrative expenses | (53,273) | (55,350) | 2,077 | (4)% |
| Loss from operations | (10,736) | (8,269) | (2,467) | 30% |
| Other expense, net | (14,964) | (17,614) | 2,650 | (15)% |
| Income tax expense | (8,868) | (10,689) | 1,821 | (17)% |
| Net loss | (34,568) | (36,572) | 2,004 | (5)% |
| Net loss attributable to non-controlling interests | 505 | 768 | (263) | (34)% |
| Net loss attributable to The Cannabist Company Holdings Inc. | \$(35,073) | \$(37,340) | \$2,267 | (6)% |
| Loss per share attributable to The Cannabist Company Holdings Inc.—based and diluted | \$ (0.08) | \$ (0.09) | \$0.01 | (15)% |
| Weighted average number of shares outstanding—basic and diluted | 445,633,865 | 401,438,546 | | |

Summary of Balance Sheet items:

| | March 31, 2024 | December 31, 2023 |
|-----------------------------|----------------|-------------------|
| Total Assets | \$ 812,831 | \$ 823,111 |
| Total Liabilities | \$ 769,923 | \$ 757,759 |
| Total Long-Term Liabilities | \$ 603,944 | \$ 597,715 |
| Total Equity | \$ 42,908 | \$ 65,352 |

RESULTS OF OPERATIONS

Comparison of the three months ended March 31, 2024 and 2023

The following table summarizes our results of operations for the three months ended March 31, 2024 and 2023:

| | For the three months ended | | | |
|--|----------------------------|------------------|------------------|--------------|
| | March 31, 2024 | March 31, 2023 | \$ Change | % Change |
| Revenues | \$ 122,611 | \$ 124,535 | \$(1,924) | (2)% |
| Cost of sales related to inventory production | (80,074) | (77,454) | (2,620) | 3% |
| Gross profit | \$ 42,537 | \$ 47,081 | \$(4,544) | (10)% |
| Selling, general and administrative expenses | (53,273) | (55,350) | 2,077 | (4)% |
| Loss from operations | (10,736) | (8,269) | (2,467) | 30% |
| Other expense, net | (14,964) | (17,614) | 2,650 | (15)% |
| Loss before provision for income taxes | (25,700) | (25,883) | 183 | (1)% |
| Income tax expense | (8,868) | (10,689) | 1,821 | (17)% |
| Net loss | (34,568) | (36,572) | 2,004 | (5)% |
| Net income (loss) attributable to non-controlling interests | 505 | 768 | (263) | (34)% |
| Net loss attributable to The Cannabist Company Holdings Inc. | \$(35,073) | \$(37,340) | \$ 2,267 | (6)% |

Revenues

The decrease in revenue of \$1,924 for the three months ended March 31, 2024, as compared to the prior year period, was driven by the net decline in revenue of \$3,217 in our existing retail and wholesale operations and a decline of \$476 from the sale or closure of certain operations. This was partly offset by the expansion of new retail facilities which contributed to a revenue growth of \$1,769 during the three months ended March 31, 2024, as compared to the prior period.

Cost of Sales

The increase in cost of sales of \$2,620 for the three months ended March 31, 2024, as compared to the prior year period, was driven by a cost of sales increase of \$2,616 in our existing retail and wholesale operations, including from inventory impairment, and by \$601 from the expansion of new retail facilities. This was partly offset by a decline of \$598 from the sale or closure of certain operations during the three months ended March 31, 2024, as compared to the prior period.

Gross Profit

The decrease in gross profit of \$4,544 for the three months ended March 31, 2024, as compared to the prior year period, was directly attributable to the decline in revenues and increased cost of sales as described above. The decline in gross margin (percent) was primarily driven by production facilities poised for future economies of scale and price compression.

Operating Expenses

The decrease of \$2,077 in operating expenses for the three months ended March 31, 2024, as compared to the prior year period, was primarily attributable to a decrease in salary and benefits expenses of \$2,792, depreciation and amortization of \$1,509, professional fees of \$297, advertisement and promotion expenses of \$934, and operating office and general expenses of \$500. This was partially offset by an increase in operating office and general expenses of \$3,159 and operating facilities costs of \$796.

Other Expense, Net

The decrease in other expense, net of \$2,650 for the three months ended March 31, 2024, as compared to the prior year period, was primarily due to a decrease in interest expense on debt of \$3,080, loss on deconsolidation from the sale or closure of certain operations of \$2,473, restructuring expense of \$602, amortization of debt discount of \$162, amortization of debt issuance costs of \$298, and interest expense on leases of \$158. This was partially offset by an increase in the change in fair value of the derivative liability of \$2,317, a loss on disposal of group of \$811, a decrease in rental income earned of \$785, and a decrease in other income of \$209.

Provisions for Income Taxes

The Company recorded income tax expense of \$8,868 for the three months ended March 31, 2024, as compared to an income tax expense of \$10,689 for the three months ended March 31, 2023.

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, 2024, and 2023:

| | Three months ended | |
|--|--------------------|----------------|
| | March 31, 2024 | March 31, 2023 |
| Net loss | \$ (34,568) | \$ (36,572) |
| Income tax | 8,868 | 10,689 |
| Depreciation and amortization | 13,964 | 15,063 |
| Interest expense, net and debt amortization | 12,480 | 13,671 |
| EBITDA (Non-GAAP measure) | \$ 744 | \$ 2,851 |
| Adjustments: | | |
| Share-based compensation | 3,182 | 6,515 |
| Transaction and other non-core costs, including costs associated with the Cresco Labs Inc. transaction, litigation expenses and other costs related to restructuring | — | 1,317 |
| Fair-value changes on derivative liabilities | 2,346 | 30 |
| Adjustments for acquisition and other non-core costs | 6,245 | — |
| Restructuring expense | 2,576 | 3,178 |
| Loss on deconsolidation | 211 | 2,473 |
| Adjusted EBITDA (Non-GAAP measure) | \$ 15,304 | \$ 16,364 |
| Revenue | \$ 122,611 | \$ 124,535 |
| Adjusted EBITDA (Non-GAAP measure) | 15,304 | 16,364 |
| Adjusted EBITDA margin (Non-GAAP measure) | 12.5 % | 13.1 % |
| Revenue | \$ 122,611 | \$ 124,535 |
| Gross profit | 42,537 | 47,081 |
| Gross margin | 34.7 % | 37.8 % |

Adjusted EBITDA

The decrease in Adjusted EBITDA for the three months ended March 31, 2024, as compared to the prior year period, was primarily driven by declines in gross profit in the ongoing wholesale and retail operations and through restructuring and disposal activity, partially 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, 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 focus on profitability, we endeavor to remain opportunistic on growth through expansion or acquisition, therefore our cash flow requirements and obligations could materially change. As of March 31, 2024, we did not have any significant external capital requirements.

Recent Financing Transactions

September 2023 Offering

On September 18, 2023, the Company entered into subscription agreements with the September 2023 Investors for the purchase and sale of 22,244,210 September 2023 Units at a price of C\$1.52 per September 2023 Unit pursuant to a private placement, for aggregate gross proceeds of approximately C\$33.8 million or approximately \$25 million. Each September 2023 Unit consists of one Common Share (or Common Share equivalent) and one half of one September 2023 Warrant that entitles the holder to acquire one Common Share at a price of C\$1.96 per Common Share, a 29% premium to issue, for a period of three years following the closing of the Initial Tranche.

The Initial Tranche consisted of an aggregate of 21,887,240 Common Shares, 11,122,105 September 2023 Warrants and 356,970 September 2023 Pre-Funded Warrants that provide the holder the right to purchase one Common Share at an exercise price of C\$0.0001 per Common Share. The September 2023 Offering closed on September 21, 2023.

The Company used the proceeds from the September 2023 Offering to reduce its outstanding indebtedness.

The September 2023 Investors had the option to purchase \$25 million in additional September 2023 Units at a price equal to the Issue Price, upon written notice to the Company at any time up to November 2, 2023, which was not exercised. In connection with the September 2023 Offering, the Company and the September 2023 Investors entered into a customary registration rights agreement, pursuant to which the Company filed a registration statement on Form S-1 on October 17, 2023 to register the resale of the Common Shares underlying the September 2023 Units. The September 2023 Units were subject to limited lock-up requirements.

January 2024 Debt Exchange

On January 22, 2024, the Company entered into an exchange agreement (the “Exchange Agreement”) with certain holders (the “Holders”) of the Company’s 6.0% senior secured 2025 Convertible Notes, pursuant to which the Company agreed to repurchase (the “Repurchase”) of up to \$25 million principal amount of the 2025 Convertible Notes in exchange for Common Shares.

Pursuant to the terms of the Exchange Agreement, the Holders shall:

- by January 31, 2024, transfer \$5 million principal amount of 2024 Convertible Notes in consideration of Common Shares issued at a price per Common Share equal to the greater of C\$0.41 per Common Share and the 12.5% discount to the 5-day volume weighted average price of the Common Shares (the “Initial Exchange Price”) on Cboe prior to receipt of a Transfer notice;
- provided that the five-day volume weighted average price of the Common Shares on the Cboe is greater than C\$0.47 as of the close of trading at 4:01pm on January 31, 2024, transfer \$5 million principal amount of 2025 Convertible Notes in consideration of Common Shares issued at the Initial Exchange Price on or prior to February 29, 2024; and
- provided that the February Exchange is completed and the daily volume weighted average price of the Common Shares on Cboe is greater than C\$0.87 for 5 consecutive trading days, provided that, the trading volume of the Common Shares on Cboe was equal to or greater than 600,000 Common Shares on the applicable trading dates, from the period commencing on January 1, 2024 and ending on June 30, 2024, transfer in three separate equal tranches, an aggregate of \$15 million principal amount of 2025 Convertible Notes in consideration of Common Shares issued at a price per Common Share equal to the greater of C\$0.57 per Common Share and the 12.5% discount to the 5-day volume weighted average price of the Common Shares on Cboe prior to receipt of a Transfer notice, in each case, subject to adjustment in certain instances, on or prior to June 30, 2024.

In the event the conditions are fulfilled and the Holders fail to Transfer their 2025 Convertible Notes in accordance with the terms of the Exchange Agreement, the Company has the right, but not the obligation, to require the Holders to Transfer some or all of the portion of the \$25 million principal amount of 2025 Convertible Notes still held by the Holders. Assuming all of the conditions are fulfilled, and the entire \$25 million principal amount of 2025 Convertible Notes are Transferred for Common Shares issued at the minimum prices set out in the Exchange Agreement, a maximum of 68,564,698 Common Shares would be issued in connection with the Repurchase. Through March 31, 2024, \$10 million of the potential \$25 million exchange has been completed.

2027 Convertible Notes

On March 19, 2024, the Company closed a private placement (the “March 2024 Private Placement”) of \$25,750 aggregate principal amount of 9.0% senior-secured first-lien notes due 2027 (the “2027 Notes”) and received aggregate gross proceeds of \$15,600. The 2027 Notes are senior secured obligations of the Company and were issued at 80.0% of face value. The 2027 Notes accrue interest in arrears which is payable semi-annually and mature on March 19, 2027. In connection with the offering of the 2027 Notes, the Company exchanged \$5,000 of the Company’s existing 6.0% 2025 Convertible Notes.

The Company determined that the 2027 Notes represent an obligation to issue a fixed number of shares for a fixed amount of liability. 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. Upon initial recognition, the Company recorded a derivative liability of \$2,362 within other long-term liabilities in the consolidated balance sheets and a corresponding debt premium and debt issuance costs of \$5,952, reflected as a reduction to the carrying

value of the 2027 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 condensed consolidated statements of operations and comprehensive loss. The debt premium and debt issuance costs is amortized over the term of the 2027 Notes.

Mortgages

On August 10, 2023, the Company entered into two term loans and security agreements with a bank as follows:

- The first agreement provides for a \$6,250 mortgage on real property in Maryland and carries interest at a variable rate per annum equal to the Index plus 2.25%. The debt is repayable in 59 monthly installments and a final balloon payment due on September 1, 2028, which is estimated at \$5,937 as of March 31, 2024. In connection with this mortgage, the Company incurred financing costs of \$195 and netted \$2,903 after the repayment of a prior outstanding mortgage on the property.
- The second agreement provides for \$1,800 mortgage on real property in Delaware and carries interest at a variable rate per annum equal to the Index plus 2.25%. The debt is repayable in 59 monthly installments and a final balloon payment due on September 1, 2028, which is estimated at \$1,710 as of March 31, 2024. In connection with this mortgage, the Company incurred financing costs of \$77 and netted \$1,723.

Cash Flows

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

| | Three months ended | |
|---|---------------------------|-----------------------|
| | March 31, 2024 | March 31, 2023 |
| Net cash used in operating activities | \$ (6,211) | \$ (3,405) |
| Net cash provided by (used in) investing activities | 2,403 | (2,552) |
| Net cash provided by (used in) financing activities | 12,517 | (2,037) |
| Net increase (decrease) in cash | <u>\$ 8,709</u> | <u>\$ (7,994)</u> |

Operating Activities

During the three months ended March 31, 2024, operating activities used \$6,211 of cash, primarily resulting from a net loss of \$34,568, deferred taxes of \$834, and other expenses of \$92; this was partially offset by depreciation and amortization of \$13,964, equity-based compensation expense of \$3,182, loss on deconsolidation of subsidiary of \$211, debt amortization expense of \$1,857, provision for obsolete inventory and other assets of \$5,430, change in fair value of derivative liability of \$2,347, and net changes in operating assets and liabilities of \$2,292. The net change in operating assets and liabilities was primarily due to a decrease in accounts receivable of \$1,012, other assets of \$129, increase in accounts payable of \$7,351, and income tax payable of \$8,898; this was offset by an increase in inventory of \$5,297, prepaid and other expenses of \$823, a decrease in accrued expenses and other current liabilities of \$7,391, and other long-term liabilities of \$1,587.

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.

Investing Activities

During the three months ended March 31, 2024, investing activities provided \$2,403 of cash mainly due to the proceeds from the sale of the UT business of \$2,999 and proceeds from sale of license of \$329. This was partially offset by purchases of property and equipment of \$965.

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.

Financing Activities

During the three months ended March 31, 2024, financing activities provided \$12,517 of cash, mainly due to proceeds from issuance of convertible debt of \$15,600. This was partially offset by payment of lease liabilities of \$1,762, payment of debt issuance costs of \$802, repayment of sellers note of \$375, and repayment of mortgage notes of \$144.

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.

Contractual Obligations and Commitments

The following table summarizes contractual obligations as of March 31, 2024 and the effects that such obligations are expected to have on our liquidity and cash flows in future periods:

| | Payments Due by Period | | | | | | |
|---------------------------------------|------------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|
| | Total | Less than 1 year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 and beyond |
| Lease commitments | \$ 383,400 | \$ 27,753 | \$ 33,042 | \$ 30,414 | \$ 29,984 | \$ 27,813 | \$ 234,394 |
| Sale-Leaseback commitments | 218,805 | 7,588 | 10,407 | 10,743 | 11,090 | 11,449 | 167,528 |
| 2026 Notes | 185,000 | — | — | 185,000 | — | — | — |
| 2024 Notes | 13,228 | 13,228 | — | — | — | — | — |
| Interest on 2024 Notes and 2026 Notes | 39,689 | 13,325 | 17,576 | 8,788 | — | — | — |
| Convertible debt (principal) | 85,250 | — | 59,500 | — | 25,750 | — | — |
| Interest on convertible debt | 11,415 | 4,416 | 4,102 | 2,318 | 579 | — | — |
| Mortgage notes (principal) | 43,356 | 430 | 653 | 16,459 | 18,100 | 7,714 | — |
| Mortgage notes (interest) | 15,384 | 3,545 | 4,640 | 4,564 | 2,005 | 630 | — |
| Closing promissory note (principal) | 1,125 | 1,125 | — | — | — | — | — |
| Closing promissory note (interest) | 45 | 45 | — | — | — | — | — |
| Total contractual obligations | \$ 996,697 | \$ 71,455 | \$ 129,920 | \$ 258,286 | \$ 87,508 | \$ 47,606 | \$ 401,922 |

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. The Cannabist Company 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, 2024 and December 31, 2023, 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 Cannabist Company 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 your operations and financial position becoming subject to currency transaction and translation risks.

As of March 31, 2024, and December 31, 2023, 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 2023 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, 2024 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.

On May 6, 2024, the Company resolved a lawsuit in Maryland state court, as previously disclosed in the Company's Form 10-K for the year ended December 31, 2023 relating to the Company's acquisition of Green Leaf Medical (the "Green Leaf Transaction"), a privately held, multi-state operator. As a part of that resolution, and in conjunction with the exchange of mutual releases of all claims relating to the Green Leaf Transaction, the Company will issue 4,848,019 common shares to the former Green Leaf shareholders. The common shares will be issued pursuant to Rule 506(b) of the Securities Act of 1933, as amended. The Company will be relying on Rule 506(b) because the issuances are not being made by general solicitation or advertising and the issuances are only being made to accredited investors.

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 2023 Form 10-K, which is incorporated by reference herein.

Item 2. Unregistered Sales of Securities and Use of Proceeds

See "Item 1. Legal Proceedings" above.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

- a) See "Item 1. Legal Proceedings" above.
- b) Securities Trading Plans of Directors and Executive Officers

During the three ended March 31, 2024, none of our directors or executive officers adopted or terminated any contract, instruction, or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

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) |
| 2.2 | Amending Agreement, dated February 27, 2023, 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 February 28, 2023) |
| 3.1 | Articles, dated April 26, 2019 (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K, filed with the SEC on September 22, 2023) |
| 3.2 | Certificate of Change of Name, dated September 19, 2023 (incorporated by reference to Exhibit 3.2 of the Registrant's Form 8-K, filed with the SEC on September 22, 2023) |
| 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 \(incorporated by reference to Exhibit 4.13 of the Registrant's Form 8-K, filed with the SEC on May 11, 2022\)](#)
- 4.14 [Extension Notice dated March 28, 2023 to Odyssey Trust Company \(incorporated by reference to Exhibit 4.14 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on March 29, 2023\)](#)
- 4.15 [Sixth Supplemental Indenture dated September 20, 2023 between The Cannabist Company Holdings Inc. and Odyssey Trust Company](#)
- 4.16 [Seventh Supplemental Indenture dated March 19, 2024 between The Cannabist Company Holdings Inc. and Odyssey Trust Company \(incorporated by reference to Exhibit 4.16 of the Registrant's Form 8-K, filed with the SEC on March 20, 2024\)](#)
- 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)

* 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.

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.

THE CANNABIST COMPANY HOLDINGS INC.

Date: May 9, 2024

By: _____ /s/ David Hart

David Hart
Chief Executive Officer

Date: May 9, 2024

By: _____ /s/ Derek Watson

Derek Watson
Chief Financial Officer

**SIXTH SUPPLEMENTAL INDENTURE
DATED AS OF THE 20th DAY OF SEPTEMBER, 2023
BETWEEN**

**THE CANNABIST COMPANY HOLDINGS INC., AS ISSUER
AND
ODYSSEY TRUST COMPANY, AS TRUSTEE**

THIS SIXTH SUPPLEMENTAL INDENTURE dated as of September 20, 2023

BETWEEN:

THE CANNABIST COMPANY HOLDINGS INC., a company subsisting under the laws of the Province of British Columbia (hereinafter called the “**Issuer**”)

- and -

ODYSSEY TRUST COMPANY, a trust company continued under the laws of the Canada authorized to carry on the business of a trust company in British Columbia (hereinafter called the “**Trustee**”).

WHEREAS the Issuer has entered into a trust indenture with the Trustee dated as of May 14, 2020 (the “**Original Indenture**”), as supplemented by a first supplemental trust indenture dated as of June 19, 2020 (the “**First Supplemental Indenture**”), and as supplemented by a second supplemental trust indenture dated as of June 29, 2021 (the “**Second Supplemental Indenture**”), a third supplemental indenture dated as of February 2, 2022 (the “**Third Supplemental Indenture**”), a fourth supplemental indenture dated as of February 3, 2022 (the “**Fourth Supplemental Indenture**”) and a fifth supplemental indenture dated as of September 20, 2023 (the “**Fifth Supplemental Indenture**” and together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture, the “**Indenture**”)

AND WHEREAS on September 20, 2023 the Issuer changed its name from Columbia Care Inc. to The Cannabist Company Holdings Inc.;

AND WHEREAS the purpose of this sixth supplemental indenture (the “**Sixth Supplemental Indenture**”) is to update and amend the Indenture to provide for the name change of the Issuer as described above;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Issuer and not by the Trustee;

NOW THEREFORE THIS SIXTH SUPPLEMENTAL INDENTURE WITNESSETH that in consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

Interpretation

Section 1.1 Interpretation Provisions.

This Sixth Supplemental Indenture is a supplemental indenture to the Indenture. The Indenture and this Sixth Supplemental Indenture will be read together and will have effect as though all the provisions of both indentures were contained in one instrument. If any terms of the Indenture are inconsistent with the express terms or provisions hereof, the terms of this Sixth Supplemental Indenture shall prevail to the extent of the inconsistency. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.

ARTICLE 2
Amendment and Supplement

Section 2.1 Amendments.

- (a) The following definition in Section 1.1 of the Indenture shall be deleted and replaced with the definition set out below:
“**Issuer**” means The Cannabist Company Holdings Inc. and includes any successor to or of the Issuer, as permitted by the terms hereof.
- (b) For 2024 Notes issued after the date hereof, Appendix A of the Trust Indenture shall be deleted and replaced with Appendix “A” hereto.
- (c) For 2023 Convertible Notes Issued after the date hereof, Schedule “A” of the First Supplemental Indenture shall be deleted and replaced with Appendix “B” hereto.
- (d) For 2025 Convertible Notes issued after the date hereof, Schedule “A” of the Second Supplemental Indenture shall be deleted and replaced with Appendix “C” hereto.
- (e) For 2026 Notes issued after the date hereof, Schedule “A” of the Fourth Supplemental Indenture shall be deleted and replaced with Appendix “D” hereto.

ARTICLE 3
Miscellaneous

Section 3.1 Effective Date.

This Sixth Supplemental Indenture shall take effect upon the date first above written.

Section 3.2 Counterparts.

This Sixth Supplemental Indenture may be executed in one or more counterparts, each of which taken together shall constitute one and the same instrument. Counterparts may be executed either in original or electronic form and the parties hereto adopt any signatures received by electronic means as original signatures of the parties.

[Signature Page Follows]

IN WITNESS OF WHICH this Sixth Supplemental Indenture has been duly executed by the Issuer and the Trustee.

Dated as of the date first written above.

**THE CANNABIST COMPANY
HOLDINGS INC.**

Per: .(Signed) "Nicholas Vita"
Name: Nicholas Vita
Title: Chief Executive Officer

ODYSSEY TRUST COMPANY, as Trustee

Per: .(Signed) "Dan Sander"
Name: Dan Sander
Title: President, Corporate Trust

Per: .(Signed) "Amy Douglas"
Name: Amy Douglas
Title: Senior Director, Corporate
Trust

**Appendix “A”
Trust Indenture
FORM OF 2023
NOTE**

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THIS INDENTURE HEREINREFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR NOTES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THIS INDENTURE. EVERY NOTE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE SHALL BE A GLOBAL NOTE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THIS INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO THE CANNABIST COMPANY HOLDINGS INC. CANNABIS CORP. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE. [INSERT GLOBAL NOTES LEGEND FOR ALL GLOBAL NOTES]

For Notes originally issued for the benefit or account of a U.S. Holder (other than an Original U.S. Holder), and each Definitive Note issued in exchange therefor or in substitution thereof, also include the following legends:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES, FOR THE BENEFIT OF THE CANNABIST COMPANY HOLDINGS INC. (THE “ISSUER”), THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE ISSUER; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO

(C)(2) OR (D) ABOVE, A LEGAL OPINION FROM COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER MUST FIRST BE PROVIDED TO ODYSSEY TRUST COMPANY AND TO THE ISSUER TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

No.

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**THE CANNABIST
COMPANY
HOLDINGS INC.**

(a corporation formed under the laws of *the Business Corporations Act (British Columbia)*) 13% SENIOR SECURED NOTES DUE MAY 14, 2023

THE CANNABIST COMPANY HOLDINGS INC. (the “**Issuer**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the trust indenture dated as of May 14, 2020 (the “**Indenture**”) between the Issuer and Odyssey Trust Company (the “**Trustee**”), promises to pay to the registered holder hereof on May 14, 2023 (the “**Stated Maturity**”) (unless extended to May 14, 2024 in accordance with the terms of the Indenture) or on such earlier date as the principal amount hereof may become due in accordance with the provisions of this Indenture the principal sum of million dollars (\$[]) in lawful money of the United States of America on presentation and surrender of this Note (the “**Note**”) at the main branch of the Trustee in Vancouver, British Columbia, in accordance with the terms of this Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof (i) from and including the date hereof, or (ii) from and including the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever shall be the later, in all cases, to and excluding the next Interest Payment Date, at the rate of 13% per annum, in like money, calculated and payable semi-annually in arrears on May 31 and November 30 in each year commencing on November 30, 2020, and the last payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity of this Note) to fall due on the Maturity of this Note and, should the Issuer at any time make default in the payment of any principal or interest, to pay interest on the amount in default at a rate that is 1% higher than the applicable interest rate on the Notes, in like money and on the same dates.

Interest on this Note will be computed on the basis of a 365-day or 366-day year, as applicable, and will be payable in equal semi-annual amounts; provided that for any Interest Period that is shorter than a full semi-annual interest period, interest shall be calculated on the basis of a year of 365 days or 366 days, as applicable, and the actual number of days elapsed in that period.

If the date for payment of any amount of principal, premium or interest is not a Business Day at the place of payment, then payment will be made on the next Business Day and the holder hereof will not be entitled to any further interest on such principal, or to any interest on such interest, premium or other amount so payable, in respect of the period from the date for payment to such next Business Day.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of this Indenture, the mailing of such cheque or the electronic transfer of such funds shall, to the extent of the sum represented thereby (plus the amount of any Taxes deducted or withheld), satisfy and discharge all liability for interest on this Note.

This Note is one of the 2023 Notes of the Issuer issued under the provisions of this Indenture. Reference is hereby expressly made to this Indenture for a description of the terms and conditions upon which this Note and other Notes of the Issuer are or are to be issued and held and the rights and remedies of the holder of this Note and other Notes and of the Issuer and of the Trustee, all to the same effect as if the provisions of this Indenture were herein set forth to all of which provisions the holder of this Note by acceptance hereof assents.

2023 Notes are issuable at a price of \$1,000 per \$1,000 of principal amount and only in denominations of \$1,000 and integral multiples of \$1,000. Upon compliance with the provisions of this Indenture, Notes of any denomination may be exchanged for an equal aggregate principal amount of Notes in any other authorized denomination or denominations.

The indebtedness evidenced by this Note, and by all other 2023 Notes now or hereafter certified and delivered under this Indenture, is a direct senior secured obligation of the Issuer.

The principal hereof may become or be declared due and payable before the Stated Maturity in the events, in the manner, with the effect and at the times provided in this Indenture.

This Note may be redeemed at the option of the Issuer on the terms and conditions set out in this Indenture at the Redemption Price therein. The right is reserved to the Issuer to purchase Notes (including this Note) for cancellation in accordance with the provisions of this Indenture.

Upon the occurrence of a Change of Control, the Holders may require the Issuer to repurchase such Holder's Notes, in whole or in part, at a purchase price in cash equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to the date of purchase.

This Indenture contains provisions making binding upon all Holders of Notes outstanding thereunder resolutions passed at meetings of such Holders held in accordance with such provisions and instruments signed by the Holders of a specified majority of Notes outstanding (or certain series of Notes outstanding), which resolutions or instruments may have the effect of amending the terms of this Note or this Indenture.

This Note may only be transferred, upon compliance with the conditions prescribed in this Indenture, in one of the registers to be kept at the principal office of the Trustee in Vancouver, British Columbia and in such other place or places and/or by such other Registrars (if any) as

the Issuer with the approval of the Trustee may designate. No transfer of this Note shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Note for cancellation. Thereupon a new Note or Notes in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Note shall not become obligatory for any purpose until it shall have been authenticated by the Trustee under this Indenture.

This Note and this Indenture are governed by, and are to be construed and enforced in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein.

Capitalized words or expressions used in this Notes shall, unless otherwise defined herein, have the meaning ascribed thereto in this Indenture.

IN WITNESS WHEREOF THE CANNABIST COMPANY HOLDINGS INC. has caused this Note to be signed by its authorized representatives as of [___], 202_.

THE CANNABIST COMPANY HOLDINGS INC.

By: _____ Name:
Title:

(FORM OF TRUSTEE’S CERTIFICATE)

This Note is one of the The Cannabist Company Holdings Inc. 13% Senior Secured Notes due May 14, 2023 referred to in this Indenture within mentioned.

ODYSSEY TRUST COMPANY

By:

Name

:

Title:

By:

Name

:

Title:

(FORM OF REGISTRATION PANEL)

(No writing hereon except by Trustee or other registrar)

| Date of Registration | In Whose Name Registered | Signature of Trustee or Registrar |
|-----------------------------|---------------------------------|--|
| | | |
| | | |
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| | | |
| | | |

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ whose address and social insurance number, if applicable are set forth below, this Note (or \$ principal amount hereof) of THE CANNABIST COMPANY HOLDINGS INC. standing in the name(s) of the undersigned in the register maintained by the Issuer with respect to such Note and does hereby irrevocably authorize and direct the Trustee to transfer such Note in such register, with full power of substitution in the premises.

Dated: __

Address of Transferee: _____ (Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable:

If less than the full principal amount of the within Note is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple of \$1,000) to be transferred.

In the case of a Note that contains a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

- (A) the transfer is being made to the Issuer;
- (B) the transfer is being made outside the United States in compliance with Rule 904 of Regulation S under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and in compliance with any applicable local securities laws and regulations and the holder has provided herewith the Declaration for Removal of Legend attached as Appendix C to the Indenture, or
- (C) the transfer is being made in accordance with a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws and the undersigned has furnished to the Issuer and the Trustee an opinion of counsel of recognized standing or other evidence in form and substance reasonably satisfactory to the Issuer to such effect.

In the case of a Note that does not contain a U.S. restrictive legend, if the proposed transfer is to, or for the account or benefit of a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Note is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Issuer and the Trustee an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Issuer to such effect.

1. The signature(s) to this assignment must correspond with the name(s) as written

upon the face of the Note in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: “**SIGNATURE GUARANTEED**”.

2. The registered holder of this Note is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Note.

Signature of Guarantor

Authorized Officer

Signature of transferring registered holder

Name of Institution

Appendix “B”
First Supplemental Indenture FORM
OF GLOBAL NOTE CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE **[INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE]**.

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR NOTES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY NOTE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE SHALL BE A GLOBAL NOTE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO THE CANNABIST COMPANY HOLDINGS INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY ACQUIRING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE CANNABIST COMPANY HOLDINGS INC. (THE “CORPORATION”), THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, AND, IN EACH CASE, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE

SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION FROM COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO ODYSSEY TRUST COMPANY AND TO THE ISSUER TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “**GOOD DELIVERY**” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

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THE CANNABIST COMPANY HOLDINGS INC.

(a corporation formed under the laws of the *Business Corporations Act* (British Columbia)) 5.00% Senior Secured 2023 Convertible Note
Due December 19, 2023

THE CANNABIST COMPANY HOLDINGS INC. (the “**Issuer**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the trust indenture dated as of May 14, 2020 (the “**Master Trust Indenture**”), as supplemented by the first supplemental indenture dated as of June 19, 2020 (the “**First Supplemental Indenture**”, and together with the Master Trust Indenture, the “**Indenture**”), between the Issuer and Odyssey Trust Company (the “**Trustee**”), promises to pay to on December 19, 2023 (the “**Maturity Date**”) or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture, the principal sum of Dollars (US\$) in lawful money of the United States of America on presentation and surrender of this 2023 Convertible Note at the main branch of the Trustee in Vancouver, British Columbia in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, at the rate of 5.00% per annum (based on a year of 365 days), in like money, in arrears in equal installments on the six month anniversary of the Issue Date and the Maturity Date, and, should the Issuer at any time make default in the payment of any principal, or interest, to pay interest on the amount in default at the same rate, in like money and on the same date.

Interest on this 2023 Convertible Note will be computed on the basis of a 365-day or 366-day year, as applicable, and will be payable in equal semi-annual amounts; provided that for any Interest Period that is shorter than a full semi-annual interest period, interest shall be calculated on the basis of a year of 365 days or 366 days, as applicable, and the actual number of days elapsed in that period.

If the date for payment of any amount of principal, premium or interest is not a Business Day at the place of payment, then payment will be made on the next Business Day and the holder hereof will not be entitled to any further interest on such principal, or to any interest on such interest, premium or other amount so payable, in respect of the period from the date for payment to such next Business Day.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of this Indenture, the mailing of such cheque or the electronic transfer of such funds shall, to the extent of the sum

represented thereby (plus the amount of any Taxes deducted or withheld), satisfy and discharge all liability for interest on this 2023 Convertible Note.

This Note is one of the 5.00% Senior Secured 2023 Convertible Notes (referred to herein as the “**2023 Convertible Notes**”) of the Issuer issued under the provisions of the Indenture. The 2023 Convertible Notes authorized for issue immediately are limited to an aggregate principal amount of US\$ in lawful money of the United States. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the 2023 Convertible Notes are or are to be issued and held and the rights and remedies of the holders of the 2023 Convertible Notes and of the Issuer and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Note by acceptance hereof assents.

The 2023 Convertible Notes are issuable at a price of US\$1,000 per US\$1,000 of principal amount and only in denominations of US\$1,000 and integral multiples of US\$1,000. Upon compliance with the provisions of the Indenture, 2023 Convertible Notes of any denomination may be exchanged for an equal aggregate principal amount of 2023 Convertible Notes in any other authorized denomination or denominations.

Any part, being US\$1,000 or an integral multiple thereof, of the principal of this 2023 Convertible Note, provided that the principal amount of this 2023 Convertible Note is in a denomination in excess of US\$1,000, is convertible, at the option of the holder hereof, upon surrender of this 2023 Convertible Note at the principal office of the Trustee in Vancouver, British Columbia, at any time prior to the close of business on the date which falls 10 days prior to the Maturity Date, into Common Shares (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price per Common Share equal to C\$3.79 payable on the Business Day prior to the date of conversion (the “**Conversion Price**”), adjusted downwards for any cash dividends paid to holders of the common shares of the Issuer (the “**Common Shares**”), all subject to the terms and conditions and in the manner set forth herein.

The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion and holders will receive a cash payment in satisfaction of any fractional interest.

Upon the occurrence of a Change of Control of the Issuer, the Issuer is required to make an offer, at the option of each Holder, to purchase all of the 2023 Convertible Notes at a cash price equal to 101% principal amount of such 2023 Convertible Notes in accordance with the terms of the Indenture.

The indebtedness evidenced by this 2023 Convertible Note, and by all other 2023 Convertible Notes now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Issuer.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The 2023 Convertible Notes and Common Shares issuable upon conversion hereof have not and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States. The 2023 Convertible Notes and the Common Shares may only be offered, sold, pledged or otherwise transferred to

(i) the Issuer, or (ii) outside the United States to a person who is not a “**U.S. person**” (as defined by Regulation S under the U.S. Securities Act) in accordance with an applicable exemption under the U.S. Securities Act and applicable local securities laws and regulations.

The Indenture contains provisions making binding upon all holders of 2023 Convertible Notes outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of 2023 Convertible Notes outstanding, which resolutions or instruments may have the effect of amending the terms of this 2023 Convertible Note or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares, officers, directors and employees of the Issuer in respect of any obligation or claim arising out of the Indenture or this 2023 Convertible Note.

This 2023 Convertible Note may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Vancouver and in such other place or places and/or by such other registrars (if any) as the Issuer with the approval of the Trustee may designate. No transfer of this 2023 Convertible Note shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee or other registrar may prescribe and upon surrender of this 2023 Convertible Note for cancellation. Thereupon a new 2023 Convertible Note or 2023 Convertible Notes in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This 2023 Convertible Note shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

Capitalized words or expressions used in this 2023 Convertible Note shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

[Reminder of this page intentionally left blank.]

IN WITNESS WHEREOF THE CANNABIST COMPANY HOLDINGS INC. has caused this 2023 Convertible Note to be signed by its authorized representatives as of the day ___ of ____, 2020.

**THE CANNABIST COMPANY HOLDINGS
INC**

By:

Nicholas Vita
Chief Executive Officer

This 2023 Convertible Note is one of the 5.00% Senior Secured 2023 Convertible Note due December ____, 2023 referred to in the Indenture within mentioned

ODYSSEY TRUST COMPANY

By:

Dan Sander
VP, Corporate Trust

By:

Amy Douglas
Director, Corporate Trust

Date: ____

FORM OF TRANSFER

ODYSSEY TRUST COMPANY FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

____(print name and address) the 2023 Convertible Notes represented by this 2023 Convertible Note Certificate and hereby irrevocable constitutes and appoints _____as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Trustee.

DATED this __day of __, 20

In the case of a 2023 Convertible Note Certificate bearing the restrictive U.S. legend described in Section 3.3(b) of the Indenture, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

- *the transfer is being made to the Issuer; or*
- *the transfer is being made outside the United States to a person who is not a “U.S. person” (as defined by Regulation S under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”)) in accordance with an applicable exemption under the U.S. Securities Act and applicable local securities laws and regulations.*

SPACE FOR GUARANTEES)
OF SIGNATURES (BELOW))

)
) _____
) Signature of Transferor
)
)
 _____)
 Guarantor's Signature/Stamp) Signature of Transferor
)
)

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed in accordance with the transfer agent’s then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):



- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words “**Medallion Guaranteed**”, with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from the Guarantor must affix a stamp bearing the actual words “**Signature Guaranteed**”. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a “**Signature & Authority to Sign Guarantee**” Stamp affixed to the transfer (as opposed to a “**Signature Guarantee**” Stamp) obtained from an authorized officer of a major Canadian Schedule 1 chartered bank.
- **Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

Appendix “C”
Second Supplemental Indenture
FORM OF NOTE CERTIFICATE

[UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE]].

[THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR NOTES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY NOTE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE SHALL BE A GLOBAL NOTE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO THE CANNABIST COMPANY HOLDINGS INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.]

[THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY ACQUIRING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE CANNABIST COMPANY HOLDINGS INC. (THE “CORPORATION”), THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, AND, IN EACH CASE, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF

TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION FROM COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO ODYSSEY TRUST COMPANY AND TO THE ISSUER TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.]

No.

CUSIP
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US\$

THE CANNABIST COMPANY HOLDINGS INC.

(a corporation formed under the laws of the *Business Corporations Act* (British Columbia)) 6.00% Senior Secured
2025 Convertible Note

Due June 29, 2025

THE CANNABIST COMPANY HOLDINGS INC. (the “**Issuer**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the trust indenture dated as of May 14, 2020 (the “**Master Trust Indenture**”), as supplemented by the second supplemental indenture dated as of June 29, 2021 (the “**Second Supplemental Indenture**”) and collectively with the Master Trust Indenture, the “**Indenture**”), between the Issuer and Odyssey Trust Company (the “**Trustee**”), promises to pay __ on June 29, 2025 (the “**Maturity Date**”) or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture, the principal sum of Dollars (US\$) in lawful money of the United States of America on presentation and surrender of this 2025 Convertible Note at the main branch of the Trustee in Vancouver, British Columbia in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, at the rate of 6.00% per annum (based on a year of 365 days), in like money, in arrears in equal installments on the six month anniversary of the Issue Date and the Maturity Date, and, should the Issuer at any time make default in the payment of any principal, or interest, to pay interest on the amount in default at the same rate, in like money and on the same date.

Interest on this 2025 Convertible Note will be computed on the basis of a 365-day or 366-day year, as applicable, and will be payable in equal semi-annual amounts; provided that for any Interest Period that is shorter than a full semi-annual interest period, interest shall be calculated on the basis of a year of 365 days or 366 days, as applicable, and the actual number of days elapsed in that period.

If the date for payment of any amount of principal, premium or interest is not a Business Day at the place of payment, then payment will be made on the next Business Day and the holder hereof will not be entitled to any further interest on such principal, or to any interest on such interest, premium or other amount so payable, in respect of the period from the date for payment to such next Business Day.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of this Indenture, the mailing of such cheque or the electronic transfer of such funds shall, to the extent of the sum represented thereby (plus the amount of any Taxes deducted or withheld), satisfy and discharge all liability for interest on this 2025 Convertible Note.

This Note is one of the 6.00% Senior Secured 2025 Convertible Notes (referred to herein as the “**2025 Convertible Notes**”) of the Issuer issued under the provisions of the Indenture. The 2025 Convertible Notes authorized for issue immediately are limited to an aggregate principal amount of US\$ in lawful money of the United States. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the 2025 Convertible Notes are or are to be issued and held and the rights and remedies of the holders of the 2025 Convertible Notes and of the Issuer and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Note by acceptance hereof assents.

The 2025 Convertible Notes are issuable at a price of US\$1,000 per US\$1,000 of principal amount and only in denominations of US\$1,000 and integral multiples of US\$1,000. Upon compliance with the provisions of the Indenture, 2025 Convertible Notes of any denomination may be exchanged for an equal aggregate principal amount of 2025 Convertible Notes in any other authorized denomination or denominations.

Any part, being US\$1,000 or an integral multiple thereof, of the principal of this 2025 Convertible Note, provided that the principal amount of this 2025 Convertible Note is in a denomination in excess of US\$1,000, is convertible, at the option of the holder hereof, upon surrender of this 2025 Convertible Note at the principal office of the Trustee in Vancouver, British Columbia, at any time prior to the close of business on the date which falls 10 days prior to the Maturity Date, into Common Shares (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price per Common Share equal to US\$6.49 payable on the Business Day prior to the date of conversion (the “**Conversion Price**”), adjusted downwards for any cash dividends paid to holders of the common shares of the Issuer (the “**Common Shares**”), all subject to the terms and conditions and in the manner set forth herein.

The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion and holders will receive a cash payment in satisfaction of any fractional interest.

Upon the occurrence of a Change of Control of the Issuer, the Issuer is required to make an offer, at the option of each Holder, to purchase all of the 2025 Convertible Notes at a cash price equal to 101% principal amount of such 2025 Convertible Notes in accordance with the terms of the Indenture.

The indebtedness evidenced by this 2025 Convertible Note, and by all other 2025 Convertible Notes now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Issuer.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The 2025 Convertible Notes and Common Shares issuable upon conversion hereof have not and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States. The 2025 Convertible Notes and the Common Shares may only be offered, sold, pledged or otherwise transferred to

(i) the Issuer, or (ii) outside the United States to a person who is not a “**U.S. person**” (as defined by Regulation S under the U.S. Securities Act) in accordance with an applicable exemption under the U.S. Securities Act and applicable local securities laws and regulations.

The Indenture contains provisions making binding upon all holders of 2025 Convertible Notes outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of 2025 Convertible Notes outstanding, which resolutions or instruments may have the effect of amending the terms of this 2025 Convertible Note or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares, officers, directors and employees of the Issuer in respect of any obligation or claim arising out of the Indenture or this 2025 Convertible Note.

This 2025 Convertible Note may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Vancouver and in such other place or places and/or by such other registrars (if any) as the Issuer with the approval of the Trustee may designate. No transfer of this 2025 Convertible Note shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee or other registrar may prescribe and upon surrender of this 2025 Convertible Note for cancellation. Thereupon a new 2025 Convertible Note or 2025 Convertible Notes in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This 2025 Convertible Note shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

Capitalized words or expressions used in this 2025 Convertible Note shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

[Reminder of this page intentionally left blank.]

IN WITNESS WHEREOF THE CANNABIST COMPANY HOLDINGS INC. has caused this 2025 Convertible Note to be signed by its authorized representatives as of the __day of __, 20_.

**THE CANNABIST COMPANY
HOLDINGS INC.**

By: ARTICLE 4

Authorized Signatory

This 2025 Convertible Note is one of the 6.00% Senior Secured 2025 Convertible Note due June 29, 2025 referred to in the Indenture within mentioned.

ODYSSEY TRUST COMPANY

By: _____ Authorized Signatory

Date: ____

FORM OF TRANSFER

ODYSSEY TRUST COMPANY FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to ____ (print name and address) the 2025 Convertible Notes represented by this 2025 Convertible Note Certificate and hereby irrevocable constitutes and appoints ____ as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Trustee.

DATED this day __ of __ 20

In the case of a 2025 Convertible Note Certificate bearing the restrictive U.S. legend described in Section 3.3(b) of the Indenture, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

- the transfer is being made to the Issuer; or*
- the transfer is being made outside the United States to a person who is not a “U.S. person” (as defined by Regulation S under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”)) in accordance with an applicable exemption under the U.S. Securities Act and applicable local securities laws and regulations.*

**SPACE FOR GUARANTEES
OF SIGNATURES (BELOW)**

Signature of Transferor

Name of Transferor

Guarantor’s Signature/Stamp

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "**Medallion Guaranteed**", with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from the Guarantor must affix a stamp bearing the actual words "**Signature Guaranteed**". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "**Signature & Authority to Sign Guarantee**" Stamp affixed to the transfer (as opposed to a "**Signature Guarantee**" Stamp) obtained from an authorized officer of a major Canadian Schedule 1 chartered bank.
- **Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

**Appendix “D”
Fourth Supplemental Indenture
FORM OF NOTE
CERTIFICATE**

[UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE]].

[THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR NOTES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY NOTE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE SHALL BE A GLOBAL NOTE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO THE CANNABIST COMPANY HOLDINGS INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.]¹

[Regulation D Legend: THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) SUCH SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (1)(a) IN THE UNITED STATES TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT

¹ Global Note Legend: Include legend on all Global Notes:

OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (b) OUTSIDE THE UNITED STATES IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (c) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF APPLICABLE) (AND BASED UPON AN OPINION OF 1 Global Note

Legend: Include legend on all Global Notes.

COUNSEL ACCEPTABLE TO THE COMPANY IF THE COMPANY SO REQUESTS) OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY IF THE COMPANY SO REQUESTS), (2) TO THE COMPANY OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN CLAUSE (A) ABOVE. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE SECURITY EVIDENCED HEREBY.]²

[Regulation S Legend: THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN COMPLIANCE WITH REGULATION S, ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR (B) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (B) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. BY ITS ACCEPTANCE HEREOF, THE HOLDER OF THIS NOTE FURTHER AGREES THAT IT WILL GIVE EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER

² Include legend on all Regulation D Notes.

**AFTER THE RESALE RESTRICTION TERMINATION DATE. BY ITS ACQUISITION
HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS
IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS
SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S
UNDER THE SECURITIES ACT.]³**

**[*Canadian Securities Legend:* UNLESS PERMITTED UNDER APPLICABLE SECURITIES
LEGISLATION IN CANADA, THE HOLDER OF THIS SECURITY MUST NOT TRADE THIS**

**SECURITY IN CANADA BEFORE [THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE
ORIGINAL DISTRIBUTION DATE OF THE SECURITY].]⁴**

³ Include legend on all Regulation S Notes.

⁴ Include legend on all Notes.

No.

CUSIP
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THE CANNABIST COMPANY HOLDINGS INC.

(a corporation formed under the laws of the *Business Corporations Act* (British Columbia)) 9.5% Senior Secured First-Lien 2026 Note
Due 2026

THE CANNABIST COMPANY HOLDINGS INC. (the “**Issuer**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the trust indenture dated as of May 14, 2020 (the “**Trust Indenture**”), as supplemented and amended by the First Supplemental Indenture, Second Supplemental, Third Supplemental Indenture and Fourth Supplemental Indenture (each as defined in the fourth supplemental indenture dated as of February 3, 2021 and collectively with the Trust Indenture, the “**Indenture**”), between the Issuer and Odyssey Trust Company (the “**Trustee**”), promises to pay to

on February 3, 2026 (the “**Maturity Date**”) or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture, the principal sum of Dollars (US\$) in lawful money of the United States of America on presentation and surrender of this 2026 Note at the main branch of the Trustee in Vancouver, British Columbia in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, at the rate of 9.5% per annum (based on a year of 365 days), in like money, in arrears in equal installments on the six month anniversary of the Issue Date and the Maturity Date, and, should the Issuer at any time make default in the payment of any principal, or interest, to pay interest on the amount in default at the same rate, in like money and on the same date.

Interest on this 2026 Note will be computed on the basis of a 365-day or 366-day year, as applicable, and will be payable in equal semi-annual amounts; provided that for any Interest Period that is shorter than a full semi-annual interest period, interest shall be calculated on the basis of a year of 365 days or 366 days, as applicable, and the actual number of days elapsed in that period.

If the date for payment of any amount of principal, premium or interest is not a Business Day at the place of payment, then payment will be made on the next Business Day and the holder hereof will not be entitled to any further interest on such principal, or to any interest on such interest, premium or other amount so payable, in respect of the period from the date for payment to such next Business Day.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of this Indenture, the mailing of such cheque or the electronic transfer of such funds shall, to the extent of the sum represented thereby (plus the amount of any Taxes deducted or withheld), satisfy and discharge all liability for interest on this 2026 Note.

This Note is one of the 9.5% Senior Secured First-Lien 2026 Notes (referred to herein as the “**2026 Notes**”) of the Issuer issued under the provisions of the Indenture. The 2026 Notes authorized for issue immediately are limited to an aggregate principal amount of US\$ in lawful money of the United States.

Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the 2026 Notes are or are to be issued and held and the rights and remedies of the holders of the 2026 Notes and of the Issuer and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Note by acceptance hereof assents.

The 2026 Notes are issuable at a price of US\$1,000 per US\$1,000 of principal amount and only in denominations of US\$1,000 and integral multiples of US\$1,000. Upon compliance with the provisions of the Indenture, 2026 Notes of any denomination may be exchanged for an equal aggregate principal amount of 2026 Notes in any other authorized denomination or denominations.

Upon the occurrence of a Change of Control of the Issuer, the Issuer is required to make an offer, at the option of each Holder, to purchase all of the 2026 Notes at a cash price equal to 101% principal amount of such 2026 Notes in accordance with the terms of the Indenture.

The indebtedness evidenced by this 2026 Note, and by all other 2026 Notes now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Issuer.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of 2026 Notes outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of 2026 Notes outstanding, which resolutions or instruments may have the effect of amending the terms of this 2026 Note or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of the common shares in the capital of the Issuer, officers, directors and employees of the Issuer in respect of any obligation or claim arising out of the Indenture or this 2026 Note.

This 2026 Note may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Vancouver and in such other place or places and/or by such other registrars (if any) as the Issuer with the approval of the Trustee may designate. No transfer of this 2026 Note shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee or other registrar may prescribe and upon surrender of this 2026 Note for cancellation. Thereupon a new 2026 Note or 2026 Notes in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This 2026 Note shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

Capitalized words or expressions used in this 2026 Note shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

[Reminder of this page intentionally left blank.]

IN WITNESS WHEREOF THE CANNABIST COMPANY HOLDINGS INC. has caused this 2026 Note to be signed by its authorized representatives as of the ____day of ___, 2022.

**THE CANNABIST COMPANY
HOLDINGS INC.**

By: _____ Authorized Signatory

This 2026 Note is one of the 9.5% Senior Secured 2026 Note due 2026 referred to in the Indenture within mentioned.

ODYSSEY TRUST COMPANY

By: _____ Authorized Signatory

Date: ____

FORM OF TRANSFER

ODYSSEY TRUST COMPANY FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to _____ (print name and address) the 2026 Notes represented by this 2026 Note Certificate and hereby irrevocable constitutes and appoints__as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Trustee.

DATED this day __of __, 20__.

**CERTIFICATION 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**

I, Derek Watson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Cannabist Company Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2024

By: _____ /s/ Derek Watson

**Derek Watson
Chief Financial Officer**

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of The Cannabist Company Holdings Inc. (the "Company") on Form 10-Q for the period ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 9, 2024

By:

/s/ David Hart

David Hart
Chief Executive Officer
