The Cannabist Company Holdings Inc.

Recent Deleveraging of Balance Sheet Supports Leverage to State Catalysts. Our Forecasts Remain Baseline with Upside Potential.

CBST-NEO: C$0.58
Speculative Buy
C$1.40 ↓ (prev. C$1.50) Target

Event: The Cannabist Company Holdings Inc. (“The Cannabist Company” or “The Company”) reported Q323 results that met our revenue estimates, while its adj. gross margin and adj. EBITDA print were slightly below our expectations. The Company faced ongoing margin pressure due to underutilized cultivation/processing facilities in certain markets. Fortunately, many underutilized facilities have clear catalysts for improving conditions in quarters ahead. As adult-use markets commence in key states, The Cannabist Company should improve its margin profile as it leverages existing infrastructure to a capitalize on an expanding market.

Management guided to Q423 being relatively consistent with Q323 results. We believe underlying growth from its fastest growing markets (such as Virginia) and a shift in the revenue mix towards higher margin states is expected to be offset by sustained pricing headwinds. The Cannabist Company also expects to feel the continued drag from underutilized facilities in Q423 (was a 5% headwind to gross margins in Q323), though this impact should moderate gradually through 2024. Offsetting this, management announced that the Company had achieved its target of $38M in annualized cost savings in Q323, with ongoing benefit expected to be felt in Q423.

In addition to cost cuts, the Company has made substantial strides in reducing its debt burden. The Cannabist Company closed a $25M private placement of 22M units at C$1.52/unit, which included a half warrant exercisable at C$1.96/shr. This equity financing was completed at a higher price than our current price target, and therefore did not dilute our DCF valuation. The proceeds were used to redeem $25M of senior secured notes retiring in May 2024, which will reduce annualized interest expense by $3.25M. The Company also entered into a non-binding agreement to swap $25M of its 6% senior secured convertible 2025 notes for common stock. However, given the sizable move in CBST’s share price since then, there is a risk of whether this portion of the debt restructuring will be successfully concluded. **Nonetheless, the Company’s equity raise and debt reduction in Q323 resulted in a modest deleveraging of the balance sheet without diluting our DCF valuation, which we view favourably, since this should improve the risk/reward trade off of The Cannabist Company’s shares.**

The Cannabist Company also announced today that its board of directors authorized a normal course issuer bid (“NCIB”) to repurchase up to the lesser of 1) 15M shares (3.6% of outstanding), or 2) $5M worth of stock. We pleased with this announcement, as The Cannabist Company could use cash on hand to repurchase a reasonable amount of equity at its currently discounted valuation, ahead of several large potential catalysts being realized. A fully utilized NCIB in the amount of $5M would not put undue liquidity pressure on the Company’s balance sheet and would not materially change its net leverage position, in our view. The NCIB (if utilized in full at current prices) could also recover ~50% of shares issued in the earlier private placement at C$1.52/unit, and would also be accretive to our DCF valuation.

We reiterate our Speculative Buy rating but reduce our price target of C$1.40/shr (prev. C$1.50) based on a DCF valuation of C$1.41/shr (prev. C$1.49/shr). Our DCF valuation moved slightly lower on slightly reduced long-term EBITDA forecasts, though we see the potential for The Cannabist Company to surprise to the upside with adult-use legalization catalysts beginning to take shape.

Projected Return: 137%
Valuation: DCF, 15% Discount Rate, 22.5x Terminal FCF Multiple

The Cannabist Company Holdings Inc.	USD Unless Noted
Pro Forma Market Cap. (PD, $M)	189.1
Net Debt (PD, Incl. Leases, $M)	289.8
Capitalized Operating Leases ($M)	228.7
Enterprise Value (PD, $M)	707.6
Basic Shares O/S (M)	429.0
Partially Diluted Shares O/S (M)	439.9
Avg. Daily Volume (K)	1.47
52 Week High (C$)	2.06
52 Week Low (C$)	0.27

Financial Metrics

31-Dec	2022A	2023E	2024E
Revenue ($M)	511.6	512.1	532.3
Adj. Gross Margin	41.4%	39.0%	40.5%
Adj. EBITDA ($M)	67.3	77.0	91.8

Valuation Data

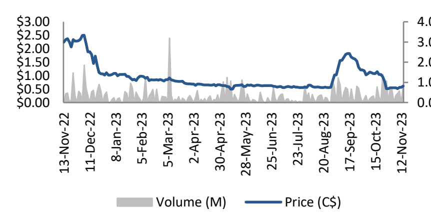
		2022A	2023E	2024E
EV/Sales	Current	1.4x	1.4x	1.3x
	Target	1.6x	1.6x	1.6x
EV/EBITDA	Current	10.5x	9.2x	7.7x
	Target	12.4x	10.8x	9.1x

Quarterly Data

		Q1	Q2	Q3	Q4
Revenue ($M)	2022	123.1	129.6	132.7	126.2
	2023	124.5	129.2	129.2	129.1
Adj. GM %	2022	46.0%	39.2%	42.9%	37.4%
	2023	38.3%	40.4%	38.9%	38.5%
Adj. EBITDA ($M)	2022	16.8	12.0	21.0	17.4
	2023	16.4	20.3	20.5	19.8

Company Description

Columbia Care is a US Multi-State Operator ("MSO") involved in the production and sale of cannabis consumer products in the United States. The Company operates licensed cannabis production facilities in key markets across the country, and also owns and operates a network of licensed cannabis dispensaries. Columbia Care has a particular focus on the Health and Wellness market segment, which it serves through both medical and adult-use sales channels.



Source: Company Reports (historical financials), Echelon Capital Markets (estimates), S&P Capital IQ (share pricing)

All figures in USD unless otherwise stated

U.S. based investors should refer to our disclaimers relevant to U.S. distributions at the end of the report.

Andrew Semple, CFA | 416.687.6656 | asemple@echelonpartners.com
Alex Ponte, Associate | 647.881.9790 | aponte@echelonpartners.com

More specifically, the Company has additional assets coming online in both Maryland and New Jersey which are relatively immature and still growing adult-use markets, it has sizable exposure to the Ohio market (which just voted to legalize adult-use cannabis sales), it may be able to launch initial adult-use sales in New York within months, a Democratic victory in Virginia's state Assembly has reinvigorated prospects for adult-use cannabis legalization, and both Florida and Pennsylvania are likely candidate states for adult-use legalization within 2 years**. Collectively, The Cannabist Company currently serves medical markets with over 80M people that are likely to convert to adult-use within the next few years, underpinning our comment that there is room for upside surprises in our forecasts.**

Finally, we also note that the DEA is currently reviewing a recommendation made by the Secretary of Health and Human Services to reschedule cannabis within the Controlled Substances Act to a Schedule III substance. If this recommendation is accepted, it would eliminate the punitive 280E taxation regime faced by US cannabis companies, including The Cannabist Company. We estimate this would increase our 2024 unlevered FCF estimate by 172%, and move our 2024 levered FCF estimate from roughly breakeven levels to $47.2M. We expect to hear the DEA's interim decision within months.

- **Q323 Results Below Our Estimates, Wholesale Better Than Forecast but Retail Below Our Expectations, Margins Continue to Face Pressure** – The Cannabist Company reported Q323 results that were slightly below our estimates. Revenue of $129.2M remained flat q/q and were in line with our $129.9M estimate (consensus: $131.3M). Management noted that revenues in Maryland (where adult-use sales launched on July 1) jumped by 55% q/q, becoming a top-5 state by revenues for the Company. Strong growth in Maryland was offset by pricing declines across the rest of the country.

  Wholesale sales outperformed our estimates in Q323 with 3.3% q/q growth. Growth in its wholesale segment was attributed to its new wholesale program that was established late in the quarter. In addition, the Company noted that wholesale revenues in Maryland jumped by nearly a third q/q.

  In the retail segment, sales likely experienced a decline of 0.5% q/q, with outsized growth in Maryland offset by a decline in average basket size across the rest of the retail portfolio. **We note that the Company is currently relocating and upsizing 1 of its 3 existing storefronts in MD, while still in the process of opening its 4th store. These actions should invigorate both retail volumes and operating leverage within the state in subsequent periods.** The Company also only opened one new store in Q323, which also slowed the pace of retail sales growth.

  The Company reported adj. gross margin of 38.9%, a decrease of 146bps q/q. This was below our 41.7% estimate as the Company faced multiple headwinds driving downward pressure on its gross margins. The primary driver behind its lower-than-expected margin print was underutilized canopy space, resulting in elevated fixed expenses impacting COGS without a concurrent revenue contribution. Management stated this resulted in a 5.0% gross margin headwind in the quarter. The Company was and continues to reduce inventory levels, which also had a modest pressure on gross margins this quarter. These margin pressures were only partially offset by production optimizations, which resulted in an average 9% y/y decline in cost per gram, according to management. Although The Cannabist Company must deal with a margin pressure overhang in the interim, we believe once more inventory is liquidated and facilities being to be ramped up from more adult-use markets being active, we could see gross margins improve substantially in the longer-term. See our additional commentary on underutilized facilities below.

  The Company reported adj. EBITDA of $20.5M, below our estimate of $21.5M (consensus: $21.8M). EBITDA increased 0.9% q/q and declined 2.4% y/y. Despite declines in sales and margins q/q, EBITDA managed to increase due to the Company having achieved its previous target for $38M of annualized cost savings. We believe cost cuts will provide ongoing support for EBITDA as well as improved EBITDA-to-cashflow conversion. Despite the Cannabist Company's weaker than expected gross margin print, adj. EBITDA margin was relatively robust at 15.9%. This represents a slight increase from 15.7% in Q223, and 15.8% in Q322.

- **Underutilized Facilities Will Have Lingering Impact in Q423, Gradually Diminishing in 2024 as Growth Catalysts Materialize** – As noted, The Cannabist Company reported faced a 5% headwind to gross margins (~$6M/Q) as a result of completed but currently underutilized facilities. Management is expecting a similar impact on Q423 results, which will limit the pace of q/q margin expansion.

We believe the facilities subject to underutilization include cultivation/processing facilities in New York, New Jersey, Virginia, Ohio, and Pennsylvania as the largest detractors. Fortunately, all these states have catalyst opportunities ahead that should allow The Cannabist Company to eventually absorb underutilized capacity as the market opportunity expands. For example, the Company is expected to begin adult-use sales in NY and OH within 12 months, it will be adding new stores in both NJ and VA (plus adult-use is also now more probably in VA after a flip to a Democrat-controlled Assembly), and Pennsylvania is a candidate for adult-use legalization within 2 years. As these catalysts materialize, The Cannabist Company should experience a gradual reduction in overhead costs attributable to underutilized cultivation capacity.

Further, with the Company renewing its focus on organic growth after its proposed merger with Cresco Labs (CL-CSE, Hold, PT C$2.25) did not materialize. We expect it to make a stronger effort on operational aspects of its wholesale segment, including ongoing brand development and building stronger relationships with third-party retailers. The Company still has some catch up work to do in this regard, and expect near term priorities to include a national rollout of its top-selling brands and genetics, and investments in its wholesale sales teams. The Company rolled out a new wholesale program towards quarter end as part of this initiative, and we expect to see gradual benefits in subsequent quarters.

- **Balance Sheet More Manageable Following Recent Financing Initiatives and The Completion of Substantial Capital Projects** –The Cannabist Company continues to build on the progress made on its balance sheet in Q323. During the quarter, the Company divested its license and retail location in Utah raising $6.6M in proceeds. Further, it de-levered its balance sheet through raising $25M of equity to fund the early retirement of $25M of debt maturing in May 2024 (details on p. 5). In addition, the Company disclosed it had entered a non-binding agreement to swap $25M principal amount of its 2025 6% senior secured convertible notes into common shares. However, we believe the recent move in its share price (down ~68% since the initial announcement) may make this non-binding agreement more difficult to consummate. Nonetheless, the Company succeeded in deleveraging its balance sheet within Q323.

We note the Company reported a quarter end cash balance of $60.3M, though the $25M repayment of 13% senior secured 2024 notes took place shortly after quarter end, leaving the Company with pro forma ~$35M of cash on its books. We also note that capex spending in Q323 was just ~$2.5M, maintaining its pace through the first 9 months of the year, with no significant acceleration expected. The Company has already completed substantially all major investments required for cultivation/processing capacity in its core states, meaning the Company can afford to preserve cash without curtailing its growth profile.

The Cannabist Company closed a $25.0M private placement of 22M units at a price of C$1.52/unit. Each unit consisted of one common share and a half warrant exercisable at C$1.96/shr (29% premium to issuance price) for 3 years. The investors had the option to purchase an additional $25M of units at a price equal to the issue price any time up to 45 days following the date. However, as of November 5th, that purchase option appears to have expired unexercised. The proceeds were used to redeem $25.0M of the $38.2M principal of its outstanding 13.0% coupon paying notes set to mature in May 2024. The debt redemption closed subsequent to quarter end on October 23rd and is expected to reduce the Company's annualized interest expense by $3.25M. The repayment was made at a price of $1,010 per $1,000 of principal amount, plus accrued interest.

We view the private placement and concurrent debt redemptions positively. The equity raise was completed at a price which was not dilutive to our DCF valuation, and allowed the Company to de-lever its balance sheet. We now view The Cannabist Company has having sufficient liquidity to repay all remaining 2024 maturities in cash. Additionally, the Company has bought time for catalysts to materialize such as the commencement of Ohio's adult use market, Florida's 2024 ballot measure, and its upcoming entrance into the New York adult-use market, in addition to the number of other organic growth opportunities and other growth catalysts ahead.

- **Announced Stock Repurchase Program for Up to $5M or 15M Shares** – Through its efforts in unlocking additional liquidity, The Cannabist Company announced a $5M NCIB to repurchase up to 15M (3.6%) of its common shares outstanding. We view this development positively, as it partially offsets the dilution the Company underwent to obtain the necessary financing to de-lever its balance sheet. A fully utilized NCIB in the amount of $5M would not put undue liquidity pressure on the Company's balance sheet and would not materially change its net leverage position, in our view. We do not include any NCIB usage in our model. If completed at prevailing prices, usage of the NCIB would likely be accretive to our DCF valuation. **We would like to see the Company utilize this NCIB facility, as we believe it is a fair source of providing strong risk adjusted returns to shareholders.** However, we would caution against upsizing the facility further than its current $5M limit, to avoid placing undue liquidity pressure on the balance sheet.

- **Maryland (pop. 6.2M) Reports Encouraging Adult-Use Data, Sales of $90.5M Up 112% Since June** – Maryland commenced its adult-use cannabis program on July 1, allowing existing medical operators that applied for an adult-use licence to begin selling cannabis products to adults. Q323 was the first full quarter with adult-use sales in effect. The Cannabist Company attributed part of its revenue growth to the initial strong sales seen in Maryland's adult-use market over the quarter.

  Maryland released cannabis sales data that pointed to a rapid adoption of the new adult-use program. **Regulators reported that Maryland cannabis sales reached $90.5M in September, which more than doubled with an increase of 124% y/y and 112% from pre-adult-use levels.** With nearly 60,000 SFT of cultivation and production capacity, along with occupying the maximum of 4 retail locations in the state (3 operating and 1 in development), The Cannabist Company is well equipped to serve the growing cannabis demand in Maryland.

- **New York Takes Steps to Invigorate Adult-Use Market, Including Likely Approvals for Medical Operators to Finally Join the Adult-Use Market** – New York has also launched its adult-use market, though no incumbent medical company has been given authorization to commence adult-use sales. **In May, regulators provided the first clarity on timing to medical companies, stating that they would allow adult-use sales to begin on December 30**. However, with the lack of legal stores and low enforcement of illicit operators, we understand that the sizable NYC cannabis market opportunity has seen a large influx of unlicensed stores, and it may take time for legal operators to win market share. **Nonetheless, New York state lawmakers appear to be addressing the state's unsuccessful initial adult-use rollout. Regulators are granting up to 1,500 cannabis licenses, with most of them going to retailers to combat illicit stores and reduce supply/demand shortfalls. Further, the state is beginning to crack down on illicit stores through increased fines for operating unlicensed stores while also reconsidering criminal penalties.** These measures will go a long way in making a more vibrant legal market in New York.

  We believe that the invigoration of New York's adult use market will be a massive win for The Cannabist Company. The Company currently operates 4 medical dispensaries in the state and is expected to obtain licenses to open 4 more locations (3 of them will be co-located and sell both adult-use and medical cannabis). In addition, its 2 production facilities collectively have optionality on over 700,000 SFT of cultivation and processing space, which could enable The Cannabist Company to have among the largest production facilities in New York (if approved for adult-use sales).

  We continue to refrain from including New York adult-use sales in our forecasts for the moment given the low number of open licensed dispensaries and some still lingering uncertainties on timing, but we believe this catalyst is closer to materializing for The Cannabist Company. Therefore, this state still offers significant potential upside to our forecasts.

- **Ohio (pop. 11.8M) Votes to Legalize Adult-Use Cannabis** – On November 7, Ohio residents voted to legalize adult-use cannabis in the state. The 57% of residents who supported the ballot agreed to the following provisions: 1) The initiative would legalize possession of up to 2.5 ounces of cannabis for adults 21 years of age or older; 2) Have a 10% sales tax imposed on cannabis sales; 3) Issue 40 recreational cultivator licenses and 50 adult-use retail licenses; and 4) Individual municipalities could opt out from allowing adult-use stores but could not block existing medical operators if they wanted to add co-located adult-use operations. Upon enactment, medical operators would be allowed to enter the adult-use market within approximately nine months. We do caution that Ohio Governor Mike DeWine, could veto the initiative, as it was not constitutionally binding. However, given the material margin of victory, we believe that to be unlikely.

Ohio's medical market generated roughly $470M of cannabis sales in 2022. Compare that to neighbouring Michigan, which is on pace to deliver an annualized run rate of over $3B of cannabis sales, and yet has ~16% fewer residents than Ohio. We believe adult-use sales could cause the Ohio cannabis market to surpass $2B within a couple of years, and potentially more than $3B over time, representing a 4-6x increase in total market opportunity.

We believe Ohio legalization would be big catalyst for The Cannabis Company. **As of Q323, Ohio was a top 5 market for the Company in terms of revenue and adj. EBITDA. It is vertically integrated in the state, operating 2 cultivation sites with approximately 120,000 SFT of facility space along with a state maximum of 5 retail storefronts. This makes The Cannabist Company well positioned to capture outsized gains with the launch of adult-use sales in Ohio.**

- **Virginia (Pop: 8.6M) Democrats Take Control of Legislator, Look to Purpose Adult-Use Sales Bill Next Session –** On November 7, the Democrats emerged with control of both chambers in the state, reinvigorating prospects for possible movement on adult-use legalization in the state. In 2021, a Democrat majority voted to legalize the use, possession, and limited personal cultivation of adult-use cannabis, and set a timeline for first commercial sales to begin in 2024. However, the GOP subsequently hindered the necessary renewal of a regulatory framework, preventing the commencement of retail sales in 2024. According to Marijuana Moment, it is anticipated that Senator Adam Ebbin (D) will introduce a bill next session that would legalize commercial adult use cannabis sales. However, uncertainty surrounding Republican Governor Glenn Youngkin potentially vetoing the proposed bill, along with progressives advocating for social justice language to be attached to the bill could make the passage of this bill a contentious process.

  We view the Democrats taking control of both chambers in Virginia as a positive development for getting adult-use sales legalized in the state. The commencement of adult-use sales would be another large state catalyst for The Cannabist Company. The Company is vertically integrated in the state, occupying 10 dispensaries with another 2 in development and expected to open in the 2024, with almost 150,000 SFT of production space. This puts them in a position to obtain a foremost position in the state's adult-use market upon commercialization.

- **Rebranding From Colombia Care to The Cannabist Company** – In September, the Company announced it was rebranding from "Colombia Care" to "The Cannabist Company", trading under the ticker symbol CBST on Cboe Canada. Management noted on its earnings call that the new name aligns more closely with the Company's value proposition and believes it will help raise consumer awareness. Upon the rebranding, management plans to rename all its storefronts under The Cannabist Company brand.

- **Reducing Forecasts, Introducing 2024 Quarterly Estimates and Our 2025 Forecasts** – Our 2023 forecasts move lower following the release of Q323 results. We have moderated our Q423 forecasts to align with management's guidance that they expect to see Q423 results similar to Q323 results. We believe the consensus has yet to fully update to this outlook, and expect to see forward estimate reduced.

  We are also introducing our 2024 quarterly forecasts. We believe Q124 will again look much the same as Q323 and Q423. However, as The Cannabist Company moves later in the year, new store openings in VA/NJ/MD are expected to support retail sales growth, and gradual improvements to margins as a result of better facility utilization in those states. Reduced inventory liquidation activity (especially by H224) will also be a tailwind to margins. We also expect to see improved wholesale and facility utilization in both OH and NJ as new third-party dispensaries open. We have not included NY and OH adult-use sales in our forecasts, despite these events being likely to occur within 12 months. This leaves room for possible upside to our 2024 outlook.

We introduce 2025 results that are currently well below the consensus forecast. While difficult to distinguish, the consensus may have some credit given to adult-use sales in New York, whereas we continue to exclude this from our model. In addition, we believe our gross margin forecast for 2025 is more consistent with the Company's Q323 results and ongoing underutilization of certain production facilities, where our financial forecasts could be viewed as a baseline assuming no favourable changes to state-level or federal regulatory catalysts. We see upside to our gross margin and EBITDA forecasts upon commencement of adult-use sales in key markets.

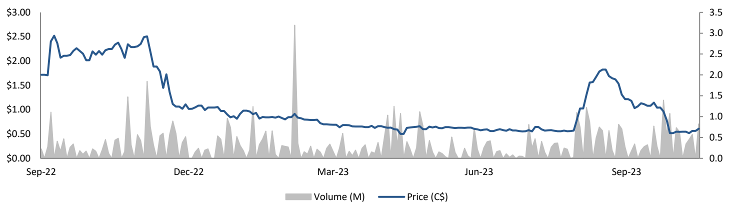
Exhibit 1 – Echelon Financial Forecasts and Consensus Estimates

	In $M	2022A	Q123A	Q223A	Q323E	Q423E	2023E	Q124E	Q224E	Q324E	Q424E	2024E	2025E
New Estimates	**Revenue**	**$511.6**	**$124.5**	**$129.2**	**$129.2**	**$129.1**	**$512.1**	**$129.3**	**$130.9**	**$134.6**	**$137.6**	**$532.3**	**$570.6**
	Adj. Gross Margin	**41.4%**	**38.3%**	**40.4%**	**38.9%**	**38.5%**	**39.0%**	**39.2%**	**40.1%**	**41.1%**	**41.7%**	**40.5%**	**43.1%**
	Adj. EBITDA	**$67.3**	**$16.4**	**$20.3**	**$20.5**	**$19.8**	**$77.0**	**$20.4**	**$21.8**	**$24.1**	**$25.6**	**$91.8**	**$115.1**
Former Estimates	Revenue	$511.6	$124.5	$129.2	$129.9	$132.7	$516.4					$566.3	
	Adj. Gross Margin	41.4%	38.3%	40.4%	41.7%	42.0%	40.5%					43.3%	
	Adj. EBITDA	$67.3	$16.4	$20.3	$21.5	$22.8	$81.0					$103.5	
Consensus	Revenue	$511.6	$124.5	$129.2	$129.2	$132.2	$517.4	$137.0	$139.8	$142.8	$143.8	$571.0	$632.7
	Adj. Gross Margin	42.3%	40.4%	39.3%	40.8%	39.0%	37.0%	41.2%	43.1%	43.6%	43.7%	42.6%	44.0%
	Adj. EBITDA	$67.4	$16.4	$20.3	$20.5	$22.4	$76.0	$24.8	$27.8	$29.2	$29.6	$111.8	$144.2

Source: S&P Capital IQ (consensus), Echelon Capital Markets

The Cannabist Company Holdings Inc. (CCHW-CSE, C$0.59) - Data Sheet

Speculative Buy | PT: C$1.40

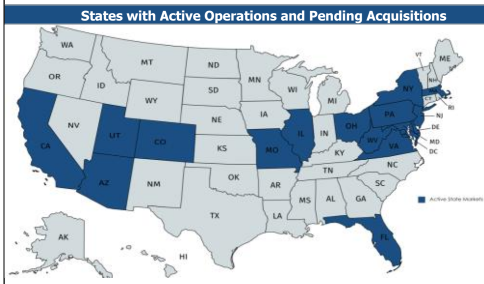


Company Description

Columbia Care is a US Multi-State Operator ("MSO") involved in the production and sale of cannabis consumer products in the United States. The Company operates licensed cannabis production facilities in key markets across the country, and also owns and operates a network of licensed cannabis dispensaries. Columbia Care has a particular focus on the Health and Wellness market segment, which it serves through both medical and adult-use sales channels.

Consensus	3 Mths Ago	Current	Return
Rating:	Outperform	Buy	
Target:	C$1.66	C$1.84	212%
Median:	C$1.63	C$1.74	194%
High:	C$2.03	C$2.51	325%
Low:	C$1.35	C$1.37	133%
Consensus Distribution			
Sector Outperform/Buy		5	
Sector Perform/Hold		1	
Sector Underperform/Sell		0	
# Est		6	

States with Active Operations and Pending Acquisitions



Store Concept (Brooklyn and San Diego)

Columbia Care Products in Various Formats

Key Financial Metrics

Financial Summary	2022A	Q123A	Q223A	Q323E	Q423E	2023E	2024E	2025E
Consolidated								
Revenue (US GAAP)	**511.6**	**124.5**	**129.2**	**129.2**	**129.1**	**512.1**	**532.3**	**570.6**
Growth y/y	*11%*	*1%*	*(0%)*	*(3%)*	*2%*	*0%*	*4%*	*7%*
Cons.	511.6	124.5	129.2	129.2	132.2	517.4	571.0	571.0
Adj. Gross Margin	**41.4%**	**38.3%**	**40.4%**	**38.9%**	**38.5%**	**39.0%**	**40.5%**	**43.1%**
Cons.	*42.3%*	*40.4%*	*39.3%*	*40.8%*	*39.0%*	*37.0%*	*42.6%*	*42.6%*
Adjusted EBITDA	**67.3**	**16.4**	**20.3**	**20.5**	**19.8**	**77.0**	**91.8**	**115.1**
Growth y/y	*16%*	*(3%)*	*69%*	*(2%)*	*14%*	*14%*	*19%*	-
Margin	*13%*	*13%*	*16%*	*16%*	*15%*	*15%*	*17%*	*20%*
Cons.	67.4	16.4	20.3	20.5	22.4	76.0	111.8	111.8
Diluted EPS (C$)	**($1.37)**	**($0.13)**	**($0.10)**	**($0.12)**	**($0.06)**	**($0.39)**	**($0.18)**	**($0.12)**
Adj. Diluted EPS (C$)	**($0.16)**	**($0.11)**	**($0.09)**	**($0.07)**	**($0.05)**	**($0.32)**	**($0.18)**	**($0.12)**
Growth y/y	*nmf*	*nmf*	*nmf*	*nmf*	*nmf*	*nmf*	*nmf*	*nmf*
Cons.	($1.06)	($0.09)	($0.07)	($0.07)	($0.06)	($0.29)	($0.19)	($0.19)
Other Metrics	**2022A**	**Q123A**	**Q223A**	**Q323E**	**Q423E**	**2023E**	**2024E**	**2025E**
Net Debt (incl. leases)	519.1	521.4	519.1	499.3	502.3	502.3	510.8	502.3
Operating Cash Flow	(111.4)	(3.4)	(0.3)	1.8	3.7	1.8	20.3	29.8
Unlevered Operating Cash Flow (ex. NWC)	78.5	5.7	14.0	18.2	8.8	46.8	44.4	61.0
CAPEX ($M) (ex. Acquisitions)	(72.7)	(5.7)	(0.0)	(2.5)	(4.6)	(12.8)	(20.6)	(12.8)
Adj. Unlevered FCF (excl. M&A)	(44.8)	5.2	16.5	26.5	6.3	54.5	27.5	44.1
Adj. Unlevered FCF Yield (Annualized)	(6.3%)	3.0%	9.3%	15.0%	3.5%	7.7%	3.9%	6.2%
Adj. Cash Return on Assets (ROA)	6.0%	2.3%	5.9%	7.7%	3.9%	4.9%	5.1%	7.3%
Adj. Cash Return on Invested Capital (ROIC)	6.4%	2.4%	6.1%	8.2%	4.0%	5.2%	5.2%	7.5%
Adj. Cash Return on Equity (ROE)	6.2%	(16.1%)	2.1%	4.7%	(0.7%)	(3.2%)	7.5%	31.7%
Adj. Op. Cash Flow per Share (Basic, C$)	$0.26	$0.02	$0.05	$0.06	$0.03	$0.15	$0.14	$0.19
Adj. FCF per Share (Basic, C$)	($0.15)	$0.02	$0.05	$0.09	$0.02	$0.18	$0.08	$0.14
Implied Adj. Op Cash Flow Multiple	2.3x	7.7x	3.2x	2.5x	5.3x	3.9x	4.3x	3.1x
implied Adj. FCF Multiple	nmf	8.4x	2.7x	1.7x	7.5x	3.3x	7.0x	4.3x

Key Statistics	Value	
52-Week High	C$2.06	249%
52-Week Low	C$0.27	(54%)
Avg Vol (3-Mo, M)	0.0	
Partially Diluted Shares Outstanding (M)	440	
Market Cap (PD, $M)	189	
Net Debt (PD, $M)	290	
Capitalized Leases ($M)	229	
Enterprise Value (PD, $M)	708	
FYE	Dec 31	

Valuation Multiples		Current	At Target
EV/Sales	2022	1.4x	1.6x
	2023	1.4x	1.6x
	2024	1.3x	1.6x
EV/EBITDA	2022	10.5x	12.4x
	2023	9.2x	10.8x
	2024	7.7x	9.1x
Adj. P/E	2022	nmf	nmf
	2023	nmf	nmf
	2024	nmf	nmf

	Discount Rate		
Valuation Sensitivity	**13%**	**15%**	**17%**
18.5x	C$1.18	C$1.03	C$0.89
20.5x	C$1.39	C$1.22	C$1.06
22.5x	C$1.59	C$1.41	C$1.24
24.5x	C$1.80	C$1.60	C$1.42
26.5x	C$2.00	C$1.79	C$1.59

Source: S&P Capital IQ, Company Filings, Company Documents, Echelon Capital Markets

Important Information and Legal Disclaimers

Echelon Wealth Partners Inc. is a member of IIROC and CIPF. The documents on this website have been prepared for the viewer only as an example of strategy consistent with our recommendations; it is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular investing strategy. Any opinions or recommendations expressed herein do not necessarily reflect those of Echelon Wealth Partners Inc. Echelon Wealth Partners Inc. cannot accept any trading instructions via e-mail as the timely receipt of e-mail messages, or their integrity over the Internet, cannot be guaranteed. Dividend yields change as stock prices change, and companies may change or cancel dividend payments in the future. All securities involve varying amounts of risk, and their values will fluctuate, and the fluctuation of foreign currency exchange rates will also impact your investment returns if measured in Canadian Dollars. Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money. Data from various sources were used in the preparation of these documents; the information is believed but in no way warranted to be reliable, accurate and appropriate. Echelon Wealth Partners Inc. employees may buy and sell shares of the companies that are recommended for their own accounts and for the accounts of other clients.

Echelon Wealth Partners compensates its Research Analysts from a variety of sources. The Research Department is a cost centre and is funded by the business activities of Echelon Wealth Partners including, Institutional Equity Sales and Trading, Retail Sales and Corporate and Investment Banking.

Research Dissemination Policy: All final research reports are disseminated to existing and potential clients of Echelon Wealth Partners Inc. simultaneously in electronic form. Hard copies will be disseminated to any client that has requested to be on the distribution list of Echelon Wealth Partners Inc. Clients may also receive Echelon Wealth Partners Inc. research via third party vendors. To receive Echelon Wealth Partners Inc. research reports, please contact your Registered Representative. Reproduction of any research report in whole or in part without permission is prohibited.

Canadian Disclosures: To make further inquiry related to this report, Canadian residents should contact their Echelon Wealth Partners professional representative. To effect any transaction, Canadian residents should contact their Echelon Wealth Partners Investment advisor.

U.S. Disclosures: This research report was prepared by Echelon Wealth Partners Inc., a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund. This report does not constitute an offer to sell or the solicitation of an offer to buy any of the securities discussed herein. Echelon Wealth Partners Inc. is not registered as a broker-dealer in the United States and is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. Any resulting transactions should be effected through a U.S. broker-dealer.

For U.S. persons only: This research report is a product of Echelon Wealth Partners Inc, **under Marco Polo Securities 15a-6 chaperone service,** which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Echelon Wealth Partners Inc. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

U.K. Disclosures: This research report was prepared by Echelon Wealth Partners Inc., a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund. ECHELON WEALTH PARTNERS INC. IS NOT SUBJECT TO U.K. RULES WITH REGARD TO THE PREPARATION OF RESEARCH REPORTS AND THE INDEPENDENCE OF ANALYSTS. The contents hereof are intended solely for the use of, and may only be issued or passed onto persons described in part VI of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001. This report does not constitute an offer to sell or the solicitation of an offer to buy any of the securities discussed herein.

ANALYST CERTIFICATION

Company: The Cannabist Company Holdings Inc. | NEOE:CBST

I, Andrew Semple, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that I have not, am not, and will not receive, directly or indirectly, compensation in exchange for expressing the specific recommendations or views in this report.

IMPORTANT DISCLOSURES

Is this an issuer related or industry related publication?	Issuer
Does the Analyst or any member of the Analyst's household have a financial interest in the securities of the subject issuer? If Yes: 1) Is it a long or short position? No Position; and, 2) What type of security is it? None.	No
The name of any partner, director, officer, employee or agent of the Dealer Member who is an officer, director or employee of the issuer, or who serves in any advisory capacity to the issuer.	No
Does Echelon Wealth Partners Inc. or the Analyst have any actual material conflicts of interest with the issuer?	No
Does Echelon Wealth Partners Inc. and/or one or more entities affiliated with Echelon Wealth Partners Inc. beneficially own common shares (or any other class of common equity securities) of this issuer which constitutes more than 1% of the presently issued and outstanding shares of the issuer?	No

During the last 12 months, has Echelon Wealth Partners Inc. provided financial advice to and/or, either on its own or as a syndicate member, participated in a public offering, or private placement of securities of this issuer?	No
During the last 12 months, has Echelon Wealth Partners Inc. received compensation for having provided investment banking or related services to this Issuer?	No
Has the Analyst had an onsite visit with the Issuer within the last 12 months?	No
Has the Analyst or any Partner, Director or Officer been compensated for travel expenses incurred as a result of an onsite visit with the Issuer within the last 12 months?	No
Has the Analyst received any compensation from the subject company in the past 12 months?	No
Is Echelon Wealth Partners Inc. a market maker in the issuer's securities at the date of this report?	No
Have any services been provided by any partner, director or officer of the firm or analyst involved in the preparation of a report, other than services provided in the normal course investment advisory or trade execution services to the issuer for remuneration, during the preceding 12 months immediately preceding the date the research report or recommendation was issued.	No

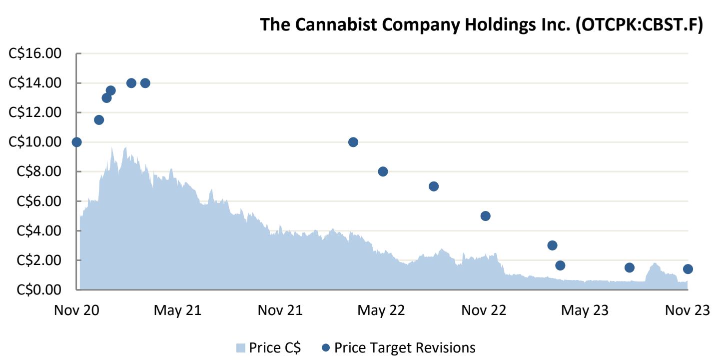
RATING DEFINITIONS

Buy	The security represents attractive relative value and is expected to appreciate significantly from the current price over the next 12 month time horizon.
Speculative Buy	The security is considered a BUY but in the analyst's opinion possesses certain operational and/or financial risks that are higher than average.
Hold	The security represents fair value and no material appreciation is expected over the next 12-18 month time horizon.
Sell	The security represents poor value and is expected to depreciate over the next 12 month time horizon.
Under Review	While not a rating, this designates the existing rating and/or forecasts are subject to specific review usually due to a material event or share price move.
Tender	Echelon Wealth Partners recommends that investors tender to an existing public offer for the securities in the absence of a superior competing offer.
Dropped Coverage	Applies to former coverage names where a current analyst has dropped coverage. Echelon Wealth Partners will provide notice to investors whenever coverage of an issuer is dropped.

RATINGS DISTRIBUTION

Recommendation Hierarchy	Buy	Speculative Buy	Hold	Sell	Under Review	Restricted	Tender
Number of recommendations	29	43	6	0	14	1	2
% of Total (excluding Restricted)	32%	47%	7%	0%	15%		
Number of investment banking relationships	9	13	0	0	2	1	0
% of Total (excluding Restricted)	38%	54%	0%	0%	8%		

PRICE CHART, RATING & PRICE TARGET HISTORY



Date	Target	Rating
19 Feb 2021	C$14.00	Speculative Buy
16 Mar 2021	C$14.00	Buy
24 Mar 2022	C$10.00	Buy
16 May 2022	C$8.00	Buy
15 Aug 2022	C$7.00	Tender
16 Nov 2022	C$5.00	Tender
16 Mar 2023	C$3.00	Tender
30 Mar 2023	C$1.65	Tender
1 Aug 2023	C$1.50	Speculative Buy
14 Nov 2023	C$1.40	Speculative Buy

Coverage Initiated: Aug 12, 2019

Data sourced from: S&P Capital IQ

Toronto Wealth Management
181 Bay Street, Suite 2500
Toronto, ON M5J 2T3
416-572-5523

Toronto Capital Markets
181 Bay Street, Suite 2500
Toronto, Ontario M5J 2T3
416-572-5523

Montreal Wealth Management and Capital Markets
1950 - 1 Place Ville-Marie
Montréal, QC H3B 2C3
514-396-0333

Calgary Wealth Management
525 8th Ave SW, Suite 400
Calgary, AB T2P 1G1
403-218-3144

Calgary Wealth Management
123 9A St NE
Calgary, AB T2E 9C5
1-866-880-0818

Oakville Wealth Management
1275 North Service Road, Suite 612
Oakville, ON L6M 3G4
289-348-5936

Edmonton Wealth Management
8603 104 St NW
Edmonton, AB T6E 4G6
1-800-231-5087

London Wealth Management
235 North Centre Rd, Suite 302
London, ON N5X 4E7
519-858-2112

Ottawa Wealth Management
1565 Carling Ave, Suite 600
Ottawa, ON K1Z 8R1
613-907-0700

Vancouver Wealth Management and Capital Markets
1055 Dunsmuir St, Suite 3424, P.O. Box 49207
Vancouver, BC V7X 1K8
604-647-2888

Victoria Wealth Management
730 View St, Suite 210
Victoria, BC V8W 3Y7
250-412-4320