

From: FiSai US Management LLC
Date: September 26, 2024

To: Mr. Hart, Mr. Abbott and Esteemed Members of the Board,

On behalf of FiSai US Management LLC ("FiSai"), which owns \$50mm of Cannabist's secured notes due February 2, 2026, we are writing to you to address the persistent liquidity concerns impacting Cannabist Company Holdings Inc. ("Company" or "Cannabist"). We first raised these concerns with you on May 13, 2024, and have reiterated these concerns on multiple occasions due to Cannabist's overall financial strategies, including but not limited to, its balance sheet management, liquidity and relative operating performance. Please accept this letter as formal notice to the Board and CEO to engage with stakeholders to resolve these issues in a timely and comprehensive manner.

Historically, the Company has invoked "just-in-time" financing to avoid defaulting on its obligations. The Company's reliance on this type of emergency financing creates significant and imprudent business risk, which compromises the operational stability of the Company and breaches the Board's fiduciary duties. To that end, we would note that David Hart, currently serving as CEO, and Michael Abbott, currently serving as Chairman of the Board, have held key leadership roles since 2016 and 2012, respectively. Their tenure encompasses notable and repeated strategic failures, including (but not limited to the following):

- Divestiture to Verano:
The recent sale of Cannabist's core strategic assets to Verano appears to have been a reactive measure in the face of liquidity challenges and an impending debt default. This also contradicted prior messaging to many stakeholders that these were core holdings.
- Cannabist/Cresco Merger:
The Company critically underestimated inherent market risks associated with the divestiture of assets and complexities in securing acquisition financing. This miscalculation exposed all stakeholders to undue risk and potential financial instability. The fallout from this failed transaction continues to adversely impact the Company today.
- Overall Financial Performance Metrics:
The Company's operating margins are consistently at the lower end of their Multi-State Operator (MSO) peer group. The Company has an over-leveraged balance sheet and its stock has underperformed relative to industry benchmarks.
- Lack of Stakeholder Engagement:
The Company has consistently demonstrated a sluggish response to its lenders in response to their expressed liquidity concerns and has repeatedly failed to adequately evaluate alternative liquidity sources. FiSai believes that Mr. Hart and

Mr. Abbott forced the Company into a grossly inadequate cash management strategy, failing to prioritize liquidity by blindly pursuing less dilutive alternatives at any cost. Consistent poor decision-making has become a chronic characteristic of this Board and the Company. FiSai believes the recent sale to Verano was essentially a forced, expediated sale of the Company's crown jewels in order to avert a catastrophic cash shortage and pending corporate default.

- Contingency Planning Deficiencies:

The Company's persistent adherence to single-solution strategies with inadequate contingency planning drastically and unnecessarily increases its financial risks, particularly when transactions face potential delays or derailment. While we cautiously commend the Company for concluding the Verano asset sale to avert a liquidity crisis, we believe the Company was forced to obtain a purchase price advance to obtain cash necessary for continued operations and immediate liabilities. Short-sighted and rushed asset sales inhibit the Company's growth and stability, in addition to setting a dangerous precedent of poor risk management.

- Inconsistent Strategic Messaging:

The Company's practice of just-in-time-financing has seemingly forced other dispositions such as Virginia and Arizona, which were previously described as "core growth" markets. These inconsistencies undermine management credibility and exacerbate investor anxiety.

Despite mitigating the Company's immediate liquidity concerns, Cannabist continues to confront substantial and imminent financial obligations. Specifically, the Company is tasked with managing \$60 million in current debt due by May 2025, a material coupon payment due in February 2025, and \$185 million in senior secured debt maturing in February 2026.

Beyond these financial and liquidity challenges, Mr. Hart and Mr. Abbott continue to preside over a worst-in-class business with operating margins substantially below industry standards, cash burn and a very confusing forward-focused business plan. Furthermore, the reduction in strategic assets will invariably affect top-line revenues, providing negative operating leverage.

Equally concerning is the fact that the largest public MSOs anticipate a maturity wall exceeding \$3 billion in 2026, which will necessitate substantial refinancing efforts in 2025. This presents a formidable competitive landscape for Cannabist, likely affecting both the availability and cost of capital associated with any potential refinancing. Additionally, there are several forthcoming market events with potential to materially impact the Company's access to capital. These include the imminent U.S. Presidential election in November, Florida's Amendment 3, and the DEA Administrative Hearing commencing December 2, 2024. A "pray and hope" strategy that all these events go in the Company's favor without engaging with creditors to explore contingency strategies is misguided and unacceptable.

Given these developments and the pressing financial obligations facing the Company, FiSai strongly urges Cannabist to prioritize collaborative discussions and proactive strategies for extending its upcoming debt maturities. Strategic actions and planning are crucial to withstand market volatility from the aforementioned events.

On September 3, 2024, FiSai provided Mr. Hart with indicative refinancing alternatives, with proposed structures that would leverage existing financial assets to facilitate debt reduction and secure maturity extensions through 2027. To date, Mr. Hart and Mr. Abbott have refused to engage or discuss the proposed refinancing strategies, which is alarming and consistent with Cannabist's short-sighted and reactive lack of strategy. The Company appears to be habitually handicapped and blindsided by typical market fluctuations and maturities of its known liabilities. It is imperative that the Company proactively and transparently collaborates with its debt holders. Addressing upcoming financial obligations in a timely and judicious manner is essential to mitigating systemic vulnerabilities affecting all of its stakeholders.

We request a formal response to this correspondence within 5 days from the date of this letter. Such a response should delineate Cannabist's strategic intentions and a timeline of concrete steps it intends to undertake to address these pressing financial challenges. Failure to adequately respond may necessitate further actions from FiSai to protect its interests and those of other stakeholders.

Sincerely,

FiSai