

Cannabist Co. Exits Florida Market After \$19M Loss in 2023

New York-based Cannabist Co. Holdings, formerly known as Columbia Care, has announced plans to divest its entire Florida portfolio, including cultivation facilities, dispensaries, and its vertically integrated license.

Strategic Decision

The decision comes after Florida accounted for less than 5% of Cannabist Co.'s total revenue in Q1 2024 and reported significant losses, with \$4.8 million in net losses from Florida operations in Q1 and nearly \$19 million in net losses for 2023.

Corporate Restructuring

In a bid to save approximately \$10 million annually, Cannabist Co. implemented a corporate restructuring on June 13, involving both labor and non-labor reductions. The company aims to focus on markets with better growth potential and strategic opportunities.

Divestiture Details

Cannabist Co. has letters of intent in place for multiple transactions related to its divestitures in Florida, with \$2.75 million of deposits in escrow. Final terms of the transactions will be announced later, with expectations of positive impacts on margins and earnings.

Market Impact

While Cannabist Co. exits Florida, other companies are expanding their presence in the state. 33 new store openings have been reported this year. Many multistate operators have also contributed significant amounts to Florida's adult-use legalization campaign.

Future Focus

Cannabist Co. plans to focus on profitable markets such as Virginia and New Jersey, preparing for transitions to adult-use operations in Ohio and Delaware.

The company's restructuring aims to simplify its business, reduce overhead expenses, and align with its evolving operational footprint. Cannabist Co. remains committed to delivering a sustainable business with better margins and a clearer path to free cash flow generation.