

# PROFITABILITY AND GROWTH FROM THE CORE



FOURTH QUARTER 2023  
March 13, 2024

CSE: CL  
OTC: CRLBF

**CRESCOLABS®**



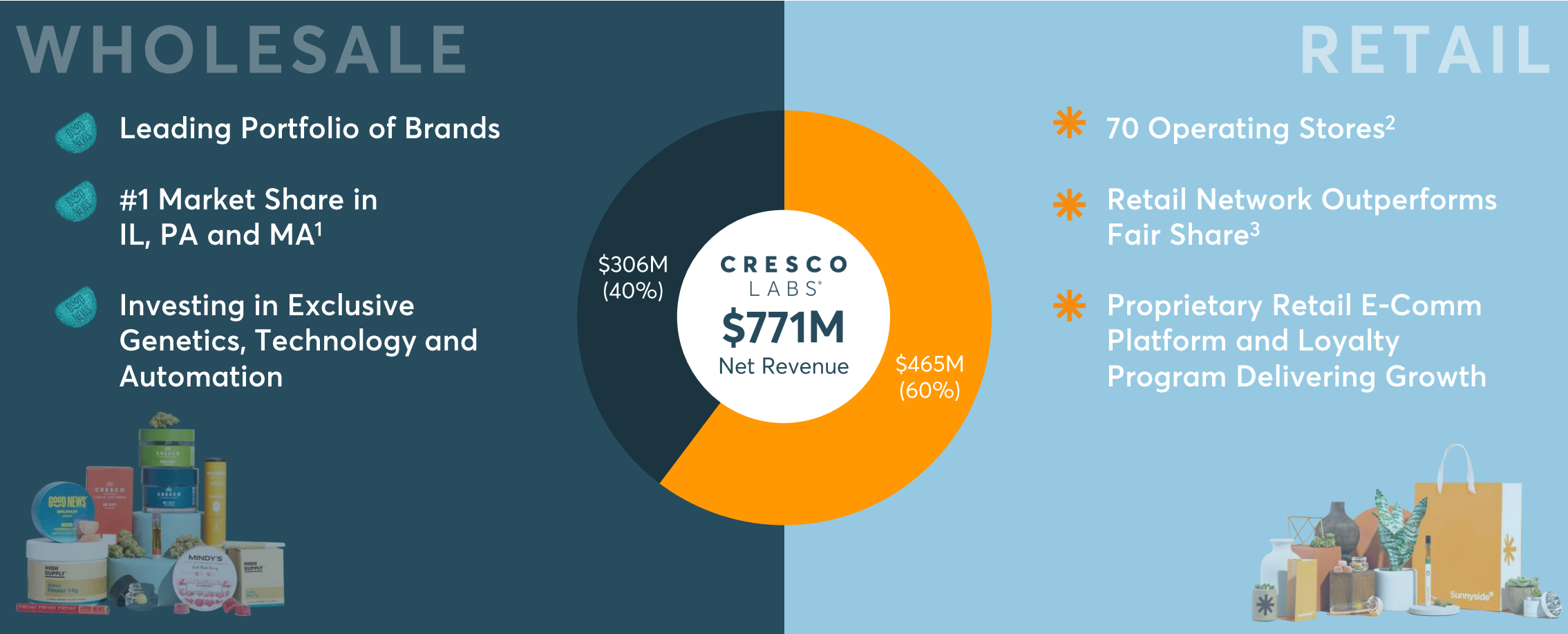
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# WELL-POSITIONED TO CREATE VALUE

Leading Portfolio of Brands and Dispensaries that Outperform the Market



(1) Based on Q4 2023 BDSA Data  
(2) As of December 31<sup>st</sup>, 2023  
(3) Based on internal and state data

# REVIEWING THE YEAR OF THE CORE

Setting a New Standard for Ourselves

## Q4 2023

Key Takeaways



**Maintained Topline Revenue of \$188 Million** while divesting assets, growing retail revenue and offsetting price compression through strength in our core products.



**Adjusted EBITDA Margin Expansion of >1,400 Basis Points** through automation, efficiencies in retail and streamlining our footprint.



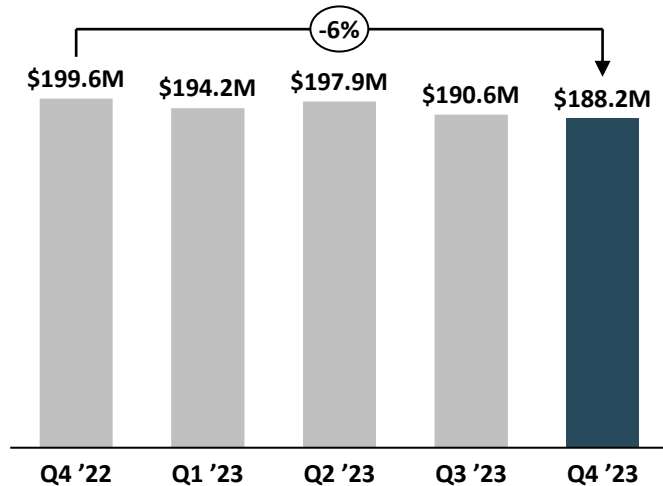
**Improved Full-year Operating Cash Flows by >200%** while continuing to invest in wholesale and retail capabilities and sustained innovation.

# REVIEWING THE YEAR OF THE CORE

Maintained Revenue while Driving Increased Profitability, Accelerating Momentum into the Quarters to Come

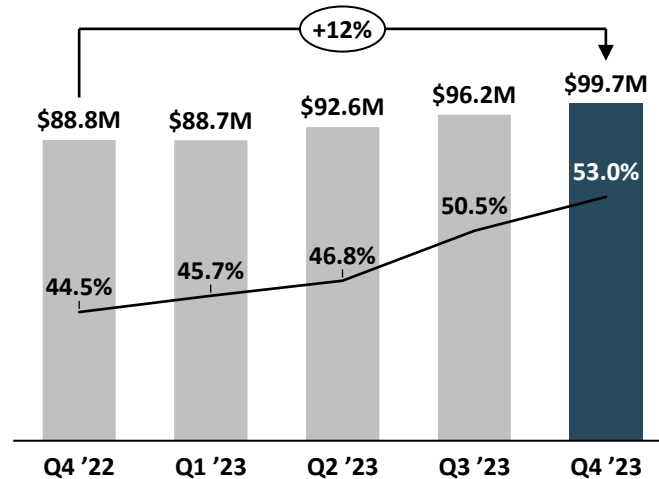
## REVENUE

\$7M Million-dollar Quarterly Impact from Exiting MD, AZ and Downsizing CA



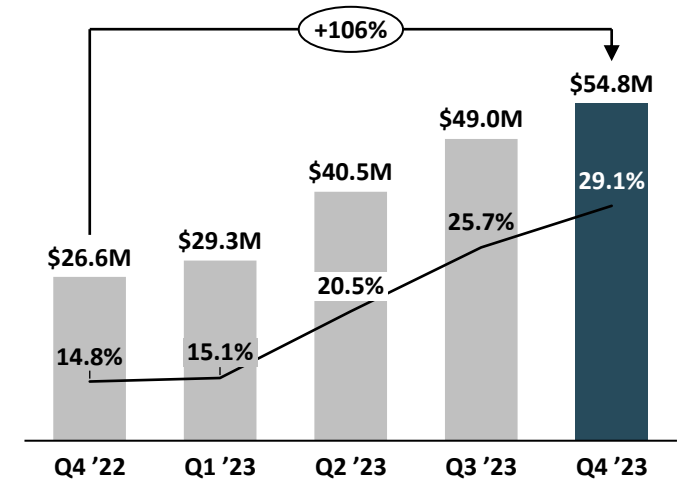
## ADJ. GROSS PROFIT

\$11M Increase in Adj. Gross Profit on \$11M Less of Revenue



## ADJ. EBITDA

\$14M SG&A Reduction, Equating to \$54M in Annualized Savings

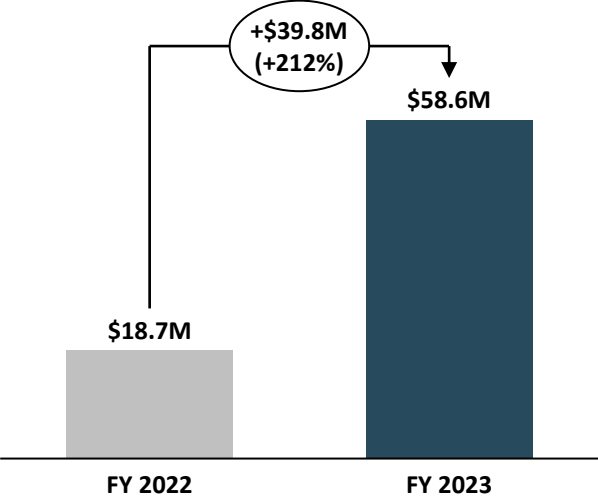


# STRENGTHENING OUR BALANCE SHEET

Improving Efficiency and Cashflow, Redeploying Capital with Better Paybacks and Higher Returns

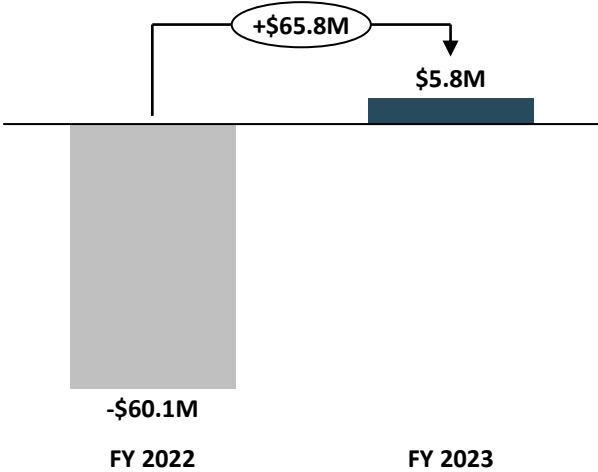
## OPERATING CASH FLOW

Generating 3x More Operating Cash Flow for the Full Year



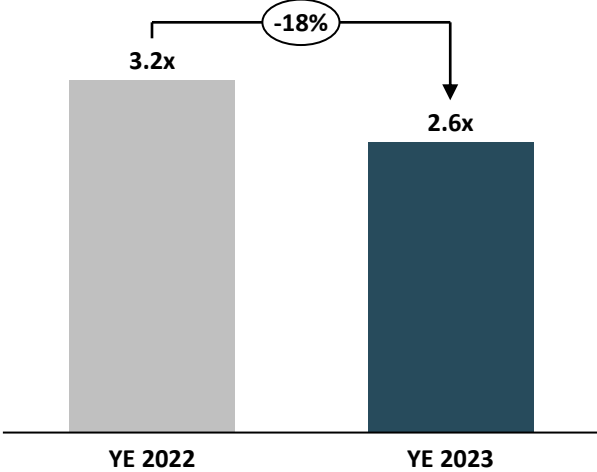
## FREE CASH FLOW

Investments Focused on Improving Profitability, Operating Leverage in Our Core, and Near-Term Payback



## LEVERAGE

Materially Improving Leverage (Net Debt to Q4 Annualized Adjusted EBITDA)



# 2024 CORE GROWTH PRIORITIES

Creating the Strongest and Most Valuable Cresco Labs

RETAIL



C R E S C O



STRATEGIC  
FOOTPRINT

Maximize  
Adult-Use  
Conversions

INDUSTRY  
LEADING  
BRANDS

Win with  
Independent  
Dispensaries

HIGHLY  
PRODUCTIVE  
RETAIL

Expand Retail  
Network &  
Efficiency

WHOLESALE BRAND  
PORTFOLIO



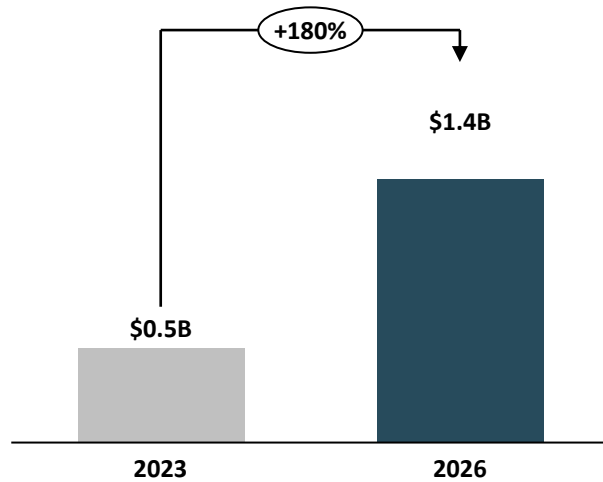
# MAXIMIZING ADULT-USE CONVERSIONS

Well-Positioned to Capture Outsized Share of the \$2-4 Billion Opportunity in the Next Few Years

## OHIO

**Top 5 Brand Share**  
~3% Branded Market Share<sup>3</sup>

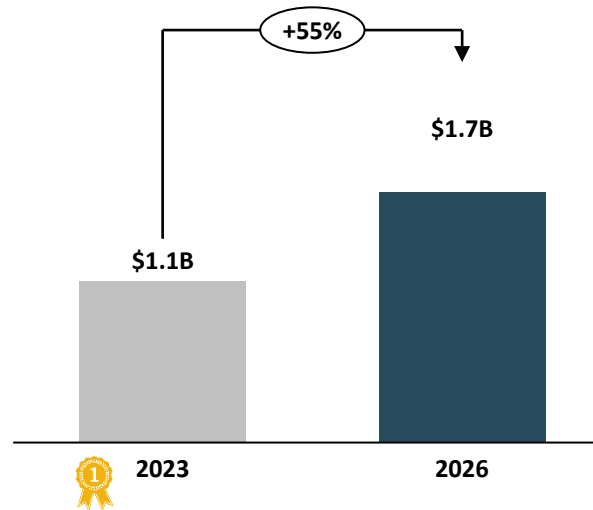
**5 Stores**  
2.2x Retail Fair Share<sup>2</sup>  
Adding 3 Retail Licenses in Adult-Use



## PENNSYLVANIA

**#1 Overall Brand Share**  
~17% Branded Market Share<sup>3</sup>

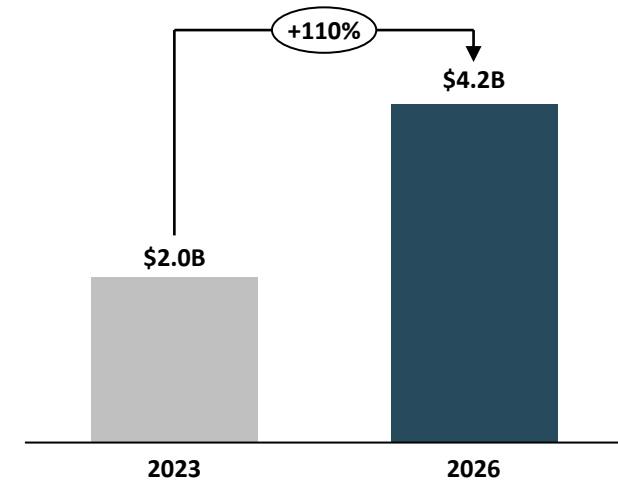
**15 Stores**  
1.1x Retail Fair Share,  
While Adding 4 New Doors in 2023<sup>2</sup>



## FLORIDA

**~4% Market Share<sup>4</sup>**  
120% Increase in OMMU Flower  
Volume Over TTM

**33 Stores**  
Growing Revenue Per Dispensary Faster Than the  
State Average, All While Opening ~60% More Doors



(1) Based on BDSA market forecast  
(2) Based on internal and state data  
(3) Based on Q4 2023 BDSA Data  
(4) Based on OMMU Q4 volumes



# AMERICA'S LEADING CANNABIS BRANDS



CRESCOLABS®



# PROVEN DEPTH IN WHOLESALE

Leading Wholesaler with the Most Popular Cannabis Brands in America

## LEADING PORTFOLIO OF BRANDS<sup>1</sup>

BEST BETTER GOOD	 <b>FLORACAL™</b>	 <b>FLORACAL™</b>	 <b>FLORACAL™</b> <b>MINDY'S™</b> <small>— CHEF LED ARTISANAL EDIBLES —</small>	 <b>FLORACAL™</b>	 <b>Remedi™</b>	#1	Market Leader in IL, PA & MA
	 <b>CRESCO™</b>	 <b>CRESCO™</b>	<b>GOOD NEWS™</b>	 <b>CRESCO™</b>		#1	Selling Concentrates Portfolio
	<b>HIGH SUPPLY™</b>	<b>GOOD NEWS™</b> <b>HIGH SUPPLY™</b>	<b>wonder</b> <small>WELLNESS CO.™</small>	<b>HIGH SUPPLY™</b>		#2	Selling Flower Portfolio
	FLOWER	VAPE	EDIBLES	CONCENTRATES	MEDICINALS	#4	Selling Vapes Portfolio
						#4	Selling Edibles Portfolio

(1) According to BDSA branded sales data for 4Q 2023.  
 Brands & Partnerships Not Included: Remedi; One Plant (FL); Kiva (IL)



# PREMIER CULTIVATION

Investing in Leading Cultivation Techniques, Technology & Genetics

## LEADING CAPABILITIES & EXCLUSIVE GENETICS

### Investing In Technology and Equipment

2.2 Million More Grams of Flower Produced on 9% Less of Canopy, a 10% Increase in Grams Per Sq Ft. <sup>(1)</sup>

In Florida, Yields Increased More Than 16% and Total Units Packed Out Increased More Than 67% <sup>(1)</sup>

### Investing In Proprietary Genetics Library

150+ New Flower Varieties Added in IL, PA, FL, CA, OH, Representing 50-100% New Menu Creation

Ongoing In-House Breeding Program With Goal of 50% of Menus To Be Exclusive Cresco Genetics By 2025

### Cresco Exclusive Genetics

*Morning Dew • Gas Station Candy • Blue Bomb Pop  
Baby Blue • London Space Shuttle • ... & More!*



(1) Based on Internal Data for 2<sup>nd</sup> Half 2023, Compared to 1<sup>st</sup> Half 2023.



# SUPERIOR MANUFACTURING

Winning with Quality Products and Innovative Infusion – Delivering Efficiency Through Automation

## INNOVATIVE INFUSION + LEADING AUTOMATION

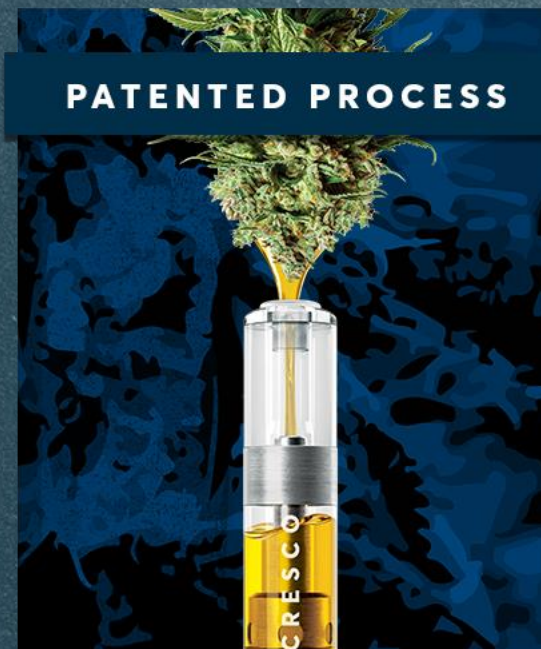
### LIVE ROSIN INFUSION



### BOTANICAL INFUSION



### PATENTED PROCESS



### FAST ACTING TECH



Featuring Floracal Live Rosin Gummies, Wonder Laugh Minis and Gummies Infused with Turmeric, Cresco Liquid Live Resin, Good News Celebrate Fast Acting Gummies



Hey, High  
Hello

# HIGHLY PRODUCTIVE RETAILER

Sunnyside Palm Harbor, FL

CRESCOLABS®

# PROVEN DEPTH IN RETAIL

Driving Best-In-Class Retail Productivity to Deliver Sustained Growth at Scale



STORE COUNT

70

*As of December 31, 2023 Year End*

OUTPERFORMING INDUSTRY

1.27x

*Average Index-to-Fair-Share in Market*



# OUTPERFORMING IN OUR MARKETS

Delivering Growth and Delighting Shoppers through Premier Retail Capabilities

## RETAIL MARKETING



DRIVING CUSTOMERS IN MORE FREQUENTLY

**6%**

*Increase in Trips per Customer, Q4 2023 YOY*

## RETAIL OPERATIONS



SELLING MORE PER CUSTOMER

**12%**

*Higher Average Order Value Relative to Competition*

## NON-CANNABIS PRODUCTS



GROWING BASKETS WITH BETTER ASSORTMENT

**11%**

*Non-cannabis Product Attachment Rate, Accelerating from 2022*

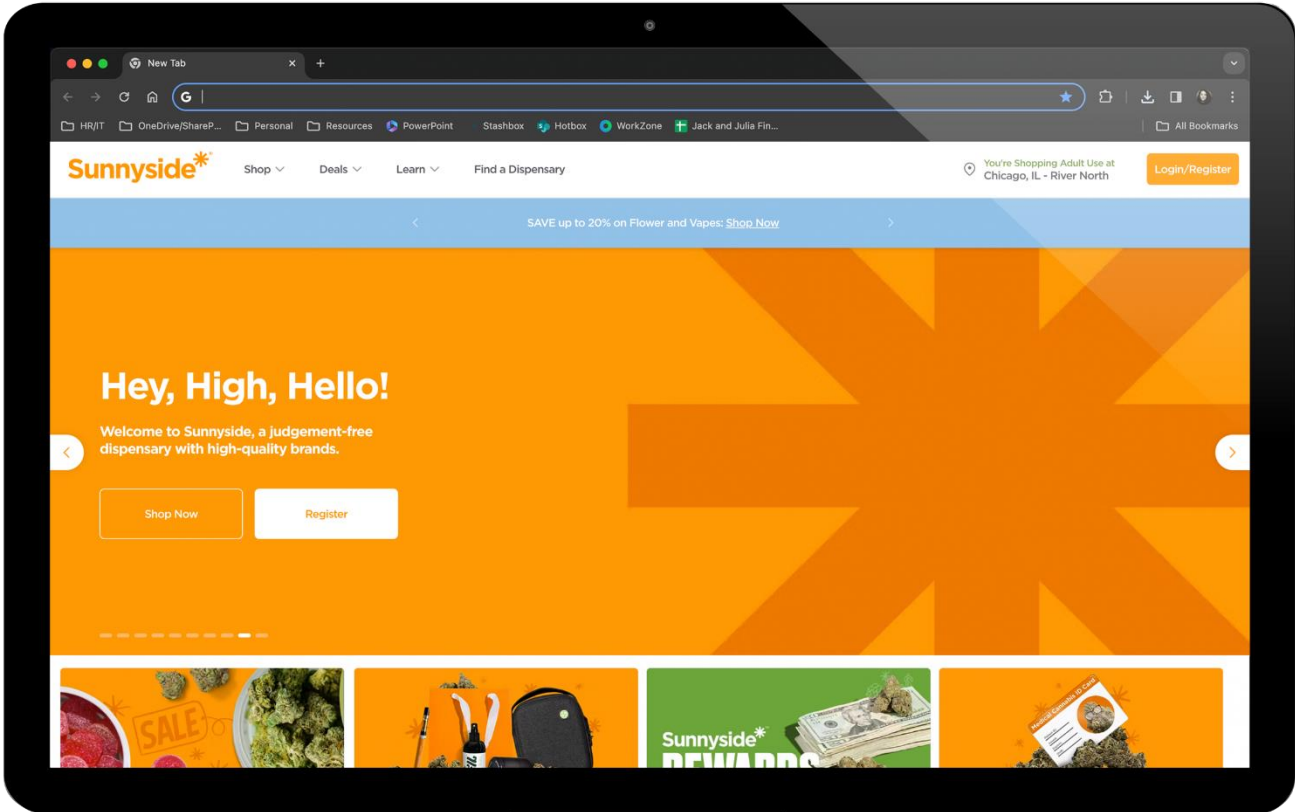


# SUNNYSIDE.SHOP

An E-Commerce Platform Unlike Any Other – Unparalleled Proprietary Capabilities, Insights and Experience

ONLINE ADOPTION  
**79%**  
*of Transactions Placed Online*

LOYAL SHOPPERS  
**275k+**  
*Sunnyside Rewards Members*




CUSTOMER RETENTION  
**63%**  
*of Q3 Customers Returned in Q4, a 6% Relative Increase*

DELIGHTING SHOPPERS  
**88%**  
*Increase in Review Volume, While Increasing Avg. Rating*

As of December 31, 2023, based on internal and state data.

# STATE-BY-STATE ASSET SUMMARY

Strong Positions in Markets That Matter – Driving Share Leadership Today and Capturing Growth of Tomorrow

As of December 31 <sup>st</sup> 2023		Today's Top AU Markets				AU in '24		AU in '25		TOTAL
		CA	MI	 IL	 MA	NY	OH	FL	 PA	
<b>Population</b>	#MM	39.5	10.1	12.8	7.0	20.2	11.8	21.5	13.0	135.9
<b>Legal Status</b>	AU / M	Both	Both	Both	Both	Both <sup>1</sup>	M	M	M	5   AU+M 3   M
<b>2025E Market Size</b>	\$B	\$5.1	\$3.7	\$2.1	\$1.8	\$1.8	\$1.1	\$3.7	\$1.5	\$20.8
<b>Operational Dispensaries</b>	#	--	--	10	4	4	5	33	14	70
<b>Dispensary Licenses</b>	#	--	--	10	4	4	5	35+ <sup>2</sup>	15	73+

Source: Company Reports, BDSA, U.S. Census

<sup>1</sup>Adult-Use Cannabis Approved; However Sales Have Not Commenced

<sup>2</sup>Unlimited Licenses, Target for YE '23

Note: Excludes Recently Divested Production Assets in Maryland and Arizona

# OUR COMMITMENTS

Unwavering In Our Mission to Normalize and Professionalize Cannabis

## COMMITTED TO OUR EMPLOYEES



*In 2023, 62% of our Employees Onboarded were Female or Minority.*

## COMMITTED TO OUR COMMUNITIES



*In 2023, 25% of our Employees Volunteered More than 5,600 Hours to our Communities.*

## COMMITTED TO LEGISLATION REFORM



*In 2023, our Team Members Successfully Led 280e State Tax Removal in IL and NY*



# FINANCIAL RESULTS



CRESCOLABS®

# FINANCIAL HIGHLIGHTS

## Capitalization Summary

### SHARES OUTSTANDING

Share Class (# in millions)	as of 12/31/2023
Super Voting Shares	0.5
Redeemable Units	96.7
Subordinated Voting Shares	320.6
Proportionate Voting Shares (as converted)	18.9
Dilutive Securities (including all Options, RSUs)	30.9
<b>Total Fully Diluted Shares Outstanding as of 12/31/2023</b>	<b>467.6</b>

### NET DEBT

Balance (\$Millions)	as of 12/31/2023
Debt Outstanding (ST)	\$11.8
Debt Outstanding (LT)	497.7
Long-term Leases	163.8
<b>Total Debt</b>	<b>\$673.3</b>
Cash and Equivalents (incl. restricted cash)	108.5
<b>Net Debt</b>	<b>\$564.8</b>

# FINANCIAL HIGHLIGHTS

## Reconciliation of Non-GAAP Measures

### ADJUSTED GROSS PROFIT

For the Three Months Ending 12/31/2023	Q4'2023	Q4'2022
Revenue, net	\$188.2	199.6
Cost of goods sold (COGS)	92.1	111.9
Gross profit	96.1	87.7
Fair value of mark-up for acquired inventory	0.0	0.0
COGS adjustments for acquisition and other non-core costs	3.6	1.1
Adjusted gross profit (Non-GAAP)	\$99.7	\$88.8
Adjusted gross profit % (Non-GAAP) <sup>1</sup>	53.0%	44.5%

### ADJUSTED EBITDA

For the Three Months Ending 12/31/2023	Q4'2023	Q4'2022
Net (loss)	\$4.9	(\$180.6)
Depreciation and amortization	20.3	14.5
Interest expense, net	14.3	15.9
Income tax expense	7.9	23.8
EBITDA (Non-GAAP)	\$47.4	(\$126.5)
Other (income) expense, net	(0.1)	(2.5)
Fair value mark-up for acquired inventory	0.0	0.0
Adj. for acquisitions other non-core costs	4.4	12.7
Impairment loss	0.0	140.7
Share-based compensation	3.0	5.3
Adjusted EBITDA (Non-GAAP)	\$54.8	\$29.6
Adjusted EBITDA %	29.1%	14.8%



# THANK YOU

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Sunnyside 420 Collections Shoot

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