

# CREATING A NEW LEADER IN CANNABIS

First Quarter 2023

**C R E S C O L A B S**<sup>®</sup>

**CSE:** CL

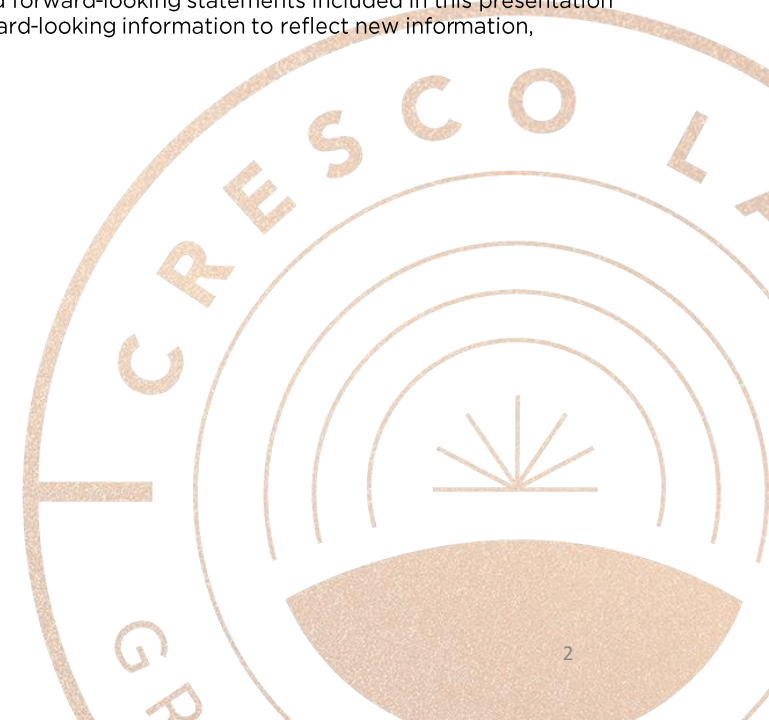
**OTC:** CRLBF



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# CRESCO LABS TODAY

Leading wholesaler of branded cannabis products and highly productive retailer



**#1 Share**  
in 3 \$B+ Markets



**64**  
Operating Retail Locations<sup>2</sup>



**\$23B**  
Addressable Market<sup>1</sup>



**3,200+**  
Employees



**4.6M**  
Transactions Annually



**~\$750M**  
FD Market Cap  
as of 5/24/23



**13**  
Production Sites



**1,600+**  
Dispensaries Selling Branded  
Products



**\$194M**  
1Q23 Revenue



**900K**  
Total Cultivation Facility  
Square Footage



**#1 Wholesaler**  
of Branded Products in Cannabis<sup>1</sup>



**46%**  
1Q23 Adj. Gross Profit  
Margin<sup>3</sup>



**Industry 1st**  
MSO-operated Social Equity  
Program



**#1 Share**  
in Flower and Concentrates; #4  
in Vapes and Edibles<sup>1</sup>



**15%**  
1Q23 Adj. EBITDA  
Margin<sup>3</sup>

Note: Numbers are approximate

<sup>1</sup>According to BDSA market size estimates for 2025 and branded sales data for the first quarter of 2023

<sup>2</sup>As of May 24, 2023

<sup>3</sup>Adj Gross Profit and Adj EBITDA are non-GAAP measures. Calculation of these non-GAAP measures and reconciliation to GAAP figures can be found on page 16.



# CREATING A NEW LEADER IN CANNABIS

WITH TRANSFORMATIONAL, COMPLEMENTARY ANNOUNCED COMBINATION WITH COLUMBIA CARE<sup>1</sup>

## INDUSTRY LEADERSHIP KEY GROWTH PILLARS:

SUPERIOR  
MARKET ACCESS

ESTABLISHED IN THE LARGEST AND FASTEST-GROWING MARKETS ACROSS THE U.S.

PROVEN  
DEPTH

MARKET AND CATEGORY SHARE LEADERSHIP, THE STRONGEST BRANDS IN CANNABIS & LEADING RETAIL PRODUCTIVITY

BALANCED  
ECONOMICS

INDUSTRY-PROVEN CHANNEL MIX, DIVERSIFIED STATE EXPOSURE & STRONGER FINANCIALS

# THE NEW CRESCO LABS

Pro-forma for announced Columbia Care acquisition, nationally scaled, regionally dominant, poised to unlock the value of adult-use across the country

## CRESCO LABS PRO FORMA 2025 MARKET POTENTIAL

## THE MOST INVESTABLE FOOTPRINT IN CANNABIS

**PRO FORMA FOOTPRINT OF 18 U.S. MARKETS<sup>1</sup>**

\* STATES WITH RETAIL

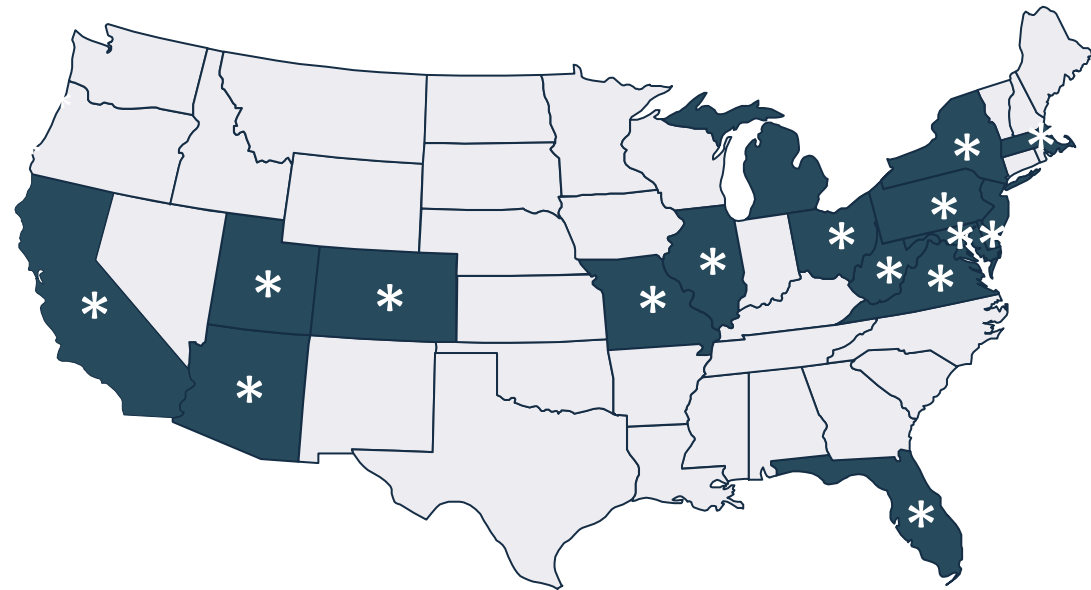
**ALL 10 OF BDSA'S TOP 10 LARGEST MARKETS<sup>2</sup>**

**11 STATES WITH >\$1B IN ANNUAL SALES<sup>2</sup>**

**ACCESS TO OVER 180M ADULTS; 55% OF THE US; OVER 70% OF ADDRESSABLE CANNABIS MARKET**

**8 STATES EACH CONTRIBUTING >\$100M IN REVENUE**

**LEADERSHIP IN 5 MARKETS TODAY,  
AND 7 OF THE TOP 10 BY 2025**



Source: BDSA, Company Reports

<sup>1</sup>Proforma States: Arizona, California, Colorado, Washington DC, Delaware, Florida, Illinois, Massachusetts, Maryland, Michigan, Missouri, New Jersey, New York, Ohio, Pennsylvania, Utah, Virginia, West Virginia

<sup>2</sup>BDSA market forecasts January 2023

# SUPERIOR MARKET ACCESS

Unparalleled exposure to influential markets today and future adult-use growth catalysts

## GROWTH TODAY...

ACCESS TO THE MOST INFLUENTIAL ADULT-USE MARKETS TODAY

ARIZONA, CALIFORNIA, COLORADO,  
ILLINOIS, MASSACHUSETTS, MICHIGAN

**\$17B<sup>1</sup>**

## ...TOMORROW...

ACCESS TO UPCOMING ADULT-USE TRANSFORMATIONS

NEW JERSEY, NEW YORK,  
VIRGINIA

TOTAL ADDRESSABLE MARKET:  
2022 vs. 2025

## AND IN THE FUTURE

ACCESS TO FUTURE TIER ONE MEDICAL CONVERSIONS

FLORIDA, MARYLAND,  
OHIO, PENNSYLVANIA,  
MISSOURI

**\$29B<sup>1</sup>**

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Source: BDSA Market Forecasts January 2023

<sup>1</sup>All states combined Pro Forma

# PRO-FORMA STATE-BY-STATE ASSET SUMMARY

Positions in markets that matter – driving share leadership today and capturing the growth of tomorrow

		Today's Top AU Markets						AU in '22-24			Future Growth									
		CA	CO*	MI	IL	MA	AZ	NY	NJ*	VA*	FL	PA	OH	MD	MO*	UT*	WV*	DE*	DC*	TOTAL
Population	#MM	39.5	5.8	10.1	12.8	7.0	7.2	20.2	9.3	8.6	21.5	13.0	11.8	6.2	6.2	3.3	1.8	1.0	0.7	185.9
Legal Status	AU/ M	Both	Both	Both	Both	Both	Both	Both <sup>1</sup>	Both	Both <sup>1</sup>	M	M	M	M	M	M	M	M	M	9   AU+M 9   M
2025E Market Size	\$B	\$5.6	\$1.7	\$2.6	\$2.4	\$1.8	\$1.4	\$2.4	\$2.1	\$0.4	\$3.7	\$1.6	\$0.7	\$1.1	\$1.0	\$0.2	< \$0.1	\$0.1	\$0.2	\$29.2
Current Operational Dispensaries <sup>2</sup>	#	5	23	--	12	7	3	8	2	9	43	14	10	3	1	1	5	3	1	150
Dispensary Licenses <sup>2</sup>	#	5	23	--	12	7	3	8	3	12	50+ <sup>3</sup>	18	10	4	1	1	5	3	1	170+

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\*New state in Cresco Labs footprint pending closing of announced Columbia Care acquisition

Source: Company Reports, BDSA, US Census.

<sup>1</sup>Adult use cannabis approved; however, sales have not commenced.

<sup>2</sup>Pro forma for combined footprint, before any required asset divestitures.

<sup>3</sup>Unlimited licenses, target for YE '23



excellent  
ERYD

CRESO

ERYD

cannabis



# AMERICA'S LEADING CANNABIS BRANDS












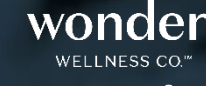




# PROVEN DEPTH IN WHOLESALE

The nation's leading wholesaler, with the most popular cannabis brands in America

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

CRESO LABS<sup>®</sup>  
BEST  
BETTER  
GOOD

 FLORACAL™	 FLORACAL™	 MINDY'S <small>—CHEF LED ARTISANAL EDIBLES—</small>	 FLORACAL™
 CRESCO™	 CRESCO™	 GOOD NEWS™	 CRESCO™
 HIGH SUPPLY™	 GOOD NEWS™  HIGH SUPPLY™	 wonder WELLNESS CO.™  hearts	 HIGH SUPPLY™
FLOWER	VAPE	EDIBLES	CONCENTRATES

- #1 BRANDED WHOLESALER
- #1 SELLING FLOWER PORTFOLIO
- #1 SELLING CONCENTRATES PORTFOLIO
- #4 SELLING VAPES PORTFOLIO
- #4 SELLING EDIBLES PORTFOLIO
- #1 MARKET LEADER IN IL, PA & MA

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<sup>1</sup>According to BDSA branded sales data for 1Q 2023

Brands & Partnerships Not Included: Remedi; One Plant (FL); KIVA (IL)

# HIGHLY PRODUCTIVE RETAILER

WRIGLEYVILLE  
CHICAGO, IL

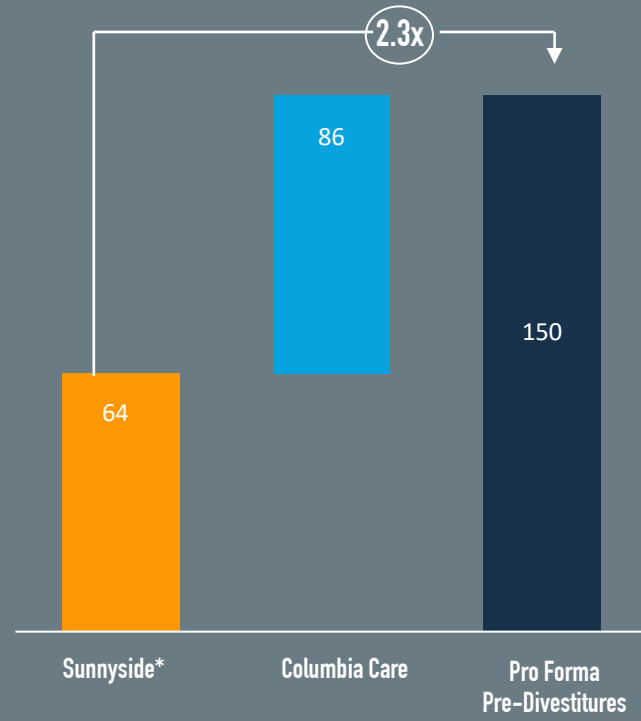


# PROVEN DEPTH IN RETAIL

Driving best-in-class retail productivity to deliver sustained growth at scale



## Pro-Forma LARGEST RETAIL FOOTPRINT (OUTSIDE FL)



## SUSTAINED GROWTH AT SCALE

- DIVERSIFIED STATE MIX
- LEADING E-COMM AND LOYALTY PROGRAM
- IMPROVED DISTRIBUTION OF OUR LEADING BRAND PORTFOLIO
- BECOMING THE STRONGEST RETAILER IN U.S. CANNABIS

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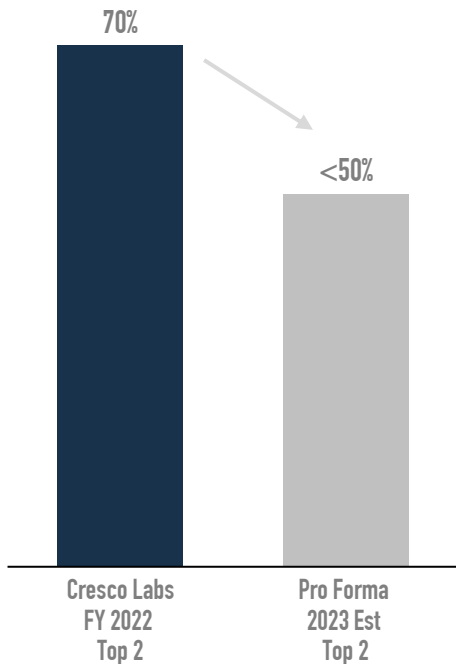
# BALANCED ECONOMICS

Diversifying revenues to support sustained, consistent growth across channels

## REVENUE DIVERSIFICATION

CONCENTRATION OF REVENUE IN BIGGEST 2 STATES WILL REDUCE FROM 70% IN 2022 TO <50% AS MARKET DEPTH INCREASES

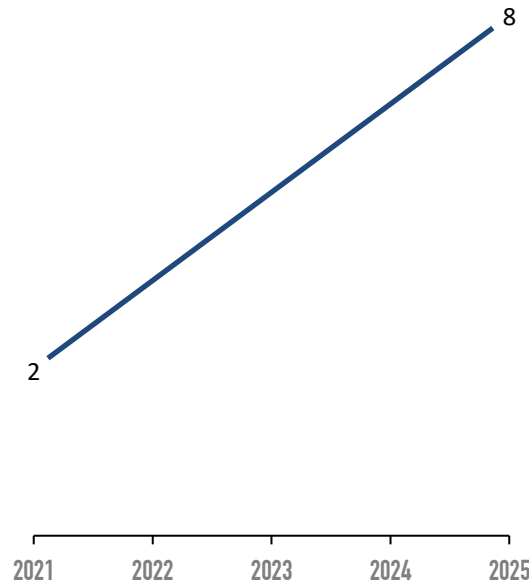
TOP 2 STATES AS A % OF TOTAL ANNUAL REVENUE



## REVENUE SCALE

GROWING ACCESS FROM TWO STATES IN EXCESS OF \$100M IN ANNUAL REVENUE TO EIGHT BY 2025

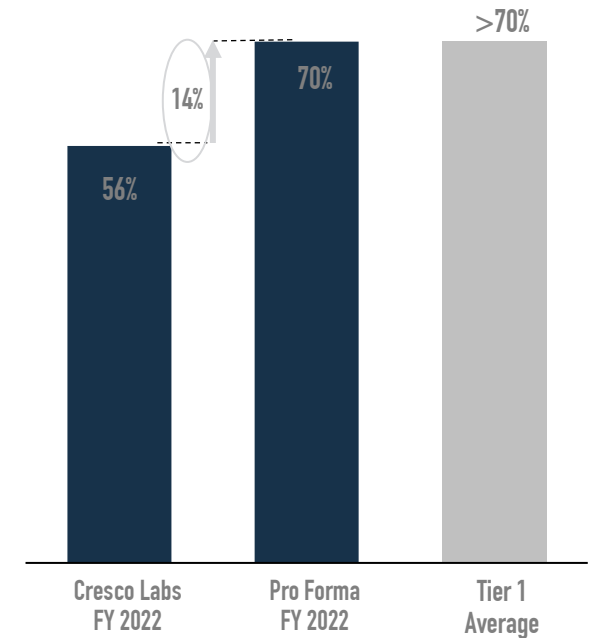
# MARKETS +\$100M IN ANNUAL REVENUE



## REVENUE MIX

MORE BALANCED RETAIL/WHOLESALE REVENUE MIX REFLECTING CURRENT INDUSTRY OPPORTUNITIES

% ANNUAL REVENUE FROM RETAIL



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Notes: Tier 1 Average is based on the LFQ of reporting for other Tier 1 MSOs. Source: Thomson Eikon, SEC EDGAR, SEDAR, Internal Estimates.

# COMMITMENT TO OUR COMMUNITIES



SOCIAL EQUITY & EDUCATIONAL DEVELOPMENT



CRESCOLABS



COMMUNITY BUSINESS INCUBATOR  
EDUCATION AND WORKFORCE DEVELOPMENT  
RESTORATIVE JUSTICE

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# FINANCIAL RESULTS – 1Q 2023

CRESCOLABS<sup>®</sup>





# FINANCIAL HIGHLIGHTS

## Capitalization Summary

### Shares Outstanding

Share Class (# in millions)	as of 3/31/2023
Super Voting Shares	0.5
Redeemable Units	104.3
Subordinated Voting Shares	290.0
Proportionate Voting Shares (as converted)	19.9
Dilutive Securities (including all Warrants, Options, RSUs)	36.1
<b>Total Fully Diluted Shares Outstanding as of 3/31/2023</b>	<b>449.8<sup>1</sup></b>

### Net Debt

Balance (\$Millions)	as of 3/31/2023
Debt Outstanding (ST)	\$28.1
Debt Outstanding (LT)	470.9
Long-term Leases	152.3
<b>Total Debt</b>	<b>\$651.3</b>
Cash and Equivalents (incl. restricted cash)	90.5
<b>Net Debt</b>	<b>\$560.8</b>

1) Error due to rounding

# FINANCIAL HIGHLIGHTS

## Reconciliation of Non-GAAP Measures

### Adjusted Gross Profit

For the Three Months Ending 3/31/2023	Q1'2023	Q1'2022
Revenue, net	\$194.2	214.4
Cost of goods sold (COGS)	108.3	107.1
Gross profit	85.9	107.4
Fair value of mark-up for acquired inventory	0.0	5.3
COGS adjustments for acquisition and other non-core costs	2.8	0.0
Adjusted gross profit (Non-GAAP)	\$88.7	\$112.7
Adjusted gross profit % (Non-GAAP) <sup>1</sup>	45.7%	52.6%

### Adjusted EBITDA

For the Three Months Ending 3/31/2023	Q1'2023	Q1'2022
Net (loss)	(\$27.8)	(\$23.7)
Depreciation and amortization	13.0	11.0
Interest expense, net	15.5	14.4
Income tax expense	16.8	22.8
EBITDA (Non-GAAP)	\$17.5	\$24.5
Other (income) expense, net	(1.0)	6.8
Fair value mark-up for acquired inventory	0.0	5.3
Adj. for acquisitions other non-core costs	5.7	6.7
Share-based compensation	7.1	7.5
Adjusted EBITDA (Non-GAAP)	\$29.3	\$50.7
Adjusted EBITDA %	15.1%	23.6%

CRESCOLABS®



Columbia Care™



# TRANSACTION OVERVIEW

Proposed Transaction	<ul style="list-style-type: none"> <li>● Cresco Labs to acquire all of the issued and outstanding common shares and proportional voting shares of Columbia Care</li> <li>● Pro forma ownership of approximately 65% Cresco Labs and 35% Columbia Care, on a fully diluted in-the-money basis</li> </ul>
Consideration to Columbia Care	<ul style="list-style-type: none"> <li>● All-stock transaction valued at US\$3.64 per share or an implied fully diluted in-the-money enterprise value of approximately US\$2.0B, equivalent to 0.5579 Cresco shares per Columbia Care common share (the “Consideration”)</li> <li>● Represents a 16% premium to Columbia Care’s last close on March 22, 2022; 15%, 19%, and 25% premiums to the 10-, 20-, and 30-day VWAPs (using Cresco’s respective VWAPs and exchange ratio)</li> <li>● The Consideration is subject to adjustment in the event that Columbia Care is required to issue shares in satisfaction of an earn-out payment for a prior acquisition, with the potential adjustment in proportion to the additional dilution from such potential issuance relative to Columbia Care's current fully diluted in-the-money outstanding shares</li> </ul>
Outside Closing Date	<ul style="list-style-type: none"> <li>● June 30, 2023</li> </ul>
Key Approvals and Conditions	<ul style="list-style-type: none"> <li>● Columbia Care shareholder approval; Cresco and Columbia Care have committed to voting support agreements for approximately 30% of shareholders</li> <li>● Required divestitures necessary for regulatory approvals prior to close</li> <li>● Customary regulatory (including antitrust) and court approvals as well as other closing conditions</li> </ul>
Board of Directors	<ul style="list-style-type: none"> <li>● Columbia Care shall have the right to appoint up to three (3) directors to Cresco’s board, including Nicholas Vita</li> </ul>
Deal Protection	<ul style="list-style-type: none"> <li>● Columbia Care is subject to non-solicitation provisions and exclusivity through closing</li> <li>● A break fee paid to Cresco Labs of US\$65M payable in cash in certain customary circumstances</li> </ul>

# THANK YOU

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