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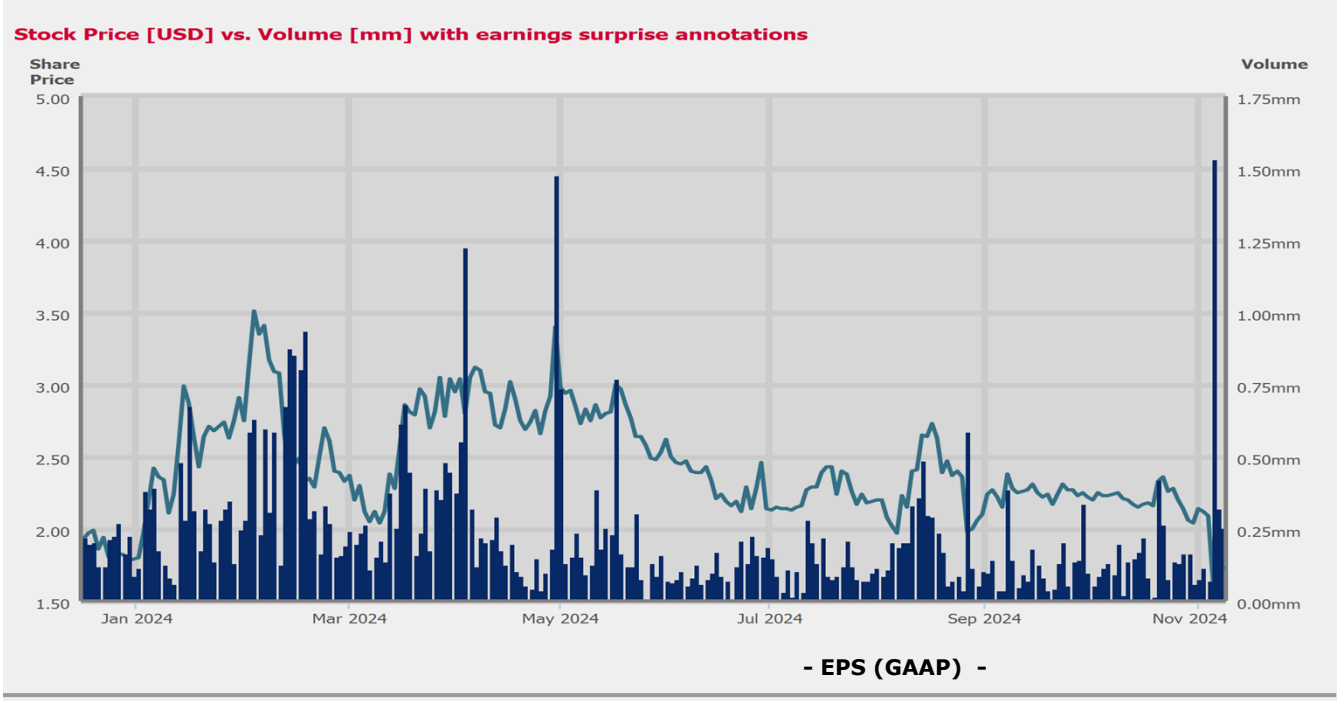
FQ3 2024 Earnings Call Transcripts

Friday, November 08, 2024 1:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2024-			-FQ4 2024-	-FY 2024-	-FY 2025-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS (GAAP)	0.00	-	-	0.00	(0.15)	0.01
Revenue (mm)	185.26	179.78	▼ (2.96 %)	189.19	743.05	777.04

Currency: USD
Consensus as of Oct-30-2024 12:33 PM GMT



- EPS (GAAP) -

	CONSENSUS	ACTUAL	SURPRISE
FQ4 2023	(0.02)	0.01	NM
FQ1 2024	(0.02)	(0.02)	NM
FQ2 2024	(0.01)	(0.16)	NM
FQ3 2024	0.00	-	-

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Gregory Butler
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T.J. Cole

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Presentation

Operator

Good day, and welcome to Cresco Labs' Third Quarter 2024 Earnings Conference Call. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the call over to T.J. Cole, Senior Vice President, Corporate Development and Investor Relations for Cresco Labs. Please go ahead.

T.J. Cole

Thank you. Good morning, and welcome to Cresco Labs' Third Quarter 2024 Earnings Conference Call. On the call today, we have Chief Executive Officer and Co-Founder, Charles Bachtell; Chief Financial Officer, Dennis Olis; and President, Greg Butler, who will be available for the Q&A.

Prior to this call, we issued our third earnings press release, which has been filed on SEDAR and is available on our Investor Relations website. These preliminary results for the third quarter 2024 are provided prior to completion of all internal and external reviews and therefore are subject to adjustment to the filing of the company's quarterly financial statements. We plan to file our corresponding financial statements and MD&A for the quarter ended September 30, 2024 on SEDAR and EDGAR later this week.

Before we begin, I want to remind you that statements made on today's call may contain forward-looking information. Actual results may differ materially. The risks, uncertainties and other factors that could influence actual results are described in our earnings press release and in the MD&A filed with the securities regulators.

This call also contains non-GAAP measures, also outlined in our earnings press release and in the MD&A filed with the securities regulators. Please also note that all financial information on today's call is presented in US dollars, and all interim financial information is unaudited.

With that, I'll turn the call over to Charlie.

Charles Bachtell
Co-Founder, CEO & Director

Good morning, everyone, and thank you for joining us on the call today. I'm happy to be here to discuss another successful quarter for Cresco Labs. But first, I want to touch on this week's election. While we're disappointed that the Florida initiative didn't reach the 60% super majority threshold it needed to pass, we still saw substantial bipartisan majority support at 56% for cannabis legalization in a very influential state. For the first time ever, we entered a presidential election with both party candidates expressly pledging to support cannabis reform.

Throughout his campaign, President-elect Trump confirmed his support for commonsense cannabis laws, support for SAFE banking and for rescheduling, the fact that no one should be arrested for personal cannabis use and a state's rights approach to cannabis legalization. We're committed to working with the new administration to further the development of a responsible, respectable and robust cannabis industry that will be one of the largest consumer products categories in the country.

Thanks to our sustained operational excellence, Cresco Labs is well positioned for the future. Our execution has bolstered our bottom line and underlines the success of our relentless pursuit of profitability and cash flow, while we position ourselves to strategically invest in new markets and other growth opportunities.

In the quarter, we generated $180 million in revenue and delivered a strong 53% adjusted gross profit margin and 29% adjusted EBITDA margin. We've increased adjusted gross margin by 250 basis points and adjusted EBITDA margin by 275 basis points year-over-year.

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We delivered $51 million in adjusted EBITDA, a 5% improvement year-over-year, and we've generated our best operating cash flow yet, hitting $49 million in the quarter and $103 million year-to-date, which is $41 million more than the first 9 months last year despite slightly lower revenue.

We're holding our leading branded market share position, outcompeting in retail and generating significant free cash flow, our North Star. This allows us to enter new markets and growth verticals, reinvest in fortifying our core markets, all while improving our balance sheet and paying down debt.

Now I'm going to share more on the 3 pillars we're executing against to create the strongest and most valuable Cresco Labs for the years to come.

Number 1, we're ensuring that we have the most strategic footprint. We've been reinvesting in our core to take meaningful market share, generate economies of scale, improve profitability and build defensible positions.

In Ohio, we demonstrated our successful adult-use conversion playbook. We achieved a top 3 branded market share position in Q3, up 220 basis points year-over-year. This is thanks to the improved efficiencies, yields, potency and a proven house of brands that delivers in an adult-use environment. Ohio is the fourth state that's expected to become $1 billion market, where we've achieved scale and hold a top 3 market share position.

In Florida, we've doubled our market share on the same-store base by refining our approach to cultivation and capitalizing on our productive retail platform. Under the current medical program, Florida has become another cash flow engine for Cresco Labs as we continued to scale up in the state.

Again, we're disappointed that Amendment 3 didn't pass despite majority support from voters, but we knew this was a possibility. We've taken a thoughtful and incremental approach to expanding our capacity, focused only on what we need to meet the growing demand for our products under either outcome.

In Pennsylvania, we're feeling optimistic about the governor's support for a bipartisan adult-use legislation in the first half of next year. We're strategically spending to round-out our retail footprint in the state while we prepare for this next phase of growth.

The past year has been all about making smart investments in our core markets, where our proven retail and wholesale capabilities can add value quickly. We're confident in our core stability, which has enabled us to identify and forge paths to new markets and unlock additional revenue and profitability. We look forward to sharing more on the latest growth initiatives and expansion plans on future calls.

Number 2, we remain the leader in branded wholesale products. Consumers know that quality is at the heart of our branded product portfolio, which again, are the #1 overall share positions in Illinois, Pennsylvania and Massachusetts, and is the driver behind our climb to #3 in Ohio.

For BDSA, we also have a top portfolio position nationally in branded flower, concentrates, vapes and edibles. We're holding this lead because our quality at scale focus makes us more efficient with every quarter.

For example, this quarter, we shipped more branded products year-over-year, while reducing our cost of goods sold by 11%. This proficiency is an essential competitive advantage, especially as price compression remained a challenge in unregulated and dangerous synthetic hemp products compete for consumers' attention.

Our brand and portfolio strength is a testament to our operational excellence as we continue finding new ways to improve our cost structure without sacrificing the quality of our products.

And number 3, we're building a highly-productive retail platform in the most strategic states. In Q3, we improved our retail fair share, which was up to 1.4 times on average across our markets, the highest in Cresco Labs' history.

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We're proud to have increased our competitive lead in Illinois, where we're more than twice as productive as the average store, one of the best demonstrations of the Sunnyside operating model can be found by comparing an acquired store's performance before and after converting to Sunnyside.

In Pennsylvania, the 2 dispensaries that we acquired in Q2 saw a 76% increase in sales year-over-year after adopting the Sunnyside platform, which includes a complete overhaul of the assortment strategy, e-commerce, in-store workflows, pricing and promotion architectures, branding, loyalty, and marketing.

We continue achieving above retail productivity because we've embedded our strengths in every part of the Sunnyside standard. Our tried and tested operating procedures and proprietary technology will ensure that we continue to perform in highly-competitive markets.

In closing, we exited Q3 steadfast in our commitment to profitability and cash flow. We're continuously refining our core capabilities and shifting our approach alongside market conditions. We are ready to take on the strategic opportunities that are going to come our way.

With that, I'll turn it over to Dennis for his last call with Cresco Labs to provide more details on our Q3 performance.

Dennis M. Olis
Former Chief Financial Officer

Thank you, Charlie, and good morning, everyone. We've built an organization that's operating from a place of financial strength. Our continued focus on profitability and cash flow has enabled us to improve the balance sheet and invest deeper in our core markets. As a sharper, stronger company, we're positioned to seek new growth verticals and market expansion to strategically build out our foundation and footprint.

In the quarter, we generated revenue of $180 million. We saw a 1.6 times lift in Ohio from the phased adult-use launch and continue to hold the #1 overall branded share in positions in Illinois, Pennsylvania and Massachusetts. Having said that, revenue was down 2% sequentially, driven predominantly by the first statewide year-over-year decline in Illinois, continued retail fragmentation and price compression. This revenue erosion was understandable given the 46% increase in Illinois stores year-over-year and 0.5% decline in total state revenue.

In the quarter, our adjusted gross margin was 53%, an increase of 250 basis points year-over-year and 60 basis points sequentially. We are pleased to have achieved these results despite revenue deleveraging and significant price compression across our key markets. This is a testament to our team's efficiency and resourcefulness. To give some context, we shipped more branded units and saw a 5% increase year-over-year in the number of units sold through Sunnyside, all while lowering our cost of goods by 11%.

The Cresco team continues to find new ways to improve our cost structures. This is evident in adjusted SG&A, which was $53 million, down 6% year-over-year and up only 1% sequentially, inclusive of purchasing 2 new dispensaries and staffing up in Ohio to prepare for adult-use.

Q3 adjusted EBITDA was $51 million or 29% of revenue. The improvement in efficiency and cost controls in COGS and SG&A is allowing us to hold margins relatively flat sequentially. In Q3, we're proud to have generated a record $49 million in operating cash flow and $43 million in positive free cash flow.

At $103 million over 9 months, we've generated 66% more operating cash than we did during the same period last year. As Charlie mentioned, cash flow is key to reinvesting in the business and identifying new growth channels, both within our core and through new market opportunities.

We continue making smart investments to fortify our core, investing $6 million on CapEx in Q3. We expect to spend $20 million to $25 million in the fourth quarter to bring our full year CapEx to $35 million to $40 million. Subsequent to the quarter, we retired $40 million of our 2026 notes. This matches the size of the UTP we will record on our balance sheet in Q4 related to our 2023 taxes. We are maintaining and improving our leverage ratios as we get closer to refinancing.

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Q3 saw some softness driven by Ohio's limited adult-use conversion and Illinois' consumer slowdown, which was particularly noticeable after Labor Day. Considering the late Q3 dip, we now expect Q4 revenue to be down mid-single digits from last quarter.

While we expect some pressure due to lower operating leverage over the next few quarters, targeting gross margins around 50% remains the appropriate operating and pricing structure for our business. We expect to keep absolute SG&A relatively flat throughout Q4.

We continue to deliver on our promise of generating strong, sustainable operating and free cash flow. We have already achieved record operating cash flow year-over-year and expect to continue driving that even higher. On a quarterly basis, like in Q2, Q4 will have lower cash flow because of our semi-annual interest payments.

This quarter was another proof point for our strategy of focusing on profitability and cash flow. While I'm happy to be here to help demonstrate the strength of our plan, this call is a bittersweet one for me. I've been with Cresco Labs for the past 4.5 years, and I'm incredibly proud of what we've built as I've watched the company grow stronger.

Since I started, annual revenue has gone from $125 million to over $700 million, and has transitioned from an unprofitable company to one that's well on its way to generating over $100 million in free cash flow this year. I have complete faith in the future of Cresco Labs and I know the best days are still ahead, especially when the industry finally gets the federal support it deserves.

I've been looking forward to retirement, but only plan to leave after it was clear Cresco was positioned to thrive going forward. We've made incredible profitability gains in the last 2 years, so with Sharon Schuler ready to take the reins, now is the time. Sharon joined Cresco Labs in September and has quickly gotten integrated. While I'll continue supporting her transition and year-end planning in the months ahead, Sharon will officially begin her tenure as CFO on November 11.

Sharon is joining with a wealth of experience in the retail and CPG sector, including most recently at BJ's Wholesale Club, a multi-state warehouse retail chain. In the short time that she has been at Cresco Labs, she's embedded herself in the organization and infused energy and confidence in every interaction with the leadership and finance teams. I'm excited to watch her guide this company as it embarks on the next phase of growth.

And with that, I'll pass it to Charlie.

Charles Bachtell
Co-Founder, CEO & Director

Thank you, Dennis. It truly has been a pleasure to work together. On behalf of the entire Cresco team, I can't say enough about what you've done for this company, and we all wish you very well in your next chapter.

This industry requires vigor and creativity like no other. To be successful, cannabis companies must be as dynamic as the market conditions, have a balance sheet that enables flexibility and growth, and maintain an unwavering focus on the bottom line. This is where Cresco Labs shines. We continue to prove out our strategy in every state we operate in, maintaining and gaining share in some of the country's largest and most competitive markets.

We're leaning in our improved operating cash flow and profitability to seize on our business' momentum. We're making smart, high ROI investments in our core markets, reinforcing the capabilities and infrastructure needed to win, and exploring accretive incremental M&A and new business opportunities.

And we're reinforcing our balance sheet with every decision. We'll also continue to lead the way on federal reform as this is the ultimate unlock for the industry and its stakeholders. A big thank you and congratulations to the Cresco teams on the quarter.
And with that, I'll open the call for questions.

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Question and Answer

Operator

[Operator Instructions] Our first question comes from Aaron Grey with Alliance Global Partners.

Aaron Thomas Grey
Alliance Global Partners, Research Division

Dennis, congrats and best of luck for your future endeavors. So, first question for me. Just wanted to talk a bit on Florida. Charlie, you mentioned in prepared remarks how it's become a cash flow engine and you look to continue to scale up in the state. So just I love some additional commentary in terms of what opportunity you're still seeing in the Florida medical market. I know you still have room to grow on the retail side. So, just how you're thinking about continuing to build out in the state, particularly as there's still some uncertainty in terms of how the competitive environment might evolve now within the medical and the market?

Charles Bachtell
Co-Founder, CEO & Director

So, the Florida medical market is still a strong growing market itself. And so, as we had said on prior calls, our approach to Florida was a bit of a measured approach where we were going to make sure that our, sort of, the next phase of investment down there would be appropriate for us to continue to take share under a medical market type scenario or prepare us for what would be like Phase 1 of adult-use.

So, for us, the outcome, fortunately doesn't change our strategy down there. We've been executing very well as a market. Florida, because of that forced vertically integrated structure, it rewards execution and differentiated products, and that's our strength. So for us, it's -- the strategy remains the same. As we look forward over the coming year and on, we expect that that medical program will still develop, grow and also I'm sure we'll be evaluating other opportunities to pursue adult-use as an industry down there.

Aaron Thomas Grey
Alliance Global Partners, Research Division

Second question for me, just want to talk a bit on wholesale. I may have missed some prepared remarks, but just in terms of how wholesale trended during the quarter? I know we'll get it later in the queue. And then, longer term, how you're looking for growth opportunities within wholesale? I know CPG has always been a big focus for you guys. You just alluded to it a bit in the answer before in terms of product differentiation. So, where you're seeing some potential opportunities, Ohio just being one obvious one, but otherwise in terms of returning the wholesale side back to growth with your CPG strategy.

Charles Bachtell
Co-Founder, CEO & Director

Yes. So, I mean, as it relates to wholesale strategy, we continue to believe in the long-term thesis of cannabis, which is brands matter. And you need to give the consumer what the consumer wants, and that's offering the highest perceived value in your branded suite of products.

So long-term thesis still maintains and still holds. It just depends on when you're looking at it market by market, it's the evolution and the maturity of the markets and the way that they develop where retail and wholesale sometimes don't move in the same direction at the same time. And that's why we've developed a state-by-state strategy that we've been executing against for the last couple of years, which has allowed us to lean into both strengths that we've developed across our org both on the branded product side and on the retail side.

I don't know, Greg, do you want to add any other color on wholesale?

Gregory Butler
President & Chief Transformation Officer

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The only thing I'd add to it is our market position, we feel confident in the strength of our brands. We know we have some of the best velocities of brands out there, so we're creating products that consumers want to buy. There is obviously lots of movement happening with consumers of the shift down the value, but offering the best quality product that drives velocity is a winning strategy with consumers. And as independents and other retailers continue to grow, having the best velocities that drive the best profit in those stores is a great sales story as well. So, we feel really confident on our ability to continue to grow with our brands.

Operator

Our next question comes from Andrew Semple with Ventum Financial.

Andrew Semple
Ventum Financial Corp., Research Division

Congrats on the Q3 results. Also just want to extend best wishes to Dennis in retirement and share my personal thanks for your support over these past few years. First question isâ€¦

Dennis M. Olis
Former Chief Financial Officer

Thank you, Andrew.

Andrew Semple
Ventum Financial Corp., Research Division

No problem, Dennis. First question would just be on the noted year-over-year decline in statewide sales in Illinois. Even as we had more stores come online in that state, I know price compression was probably one major factor there. But still probably a bit of a surprise to see the market shrink, given how underserved it has been historically with retail coverage. So, maybe if you could share some additional perspectives on Illinois and how you expect that market to develop from here and kind of what pressures you might have seen within the state during the current quarter.

Charles Bachtell
Co-Founder, CEO & Director

Thanks, Andrew. This is Charlie. I'll start it off and then Greg will add some more color. But Illinois, from that respect, look still an incredibly strong market that has a lot of energy behind it. You're seeing stores open. There's a lot of consumer demand. It's a competitive environment though. And so we continue to refine even our approach to our home state to make sure that we're maximizing, again, those 2 strengths that we were talking about from branded product standpoint and also our retail strength.

All markets evolve and mature. And so as we say often, it's the responsibility of every company in this space to be as dynamic as the markets in the industry that we're in. You have to be that dynamic to make sure that you're always at the forefront of change.

And Greg, any specifics on Illinois?

Gregory Butler
President & Chief Transformation Officer

I think Illinois, in general, as a market really surprised everyone in Memorial Day weekend. We saw a pretty healthy growing market up until Memorial Day; softness coming out of Memorial Day that has stuck. I think really as you look and trying to dissect what's causing that, consumers are feeling the pinch. They have tighter wallets and are looking for ways to make their dollars go further.

So as kind of similar to the answer we gave last time, as we think of Illinois, the strategy has to be how do you offer the best products. Because if you look at a grams consumed basis, consumers are still consuming more grams than ever before. They're still consuming cannabis. The love for cannabis is still there, but they're looking for ways to make their allocation of cannabis spend go further.

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And so we believe our house of brand approach of offering them a value product, but also a premium product when they want to treat themselves is a way for us to continue to drive growth in the category and set the right partnerships with retailers in the state. We offer them some of the best performing brands and also work together to really help grow the category.

Andrew Semple
Ventum Financial Corp., Research Division

And maybe just a follow-up to that, with pricing conditions softening across a number of markets, just wondering if Cresco has given any thought to adjusting production capacity. I would imagine with underlying volume growth that we're still seeing demand, there's probably no need to make adjustments to capacity and probably, in fact, the opposite. But just wondering if I might be mistaken in that assumption or whether you have considered capacity curtailments in some states.

Charles Bachtell
Co-Founder, CEO & Director

So Andrew, again, I would say this is an area where this is something we've actively managed for a couple of years now, as all of these markets go through their evolution from hyper growth to some stability and level off to potentially additional price compression, states come on around you. So again, going back to our state-by-state approach to pulling on the right levers, leaning into what we do well and making sure that we are prioritizing what that market and that consumer base needs from us in every market has been something that we've been really relentlessly focused on for the last 18, 24 months as we've seen it develop across our footprint and across the industry.

Greg?

Gregory Butler
President & Chief Transformation Officer

Yes. I would say that we are incredibly proud of the Cresco Labs team. What they have proven this quarter and what they've proven in previous quarters is that they can find ways to help bring down either the cost of our products, find more interesting ways to bring our products to market at lower price or serve more shoppers in an efficient way. And that's what's driving our margin improvement.

We are selling more grams of cannabis. We are continuing to sell more units even if the price per unit has come down. So consumption is there, and it's on our team, and I know this team will do it, which is to continue to find ways to drive efficiencies to hold margins. So as pricing does what it does, we can continue to offer superior products, a superior shopping experience at a great margin. And I think Q3 is a demonstration of our ability to do that.

Operator

Our next question comes from Frederico Gomes with ATB Capital.

Frederico Yokota Choucair Gomes
ATB Capital Markets Inc., Research Division

First question on Ohio. Is that market evolving in line with your expectations, or is there anything that surprised you for better or worse in these early days? And I guess, from a supply and demand standpoint, where do you see Ohio going over the next year? Is there any chance that we could see over or undersupply in that market? I know that, Charlie, you talked a little bit about this before, the actual start of sales there, but just curious what you're seeing right now.

Charles Bachtell
Co-Founder, CEO & Director

Yes. No, it's a good question. I'll tell you, internally I think we stopped referring to Ohio's adult-use launch, because it really hasn't launched yet. And it's in furtherance of what I think I talked about on the last call of managing expectations and tempering expectations of what would happen in Q3 for a variety of

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reasons. And one of those is the adult-use rules still have not been finalized. So in reality, we are still operating the medical program there with just the ability to allow non-patients to come in the door too.

But from a form factor standpoint, from a marketing, advertising, communications with a consumer-based standpoint, this is still a medical program, medical structure, medical products in Ohio. So as those final rules continue to come out, get finalized and implemented, which we expect will go into early next year, we do expect to see additional uplift in that market. It's going to be a ramp, because the program itself is unfolding in a ramp-like manner.

And I just want to make sure that Dennis has an opportunity here on his final call to participate. So, Dennis, any -- what are you seeing from a finance standpoint and expectations for Ohio?

Dennis M. Olis
Former Chief Financial Officer

No. I think we're still bullish on -- as Charlie noted, on what's going to happen here in Ohio. There was a big buildup of inventory across all of us, leading up to the adult-use launch. I think there's -- I think we'll continue to see the sales ramp up and that excess supply being consumed. So I feel that as we move forward, that prices will stabilize as demand starts to exceed supply or matches supply. So, looking forward to where the market is going to go here once the regulations come on.

Frederico Yokota Choucair Gomes
ATB Capital Markets Inc., Research Division

And then, I guess, a question for Dennis then. In terms of your comment on CapEx for Q4, the guidance there, $20 million to $25 million, can you remind us which projects that CapEx is going? Because it's an increase from Q3 quite substantial. So, the major projects that you're working on?

Dennis M. Olis
Former Chief Financial Officer

Yes. Again, as Greg noted, we're really proud of what the teams have been able to do to keep our margins where they've been at, at 50%-plus. So we'll continue to make investments in increasing our efficiencies, increasing our production capabilities of high-premium flower, and really looking for operational efficiencies that will allow us to maintain that 50%-plus gross margins that we aspire to do and have been able to maintain for this in the last several quarters. We will continue to be good stewards of our capital, as we have demonstrated and look to invest that wisely to get returns and allow us to, again, look for growth opportunities to grow the top line in the coming quarters.

Operator

The next question comes from Pablo Zuanic with Zuanic & Associates.

Pablo Ernesto Zuanic
Zuanic & Associates

Charlie, were you surprised that no MSO was chosen to testify at the upcoming ALJ hearing? And along those lines, is there any way for companies like yourself, especially you given your high profile, to get your voice into the process through some of the designated participants?

Charles Bachtell
Co-Founder, CEO & Director

No. How that process in the selection was done is purely administration's decision over there at the DEA. And I think what we can take also from the order that the judge issued is that he's going to want to see exactly how that selection was done at the December 2nd hearing.

As far as making sure that the industry or myself have their voice heard, I think with confidence, I could tell you that the voice has been heard. The fact that we're -- where we're at, with the evaluation, with the recommendations, there was a great coalition of industry stakeholders that were heavily involved and very

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influential in making sure that this question got asked, that it got the attention that it deserved and that we find ourselves in the spot that we're in now.

So looking forward to see what happens here through the hearing process, which again we'll have more line of sight on December 2nd and then actual hearings, like you said, January, February. So early next year, hoping and expecting that we'll see a positive outcome on the rescheduling effort.

Pablo Ernesto Zuanic
Zuanic & Associates

And just a quick follow-up. Look, regarding hemp, I know that 2, 3 years ago, a lot of us were anti-hemp, but things have changed. There could -- there are companies in the space, in the cannabis space already entering hemp derivatives or some thinking about it. We're going to have a Republican Senate, the Farm Bill may be helpful to the hemp industry. If those assumptions that I'm making are right, how are you thinking about that space? And is that something that you would participate and follow some of the other cannabis companies that apparently are doing that also? That's it.

Charles Bachtell
Co-Founder, CEO & Director

Yes. I've said for a while now, the hemp opportunity and risk has been a part of our evaluation, and developing an opinion on it is something that we are continuing to work on. It's one of those things, like you mentioned, the Farm Bill and the future of the perceived ability to participate in that -- the perceived carve out and also with certain types of products or at certain cannabinoid profiles is very up in the air. So we're monitoring. We're developing a position, because like you said, it's an opportunity and it's a potential risk.

What I would say is my fundamental opinion on this is, as you know and everybody knows, we're hyper-focused on developing a responsible, respectable and robust cannabis industry, but that really is a cannabinoid industry. And so others that are interested in developing a responsible and respectable cannabinoid industry are -- we're fans of and we're supportive of. But the issue with intoxicating hemp is, if it's going to create risk to the future of our ability to get reform for a responsible and respectable approach to cannabinoids, then that's the issue.

And so that's -- as we look at hemp, we see opportunity, we see risk. Of course, we're constantly evaluating, developing our opinion and position, and we'll see what happens here in the quarters ahead.

Operator

Those are all the questions we have received today. And so I'll turn the call back to Charlie for closing remarks.

Charles Bachtell
Co-Founder, CEO & Director

Excellent. I want to thank everybody for participation today. I want to thank the Cresco team for really turning in a very good quarter, and absolutely want to thank Dennis for everything that he has brought, not only to our organization, but to this sector. He's been a great CFO, great leader, and can't thank him enough.

Dennis M. Olis
Former Chief Financial Officer

Thanks, Charlie.

Charles Bachtell
Co-Founder, CEO & Director

Thank you, Dennis. All right. Thanks, everybody. We'll talk to you after the New Year. Happy holidays.

Operator

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Thank you, everyone, for joining us today. This concludes our call, and you may now disconnect your lines.

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