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Earnings Call

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Presentation

Operator

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

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

TJ Cole

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

Prior to this call, we issued our fourth quarter earnings press release, which has been filed on SEDAR and is available on our Investor Relations website. These preliminary results for the fourth quarter and full year 2024 are provided prior to completion of all internal and external reviews and therefore are subject to adjustment and to the filing of the company's quarterly financial statements. We plan to file our corresponding financial statements and MD&A for the quarter and year ending December 31, 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 annual information form and 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 U.S. 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, everybody, and thank you for joining us on our full year 2024 earnings call. Two years ago, we set a clear goal to streamline operations and generate more cash while maintaining our wholesale and retail leadership. This commitment drove every decision we made, finding efficiencies, improving execution and prioritizing profitability to make the strongest Cresco Labs possible. I want to highlight the exceptional work that our team has done this year.

In 2024, we really focused on the quality of our revenue. For the full year, we generated $724 million in top line. While slightly lower year-over-year, we held absolute adjusted gross profit dollars flat, and we reduced adjusted SG&A by $29 million. The result was an adjusted EBITDA of $200 million, a $26 million improvement, and most importantly, $132 million in operating cash flow, a $74 million improvement from last year. We truly demonstrated our focus on the quality of the revenue.

Demand for cannabis continues to grow. And while price compression persists, lower prices also make cannabis accessible to more consumers than ever. In Q4, price compression across some of our core markets created greater demand than expected, and we found ourselves with supply constraints. This limited our ability to fully capitalize on this momentum in the quarter, but we're rapidly turning on the extra capacity in our facilities to seize the opportunity.

By unlocking additional production, we'll drive volume growth to offset price decline, optimize our footprint and capture greater market share, fueling sustained profitable expansion. Profitability is still a key focus in 2025. We'll continue to strengthen our cash position by driving productivity in our core markets and prioritizing the quality of revenue.

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Now I'll walk you through the 3 strategic pillars we're executing against to build the strongest and most valuable Cresco Labs for the years ahead.

Number one, we're ensuring we have the most strategic footprint. We're ready to expand our highly efficient footprint through 2 pathways: one, investing to reinforce our core markets; and two, strategically entering new markets with favorable regulatory structures and competitive advantages. This balanced approach optimizes capital deployment, ensuring a mix of near-term and long-term returns while diversifying our market exposure.

In line with this strategy, last year we strengthened our position in Pennsylvania by adding 3 new dispensaries. In Florida, we invested in our operations to enhance productivity, deliver higher quality and lower prices, nearly doubling our market share year-over-year. In 2025, we're building on this success with plans to open additional stores in Pennsylvania, Florida, and Ohio.

Our Year-of-the-Core strategy prioritized depth over breadth, refining the capabilities that drive cost-effective scale and quality in each of our markets. With these strategies in place, we can extend our success in new markets while maintaining strong margins and profitability.

Kentucky is the first of these new markets, a strategic addition to our portfolio. The state's newly launched medical cannabis market is backed by common sense regulations, including well-structured cultivation canopy and dispensary licensing frameworks, creating a favorable competitive landscape for long-term success.

We're proud to be 1 of only 2 Tier 3 cultivation licenses in Kentucky, giving us up to 25,000 square feet of canopy, and that's more than 20% of the total canopy allowed in the state. With our proven speed-to-market capabilities, this license lets us scale efficiently, serve patients quickly and continuously reinvest in our facilities to meet demand, just as we've done successfully in Illinois, Pennsylvania, and Ohio. Kentucky is a significant long-term growth opportunity, and we're excited to share more about our plans in the coming quarters.

We're building a very solid growth pipeline. While adding to our core is a priority, trust that we will remain patient ensuring we enter the right markets at the right time and right price.

Number two, we remain the leader in branded wholesale products. Throughout the entire year we demonstrated the strength of our brands across all major categories, including branded flower, concentrates, vapes and edibles per BDSA.

In 2024, we maintained our #1 share position in Illinois, Pennsylvania, and Massachusetts, while also driving share growth in Ohio. This performance underscores our ability to execute, compete and deliver what customers want in all 4 of our core wholesale markets.

By continuously optimizing our cost structure without compromising quality, we're delivering category-leading products to customers, while actively offsetting price compression through efficiency gains and product innovation. These efforts allow us to stay competitive, protect margins and drive long-term sustainable growth.

And number three, we're building a highly productive retail platform in the most strategic states. For the full year, we strengthened our competitive position across our markets. Our dispensaries were already outperforming the industry, and we expanded that lead even further from being approximately 20% more productive than the average store in a market to being 30% more productive.

Again, this sustained outperformance comes back to execution. Every aspect of our operations, including store experience, inventory management and customer engagement is built on the Sunnyside standard, leveraging established processes and proprietary technology to maximize sales. Even in the face of 15% to 25% price compression across our markets, we maintained retail revenue year-over-year while improving profitability. This is a phenomenal example of strategy, capabilities and execution.

This expertise is transferable and can be monetized in both new and underperforming dispensaries, like in Pennsylvania, where we more than doubled the productivity of the stores we acquired in 2024. We'll lean

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on these skills as we identify new expansion opportunities, including distressed and cost-effective assets where we can add value quickly and as we move into new markets.

In closing, 2024 was the culmination of our team's tremendous effort to refocus on operational excellence and prioritize cash flow above all else. We successfully reset and repositioned the business for sustainable growth.

In 2025, we're extending our focus to strategically deploy capital to create growth and maximize returns for the years ahead. It's a straightforward approach, execute at the highest level, generate cash, reinvest in high ROI opportunities and repeat.

With that, I'll hand it over to Sharon to walk through our Q4 performance in more detail.

Sharon Schuler
Chief Financial Officer

Thank you, Charles, and good morning, everyone. For my first earnings call with Cresco Labs, I'm excited to talk about a year that characterizes strong execution and celebrates the team's focus on profitability.

Over the course of the year, we made a deliberate shift to prioritize cash, resulting in $724 million in revenue, a 6% decline year-over-year, but a more profitable and sustainable mix. This strategy drove meaningful financial improvement with absolute adjusted gross profit dollars essentially flat, adjusted EBITDA growing by 15% and operating cash flow improving by 126%.

Looking at the quarter, in Q4, we generated $176 million in revenue. Retail revenue was flat sequentially, driven by adult-use conversion in Ohio and market share gains in Pennsylvania, which offset the continued pricing pressure in Illinois. Wholesale revenue declined sequentially due to price compressions in Illinois and Pennsylvania. Higher volumes typically offset pricing pressures, but supply constraints this quarter amplified pricing impact on revenue and margins.

As Charlie mentioned, our team is currently ramping up production at our production facilities in Kankakee, Illinois and Mount Joy, Pennsylvania, which will drive incremental volume growth in the second half of the year. While ramping up capacity will drive long-term volume growth, we expect some near-term margin pressure in Q1 as production scales.

At the same time, we've been executing our wholesale strategy, prioritizing independent retailers over MSOs who are focusing on their own products. We're also proactively limiting sales to customers with potential AR risk. While this creates short-term headwinds, it strengthens our long-term financial position by focusing on sustainable cash-generating wholesale accounts.

The combination of price compression, wholesale pressures and shifts in our state revenue mix led to an adjusted gross margin of approximately 50%, down from last quarter, but in line with previous guidance.

On the cost side, adjusted SG&A in the quarter was $54 million, reflecting a 1% year-over-year reduction and essentially flat from last quarter. This rounds out our Year-of-the-Core with nearly $29 million in adjusted SG&A reductions in 2024. During my time here, I've seen firsthand how the Cresco team demonstrates exceptional resourcefulness and agility, consistently balancing a controlled approach to expenses with the appropriate level of investment to support growth.

As a result, adjusted EBITDA reached $200 million for 2024, representing 28% of full year revenue and a 15% improvement over 2023. In the fourth quarter, the decline in gross profit and the corresponding reduction in operating leverage led to $42 million in adjusted EBITDA, representing 24% of revenue in the quarter.

Our ability to generate cash remains strong. We delivered $30 million in operating cash flow this quarter, bringing our full year total to $132 million, a record for us.

The cash flow improvements, even on lower revenue, highlights the strength of the strategy and our ability to manage through a dynamic environment. With this cash flow performance, we remain committed

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to strategic capital allocation, operating efficiently, investing in growth and strengthening our balance sheet.

In Q4, we invested $3 million in CapEx, bringing our full year total to $20 million. At the same time, we retired $40 million of our 2026 notes, reinforcing our commitment to reducing debt and fortifying our balance sheet.

Looking ahead, paying down debt and securing favorable refinancing terms are top priorities. We've seen strong demand from both existing and new lenders, and we expect to complete this refinancing in the coming months, which will give us greater financial flexibility.

In 2025, execution is key. While we've already kicked off several growth initiatives, we don't expect them to have a material impact in Q1. Still, these investments are the building blocks for sustainable long-term growth.

In the near term, pricing pressures and market fragmentation, particularly in Illinois, will weigh on revenue alongside continued pressure in wholesale as we prioritize independent dispensary growth while managing AR risk. Lower revenue from Illinois and broader price compression will impact margins.

On the expense side, SG&A will remain relatively flat in Q1 with modest increases throughout the year as we expand in Ohio, Florida, Pennsylvania and launch operations in Kentucky that we will look to manage through cost controls, efficiency gains and profitable growth opportunities in the quarters ahead.

I'm confident in our team's tactical execution, staying laser-focused on operational excellence, cash generation and strategic investments. With strong cash flow, restrained capital allocation and targeted market expansion, we will drive sustainable growth and build momentum throughout 2025.

We appreciate your continued confidence in our strategy. And with that, I'll turn it back over to Charlie.

Charles Bachtell
Co-Founder, CEO & Director

Thank you, Sharon. In 2024, we led with cash generation and operational excellence in order to shore up our profitable core. We're attacking 2025 with the same discipline where profitability remains front and center. The year ahead is full of opportunity, and our growth pipeline is robust. We're strategically allocating resources to deepen our presence in core markets and expand into new markets.

Kentucky marks our first step in this next phase of expansion, and we're excited to bring Cresco Labs to the state. We have extensive experience building markets from the ground up and understand how to make inroads for the broader industry. We're ready to flex those muscles and launch our competitive capabilities in the state.

A big thank you and congratulations to the Cresco team on an excellent year, and I couldn't be more excited to tackle these opportunities in '25 together.
With that, I'll open the call for questions.

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Question and Answer

Operator

[Operator Instructions] Our first question comes from Luke Hannan with Canaccord.

Luke Hannan
Canaccord Genuity Corp., Research Division

I just wanted to come back to the discussion in Q4. I think if I heard correctly, there was less volume than you would have liked to have had on hand and as a result there were some sales that you didn't pick up during the quarter. Can you help frame up sort of what the magnitude of that was?

And then related to that, you talked about ramping up cultivation to help meet that higher demand, and it's going to be an H2 volume growth story similarly. Can you help us think about what the magnitude of that contribution will be?

Charles Bachtell
Co-Founder, CEO & Director

Thanks, Luke. So and this is Charles. Sort of quantifying the volume in Q4, somewhat related to what we saw with the price compression aspect of it. There's correlation there. So we did have -- the good thing, I would say, is in Illinois and PA, we have existing facilities that to-date have had underutilization associated with them that we can turn on. And we have plans to do it. This just got the increased demand in these states that related to the price compression got a little in front of us.

So the good thing is, the plans are already in place to bring that production back online, and we will see the benefit of it. Again, to what extent, hard to quantify for future quarters. Just know it will make us better able to compete as we typically do in the quarters ahead.

Luke Hannan
Canaccord Genuity Corp., Research Division

Okay. And then also, if we can go back to, Sharon, I think you had mentioned, and Charlie, you may have touched on this as well, that there's a certain, we'll call it, pullback when it comes to some of the wholesale customers that you're working with in order to manage that AR risk. How exactly are you looking at that? I imagine it's in the form of delinquency rates. Can you give us an idea of where exactly that sort of stands right now?

Charles Bachtell
Co-Founder, CEO & Director

And Sharon will take that one.

Sharon Schuler
Chief Financial Officer

Yes, sure. So if you look at our AR balance, you'll actually see we're down roughly 6% quarter-over-quarter. We actually -- if you look at the major accounts that will make up that balance, we have plans in place with several of those large customers at this time. But it's definitely something that we've been hyper-focused on and feel really strongly that we'll continue to reduce that balance over the coming months.

Luke Hannan
Canaccord Genuity Corp., Research Division

Okay. And last one, and I'll pass the line here. Just on Kentucky, I may have missed this in the prepared remarks, but how quickly can that be scaled? And I guess, more specifically, when can we expect some more meaningful contributions in the P&L? I imagine it's an H2 story, but happy to hear if there's any differences of opinion on that.

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Charles Bachtell
Co-Founder, CEO & Director

Yes. We're excited about Kentucky. It's really one of the first new states, like launching a new program from scratch -- new medical program from scratch in quite some time. So you're right, there's going to be contributions. We'll see some in 2H, but really more of a '26 and on growth story.

With any new market, you have to establish the infrastructure. We'll, of course, take a phased approach like we typically do to be able to bring some product to market quickly. But markets will ramp as infrastructure from the production side, from the retail side and patient adoption ramps up, too. So excited about the future for Kentucky, but definitely more of a '26-'27 growth story.

Operator

Our next question comes from Andrew Semple with Ventum Financial.

Andrew Semple
Ventum Financial Corp., Research Division

I'll stay on Kentucky and the topic of Kentucky and maybe just ask about the capital that might be required to scale in that market and maybe if you're able to provide any color on the acquisition price paid to establish that relationship.

And then finally, if you could also maybe speak to how the economics of that arrangement will work and whether you'd be able to consolidate that on your financial statements. So maybe just a more broad kind of economic update on the upcoming Kentucky opportunity.

Charles Bachtell
Co-Founder, CEO & Director

Sure, Andrew. So I might take it in reverse order. We'll be consolidated with the financials. The relationship was established through the application process. So from a cost of acquisition standpoint it was part of the application process.

And then as far as CapEx associated with it, again, it will be a scaled ramped-up approach as other infrastructure and investment and adoption comes online through Kentucky. So incremental in 2025 and more to come as the program ramps up.

Andrew Semple
Ventum Financial Corp., Research Division

Understood. And then maybe turning to the margin profile. You previously guided or indicated 50% is a reasonable target over the longer term. Though in the prepared remarks, you mentioned there might be some ongoing margin pressure with ramping up cultivation facilities in Illinois and Pennsylvania. Just wondering how you're feeling about the 50% level for all of 2025, whether that's still a reasonable target given you will have some opportunities for margin enhancements in the back half of the year. How do you feel about that level for the full year?

Charles Bachtell
Co-Founder, CEO & Director

No, long term and full year, no change. Position is still there. We might feel some pressure in Q1 and Q2 before some of these additional initiatives start to contribute. But again, we manage the company for the long term. The quarter-to-quarter noise, it's inherent in the industry and it's dependent on specific footprints, confident long-term view, and that's how we manage the company.

Operator

Our next question comes from Aaron Grey with Alliance Global Partners.

Aaron Thomas Grey
Alliance Global Partners, Research Division

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Congrats on Kentucky and definitely seems to have more of a tone of returning to the offensive here that we're hearing. So on that note, I did want to touch a little bit more in terms of CapEx initiatives. You alluded to needing to meet more demand and supply constraints in markets like Illinois and Pennsylvania. Are those more modest investments? Obviously, you've been in those markets for a while. Or more material investments for expansion there? So any color on that?

And then just how you're thinking about CapEx initiatives in terms of whether or not deploying that to more in existing markets, maybe New York is even more attractive or if you think that's better to put it into new markets like you're doing with Kentucky?

Charles Bachtell
Co-Founder, CEO & Director

So as it relates to Illinois and PA, to your point, those are relatively light touch because they're existing facilities. In the course of the last couple of years, as productivity of these states and demand has developed, it was just good management for us to actually turn off some of the capacity that we have. So it's turning that back on. So incremental and modest investments needed to do that.

As it relates to Kentucky, just to hit on again, we'll take a phased approach there. We're very excited about it. That license, as I said in the prepared remarks, it allocates or it's allocated over 20% of the available canopy in the state. So we really like the opportunity that it gives us, but we'll manage the CapEx investment to be in line with the development of that marketplace itself.

And then as far as states like New York, it's going to be a continuing evaluation. We're -- the way that we allocate and deploy capital is going to be based on the highest likelihood of the highest return. And New York still has the issue of the fee associated with it. So we're encouraged by the development of the overall market in New York. We'll continue to monitor it, but we still feel like there are other opportunities for the deployment of capital that have a better return.

Aaron Thomas Grey
Alliance Global Partners, Research Division

And then just in terms of potential federal reform, you've always had strong pulls on D.C. So just anything you've had in terms of your conversation, I know you went down for the inauguration as well. So any color you could provide in terms of anticipation for potential reform or any conversations that you've had around that with lobbyists or otherwise?

Charles Bachtell
Co-Founder, CEO & Director

Sure. What I would say is the -- I still remain so confident in the story that cannabis has to tell. It's such a common-sense story. You're at the point where 40 out of 50 states have legalized cannabis for one reason or another. And we're at the point where we've just been waiting for a common-sense audience to take a common-sense approach to it.

And if I look at the lay of the land ahead of us, the obligation is on us to make sure that we tell the cannabis story in a way that the current administration can hear it and see it for what it is, which is it just needs a common-sense approach brought to it from a reform perspective.

So like you said, you was down there earlier this year. You've seen the efforts from the industry and the leading participants to bring associations together to really mature in our approach to D.C. to get the reform that the industry needs. So we'll continue to do it and optimistic about the outlook, but the obligation is on us to deliver.

Operator

Our next question comes from Frederico Gomes with ATB Capital.

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

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Just talking about capital allocation, you mentioned you're looking at high ROI opportunities. We've seen some other companies in the industry investing in the hemp-derived CBD market. So just curious if that's something that you look at as a potential capital allocation alternative?

Charles Bachtell
Co-Founder, CEO & Director

So as we stated in the prepared remarks, we see opportunities for capital deployment into new markets that we're not in yet. And we're intent on moving forward with these great opportunities. But also, like we said, we're going to be very diligent, and we're going to make sure that we make the right decisions at the right states at the right time to deploy that capital. But we are excited about the opportunities that are out there.

As far as it relates to the hemp issue, again, we see opportunities that the intoxicating hemp area are providing for not only current operators, but for consumers. And I know, Greg, you've got a position on this too, to share.

Gregory Butler
President & Chief Transformation Officer

I think as it comes to hemp, obviously, we're very, on one side excited about hemp is bringing new consumers into the category, which helps drive trial. Obviously, more difficult when it comes back to that business versus our traditional business. We are confident that our brands would do really well in hemp. And we have a point of view on how our brands would enter hemp.

The fundamental issue we still have with the hemp business, though, is can you make good margin with the current infrastructure and the current structural realities of hemp. And given where we are to Charles' point, for the next dollar investment, as we see more operators, whether it's operators in states or store operators looking to find new strategic partners for growth, we think the next best dollar for us is to really go towards adding states that are driving the majority of the growth that's happening in the market today or building on more infrastructure in those states that we operate today, have a leading market position and now drive good margin.

So every time we look at the hemp opportunity, it's interesting, it's exciting. There's growth there from a consumer perspective. But financially, I think there are things that are closer into us that makes more sense right now.

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

And then second question, just on M&A. As you look to enter new potential markets, just curious how valuations are looking right now, how is the potential pipeline? We've seen in the public markets, obviously, valuations have come down. Just curious if your opportunity to deploy capital into M&A to enter new markets has improved recently? And how do you think that looks compared to 2024?

Charles Bachtell
Co-Founder, CEO & Director

Sure. The opportunities are there, because as you're seeing, there's challenges that are inherent in the industry. And whether or not organizations are built to be able to manage through it and execute at the level that's needed today, create opportunities. And what we're proud of is, what we've done over the last 2 years to be able to put ourselves into a position to take advantage of these opportunities as they become available.

The operational cash flow that we've been able to generate from this business is exactly what we've been focused on for the last 2 years is to give ourselves the resources and the operational structure and the team members and the systems that are needed in order to maximize the opportunities that are going to present themselves that lead to this long-term approach to success in the space. So there's definitely opportunities that are making themselves available in states that we're not in yet, and we are in a very good position to be able to capitalize on those.

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Operator

The next question comes from Bill Kirk with ROTH Capital Partners.

Nicholas Steven Anderson
ROTH Capital Partners, LLC, Research Division

This is Nick on for Bill. First one for me. I just wanted to follow up on the wholesale side with the new dispensaries that have come online kind of across the board in the past 12 to 18 months here, just wondering if you could provide an update on your current penetration level in some of your key markets versus maybe your goal throughout 2025. Just how you're weighing the wholesale growth opportunity given the amount of new doors out there would be helpful.

Charles Bachtell
Co-Founder, CEO & Director

Greg will take this one.

Gregory Butler
President & Chief Transformation Officer

Nick, you're absolutely correct. We are seeing new door growth across most of our core states. On one hand, it's a good thing for the industry. It's making it easier for shoppers to get access to cannabis, to get traffic. It also increases competition, and that's really what we're seeing.

As Charlie mentioned earlier, one of the biggest drivers of price compression is coming or at least started at the retail front, whether that's retailers are willing to run a store at a lower margin or retailers are competing with each other to win valuable foot traffic. That's really the macro driver of what's happening in price compression right now. As Charlie mentioned, probably not going to slow down over the next couple of quarters as these doors are using price as a lever to help build up their base.

From a penetration perspective on our wholesale business, one of the things we're really proud about is the performance of our brands. We still have some of the top-performing brands in the states that we operate in. Our penetration rates in those doors are hitting our goals. So we're getting in. We're getting the assortment we like. We're seeing really strong velocities on our brands. And so from a sales perspective, really encouraged that when our brands get on the shelf, not only do we see velocities behind it, but it's a pretty good profit story for the retailer as well.

The one thing we're just watching or the 2 things, I should say, we're watching is, how much price is being used as a lever to win traffic. And then two, as Sharon mentioned, we just have to be very careful with AR. We've got a lot of customers that are, in essence, borrowing by not paying AR. And even though those are good customers and our brands are performing well on their shelves, we're not in a position to extend credit to new doors as we go forward. And so one thing we're going to manage really closely here.

Nicholas Steven Anderson
ROTH Capital Partners, LLC, Research Division

That's great. I appreciate that color. Second one for me, just on the loyalty program, you're up to about 373,000 this quarter. That's encouraging sequential growth. Is that program fully rolled out across all your markets currently? Can you just provide a little color on what you've seen also in terms of basket size and economics from these loyalty users?

Gregory Butler
President & Chief Transformation Officer

Yes. I think from a loyalty perspective, what everything we're doing at Sunnyside right now, we're really pleased with. I think its ability to continue to drive share gains and above fair share performance is a demonstration of what that team has been able to build.

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Loyalty, we still think there's room to grow with loyalty, both on expansion and also getting more of our shoppers to continue to use loyalty. So it will be a big push for us because of what you just said. It gives us really incredible data on shopper behavior, which we're able to use to help drive increased baskets.

So things that we're doing right now, which you've probably seen, which is helping with our basket sizes is win-back offers to any customer we may have lost due to a new store opening across the street, basket building offers. So starting to get into predictive modeling of if you tend to buy one form, how do we add a different form into that basket to try to get you to grow. Because one of the biggest assets we have is we have a really strong customer base in our stores that are coming in frequently.

In fact, I think they're probably going to come in more frequently as we see what happens in the next couple of months with the economy. But I think the trend that I'd expect to see in cannabis is more frequent trips, maybe smaller baskets because they're trying to make their weekly -- sorry, biweekly paycheck or weekly spending go further. So loyalty is key for us. It's going to be something you're going to see more of us as we go forward.

Operator

At this time, we have no further questions. And so I'll turn the call over to Charlie Bachtell, CEO, for closing remarks.

Charles Bachtell
Co-Founder, CEO & Director

I want to thank everybody for joining us today. Again, I want to reiterate the giant thank you and congratulations to the Cresco team for an incredible 2024. And we'll talk to everybody in a couple of months. Thank you.

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

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