

PROFITABILITY AND GROWTH FROM THE CORE

AUGUST 2023

C R E S C O L A B S[®]

CSE: CL

OTC: CRLBF



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CRESCO LABS TODAY

Leading wholesaler of branded cannabis products and highly productive retailer



#1 Branded Market Share
in 3 \$B+ Markets



69
Operating Retail Locations²



\$22B
Addressable Market¹



3,000+
Employees



4.6M
Transactions Annually



~\$490M
FD Market Cap
as of 8/15/23



14
Production Sites



1,600+
Dispensaries Selling Branded
Products



\$198M
2Q23 Revenue



900K
Total Cultivation Facility Square
Footage



#1 Wholesaler
of Branded Products in Cannabis¹



47%
2Q23 Adj. Gross Profit
Margin³



Industry 1st
MSO-operated Social Equity
Program



#1 Share
in Flower and Concentrates; #3 in
Vapes and #4 in Edibles¹



20%
2Q23 Adj. EBITDA
Margin³

Note: Numbers are approximate

¹According to BDSA market size estimates for 2025 and branded sales data for the second quarter of 2023

²As of August 15, 2023

³Adj 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 17.

THE YEAR OF THE CORE

Focus on driving growth and profitability from existing footprint

ESTABLISHED MARKET GROWTH

ILLINOIS:

- #1 wholesale market share
- Leader in all form factors
- Retail stores over-index fair share by 60%
- 185 new independent retail doors to open, expanding addressable wholesale market by 1.8x
- New form factors, brand extensions

MASSACHUSETTS:

- #1 wholesale market share
- #1 in flower & concentrates
- New form factors, brand extensions

MICHIGAN:

- Top 10 wholesale market share
- New form factors, brand extensions

GROWTH CATALYSTS

PENNSYLVANIA:

- #1 wholesale market share
- #1 in flower, concentrates & vapes
- 3 new stores opened in 2023; 2 more pending openings in 2023
- New form factors, brand extensions
- Adult-use conversion in 2024-2025

FLORIDA:

- 10 new stores opened in 2023; 2 more pending openings
- New form factors, brand extensions
- Adult-use conversion in 2024-2025

OHIO:

- New form factors, brand extensions
- Adult-use conversion in 2024-2025

NEW YORK:

- Adult-use conversion in 2024-2025

RESTRUCTURING & MARGIN IMPROVEMENT

CALIFORNIA:

- Closed low-margin cultivation, manufacturing & distribution facilities in 2023
- Reorganized remaining operations to improve margins via utilization of a 3rd party distribution partner

MARYLAND:

- Divested low-margin production facility in 2023
- Evaluating asset-light models to participate in adult-use market

ARIZONA:

- Closed low-margin cultivation facility in 2023

POSITIONED FOR OPPORTUNISTIC GROWTH

Improving cash flow from existing footprint to fuel future growth

CASH GENERATION

OPTIMIZE

- Actions taken to significantly reduce SG&A over next 12 months
- Improving liquidity through the sale of redundant assets
- Streamlining operations by exiting high-cost facilities and markets
- Implementing more effective tax management strategies

INVEST WISELY

- Investments in automation to optimize manufacturing costs and improve gross margin
- Leveraging technology and operational improvements to drive retail asset efficiency

REINVEST & DEPLOY

TARGETED GROWTH INITIATIVES

- Focusing on profitable markets with established growth catalysts
- Continued investment in core capabilities that drive best-in-class tech, brands, and customer service model
- Pursuing niche, targeted M&A opportunities with a low-risk profile

STRATEGIC PARTNERSHIPS

- Launching strategic partnerships that expand reach and revenue generation, driving scale in existing cost base
- Exploring asset-light partnerships in new and existing markets

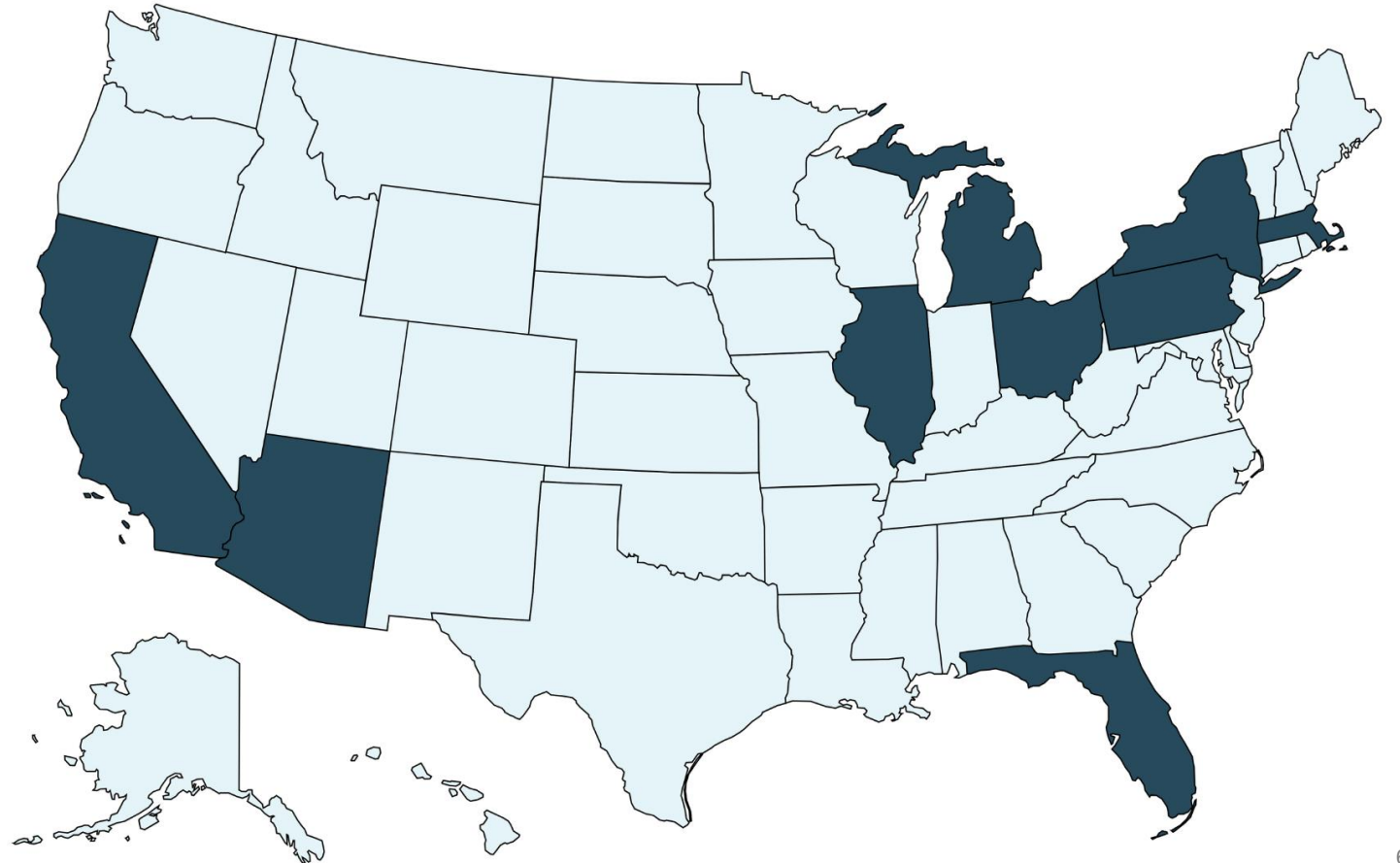
CRESCO LABS FOOTPRINT

Nationally scaled, regionally dominant, poised to unlock the value of adult use in key markets

CRESCO LABS 2025 MARKET POTENTIAL

THE MOST INVESTABLE FOOTPRINT IN CANNABIS

- Presence in 9 U.S. markets
- 8 of BDSA's top-10 largest markets¹
- 8 states with >\$1B in annual sales SALES¹
- Access to 140M people; 35% of the U.S.; over 65% of addressable cannabis market
- #1 share in 3 markets today – IL, PA, MA



¹BDSA market forecasts January 2023
Excludes recently divested Maryland production assets

STATE-BY-STATE ASSET SUMMARY

Strong positions in markets that matter – driving share leadership today and capturing growth of tomorrow

		Today's Top AU Markets					AU in '23-24	Future Growth			
		CA	MI	IL	MA	AZ	NY	FL	PA	OH	TOTAL
Population	#MM	39.5	10.1	12.8	7.0	7.2	20.2	21.5	13.0	11.8	143.3
Legal Status	AU/M	Both	Both	Both	Both	Both	Both ¹	M	M	M	6 AU+M 3 M
2025E Market Size	\$B	\$5.6	\$2.6	\$2.4	\$1.8	\$1.4	\$2.4	\$3.7	\$1.6	\$0.8	\$22.3
Current Operational Dispensaries	#	--	--	10	4	1	4	32	13	5	69
Dispensary Licenses	#	--	--	10	4	1	4	35+ ²	15	5	74+

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

¹Adult-use cannabis approved; however, sales have not commenced

²Unlimited licenses, target for YE '23

Note: Excludes recently divested production assets in Maryland

CULTIVATING QUALITY AT SCALE

SUPERIOR CULTIVATION & MANUFACTURING EXPERTISE

Over 900,000 square feet of quality cultivation



QUALITY CULTIVATION...

- 900,000 SQUARE FEET OF CULTIVATION
- HARVESTED OVER 1.5 MILLION POUNDS OF CANNABIS IN 2022
- AVERAGE POTENCY OF 25% IN 2022
- OVER 400 UNIQUE STRAINS GROWN IN 2022

...YIELDS QUALITY PRODUCTS

- PROCESSED 1.6 MILLION GRAMS OF CONCENTRATES
- PRODUCED OVER 6.5 MILLION VAPE PENS AND CARTS
- MANUFACTURED 66 MILLION GUMMIES
- PRODUCED 8.5 MILLION UNITS OF PACKAGED, BRANDED FLOWER

excellent
ERYD

CRESCOLABS

AMERICA'S LEADING CANNABIS BRANDS

CRESCO












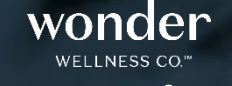


FLORACAL
FARMS



PROVEN DEPTH IN WHOLESALE

Leading wholesaler, with the most popular cannabis brands in America

LEADING PORTFOLIO OF BRANDS¹

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

#1

BRANDED WHOLESALER

#1

SELLING FLOWER PORTFOLIO

#1

SELLING CONCENTRATES PORTFOLIO

#3

SELLING VAPES PORTFOLIO

#4

SELLING EDIBLES PORTFOLIO

#1

MARKET LEADER IN IL, PA & MA

GROWING FOR YOU

¹According to BDSA branded sales data for 2Q 2023

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

HIGHLY PRODUCTIVE RETAILER

SUNNYSIDE WRIGLEYVILLE/LAKEVIEW
CHICAGO, IL

PROVEN DEPTH IN RETAIL

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



HIGHLY PRODUCTIVE RETAIL...

- 69 RETAIL LOCATIONS ACROSS 7 STATES
- 2 ADDITIONAL LOCATIONS TO OPEN IN PENNSYLVANIA
- ADDITIONAL LOCATIONS TO OPEN IN FLORIDA
- #1 RETAIL SHARE IN ILLINOIS; OVER-INDEX TO FAIR-SHARE IN IL, PA & OH
- AVERAGE REVENUE PER STORE IN TOP 3 STATES OVER \$15 MILLION

...LOYAL CUSTOMERS

- PROCESSED ALMOST 4.8 MILLION TRANSACTIONS IN THE PAST YEAR
- ADDED OVER QUARTER MILLION NEW CUSTOMERS TO THE SUNNYSIDE FAMILY IN THE PAST YEAR
- PROPRIETARY E-COMM PLATFORM PROCESSED OVER 11 MILLION TRANSACTIONS (~\$1.2 BILLION IN ORDERS) SINCE INCEPTION
- Q2 RATING 4.6/5 STARS; 91% POSITIVE RATINGS

COMMITMENT TO OUR COMMUNITIES

The industry's first MSO-operated Social Equity Program



 **SEED**

COMMUNITY BUSINESS INCUBATOR

EDUCATION & WORKFORCE DEVELOPMENT

RESTORATIVE JUSTICE



BILL LESLIE VISIONARY AWARD

CRESCO
LABS®



GROWING FOR YOU

FINANCIAL RESULTS – 2Q 2023



FINANCIAL HIGHLIGHTS

Capitalization Summary

SHARES OUTSTANDING

Share Class (# in millions)	as of 6/30/2023
Super Voting Shares	0.5
Redeemable Units	99.2
Subordinated Voting Shares	317.3
Proportionate Voting Shares (as converted)	19.5
Dilutive Securities (including all Warrants, Options, RSUs)	33.8
Total Fully Diluted Shares Outstanding as of 6/30/2023	470.3¹

NET DEBT

Balance (\$Millions)	as of 6/30/2023
Debt Outstanding (ST)	\$18.3
Debt Outstanding (LT)	471.6
Long-term Leases	150.0
Total Debt	\$639.9
Cash and Equivalents (incl. restricted cash)	74.8
Net Debt	\$565.1

1) Error due to rounding

FINANCIAL HIGHLIGHTS

Reconciliation of Non-GAAP Measures

ADJUSTED GROSS PROFIT

For the Three Months Ending 6/30/2023

	Q2'2023	Q2'2022
Revenue, net	\$197.9	218.2
Cost of goods sold (COGS)	111.2	105.4
Gross profit	86.7	112.8
Fair value of mark-up for acquired inventory	0.0	0.1
COGS adjustments for acquisition and other non-core costs	5.9	2.7
Adjusted gross profit (Non-GAAP)	\$92.6	\$115.6
Adjusted gross profit % (Non-GAAP) ¹	46.8%	53.0%

ADJUSTED EBITDA

For the Three Months Ending 6/30/2023

	Q2'2023	Q2'2022
Net (loss)	(\$43.5)	(\$8.3)
Depreciation and amortization	14.0	13.1
Interest expense, net	19.2	12.0
Income tax expense	13.9	23.6
EBITDA (Non-GAAP)	\$3.7	\$40.5
Other (income) expense, net	(0.4)	(4.7)
Fair value mark-up for acquired inventory	0.0	0.1
Adj. for acquisitions other non-core costs	13.5	7.2
Impairment loss	21.5	0.0
Share-based compensation	2.2	7.5
Adjusted EBITDA (Non-GAAP)	\$40.5	\$50.6
Adjusted EBITDA %	20.5%	23.2%

THANK YOU

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