

PROFITABILITY AND GROWTH FROM THE CORE



THIRD QUARTER 2024
NOVEMBER 8, 2024

CSE: CL
OTC: CRLBF

CRESCOLABS®

DISCLAIMER

Forward-Looking Information and Statements

This presentation contains “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the control of Cresco Labs Inc. (“Cresco Labs”), including statements regarding Cresco Labs’ expected financial performance, the current and projected market and growth opportunities for the company, and the timing and completion of announced acquisitions, including all required conditions thereto. Often, but not always, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as, ‘may,’ ‘will,’ ‘should,’ ‘could,’ ‘would,’ ‘expects,’ ‘plans,’ ‘anticipates,’ ‘believes,’ ‘estimates,’ ‘projects,’ ‘predicts,’ ‘potential’ or ‘continue’ or the negative of those forms or other comparable terms. Forward-looking statements and information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Cresco Labs or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including but not limited to those risks contained in the public filings of Cresco Labs filed with Canadian securities regulators and available under Cresco Labs’ profile on SEDAR at www.sedar.com, including the information under the heading “Risk Factors” in Cresco Labs’ annual information form for the year ended December 31, 2023, and with the United States Securities and Exchange Commission (the “SEC”) through EDGAR at www.sec.gov/edgar, including Cresco Labs’ annual report on Form 40-F for the year ended December 31, 2023; and other factors, many of which are beyond the control of Cresco Labs.

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Non-GAAP Financial Measures

This presentation reports its financial results in accordance with U.S. GAAP and includes certain non-GAAP financial measures that do not have standardized definitions under U.S. GAAP. The non-GAAP measures include: Earnings before interest, taxes, depreciation and amortization (“EBITDA”); Adjusted EBITDA; Adjusted EBITDA margin; Adjusted gross profit; Adjusted gross profit margin; Adjusted selling, general and administrative expenses (“Adjusted SG&A”), Adjusted SG&A margin; and Free Cash Flow are non-GAAP financial measures and do not have standardized definitions under U.S. GAAP. The Company defines these non-GAAP financial measures as follows: EBITDA as net loss (income) before interest, taxes, depreciation and amortization; Adjusted EBITDA as EBITDA less other (expense) income, net, fair value mark-up for acquired inventory, adjustments for acquisition and non-core costs, impairment and share-based compensation; Adjusted EBITDA Margin as Adjusted EBITDA divided by revenues, net; Adjusted gross profit as gross profit less fair value mark-up for acquired inventory and adjustments for acquisition and non-core costs; Adjusted gross profit margin as Adjusted gross profit divided by revenues, net; Adjusted SG&A as SG&A less adjustments for acquisition and non-core costs; Adjusted SG&A margin as Adjusted SG&A divided by revenues, net; and Free Cash Flow as Net cash provided by operating activities less purchases of property and equipment and proceeds from tenant improvement allowances. The Company has provided the non-GAAP financial measures, which are not calculated or presented in accordance with U.S. GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with U.S. GAAP and may not be comparable to similar measures presented by other issuers. These supplemental non-GAAP financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the business. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the U.S. GAAP financial measures presented herein. Accordingly, the Company has included below reconciliations of the supplemental non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

WELL-POSITIONED TO CREATE VALUE

Leading Portfolio of Brands and Dispensaries that Outperform the Market



(1) Based on Q3 2024 BDSA Data
(2) As of September 30th, 2024
(3) Based on internal and state data

REVIEWING THE YEAR OF THE CORE

Setting a New Standard for Ourselves

Q3 2024

Key Takeaways



Topline Revenue of \$180 Million, strong brand performance and retail productivity helping to offset price compression



Adjusted EBITDA Margin Expansion of ~280 Basis Points Year-Over-Year through operational efficiencies, retail performance and strengthening our footprint.

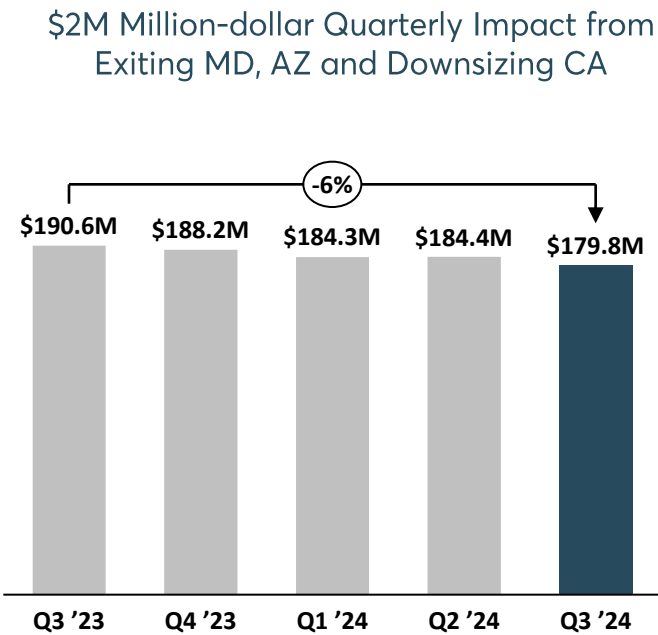


Improved YTD Operating Cash Flows by 66% Year-Over-Year while continuing to invest in wholesale and retail capabilities and sustained innovation.

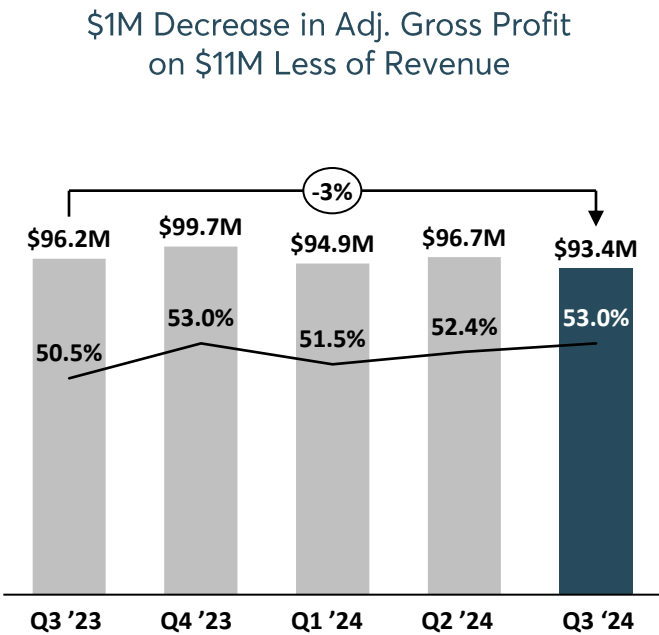
REVIEWING THE YEAR OF THE CORE

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

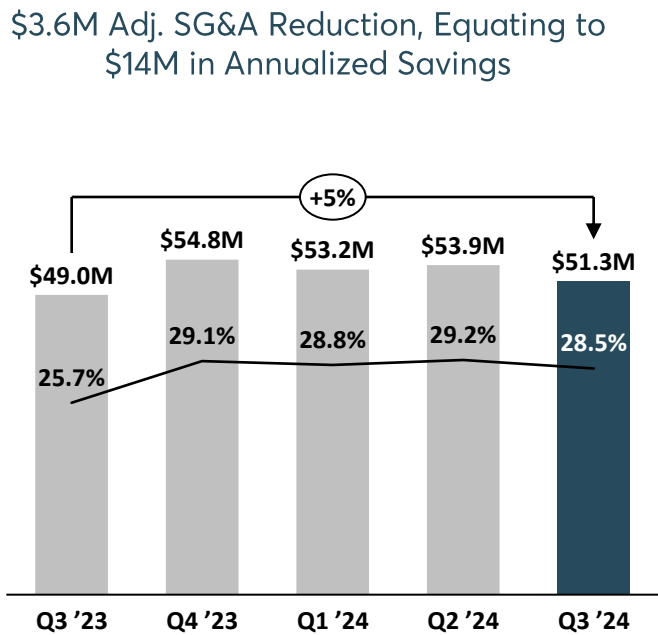
REVENUE



ADJ. GROSS PROFIT



ADJ. EBITDA

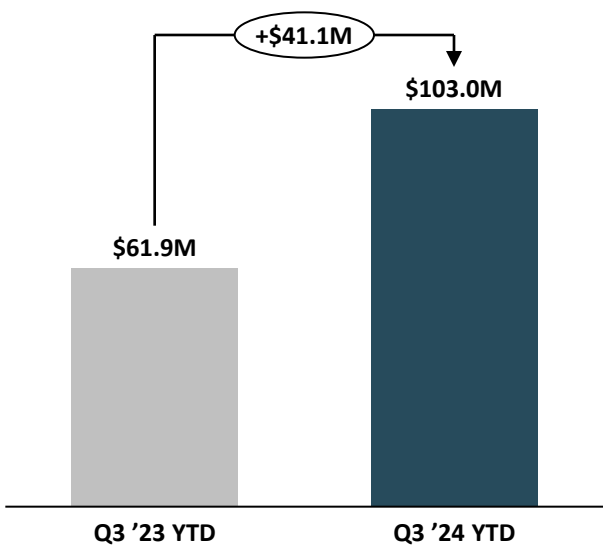


STRENGTHENING OUR BALANCE SHEET

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

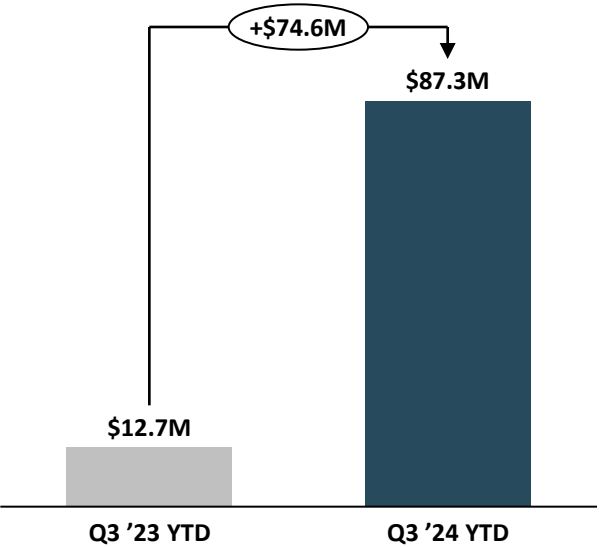
OPERATING CASH FLOW

Prioritizing Profitability and Cash Flow Conversion With Over 66% Increase in Operating Cash Flow



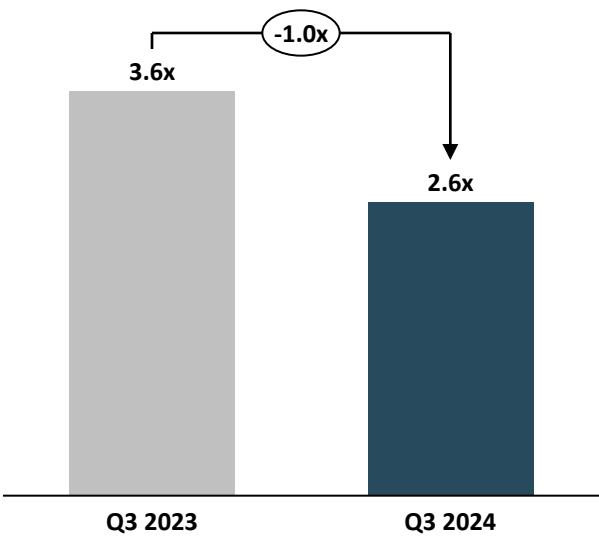
FREE CASH FLOW

Making Smart Investments Focused on Improving Profitability and Operating Leverage, with Near-Term Paybacks



LEVERAGE

Materially Improving Leverage (Net Debt to Annualized Adjusted EBITDA)



2024 CORE GROWTH PRIORITIES

Creating the Strongest and Most Valuable Cresco Labs

RETAIL

Sunnyside*

C R E S C O

GOOD
NEWS

HIGH
SUPPLY

MINDY'S
— WORLD'S BEST TASTING EDIBLES —

FLORACAL

Remedi

wonder

WHOLESALE BRAND
PORTFOLIO

STRATEGIC
FOOTPRINT

Maximize
Adult-Use
Conversions

INDUSTRY
LEADING
BRANDS

Win with
Independent
Dispensaries

HIGHLY
PRODUCTIVE
RETAIL

Expand Retail
Network &
Efficiency

MAXIMIZING ADULT-USE CONVERSIONS

Well-Positioned to Capture Outsized Share of the \$2-4 Billion Opportunity in the Next Few Years¹

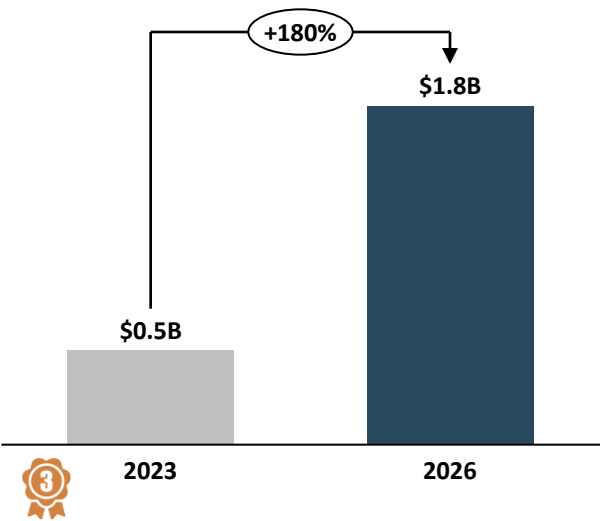
OHIO

#3 Overall Brand Share

5% Branded Market Share^{2,3}

5 Stores

8% Retail Share; >2x Retail Fair Share²
Adding 3 Retail Licenses in Adult-Use



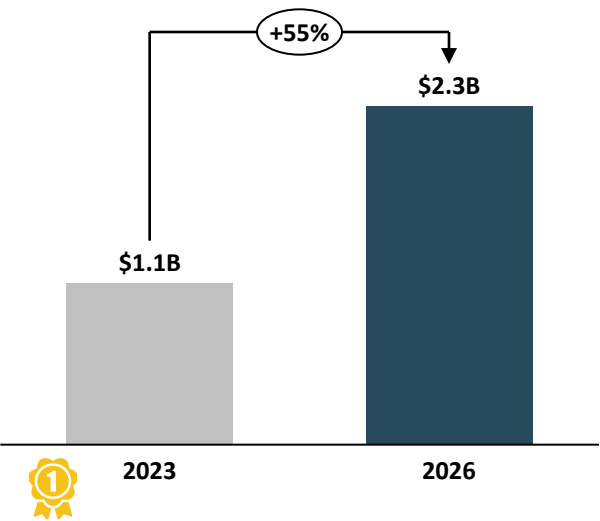
PENNSYLVANIA

#1 Overall Brand Share

16% Branded Market Share³

17 Stores

9% Retail Share; >1x Retail Fair Share²
Added 4 New Doors Over TTM



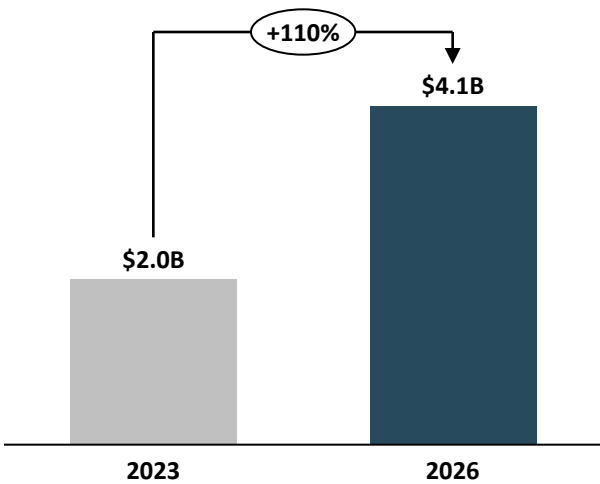
FLORIDA

5% Flower Market Share⁴

~170% Increase in OMMU Flower
Volume Over TTM

33 Stores

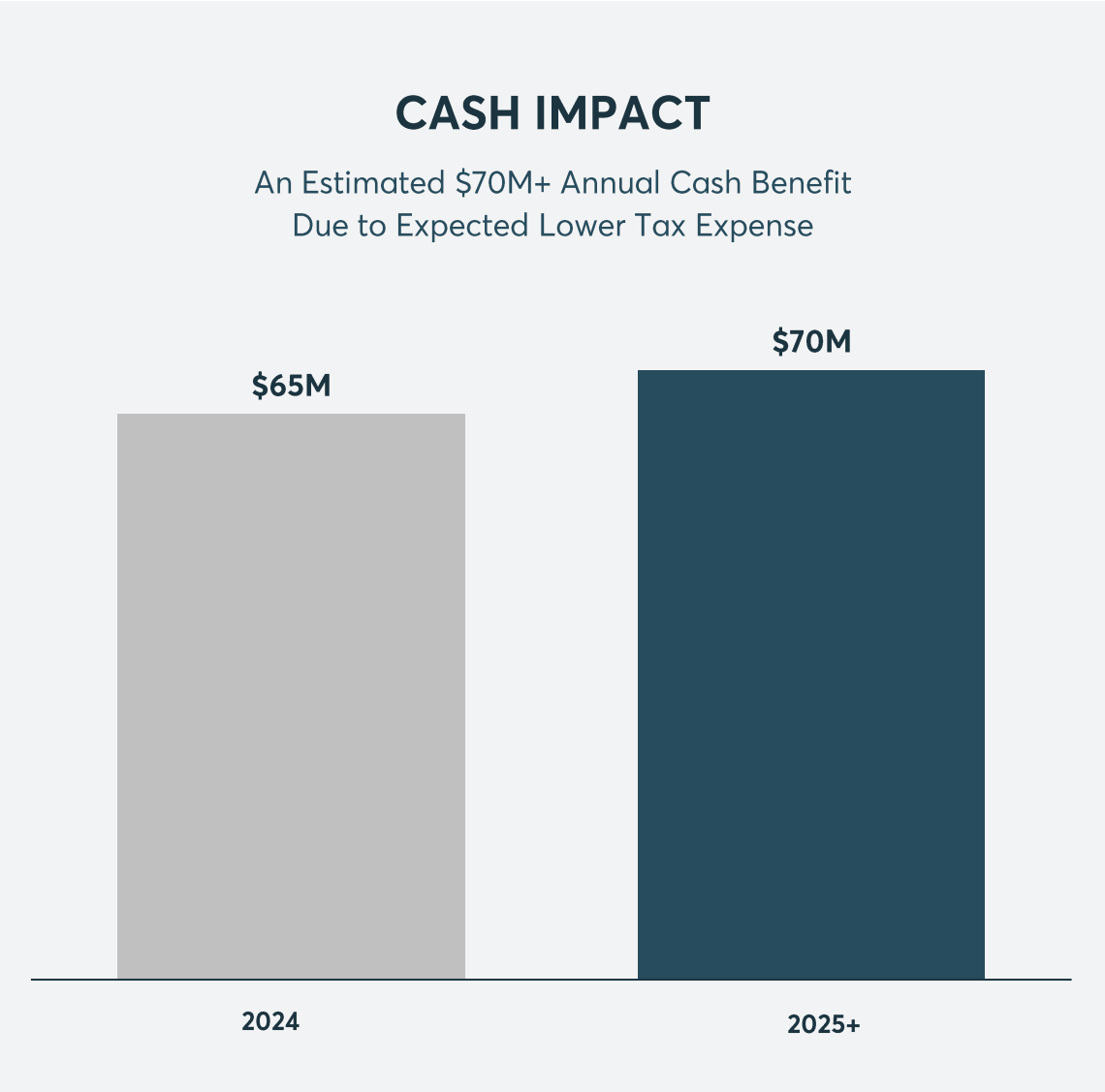
Growing Revenue Per Dispensary Faster Than the
State Average, with +64% Growth YoY



(1) Based on BDSA Market Forecast
(2) Based on Internal and State Data; Top 3 MSO Branded Portfolio
(3) Based on Q3 2024 BDSA Data
(4) Based on OMMU Q3 Volumes

TAX STRATEGY

Revised Tax Position that Will Normalize Taxes and Drive Material Cash Flow Generation



For 2023 and beyond, the Company intends to file taxes as a normal business, **resulting in an estimated annualized cash benefit of ~\$70M annually**



Tax position supported by **thoughtfully designed legal approach, crafted with expert advisors**, regarding the applicability of Section 280E to the Company's business



Corresponding Uncertain Tax Position (UTP) will be booked to reflect the risk of challenge to the tax savings generated by the change in filing position





AMERICA'S LEADING CANNABIS BRANDS

CRESCOLABS®

PROVEN DEPTH IN WHOLESALE

Leading Wholesaler with the Most Popular Cannabis Brands in America

LEADING PORTFOLIO OF BRANDS¹

BEST BETTER GOOD	 FLORACAL™	 FLORACAL™	 FLORACAL™ MINDY'S <small>— CHEF LED ARTISANAL EDIBLES —</small>	 FLORACAL™	 Remedi™	#1	Market Leader in IL, PA & MA
	 CRESCO™	 CRESCO™	 GOOD NEWS™	 CRESCO™		#2	Selling Concentrates Portfolio
	 HIGH SUPPLY™	 GOOD NEWS™  HIGH SUPPLY™	 wonder <small>WELLNESS CO.™</small>	 HIGH SUPPLY™		#2	Selling Flower Portfolio
	FLOWER	VAPE	EDIBLES	CONCENTRATES		#4	Selling Vapes Portfolio
				MEDICINALS		#5	Selling Edibles Portfolio

(1) According to BDSA branded sales data for Q3 2024, inclusive of Kiva partnership in Illinois and Khalifa Kush partnership in MA.

PREMIER CULTIVATION

Investing in Leading Cultivation Techniques, Technology & Genetics

LEADING CAPABILITIES & EXCLUSIVE GENETICS

Investing In Technology and Equipment

Smart Investments In Ohio, With 106% Increase In Grams Produced YoY On Only 20% More Sq. Ft. of Canopy ⁽¹⁾

Investing In Proprietary Genetics Library

Ongoing In-House Breeding Program With Goal of 50% of Menu 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 Q3 2024 Compared to Q3 2023

SUPERIOR MANUFACTURING

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

INNOVATIVE INFUSION, LEADING AUTOMATION & LIMITED TIME OFFERINGS

EFFECTS-ENHANCING ADDITIVES



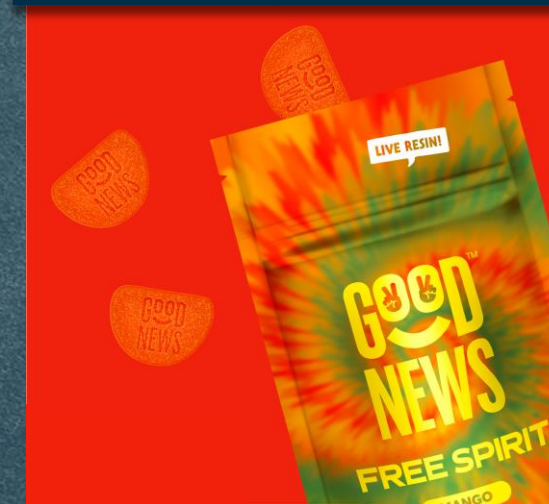
BARREL-STYLE PRE-ROLLS



PATENTED PROCESS



LIMITED TIME OFFERINGS



Featuring Wonder Sleep Gummies with CBN and Melatonin, Good News Infused Barrel-Style Pre-rolls, Cresco Liquid Live Resin Cartridge, Good News Free Spirit Live Resin Gummies (Limited Time Offering)

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

72

As of September 30, 2024

OUTPERFORMING INDUSTRY

1.4x

Average Index-to-Fair-Share in Market

As of September 30, 2024, based on internal and state data.

OUTPERFORMING IN OUR MARKETS

Delivering Growth and Delighting Shoppers through Premier Retail Capabilities

RETAIL MARKETING



DRIVING CUSTOMERS IN
MORE FREQUENTLY

21%

*Increase in Trips per Customer,
Q3 2024 YoY*

RETAIL OPERATIONS



SELLING MORE
PER CUSTOMER

10%

*Increase in Grams Per Ticket Sold,
Q3 2024 YoY*

ASSORTMENT STRATEGY



GROWING BASKETS WITH
BETTER ASSORTMENT

2%

*Increase in Units Per Transaction,
Q3 2024 YoY*

SUNNYSIDE.SHOP

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

DIGITAL SHOPPER

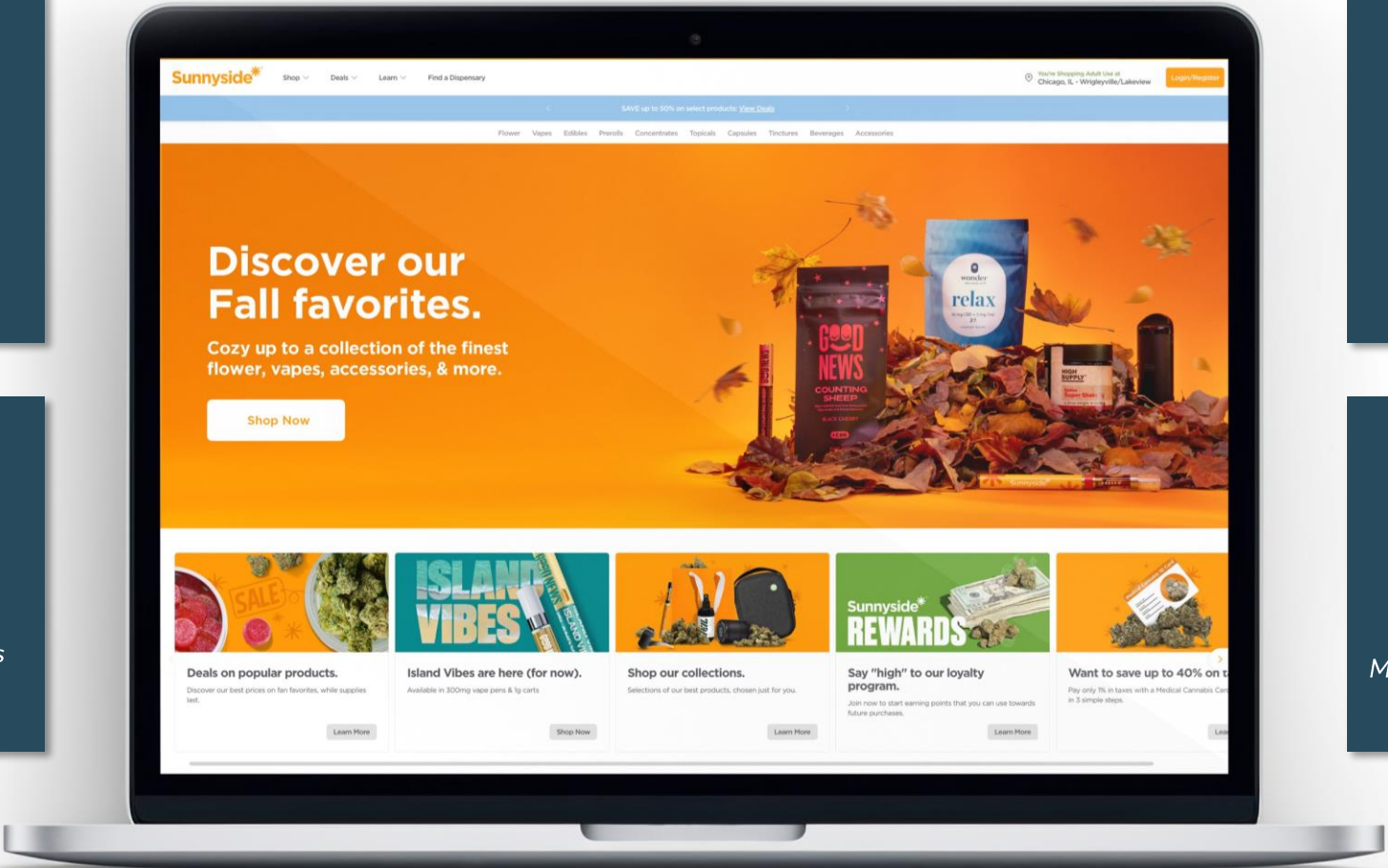
76%

*Of Q3 2024 Customers
Were Digital Shoppers*

SHOPPER LOYALTY

+7%

*Sunnyside Rewards Member
Growth QoQ to +356K members*



CUSTOMER
RETENTION

63%

*of Q2 2024 Customers
Returned in Q3 2024*





DELIGHTING
SHOPPERS

62%

*Increase in Reviews YoY, While
Maintaining Average Review Rating*

STATE-BY-STATE ASSET SUMMARY

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

As of June 30, 2024		CA	MI	 IL	 MA	NY	 OH	FL	 PA	TOTAL
Population	#MM	39.5	10.1	12.8	7.0	20.2	11.8	21.5	13.0	135.9
Legal Status	AU / M	Both	Both	Both	Both	Both ¹	Both ¹	M	M	6 AU+M 2 M
2025E Market Size	\$B	\$5.1	\$3.7	\$2.1	\$1.8	\$1.8	\$1.1	\$3.7	\$1.5	\$20.8
Operational Dispensaries	#	--	--	10	4	3	5	33	17	72
Dispensary Licenses	#	--	--	10	4	4	8 ³	35+ ²	18	79+

Source: Company Reports, BDSA, U.S. Census
¹Adult-Use Cannabis Approved; However Sales Have Not Commenced
²Unlimited Licenses
³Anticipated under Adult-use program

OUR COMMITMENTS

Unwavering In Our Mission to Normalize and Professionalize Cannabis

COMMITTED TO OUR EMPLOYEES



2024 YTD, 61% of our Employees Onboarded were Female or Minority.

COMMITTED TO OUR COMMUNITIES



2024 YTD, Our Employees Have Volunteered More than 5,600 Hours to our Communities.

COMMITTED TO LEGISLATION REFORM



Cresco Labs Remains the Industry Leader in Federal Cannabis Reform and Section 280E Rescheduling

FINANCIAL RESULTS



CRESCOLABS®

FINANCIAL HIGHLIGHTS

Capitalization Summary

SHARES OUTSTANDING

Share Class (# in millions)	as of 09/30/2024
Super Voting Shares	0.5
Redeemable Units	92.8
Subordinated Voting Shares	330.0
Proportionate Voting Shares (as converted)	17.7
Dilutive Securities (including all Options, RSUs)	33.8
Total Fully Diluted Shares Outstanding as of 09/30/2024	474.8

NET DEBT

Balance (\$ in Millions)	as of 09/30/2024
Debt Outstanding (ST)	\$22.2
Debt Outstanding (LT)	499.3
Long-term Leases	157.7
Total Debt	\$679.2
Cash and Equivalents (incl. restricted cash)	159.8
Net Debt	\$519.4

Tables may not add due to rounding

FINANCIAL HIGHLIGHTS

Reconciliation of Non-GAAP Measures

ADJUSTED GROSS PROFIT

For the Three Months Ending September 30
(\$ in Millions)

	Q3 2024	Q3 2023
Revenue, net	\$179.8	\$190.6
Cost of goods sold (COGS)	86.3	96.9
Gross profit	93.4	93.6
Fair value mark-up for acquired inventory	0.1	0.0
COGS adjustments for acquisition and other non-core costs	1.8	2.6
Adjusted gross profit (Non-GAAP)	\$95.3	\$96.2
Adjusted gross profit % (Non-GAAP)	53.0%	50.5%

ADJUSTED EBITDA

For the Three Months Ending September 30
(\$ in Millions)

	Q3 2024	Q3 2023
Net income (loss)	(\$7.7)	(\$113.4)
Depreciation and amortization	14.9	15.3
Interest expense, net	15.0	11.8
Income tax expense	19.0	(5.7)
EBITDA (Non-GAAP)	\$41.3	\$(92.1)
Other expense (income), net	0	(0.3)
Fair value mark-up for acquired inventory	0.1	0.0
Adj. for acquisitions other non-core costs	4.8	8.0
Impairment Loss	2.3	129.5
Share-based compensation	2.8	4.1
Adjusted EBITDA (Non-GAAP)	\$51.3	\$49.0
Adjusted EBITDA %	28.5%	25.7%

Tables may not add due to rounding

FINANCIAL HIGHLIGHTS

Reconciliation of Non-GAAP Measures

Adjusted SG&A

For the Three Months Ending September 30 (\$ in Millions)	Q3 2024	Q3 2023
Selling, general and administrative	\$56.9	\$62.5
Adjustments for acquisition and other non-core costs	3.4	5.5
Adjusted SG&A (Non-GAAP)	\$53.4	\$57.0
Adjusted SG&A % (Non-GAAP)	29.7%	29.9%

Free Cash Flow

For the Three and Nine Months Ending September 30 (\$ in Millions)	QTD		YTD	
	Q3 2024	Q3 2023	Q3 2024	Q3 2023
Net cash provided by (used in) operating activities	\$49.4	\$40.6	\$103.0	\$61.9
Purchases of property and equipment	(6.1)	(12.5)	(16.3)	(50.6)
Proceeds from tenant improvement allowances	0.0	0.7	0.6	1.4
Free Cash Flow (Non-GAAP)	\$43.3	\$28.8	\$87.3	\$12.7

Tables may not add due to rounding

THANK YOU

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